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(Tel: 01443 864245 Email: barrerm@caerphilly.gov.uk)

Date: 14th January 2015

Dear Sir/Madam,

A meeting of the **Policy and Resources Scrutiny Committee** will be held in the **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Tuesday, 20th January, 2015** at **5.30 pm** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in blue ink that reads 'Chris Burns'.

Chris Burns
INTERIM CHIEF EXECUTIVE

A G E N D A

	Pages
1 To receive apologies for absence.	
2 Declarations of Interest Councillors and Officers are reminded of their responsibility to declare any personal and/or prejudicial interest(s) in respect of any 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 Policy and Resources Scrutiny Committee held on 11th November 2014 (minute nos 1-15).	1 - 10

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



- 4 Special Policy and Resources Scrutiny Committee held on 8th December 2014 (minute nos 1-9).
11 - 22
- 5 Consideration of any matter referred to this Committee in accordance with the call-in procedure.
- 6 To receive a verbal report by the Cabinet Member(s).
- 7 To receive and consider the following Cabinet Reports*:-
1. Draft Savings Proposals 2015/16 – 29th October 2014.
 2. Former Newbridge Library – 12th November 2014.
 3. Update Report Groundwork Caerphilly – 12th November 2014.
 4. Land at Riverside Walk, Deri – 26th November 2014.
 5. National Home Improvement Loan Scheme – 26th November 2014.
 6. Draft Domestic Abuse, Gender-Based Violence and Sexual Violence Policy and Guidance for Managers – 26th November 2014.
 7. Draft Flexible Working Policy and Procedure - 26th November 2014.
 8. Cabinet Forward Work Programme - 26th November 2014.
 9. Disposal of Land off Woodbine Road, Blackwood - 10th December 2014.
 10. Council Tax Base 2015-2016 - 10th December 2014.
 11. Write-off of Debts over £20,000 - NNDR Arrears for Ltd Companies - 10th December 2014.
 12. Write-off of Debts over £20,000 - NNDR Arrears (EXEMPT) - 10th December 2014.

**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 Rebecca Barrett, 01443 864245, by 10.00 a.m. on Monday, 19th January 2015.*

To receive and consider the following Scrutiny reports:-

- | | | |
|----|--|-----------|
| 8 | Pontllanfraith House. | 23 - 32 |
| 9 | Opening Hours of Customer Service Centres and Newbridge Cash Office. | 33 - 40 |
| 10 | Draft Savings Proposals 2015/16. | 41 - 92 |
| 11 | Review of WHQS Investment Strategy and HRA Capital Programme 2015/16. | 93 - 108 |
| 12 | Update Report on the Development of a Model for Increasing Affordable Housing Provision. | 109 - 146 |
| 13 | Housing Revenue Account Charges - 2015-2016. | 147 - 156 |
| 14 | Review of NNDR Discretionary Rate Relief Policy. | 157 - 162 |
| 15 | Half-Yearly Update on Improvement Objective 6 (2014/15). | 163 - 170 |
| 16 | To record any requests for an item to be included on the next available agenda. | |

To receive and note the following information items*:-

17	Update in Respect of Employee Surveillance.	171 - 188
18	Corporate Services, Miscellaneous Finance and Housing Revenue Account (HRA) 2014/15 Budget Monitoring Report (Period 7).	189 - 200
19	2014/15 Capital Expenditure Monitoring Report (Period 7).	201 - 206
20	Whole-Authority Revenue Budget Monitoring Report 2014/15.	207 - 216
21	Caerphilly Homes Task Group Minutes - 30th October 2014.	217 - 220
22	Caerphilly Local Service Board Minutes - 20th August 2014.	221 - 228
23	Summary of Members' Attendance - Quarter 2 - 1st July 2014 to 30th September 2014.	229 - 232

**If a member of the Scrutiny Committee wishes for any of the above information items to be brought forward for review at the meeting please contact Rebecca Barrett, 01443 864245, by 10.00 a.m. on Monday, 19th January 2015.*

Circulation:

Councillors L.J. Binding, C.J. Cuss, H.W. David (Chair), Miss E. Forehead, J.E. Fussell, D.M. Gray, C. Hawker, Ms J.G. Jones, G. Kirby, A. Lewis, C.P. Mann, S. Morgan (Vice Chair), D. Rees, R. Saralis, Mrs J. Summers and J. Taylor

And Appropriate Officers

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POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 11TH NOVEMBER 2014 AT 5.30 P.M.

PRESENT:

Councillor H.W. David - Chair
Councillor S. Morgan - Vice Chair

Councillors:

L. Binding, C.J. Cuss, Miss E. Forehead, J.E. Fussell, C. Hawker, Ms J.G. Jones, G. Kirby,
A. Lewis, C.P. Mann, D. Rees, R. Saralis, J. Taylor

Cabinet Members:

Mrs C. Forehead (Cabinet Member for HR and Governance/Business Manager),
D.T. Hardacre (Performance and Asset Management), Mrs B. Jones (Corporate Services),
G. Jones (Housing)

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), P. Davy (Head
of Programmes), G. Hardacre (Head of Workforce and Organisational Development),
K. Williams (Private Sector Housing Manager), C. Forbes-Thompson (Scrutiny Research
Officer) and R. Barrett (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs J. Summers, who was currently unwell, and Members conveyed their best wishes for her speedy recovery. Apologies for absence were also received from Councillor D.M. Gray.

2. DECLARATIONS OF INTEREST

Councillor Miss E. Forehead declared an interest in Agenda Item 17 – National Home Improvement Loan Scheme. Details are minuted with the respective item.

3. MINUTES – 24TH SEPTEMBER 2014

RESOLVED that the minutes of the Special Policy and Resources Scrutiny Committee held on 24th September 2014 (minute nos. 1 – 8) be approved as a correct record and signed by the Chair.

4. MINUTES – 30TH SEPTEMBER 2014

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 30th September 2014 (minute nos. 1 – 14) be approved as a correct record and signed by the Chair.

5. CONSIDERATION OF ANY MATTER REFERRED TO THIS 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.

6. REPORT OF THE CABINET MEMBERS

Councillor Mrs B. Jones, Cabinet Member for Corporate Services, informed the Committee of the recent successful launch of the new-look CCBC Website. It was explained that this website was designed with a user-friendly approach and was easier to navigate, and that the content of the website had also been improved and updated.

Members were advised of a number of recent events held across the county borough, including the successful One Beat event held in partnership with GAVO. The Council's annual Operation Santa event was also well underway, with over 700 pledges received to date.

In regards to the ongoing budget consultation process, Members were advised that a series of drop-in sessions had been arranged around the county borough between 18th November and 13th December 2014 for residents to access information regarding the savings proposals of £12.8m for 2015/16. A Cabinet Member and Head of Service would be present at each session, with the specifics of who would attend each location to be determined shortly.

Councillor Mrs C. Forehead, Cabinet Member for HR and Governance/Business Manager, updated the Committee on the ongoing National Pay Negotiations, which has resulted in a revised package being tabled. It was explained that the package involves a combination of a revised pay increase of 2.2% for all Spinal Column Points (SCPs) above SCP 11 (with SCPs 5-10 having higher % awards) with effect from 1st January 2015, alongside a range of non-consolidated one-off payments (dependant upon the SCP that the individuals are paid upon). The new pay award would cover the period of 15 months through until 31st March 2016.

Consultation between the Trades Unions and the Employers Side is currently ongoing, with both sides committed to conclude this process by 14th November, and with it anticipated that the outcome would be made available on 14th November or shortly afterwards. Subject to the package being agreed, the first consolidated one-off payment would be made to Council employees in December's payroll. Members queried the feasibility of this payment making the December payroll deadlines, with it confirmed that the deadline was tight but that staff were prepared for this eventuality.

It was explained that whilst this has no projected net impact on the Authority for this financial year, it has been estimated that there could be increased costs in 2015/16 of between £100,000 and £200,000 as a result of the anticipated pay increase. Due to the complexities of the calculations proposed and the payment of the Living Wage, it has been difficult to arrive at an exact costing, which would need to be factored into the Council's Medium Term Financial Plan.

Members were also updated on a recent awards ceremony for participants of the Council's Passport Programme. A number of awards were made to Passport graduates who had been nominated by their employers, colleagues or Passport Officers. The event was a huge

success, and was attended by the Minister for Education, along with other local MPs, AMs and dignitaries, and colleagues and families of the trainees. Attendees heard a number of positive and inspiring stories from the Passport graduates, and the event was a credit to the Council's staff involved in the running of the Passport Programme, and to managers providing placement opportunities to Passport trainees. Members were advised that the Council is continuing to seek fresh funding for the programme, having secured sufficient additional funding to March 2015.

Councillor G. Jones, Cabinet Member for Housing, then updated Members on progress against the Council's WHQS Programme. It was explained that there had been significant slippage with the Programme due to a number of reasons, which were detailed within a report to be presented at that evening's meeting. It was advised that the Cabinet Member would receive questions from Members on this matter following presentation of the report.

The Cabinet Member made reference to the forthcoming refurbishment of Rowan Place and responded to general questions regarding the process. He also informed Members of the success of the recent Transforming Lives and Communities Awards event, which is aimed at recognising those people who are helping to transform the lives of tenants and local communities.

Members were advised of the implementation of the new Housing (Wales) Act, with the key elements of the Act outlined to Members and with it explained that a number of duties and standards were expected of local authorities as a result of the introduction of the Act.

The Cabinet Member also referred to a recent complaint in respect of information provided on the 'Bedroom Tax', both on the Councils' website and advice provided by staff. Members were advised that as a result, the appeals booklet on the Council's website has been updated and staff reminded of the appropriate advice. The complainant has since been advised of the action taken and Members sought reassurance that the information will be kept up to date in future. Members asked if the response letter to the complainant could be shared with the Scrutiny Committee members, and were advised that authorisation would be required from the complainant beforehand.

7. CABINET REPORTS

There had been no requests for any of the Cabinet reports to be brought forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. DRAFT FLEXIBLE WORKING POLICY AND PROCEDURE

Gareth Hardacre, Head of Workforce and Organisational Development, presented the report, which outlined an amendment to the Flexible Working Policy and Procedure, and sought Members' endorsement prior to its presentation to Cabinet for determination.

The report explained that current arrangements have allowed employees to make a series of temporary changes to their working patterns over consecutive years, resulting in employees working these revised patterns of work for many years. This has caused managers problems in planning the resources for their Departments as they may have a number of staff who are on temporary working arrangements. A need to amend the Flexible Working Policy and Procedure was therefore identified.

The amended policy, attached at Appendix 1, still permits employees to work flexibly either on a permanent or temporary basis, with the only change being that the temporary arrangement can only last for a maximum of 12 months, after which the employee will revert to their previous working pattern. However, an employee can then make a request to make a permanent change to their working pattern.

The revised Policy would apply to all employees except those covered by the JNC for Soulbury Officers and those employees where the school Governing Body sets the terms and conditions of employment for the school's employees. It was anticipated that the revised Policy would be introduced in November 2014.

Discussion of the report ensued and Members made reference to Appendix A of the Policy, which detailed procedure for dealing with requests to work flexibly. Officers clarified the process for making applications to work flexibly. Members also queried the impact that this Policy could have on Council staff employed as Carers, and Officers confirmed that this would be the subject of a separate report and policy which would be presented to the Policy and Resources Committee on 20th January 2015.

It was moved and seconded that the recommendations in the report be forwarded to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that the revised Flexible Working Policy and Procedure be adopted.

9. DRAFT DOMESTIC ABUSE, GENDER-BASED VIOLENCE AND SEXUAL VIOLENCE POLICY AND GUIDANCE FOR MANAGERS

The report outlined the revised Domestic Abuse, Gender-based Violence and Sexual Violence Policy and Guidance Notes for Managers and sought the views of Members prior to its presentation to Cabinet for determination.

The report explained that according to the Corporate Alliance Against Domestic Violence, 75% of those experiencing domestic abuse are targeted at work. Under current legislation, the Council has legal responsibilities in promoting the welfare and safety of all employees. The Council's current Policy and Guidance Notes were introduced in July 2005 and require review and updating.

In June 2014 the Welsh Government introduced the Gender-based Violence, Domestic Abuse and Sexual Violence Bill which proposed a duty on Local Authorities to publish strategies aimed at ending gender-based violence, domestic abuse and sexual violence. However, the duty to have a workplace policy, as proposed in the Welsh Government White Paper Consultation, was removed. The Bill is subject to scrutiny over the coming months and may be subject to change. During consultation of the Policy, the Council's Trade Unions advised that it should be gender-neutral, and following discussions with Welsh Government the term 'violence against women' was replaced with 'gender-based violence',

The revised Policy and Guidance Notes outline how the Council will respond where it becomes aware that an employee is a victim of domestic abuse/violence, including appropriate measures to safeguard the employee at work and support mechanisms available. The Policy and Guidance Notes also provide advice on: recognising the signs of domestic abuse and violence; asking questions of employees; ensuring employees' safety and referring to the appropriate support agencies; as well as dealing with employees who are perpetrators or alleged perpetrators of domestic abuse/violence.

It was explained that the revised Policy and Guidance Notes would be published on the HR Support Portal and the Wellbeing at Work intranet pages, with a training programme for managers developed and delivered. Members were informed that the review of the policy

would assist the Council in working towards the actions contained in the White Ribbon Campaign Award Action Plan.

Members discussed the report and concerns were raised regarding references within the Policy to conduct outside of work and possible disciplinary action against employees. Officers explained that each individual case encountered would be considered on its own merits. Concerns were raised regarding safeguarding procedures, and Members were referred to Section 22 which outlined confidentiality protocol and the Council's position on the sharing of information.

Links between this policy and other Council policies were outlined to Members, including that of the Council's Code of Conduct. Queries were also raised in regards to the numbers of affected employees, with it confirmed that this information was held by relevant agencies (although not the CCBC HR department) but was a matter that could be addressed in the future.

It was moved and seconded that the recommendations in the report be forwarded to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that the revised Domestic Abuse, Gender-based Violence and Sexual Violence Policy and Guidance notes be adopted.

10. DRAFT WHISTLEBLOWING POLICY

The report informed Members of the proposed revision of the Council's Whistleblowing Policy and sought their comments, prior to presentation of the report to Cabinet and thereafter Council.

The report also advised Members of a proposed change to the administrative form used to record declarations of interests. In that the form is an appendix to the Code of Conduct which is contained within the Constitution, such a change requires approval from Council.

It was explained that a Whistleblowing Commission was set up in February 2013 by the leading whistleblowing charity, Public Concern at Work, to review the effectiveness of whistleblowing in UK workplaces, and to make recommendations for change. In late November 2013 it published its findings, which included the recommendation that a Code of Practice be established that could be taken into account in whistleblowing cases before courts and tribunals. The Commission has published a draft Code which sets out clear standards for organisations across all sectors to enable them to have clear whistleblowing arrangements, and which was attached at Appendix 2 of the report.

Members were reminded that Council agreed in June 2013 to undertake a full review of the Council's Constitution, to be based on the new All Wales Framework document, with it envisaged that this would also include a draft whistleblowing policy that the Council would subsequently seek to adopt. For reasons previously reported, it has not been possible to adopt the All Wales Framework Constitution, and consequently the existing version of the Constitution has been thoroughly reviewed and updated. In order to strengthen governance arrangements in line with the response to the Wales Audit Office Corporate Governance Inspection, the Improving Governance Programme Board agreed that the revision and updating of the Whistleblowing Policy should be taken forward as a stand-alone issue.

Officers have worked with Public Concern at Work to access best practice guidance and support to develop a new Whistleblowing Policy reflective of current guidance and regulations. There is an ongoing facility provided for employees to access the confidential support helpline provided by Public Concern at Work, with the draft revised Policy written in plain English to encourage a wide understanding by employees.

The draft revised Whistleblowing Policy was attached at Appendix 1 of the report for Members' consideration and comments, with the existing Policy attached at Appendix 3 and the current Declaration of Interests Form attached at Appendix 4. It was advised that subject to approval of the changes by Cabinet and Council, the Monitoring Officer would then make the necessary amendments to the Council's Constitution.

During the ensuing discussion, Members made reference to the existing Policy regarding the listed contacts against Section 5 "Raising a Concern". Officers explained that this had been now updated within the revised Policy to refer to the post name rather than the post-holder name. A query was also raised in relation to External Regulators and occasions where staff might also have a duty to report concerns to these bodies. Members were advised that this process was covered in the Employee Code of Conduct and that details of External Regulators under the Public Interest Disclosure (Prescribed Persons) Order 2014 were contained within Appendix 1 of the revised Policy.

It was moved and seconded that the recommendations in the report be forwarded to Cabinet for consideration and thereafter Council for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) The contents of the report and the draft Whistleblowing Policy be noted and referred to Council for adoption, and that the Council's Monitoring Officer be authorised to make the necessary amendments to the Council's Constitution;
- (ii) The changes to the administrative form for the declaration of interests recorded by employees be noted and referred to Council for adoption, and that the Council's Monitoring Officer be authorised to make the necessary amendments to the Council's Constitution.

11. NATIONAL HOME IMPROVEMENT LOAN SCHEME

Councillor Miss E. Forehead declared a personal and prejudicial interest in that she intends to participate in the use of this Scheme, and left the room during consideration of the item.

Kenyon Williams, Private Sector Housing Manager, presented the report, which outlined a Welsh Government initiative that will afford local authorities the opportunity to take advantage of a new long-term loan scheme to fund interest-free Home Improvement Loans to private sector housing owners. The report also outlined changes to the funding mechanism for the current "Houses Into Homes scheme" and sought the endorsement of Members prior to its presentation to Cabinet.

It was explained that the new initiative would come into effect in January 2015 and offer interest-free long term loans to Local Authorities to provide a source of capital funding for those Authorities who wished to offer Home Improvement Loans to qualifying house owners. The loan to Local Authorities will be for a maximum 15-year period with Authorities making staged repayments in years 13-15.

Research undertaken on similar loan products suggests that the potential repayment default is around 5%, with it agreed by WG that this risk can be shared between themselves and participating Authorities, with WG committed to funding 50% of any shortfall up to a maximum of 2.5% of the overall loan made to the Authority.

Members were reminded of the Private Sector Housing Renewal Policy presented to the Committee on 15th April 2014, which referenced the National Home Improvement Loans Scheme and outlined the opportunities for additional capital funding, and had been endorsed by the Committee.

The report also outlined funding changes to the Houses Into Homes scheme, with it explained that a further £10m has been made available by WG to support the initiative. However, this additional capital is only available by way of a loan from WG, as opposed to WGs previous investment in the scheme that came regionally by way of a capital grant. Unlike the previous capital grant allocated to the region, future loan monies will be allocated to participating Authorities on an individual basis.

Discussion of the report ensued and Officers clarified to Members the grant-funded and loan-funded elements of the initiative and further details of the loan repayment terms.

It was moved and seconded that the following recommendations be referred to Cabinet for consideration. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) The Home Improvement Loan Scheme to form part of the Authority's Private Sector Housing Renewal Policy (as outlined in Option 2 of the report) be adopted;
- (ii) The Houses Into Homes Scheme continue to be operated, utilising both the capital grant funding element and also the loan funded element offered by Welsh Government (as outlined in Option B of the report).

12. 6-MONTH PROGRESS UPDATE OF IMPROVEMENT OBJECTIVES – CAERPHILLY PASSPORT PROGRAMME UPDATE

At the commencement of the meeting, in that it was anticipated that several of the agenda items would result in extended discussion, Members agreed the deferral of this report to the Special meeting of the Policy and Resources Scrutiny Committee on 8th December 2014, in order to allow proper consideration of the item.

13. PERFORMANCE MANAGEMENT IO5 – INVESTMENT IN COUNCIL HOMES TO TRANSFORM LIVES AND COMMUNITIES – 6-MONTH UPDATE

Phil Davy, Head of Programmes, presented the report, which provided Members with a 6-month update against Improvement Objective IO5 (Investment in Council homes to transform lives and communities).

Performance against the Improvement Objective to date was summarised, with an overview of key actions during the first six months of the financial year 2014/15 provided within the dashboard at Appendix 1 of the report. Although momentum has been maintained by Council staff, the overall Welsh Housing Quality Standard (WHQS) Programme scheduled for 2014/15 is now facing major slippage.

It was advised that this slippage is due to a number of factors, which were explained in detail to the Members present. These include; delays in the commencement of the internal works contracts, the decision to re-tender the external works contracts in the Upper Rhymney Valley, the curtailment of the small lots programme in the Eastern Valleys to a more manageable number of contracts, and surveying issues that have slowed the external works in the Lower Rhymney Valley. The impact of these factors has resulted in only 7.5% of the planned WHQS Programme 2014/15 being delivered in the first six months.

A revised programme has now been set for the remainder of the 2014/15 financial year to complete 1683 properties which reflects the number of works packages that will have been issued. The original target for completion was 3713 properties, which was presented to the

Caerphilly Homes Task Group in October 2014. Realistically the outturn position is more likely to be between 1200-1300 properties completed within the remainder of the 2014/15 financial year.

A review of the investment strategy is underway to address how the slippage can be absorbed over the remaining 5 years of the programme to ensure that the target completion date of March 2020 is still achievable. An acceleration of the programme is now required to incorporate the slippage from the current year, and there will be resource implications if the target date is to be achieved. A report on the WHQS Investment Strategy is due to be presented to the Caerphilly Homes Task Group in December 2014 and the Policy and Resources Scrutiny Committee in January 2015. Due to the programme slippage, it was projected that there will be an underspend of £11.35m for the Capital Programme for 2014-15.

The Head of Programmes acknowledged that there could be some disappointment and concerns regarding the current progress of the WHQS Programme as outlined in the report. Members were assured that the WHQS Team were working hard to address the situation, and the Council's commitment to delivering the WHQS Programme within the target completion date of March 2020 was reiterated.

Detailed discussion of the report ensued and queries were raised regarding the procurement process surrounding the re-tendering of the external works contracts in the Upper Rhymney Valley. It was advised that there had been a number of considerations regarding the original tender process, with conflicting pre-tender estimates and inconsistent pricing structures amongst the issues encountered, and subsequently the decision had been taken to start afresh and re-tender the external works contracts against a framework of contractors and a tender of actual works.

Discussion took place in regards to the original Savills stock condition survey undertaken in 2008, with the reliability of the survey queried by Members. Officers confirmed that because the stock condition was a 15% sample survey of council housing properties, this had led to significant variations across the county borough in the amount of improvement works required (such as Rowan Place, Rhymney, which required extensive improvement works).

It was queried as to whether it would be more cost-effective to disregard the survey findings and restart the process. Officers confirmed that whilst this idea had been considered, it had been advised that a 100% stock condition survey should be carried out, which would result in considerable additional costs in the region of £1m. Between 2008 and 2012 (the date of the transfer ballot), the Council continued to invest in improvements to the housing stock. The impact of this investment had resulted in 40% of the 13/14 planned programme already WHQS-compliant. This led to a budget saving which has offset other increased costs.

Discussion also took place on the survey of improvement works carried out by WHQS staff across council housing properties in order to bring them up to the Welsh Housing Quality Standard. Members were informed that as the current area-based project team approach has resulted in inconsistencies in service standards, the teams are undergoing reconfiguration to ensure a consistent approach to improvement works across the county borough and to make the accountabilities of managers clearer.

Members queried the target completion date of March 2020, and the Cabinet Member for Housing emphasised the Council's commitment towards delivering the completed WHQS programme by this date. It was recognised that there was significant work required in order to achieve this deadline, together with an increase in momentum, but that there was confidence that the target date of March 2020 was still achievable. Members queried the implications for the Authority if the WHQS programme was not completed by this date, with it explained that sanctions were unclear at this point in time, and that CCBC were confident that improvements would be completed by this target date, with a business plan outlining the WHQS programme to be submitted and scrutinised by the Welsh Government.

Officers outlined the current process relating to improvement works within properties, detailing the target timescale (20 working days per property) and the improvement works required. Members were advised of circumstances which could lead to these deadlines being extended, such as the level of improvement required (for example structural work). It was confirmed that there was only a small number of properties which did not meet this target of 20 working days.

Concerns were raised regarding the accelerated timetable of improvement works over the next financial year, with Members querying the achievability of the target of 90 properties per week, and seeking assurances that the target completion date would be met. Concerns were also raised in regards to the impact of the increased workload on the WHQS Team. Officers outlined how this target would be achieved, and provided a breakdown of improvement works, spread across internal and external works contracts and the small lots programme. It was explained that senior management within the WHQS Team had been strengthened to help drive performance.

The Head of Programmes also confirmed that progress on the programme of improvement works would be examined in Spring 2015, with the possibility of additional contractors and administrative support being recruited if progress levels did not significantly improve.

A query was raised in relation to the impact of the WHQS programme on leaseholders, with it explained that this only applied to a small number of council housing properties within the county borough. The consultation processes and the reimbursement arrangements in place between the Council and leaseholders surrounding improvement works was clarified by the Head of Programmes.

Members' attention was directed to a completed Performance Indicator action at Appendix 2 of the report relating to the carrying out of adaptations to meet specific needs of individual households. Members were pleased to note the positive comments and feedback received from tenants as a result of these adaptation works

Members noted the progress made in respect of Improvement Objective IO5 and the actions taken by Officers to address the situation. It was also noted that a further update report on the progress of the WHQS programme would be presented to the Policy and Resources Scrutiny Committee in the near future.

The Chair thanked the Cabinet Member and the Head of Programmes for their detailed responses received during the course of the discussion.

14. REQUESTS FOR REPORTS TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA

There were no requests for reports received.

Members noted that the Investment Strategy report on the Forward Work Programme (which was a follow-up to the report presented at the Special Policy and Resources Scrutiny Committee meeting on 24th September 2014 and was originally scheduled for presentation to the Committee on 20th January 2015) would now be presented at the Special Policy and Resources Scrutiny Committee meeting on 8th December 2014.

15. INFORMATION ITEMS

The Committee noted the following items for information, full details of which were included within the Officers reports. There were no items brought forward for review.

- (1) Capital Outturn 2013-14;
- (2) Treasury Management and Capital Financing Prudential Indicators Monitoring Report (1st April 2014 to 30th September 2014);

- (3) Discretionary Rate Relief Applications;
- (4) Caerphilly Homes Task Group Minutes – 18th September 2014;
- (5) Policy and Resources Scrutiny Committee Forward Work Programme.

The meeting closed at 7.33 pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 20th January 2015, they were signed by the Chair.

CHAIR



SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH
ON MONDAY, 8TH DECEMBER 2014 AT 5.30 P.M.

PRESENT:

Councillor H.W. David - Chair
Councillor S. Morgan - Vice Chair

Councillors:

L. Binding, C.J. Cuss, Miss E. Forehead, C. Hawker, G. Kirby, A. Lewis, C.P. Mann,
R. Saralis, Mrs J. Summers

Cabinet Members:

Mrs B. Jones (Corporate Services), D.T. Hardacre (Performance and Asset Management)

Together with:

S. Harris (Interim Head of Corporate Finance), G. Hardacre (Head of Workforce and Organisational Development), C. Jones (Head of Performance and Property Services), D. Titley (Corporate Customer Services Manager), J. Jones (Democratic Services Manager) and R. Barrett (Committee Services Officer)

Also present:

D. Bezzina (Unison Regional Organiser), G. Enright (Unison Branch Secretary)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J.E. Fussell, D.M. Gray, Ms J.G. Jones, D. Rees and J. Taylor, together with Cabinet Members Mrs C. Forehead (HR and Governance/Business Manager) and G. Jones (Housing). An apology for absence was also received from N. Scammell (Acting Director of Corporate Services and Section 151 Officer).

2. DECLARATIONS OF INTEREST

Councillor Miss E. Forehead declared an interest in Agenda Item 7 (6-Month Progress Update of Improvement Objectives – Caerphilly Passport Programme). Details are minuted with the respective item.

3. CORPORATE SERVICES MEDIUM TERM FINANCIAL PLAN 2015/16 – ITEMS FOR CONSIDERATION

The Chair introduced the evening's proceedings, which sought Members' consideration and comments on a number of reports detailing proposed savings and efficiencies within the Corporate Services Directorate, as part of the Medium Term Financial Plan (MTFP) for 2015/16.

Trade Union representatives Mr Gary Enright (Unison Branch Secretary) and Mr Dave Bezzina (Unison Regional Organiser) were welcomed to the meeting, and it was explained that they would be invited to respond to the reports presented during the course of the meeting, on behalf of the collective Trade Unions.

The Chair also welcomed Councillor Gary Johnston to the meeting, who was in attendance to speak in relation to Agenda Item 4 (Savings Proposals for 2015/16 – Customer Services).

4. REPORT OF THE CABINET MEMBER FOR CORPORATE SERVICES

Councillor Mrs B. Jones, Cabinet Member for Corporate Services, presented her report, which highlighted the proposals that were due to be considered at that evening's meeting.

Reference was made to the report entitled "Draft Savings Proposals for 2015/16" with it explained that at a meeting on 29th October 2014, Cabinet gave due consideration to the comments arising from the recent round of special Scrutiny meetings to consider the savings proposals. It was explained that overall, proposals supported at these meetings have not delivered the required savings target of £12.208m.

Cabinet have also had regard to the results of the public consultation process relating to the savings proposals, together with feedback from the Viewpoint Panels meetings held in April 2014 and November 2014. Cabinet Members were in attendance at the Viewpoint Panel meetings, and were also attending the drop-in sessions being held around the county borough in relation to the budget consultation process.

The Cabinet Member explained that in regards to the savings proposals, it was the Authority's intention to reduce services wherever possible, rather than fundamentally altering services, so as to ensure the continuation of Council services within the county borough. It was anticipated that the suggested savings proposals would not have a direct impact on front-line services in 2015/16 but that the situation may change for the financial year 2016/17 and beyond.

At the meeting of 29th October 2014, Cabinet endorsed a proposal to increase Council Tax by 3.9% for the 2015/16 financial year to ensure that a balanced budget is achieved. It was stated that unlike neighbouring Local Authorities, it was anticipated that there would not be a significant change to other fees and charges.

Reference was made to the proposed closure of Pontllanfraith House and Members were asked to note that this would bring about a saving of over £700,000, without an impact to the public.

Regarding the Customer Services report and the proposal to close the Cash Desk facility within Newbridge, it was explained that this service has the lowest footfall of all the Council's Customer Service sites and that customers could be redirected to alternative payment venues (such as local post offices). Members were reminded of the potential of the Mobile Customer Service Centre which could be utilised to help bridge any resulting shortfall in Customer Service access, and were also advised of the numerous other ways in which bill payments could be made (such as via the internet or telephone).

REPORTS OF OFFICERS

Consideration was given to the following reports.

5. DRAFT SAVINGS PROPOSALS 2015/16

Prior to the presentation of this item, the Chair expressed concern that the views of the other Scrutiny Committees regarding the list of draft savings proposals were not available for consideration. Officers explained that the report had been presented to Cabinet on 29th October 2014 and had subsequently been forwarded to Scrutiny Committees as part of the further period of consultation. Final 2015/16 budget proposals, including the comments of Members arising from these meetings, were due to be presented to Cabinet and Council in February 2015.

The Chair, together with other Members, explained that it was difficult to consider whether or not to support a saving without being aware of the comments made at other Scrutiny Committee meetings regarding the proposals. A query was raised as to whether consideration of this item should be deferred to a later Scrutiny meeting until this further information was received. It was determined that discussion of the Draft Savings Proposals would proceed but that this concern would be noted.

It was agreed that the draft minutes of the Scrutiny Committees meetings, containing the comments of Members regarding the Draft Savings Proposals 2015/16 would be presented at the next meeting of the Policy and Resources Scrutiny Committee on 20th January 2015.

Stephen Harris, Interim Head of Corporate Finance, presented the report, which provided details of the provisional 2015/16 Local Government Settlement, together with an updated Medium Term Financial Plan for the period 2015/16 to 2017/18. The report also presented details of proposed savings for 2015/16 totalling £12.208m and a proposal to increase Council Tax for 2015/16 by 3.9%.

The appendices to the report contained details of savings proposals for 2015/16, including the description of the service, the potential saving, the impact narrative and impact rating to service users. The list also identified the outcome of the initial consideration of each proposal at previous Scrutiny meetings, including the comments of Members.

The report was originally considered by Cabinet on 29th October 2014, who having given due regard to comments detailed against the proposals, endorsed the recommendations contained within the report. As part of the further period of consultation, the Policy and Resources Scrutiny Committee were asked to consider and comment upon the proposals in Appendix 2 of the report (Whole Authority Costs) and Appendix 6 of the report (Corporate Services).

Unison representatives Mr Gary Enright and Mr Dave Bezzina were then invited by the Chair to respond to the list of savings proposals, on behalf of the collective Trade Unions.

Mr Bezzina referenced the reduction in the Local Government Budget Settlement across Wales and advised Members of the resulting impact on council services and staff across neighbouring local authorities, citing examples relating to reductions in hours and the outsourcing of council services.

In regards to Caerphilly Council, Mr Bezzina acknowledged that there were a number of significant challenges that lay ahead as a result of the budget cuts but reiterated the importance of ensuring that CCBC employees felt valued and were rewarded with a fair wage. He referenced the good working relationship between CCBC and its staff and called for a reduction in the use of agency and consultancy workers. Mr Bezzina also acknowledged that the proposal to increase Council Tax by 3.9% for 2015/16 was a sensitive issue but that this provided a valuable source of funding to local communities.

Reference was made to the Authority's decision to maintain General Fund reserves at circa £10m, equating to 3% of the net revenue budget, with Mr Bezzina calling for this decision to be examined by the Authority.

Reference was made to Unison's Ethical Charter which outlined UNISON's vision for local government and highlighted the Union's 'Top 10 Asks' for local councils, a copy of which would be forwarded to Members. Mr Bezzina also spoke of the Williams Report and the challenges that lay ahead in the merging and collaboration of local authorities.

The Chair thanked Mr Bezzina for his presentation and then invited Mr Gary Enright to make his representations.

Mr Enright voiced concern that there was insufficient detail listed against the savings proposals contained within the appendices to the report. The Trade Unions had a number of concerns regarding the effect of these proposals on Council resources, and Mr Enright called for this impact to be examined more thoroughly within a number of service areas. There were concerns that savings proposals were mainly centred around non-statutory Council services and Mr Enright reiterated the need for potential savings to be examined across all Council services.

Mr Enright reminded Members of alternative savings and efficiencies suggested by the Trade Unions at previous meetings, including reviewing the procurement and use of consultants, the earmarking of financial reserves and a review of the Authority's recycling arrangements. He advised Members that Council Officers were currently collating information relating to consultancy costs, in response to a Freedom of Information request submitted by Unison.

Members were reminded that the views of the Trade Unions regarding proposals to reduce the HMRC Mileage Rate had been expressed at previous special Scrutiny meetings. Mr Enright then referenced a number of savings proposals listed throughout the report appendices, and reiterated his concern that overall there was not enough data or detail to facilitate a thorough analysis of the savings proposals.

Mr Enright was thanked for his presentation and detailed discussion of the report ensued, with the Chair commenting on the possibility of requesting a report on the Council's use of consultants.

Concerns were reiterated by Members regarding the level of information detailed against the savings proposals. Particular reference was made to Appendix 5 of the report, which contained a savings proposal to remove the Area Forum Budget within the Directorate of the Environment. Members raised a query regarding the impact this proposal could have on local community schemes, such as Splash Pads, and the feasibility of this proposal being reassessed when presented to Cabinet for consideration, and it was advised that this was a matter that related to the Regeneration and Environment Scrutiny Committee. Members commented on the need for this information to be included within the proposals and requested that their concern be noted.

Reference was made to a savings proposal within Appendix 4 of the report (to reduce 3 social workers per Social Services division), with the intention that this would be achieved through vacancy management. Clarification was sought on the service user impact rating which was displayed as 'High Impact' and Officers explained that the impact rating had subsequently been reassessed and reduced to 'Low Impact'.

Further information was also sought on the proposal to withdraw the "additional help for pensioners with their Council Tax funding". Officers confirmed that a survey on this funding had been carried out across Welsh Local Authorities, which revealed that the majority of Councils had already withdrawn the funding or were considering withdrawal for 2015/16.

Clarification was sought on a proposal within Appendix 2 to reduce assistance to the voluntary sector by £30,000, which equated to 11% of the total grants funding budget and Officers confirmed that this would be administered through the Grants to the Voluntary Sector Panel.

Reference was made to consultation with the Trade Unions relating to the savings proposals and Members suggested that it would be useful to receive the Trade Unions' response prior to the meetings. The Chair endorsed this view and welcomed the involvement of the Trade Unions as a means of successful consultation.

Members also emphasised the view that both statutory and discretionary services needed to be examined in order to identify savings proposals across all areas. Officers explained that the budget strategy had been agreed by Council in February 2014 which contained two main strands: further savings proposals of up to 3% efficiency savings, and a review of discretionary services. Since the announcement of the worsening financial outlook in June 2014, a significant amount of work had been undertaken to identify further savings proposals across all Council services.

Discussion also took place regarding the use of reserves, and arising from this, a report detailing future information regarding reserves was requested for presentation at a future Policy and Resources Scrutiny Committee. A report was also requested detailing the procurement, use and cost of consultants within the Authority.

The Committee noted the contents of the report and requested that their comments be reflected in the minutes of the meeting and presented at the next meeting of the Policy and Resources Scrutiny Committee meeting on 20th January 2015, together with comments arising from the other Scrutiny Committees meetings where the report had been considered. It was also requested that these comments be included in the final 2015/16 budget proposals that were due to be presented to Cabinet and Council in February 2015.

6. SAVINGS PROPOSALS FOR 2015/16 – CUSTOMER SERVICES

David Titley, Corporate Customer Services Manager, presented the report, which advised Members of proposed service changes within Customer Services that are required to achieve budget savings and sought Members' views on these proposals and endorsement of the new arrangements.

Members were advised that as part of the MTFP, a budget saving of £250,000 has been proposed for the Customer Services budget. To allow sufficient time for these proposals to be implemented, £125,000 of the saving will be delivered in 2015/16, with the balance being realised in 2016/17.

The report detailed how these savings would be achieved, which consisted of non-staffing costs of £89,348 and staffing costs of £160,652. Of the non-staff costs, savings of £50,348 would be achieved by the relocation of the Blackwood Customer Service Centre to Blackwood Library, together with other non-staff costs totalling £39,000. With regards to staff costs, £30,000 would be saved by reducing the Agency Staff budget and vacancy management savings of £45,597 would be achieved through the deletion of two vacant full-time Customer Service Advisor posts.

The remainder of the savings would be achieved by reducing the salaries budget by £85,055, equating to 3.7 FTE (full-time equivalent) posts. In total, the proposals would reduce the staff establishment by 5.7 FTE posts (including the deletion of the two FTE vacant posts). Members had previously indicated that they wished to retain the present network of Customer Service Centres. However, it was not feasible to maintain current levels of service with this reduction in staffing, and therefore changes would have to be made in the provision of Customer Services, including opening hours and customer service performance targets, to accommodate this reduction.

The report detailed proposals to reduce the current waiting time performance target for Customer Service Centres (from 80% of customers being seen within 10 minutes down to 80% of customers being seen within 15 minutes) There would also be a need to reduce performance targets within the Customer Contact Centres (from 80% of telephone calls being answered within 20 seconds down to 70% of calls being answered within 20 seconds). Both revised targets would still compare favourably with other similar services in the public sector.

Appendix 1 to the report contained a full list of proposed changes to the opening hours of Customer Services Centres. The proposals would result in a decrease to site opening hours, with some of the sites closing on some afternoons. The report also proposed the withdrawal of the Cash Desk payments service located within Newbridge Library, owing to a lack of footfall, and outlined a number of alternative ways in which local residents could make payments to the Council.

Mr Titley was thanked for his report and Councillor Gary Johnston, Newbridge Ward Member, was invited to address the Scrutiny Committee in respect of the proposals.

Councillor Johnston referenced the recent regeneration works to Newbridge Town Centre and the detrimental effect this had had on local businesses whilst these were being carried out. He raised concerns regarding the impact of the proposed closure of the Newbridge Cash Desk service and referenced other Council services withdrawn from the town centre in recent years, such as the closure of the public toilet facilities and the old Newbridge Cash Office site.

Councillor Johnston referred to the alternative payment methods listed within the report and stated that residents often found it easier to walk to the centre to make payments at the Cash Desk in person, rather than making a telephone payment. In addition, he advised Members that the service was popular with many elderly residents, who often combined their trips to the Cash Desk with a visit to the Library within the same building. He appealed to the Committee to reconsider the proposals and examine other alternatives to closing the Newbridge Cash Desk service.

Councillor Johnston was thanked for his presentation and discussion of the proposals ensued. Other Members voiced support for Councillor Johnston's views and indicated that they wished to propose an amendment to the opening hours across all Customer Service Sites, whilst keeping the Newbridge site open. Officers advised that they were trying to minimise the impact to customers and that Newbridge Cash Desk had been identified as a potential site for closure as it had the lowest footfall rate of all the sites and generally had a very low usage rate.

A query was raised as to the use of the Mobile Customer Service Centre as an alternative to the Newbridge Cash Desk. It was explained that this service already visited the neighbouring communities of Panside and Trinant. In addition, the analysis of the distribution of customers (attached at Appendix B) indicated that the majority of customers using the Newbridge Cash Desk live in communities which are served by a Post Office where they can make payments in person using a Post Office Payment Card. A query was also raised as to footfall within the Customer Service Centres on Saturdays and Officers advised that this was comparable with late afternoon usage during the weekday.

Members commented on the information contained within the report and stated that it would be useful to see a footfall breakdown analysis across each of the sites, in addition to information relating to staffing levels at each site. The Chair added that information on how the proposals within the report affected staff would be useful to Members. Confirmation of a Member's proposed amendment to the report recommendation was sought and subsequently clarified.

An amendment to the report recommendation was moved and seconded in that a report be requested to detail the feasibility and impact of realigning the opening hours of all current CCBC Customer Service sites to 10am, and that robust consultation on changing these

opening times be undertaken with staff and service users. By a show of hands, this was unanimously agreed.

It was agreed that this report be presented at the next meeting of the Policy and Resources Scrutiny Committee on 20th January 2015. The Ward Member for Newbridge made further comments in relation to Customer Service provision within the Newbridge Cash Desk site and was advised that his comments would be included within the public consultation. Members also asked if the logistics of opening hours and the possibility of using the Mobile Customer Service Centre to cover sites earmarked for afternoon closures could be examined in the report.

Following consideration of this item, it was agreed at 6.55 pm that the meeting adjourn for a short recess. The meeting reconvened at 7.00 pm.

7. INVESTMENT STRATEGY

Stephen Harris presented the report, which provided the Scrutiny Committee with additional information in relation to proposals to review the Authority's investment strategy. Members were asked to consider and comment upon this additional information and make an appropriate recommendation to Cabinet and thereafter Council.

A report was previously presented to the Special Policy and Resources Scrutiny Committee on 24th September 2014 which proposed a change in the Authority's Treasury Management Investment Strategy. The report provided details of various investment portfolios that the Authority could adopt to enhance investment returns to support the Medium Term Financial Plan (MTFP). The MTFP has an additional £263,000 of investment income included supporting the Authority's 2015/16 draft budget savings proposals.

The original report presented three models for Members' consideration in relation to the current approach to investments. After considering the content of the report, additional information was requested in relation to Model 1, as this offered the highest returns. Officers had expressed concern around the amount of cash readily available in the short-term under Model 1 to meet the Authority's liquidity requirements as almost two-thirds of the portfolio was tied up in investments greater than 1 year.

The latest report provided an updated position on the investment portfolios previously presented and outlined further advice received from the Authority's Treasury Advisors, Arlingclose. It was explained that Arlingclose have recently updated the indicative investment portfolios previously presented, which continue to follow the same underlying makeup as proposed in the earlier Committee report.

At the request of the Scrutiny Committee, Model 1 has been modified to increase the amount of readily available cash, and the three models have been updated to reflect changes in investment yields. The updated potential yields for each Model have reduced as financial markets have reacted to economic, political and regulatory developments across the globe.

Model 1 (revised) has an average investment duration of 768 days, with a return of 1.02% (£764,000). £33m is available within a day's notice, £8.5m is invested between 6 to 12 months, and £33.5m is invested for longer than one year. This portfolio continues to represent liquidity risk as there is not enough cash to cover the short-term period (3 months to 1 year) and would result in the Authority borrowing short-term cash from the money markets to cover cashflow requirements to ease liquidity concerns. As a result investment income would reduce due to an increase in borrowing costs and associated brokerage fees. The use of corporate bonds and floating rate notes would require an amendment to the TM Strategy.

Model 2 has an average duration of 190 days and yields a return of 0.59% (£438,000). £22m is available within a day's notice, £16.8m within 3 months and £19m is invested longer than

1 year. The remaining £17m is invested between 3 and 12 months. This portfolio would suit the Council's cashflow profiling. An amendment to the TM Strategy would be required for the use of covered bonds and the duration of some of the proposed investments.

Model 3 has an average duration of 391 days and yields a return of 0.74% (£550,000). £16.8m is available within a day's notice, £2m within 1 month and £29m is invested longer than 1 year. The remaining £27m is invested between 3 and 12 months. This portfolio would also suit the Council's cashflow profiling. The use of corporate bonds (in addition to covered bonds) would require an amendment to the TM Strategy.

All of the updated scenarios presented in the report have increased risk compared to the existing investment strategy due to investing for longer periods of time and for larger amounts. The credit quality of counterparties has been maintained in accordance with the Treasury Management Strategy (the lowest being rated A). The emphasis on generating higher returns is to invest large balances for a long period of time. The risks with each scenario are still respectively lower than for other benchmarked UK local authorities.

The view of Arlingclose is that the Authority should look to progress to maximising its yields, but that moving immediately to Model 1 may be a step too far at this stage. Arlingclose support an approach that would move to Model 2 or 3 initially, with the longer-term aim being a move to Model 1, subject to a review at a later date.

Discussion of the report ensued and Members discussed the various income options and risks associated with each of the investment models. Members commented on the lower rate of interest arising from Model 3 and queried whether an opportunity for an increased rate of return was being missed by not considering Model 1. Officers reiterated their concerns about moving to Model 1 at this stage and outlined the benefits of moving to Model 2 or 3 as recommended by Arlingclose.

Following consideration of the report, it was moved and seconded that an initial move to Model 2 or Model 3 of the Investment Strategy be endorsed (in line with the Arlingclose recommendation) with the longer-term aim being a move to Model 1, subject to a review of the Investment Strategy within a reasonable period of time. By a show of hands, this was agreed by the majority present.

RECOMMENDED to Cabinet, and thereafter Council, that an initial move to Model 2 or Model 3 of the Investment Strategy be endorsed, with the longer-term aim to move to Model 1, subject to a review of the Investment Strategy within a reasonable period of time.

This recommendation will be included in the Annual Treasury Strategy Report that is due to be presented to Cabinet on 4th February 2015 and Council on 25th February 2015.

In accordance with Rule of Procedure 15.5, Councillor C.J. Cuss wished it recorded that he had voted against the recommendation.

8. PONTLLANFRAITH HOUSE

Councillor D.T. Hardacre, Cabinet Member for Performance and Asset Management, together with Colin Jones, Head of Performance and Property Services, presented the report to Members.

The report provided further information in respect of the savings proposal to close Pontllanfraith House as part of the Council's Land and Buildings Asset Rationalisation Programme. This report was a follow-up to the report presented at a special Policy and Resources Scrutiny Committee meeting on 17th June 2014, which established the rationale behind the proposal to close Pontllanfraith House.

This report detailed the potential impact of the closure on Council services, access for the public to those services, financial implications, employment issues and equality implications.

The Cabinet Member reminded the Committee of the aims of the Council's Land and Buildings Asset Rationalisation Programme and reiterated the significant and high cost repair liability relating to Pontllanfraith House, for which there is no provision in the capital programme. Pontllanfraith House has therefore been identified as a prime candidate building for closure as it represents a significant liability to the Council. The report explained that the Council services offered from Pontllanfraith House can be successfully redistributed amongst other existing corporate offices.

The Head of Performance and Property Services endorsed the Cabinet Member's introduction and welcomed questions from Members in relation to the proposals to close Pontllanfraith House.

Members called for a business case and the need for further information and a detailed breakdown of the costs involved in the closure of Pontllanfraith House and the relocation of staff. Officers referred to the report presented to the special Policy and Resources Scrutiny Committee on 17th June 2014, which contained a detailed breakdown of the associated costs, and which had been endorsed in principle by the Committee.

Members were reminded of the range of structural defects within Pontllanfraith House and the £5m of capital costs required to refurbish the building and bring it up to the required standard. Officers also advised that relocated staff could be sufficiently accommodated within alternative Council sites. The closure would realise a significant cost saving and avoid an expensive project to deal with the range of defects at the Pontllanfraith House Offices.

A query was raised as to the full costings in terms of staff relocation, utility upgrades and renovations to other Council buildings in order to accommodate the relocated staff. Officers advised that this was outlined within the Financial Implications section of the report and that due consideration had been given in the costings to the relocation factors and upgrading of facilities required.

Members sought reassurances that all costs were detailed within the report and that there would be no additional costs involved in the closure of Pontllanfraith House and the relocation of staff. The Head of Performance and Property Services offered to provide an additional report to provide a full breakdown of the costs involved, and it was agreed that this would be presented to Members at the next Policy and Resources Scrutiny Committee meeting on the 20th January 2015.

The Cabinet Member reiterated the need for a timely decision to be made on the proposed closure, advising of the timelines involved in presenting further reports to Members and the need to allow time for further consultation.

The Trade Unions were invited to respond to the proposals, and Mr Enright made reference to the suggested relocation options for Housing and the Community and Leisure Services divisions, commenting on the suitability of the suggested buildings for these services. Mr Enright reiterated the Members' view that further information was required in relation to the proposals. It was confirmed that Pontllanfraith House staff were aware of the proposals, and Members reiterated the need for detailed consultation with staff in regards to these proposals.

A query was raised in relation to the future of the Pontllanfraith House site if vacated, including potential demolition costs. It was confirmed that subject to ratification by Members, the building would be offered for sale and therefore any demolition costs would become the responsibility of the purchaser.

Members referred to the rationalisation of Council buildings and it was confirmed that this was the basis of the Council's Land and Buildings Asset Rationalisation Programme. Examples of

building rationalisation were outlined to Members, including the closures of Hawtin Park Council Offices and Enterprise House.

Further discussion took place in relation to the financial implications associated with relocation and the proposed modifications to other Council buildings in order to accommodate the relocated staff. Reference was made to Ty Dyffryn and Members commented on the feasibility of accommodating both relocated staff and the proposed new Waste Transfer Station facilities within the same site. Local Ward Members also reiterated concerns previously raised that the closure of Pontllanfraith House would have a negative impact on the local community.

An amendment was moved and seconded, in that the proposal to close Pontllanfraith House be opposed, subject to further information being provided on the full financial implications of the proposed closure. By a show of hands and with the casting vote of the Chair, the motion was declared lost.

It was moved and seconded that the proposals to close Pontllanfraith House be endorsed, subject to further information being provided on the full financial implications of the proposed closure, including additional costs arising from works required at alternative premises to accommodate staff. By a show of hands and a majority vote, the motion was declared carried.

A Member stated that they had voted in favour of the latter motion in error, and the Chair confirmed that if this had resulted in the vote being declared equal, he would have used his casting vote to declare the motion carried.

9. 6-MONTH PROGRESS UPDATE OF IMPROVEMENT OBJECTIVES – CAERPHILLY PASSPORT PROGRAMME UPDATE

Councillor Miss E. Forehead declared a personal interest in this item, in that she has a family member who is employed within the Passport Programme, and left the meeting during consideration of this item.

Gareth Hardacre, Head of Workforce and Organisational Development, presented the report, which provided Members with a six-month update of the Improvement Objectives relating to the Caerphilly Passport Programme. It was noted that the report had been deferred from the Policy and Resources Scrutiny Committee of 11th November 2014.

Good progress continues to be made with the Passport Programme, with 673 young people referred into the scheme to date. Since April 2014, 84 placements have been delivered across the three Programme Tiers, against the annual target of 150 placements. 12 apprenticeship opportunities were created against an annual target of 25, together with 38 employment opportunities against an annual target of 40. To date the amount of positive outcomes arising from the programme (young people going into employment or back into full-time education) stands at 78%. Further detailed information relating to the Improvement Objectives was contained within Appendix 2 of the report.

Members were advised of the recent Passport Celebration Event attended by a number of Cabinet Members and Assembly Members, which demonstrated the positive impact of the programme on the lives of young people. The Programme has recently undergone a number of audits and evaluation, with the Passport Programme Team successfully completing the European Social Fund (ESF) Team Audit run between April and July. The results of this were attached as Appendix 1 to the report. An evaluation of the Programme undertaken by Wavehill Ltd is nearing completion, with feedback to date complimentary, and the completed evaluation anticipated shortly. The Passport Programme was also selected for an ESF National Team Audit and a draft report of the results has been positively received.

With regard to future developments, the ESF grant ends on 31st December 2014. In order to fund the programme until the end of March 2015, additional Flexible Support Fund grant funding of approximately £42,500 has been secured to cover staffing and training costs. The next round of ESF funding is in progress with logic tables being submitted and discussed with the Wales European Funding Office (WEFO). Their view is that all bids coming forward need to be supported by the Regional Learning Skills and Innovation Board. For the Passport Programme to continue, both ESF funding and a further allocation of Jobs Growth Wales placements will need to be secured, and thus it was explained that there is currently uncertainty around future funding for the Passport Programme being secured.

Officers clarified the procedure involved in filling vacant positions within the Authority and the role of the Passport Programme in regards to this, with it explained that there was increased success with Programme participants becoming employed within the private sector. Members praised the work of the Programme, stating that they would wish to see it continue, and queried the feasibility of Cabinet approaching the Welsh Government with a view to securing future funding. It was explained that there were issues in securing future ESF funding due to the difficulty of the Programme in matching the funding criteria. The feasibility of using Council reserves to meet a short-term funding gap was also discussed with Officers.

Unison representatives were asked for their views and Mr Bezzina requested that the Trade Unions be kept informed of developments in relation to the Passport Programme and future funding.

Members were in agreement that the satisfactory progress was being made against the Improvement Objectives relating to the Caerphilly Passport Programme, and noted the contents of the report.

The meeting closed at 7.54 pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 20th January 2015, they were signed by the Chair.

CHAIR

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: PONTLLANFRAITH HOUSE

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To provide further information in respect of costs prior to a formal decision to close the council's Corporate office, Pontllanfraith House, as part of the council's Land and Buildings asset rationalisation programme.
- 1.2 This report is a follow up report to Committee meetings on the 17th June 2014 and the 8th December 2014. Reports presented at those meetings established the rationale behind the proposal for closure of Pontllanfraith House and the potential impact on council services, access for the public to those services, financial implications, employment issues and equality implications.
- 1.3 Policy and Resources Committee, whilst continuing to support the closure in principle, considered that further information was required to inform the scrutiny process.
- 1.4 This report details the anticipated costs against income associated with the various moves of staff to other corporate offices.

2. SUMMARY

- 2.1 The magnitude of the savings identified in Section 6 are such that there is a high degree of certainty that the council will achieve significant revenue savings as a direct result of the closure of Pontllanfraith House, thus protecting front line services and jobs. There is also an expected Capital receipt that will give a surplus to planned Capital spend.
- 2.2 The council's useable office accommodation per employee is the highest in Wales and its office accommodation costs are the 17th from lowest in Wales. Closure of Pontllanfraith House, together with those closures already achieved at Hawtin Park and Enterprise House will improve these statistics.
- 2.3 There is sufficient space in other corporate offices to relocate staff and services with little or no impact on the public. The alternative offices are generally in much better condition than the Pontllanfraith offices and are asbestos free.
- 2.4 Members are naturally concerned over the impact of closure on the local economy and although this is inevitable in the short term it is anticipated that the site's future development will mitigate those short term losses and have a long term positive impact.

3. LINKS TO STRATEGY

- 3.1 The council's Medium Term Financial Plan has identified the closure of Pontllanfraith House as a proposed part year saving for 2015/16.
- 3.2 The proposed closure of Pontllanfraith House under the MTFP and the asset rationalisation programme would also contribute to the Safer, Healthier and Prosperous themes of 'Caerphilly Delivers', the LSB single integrated plan.

4. THE REPORT

- 4.1 The Council's MTFP proposals has identified property rationalisation as a key driver towards realising the savings required, £40m over the next three years, as a result of significant reduction in the council's Revenue Support Grant.
- 4.2 The closure of Pontllanfraith House forms part of the rationalisation programme primarily because of its poor condition allied to the fact that there is available space in other corporate offices that are in better condition.
- 4.3 At 16.1 sq meters the total useable office accommodation per employee in Caerphilly is the highest of Local Authorities in Wales. The Wales average is 10.5 sq metres per employee. Had it not been for the closure of Hawtin Park and Enterprise House and the relocation of staff from those offices primarily into Ty Penallta then the figure of 16.1 sq.m would have been much higher.
- 4.4 Office accommodation costs per FTE office based employee in Caerphilly are £1623, ranked 17th from lowest in Wales. The Wales average for Local Authority office accommodation is £1349.

*Source: Asset Management 2013-14: Local Government Data Unit – 3rd November 2014.

- 4.5 It is estimated that achieving the Wales average figure (10.5 sq m) for useable office accommodation per employee will save the authority around £1m/year and, although probably extreme, a figure closer to the lowest in Wales (Monmouthshire: 5.9 sq m) could save upwards of £3m/year.
- 4.6 The Report to Committee of 17th June 2014 detailed the condition of Pontllanfraith House and identified a required Capital investment of circa £5m, which included the high cost of Asbestos removal and the disruption that inevitably follows. Should council members agree to the closure of Pontllanfraith House services will primarily be relocated into:

Ty Dyffryn: The office area of this building is in good condition with only normal building maintenance requirements. The offices are DDA compliant. Car parking facilities will need to be extended but there is available room to do so. Transport links are good by road. There is a bus service at the nearby Caerphilly Road. There are no asbestos liabilities at Ty Dyffryn

Tir-y-Berth: The office area is not in good condition but is serviceable. Relatively minor modifications are required but more extensive office planning will be required over the longer term. DDA compliance is limited although improvements are planned for Bereavement Services to improve public access. Transport links are good by road with a bus service nearby. There are no restrictions to use of the buildings due to asbestos at Tir-y-Berth. Where present Asbestos is generally limited to Artex and floor tiles and is low risk.

Ty Penallta: This is a relatively new, modern building, in excellent condition and is fully DDA compliant. Other than normal building maintenance costs there are no outstanding capital works. The offices have excellent transport links (rail/bus & car) and are accessible to the

public.

There are no asbestos liabilities at Ty Penallta.

Tredomen Business Park: Modern Buildings in excellent condition and fully DDA compliant. The offices are operated and maintained via the council's Economic Regeneration service, the cost of which is recovered under rental agreements. It is proposed that Housing Services could, subject to confirmation of availability of sufficient office space, be relocated here. The HRA would provide the authority with a regular income stream. The offices have excellent transport links (rail/bus & car) and are accessible to the public. There are no asbestos liabilities at Tredomen Business Park.

Although Highways House has been identified as a possible area for relocation of Engineering Services it is considered, at this early stage of planning, to be unlikely that its use will be necessary given what is available elsewhere. Consequently costs associated with this office have largely been included as Optional within Appendix 1 and are unlikely to be expended.

To facilitate the relocation of staff into Ty Penallta there will need to be a transfer of Social Services' staff (Adult Services) to Pontygwindy House, Caerphilly. This transfer is in line with recent service re-structuring and will maximise the occupancy of this leased in Property. The current lease is a long term one until 2021.

- 4.7 Some members have questioned the impact of the closure of the offices on local businesses and, in particular, the town of Blackwood. This is difficult to measure but the realisation must be that there will be some in the short term. The site will be sold for residential development and such a development will be a positive impact on the local economy. A report by Regeneris Consulting and Oxford Economics (2010) titled "The Role of Housing in the Economy" indicates that for every £1 of spending on housing construction it is estimated that £2.60 gross output will be generated across the economy as a whole. Adopting these figures for a development on the Pontllanfraith House site of, say, 30 houses with construction costs of £75k each house this would generate a total gross output of £5.85m. This is the equivalent of every officer at Pontllanfraith House spending circa £2000/yr locally every year for the next ten years and therefore it is suggested that a residential development in place of offices will more than mitigate any short term loss of trading locally.

5. EQUALITIES IMPLICATIONS

- 5.1 A full EIA will be undertaken if members agree to pursue the recommendations within this and previous reports and during the various consultations leading up to closure. However due to the age of the building and despite some adaptations, Pontllanfraith House is less DDA compliant than the Council's newer building stock, in particular Ty Penallta, Tredomen Business Park and Ty Dyffryn.
- 5.2 The impact on members of the public who need to use these offices, and the impact on employees who would be relocated as a result of the building's closure, will form a core part of consultation and final EIA to ensure that everyone affected is fully aware of the details and any alternative options or choices open to them.

6 FINANCIAL IMPLICATIONS

- 6.1 Appendix 1 details the estimated costs of moving out of Pontllanfraith House and relocating into other corporate offices. The costs have been split into "Required" and "Optional" and then further split into Capital or Revenue funding.
- 6.2 On a least cost basis the council will need to identify a Capital budget of £750k and a Revenue budget of £119.6k. This means to "break even" the site will need to be sold for a minimum of £750k and savings in future running costs be greater than £119.6k.

- 6.3 As described in the report to Scrutiny (8th December 2014) it is estimated that the site has a maximum value of £2.0m - £2.5m as a cleared site and this could be reduced by £0.5m if the site is sold with the office building still standing, as proposed. Therefore taking a cautious view, and subject to improving market conditions the estimated value of the site is a minimum of £1.5m which is well in excess of the £750k for required spend. The Council can take a view on whether any, or all, of the subsequent surplus should be invested in the optional capital costs at a later date.
- 6.4 Again as described in the report to Scrutiny (8th December 2014) it is estimated that potential revenue budget savings total £736k. The Revenue costs identified in Appendix 1 total £119.6k and therefore there is a gross revenue saving of £616.4k.
- 6.5 It is proposed that the one off Capital costs totalling £750k in paragraph 6.2 above are funded from General Fund balances. This will leave recurring revenue saving of £616.4k and a potential capital receipt of £1.5m.
- 6.6 The costs quoted in Appendix 1 are best estimates based upon current relocation plans. Any subsequent changes to those plans are likely to have an impact on estimated cost. Nevertheless the magnitude of the savings identified are such that there is a high degree of certainty that the council will achieve significant savings thus protecting front line services and jobs.

7. PERSONNEL IMPLICATIONS

- 7.1 There will be a need to redeploy employees in the following areas:

Facilities Management
Cleaning
Catering
Reception

This is due to the fact that the locations to which employees are relocating may already have sufficient coverage of these employee groups, but this will be the subject of further review. The Council's arrangements for redeployment and workforce flexibilities will apply to any displaced employees.

- 7.2 For employees required to relocate their base of employment, the authority's excess travel scheme will apply if appropriate. Provisional relocation costs have been included in Appendix 1.
- 7.3 Full consultation with employees and Trades Unions will take place once a decision is confirmed.

8. CONSULTATIONS

- 8.1 The results of consultations have been incorporated into this report

9. RECOMMENDATIONS

- 9.1 Scrutiny are asked to consider the further information in this report and confirm their continued support for the proposal to close Pontllanfraith House

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To further discuss this proposal in accordance with the DRAFT Medium Term Financial Plan 2016/17.

11. STATUTORY POWER

11.1 Local Government Act 2000

Author: Colin Jones: Head of Performance & Property Services
Consultees: Corporate Management Team
S. Harris: Acting Head of Corporate Finance
G. Williams: Acting Head of Legal Services
G. Hardacre: Head of Human Resources and Organisational Development
Cllr D. Hardacre: Cabinet Member for Performance, Property and Asset Management

Appendices:
Appendix 1 Estimated Costs – Pontllanfraith House

Background Papers:
Report to Policy & Resources Scrutiny 17th June 2014 & 8th December 2014

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EXPENDITURE

OFFICE	SERVICE	ACTIVITY	COSTS (£000)				COMMENTS
			Required		Optional		
			Cap	Rev	Cap	Rev	
Tredomen Business Park 90-100 workstations	Housing	1. Office re-configuration	20				Minor works and Electrical reconfiguration (estimated cost)
		2. Office Lease		()			Revenue income provided to service as lease charged to HRA
		3. New Furniture		Nil			
		4. Removal Costs	10				
		5. Additional running costs: heating/lighting etc.		Nil			Covered under lease costs
		6. Staff relocation costs		Nil			Chargeable to HRA (?) Based on 20% of staff being eligible over an 18mth period.
Tir-y-berth 47 workstations	Community & Leisure	1. Bereavement Services Offices	250				Public facing facility, access to be improved. Welfare facilities inadequate
		2. Improving Welfare Facilities					
		3. Additional Running costs heating/lighting etc.,			20		Budget adjustment necessary, costs thought to be low.
		4. Removal Costs	4				
		5. Staff Relocation Costs			12.2		Based on 20% of staff being eligible over an 18mth period.

Penallta House 90 workstations	Planning & Countryside OR Public Protection OR Engineering & Transportation	<ol style="list-style-type: none"> 1. Additional Running Costs: Heating, lighting etc. 2. Removal costs 3. New HoS Office 4. Staff Relocation Costs 	<p style="text-align: center;">Nil</p> <p style="text-align: center;">9</p> <p style="text-align: center;">2.5</p> <p style="text-align: center;">23.3</p>		<p>No additional energy demand</p> <p>Based on 20% of staff being eligible over an 18mth period</p>
Page 30	Planning & Countryside AND/OR Public Protection AND/OR Engineering & Transportation	<ol style="list-style-type: none"> 1. Additional car parking 2. Improved reception area 3. Ground floor modifications 4. Welfare Facilities 5. Additional Running Costs: Heating, Lighting etc 6. Additional workstations 7. Removal Costs 8. Staff Relocation Costs 9. Create additional storage 	<p style="text-align: center;">250</p> <p style="text-align: center;">50</p> <p style="text-align: center;">30</p> <p style="text-align: center;">17.5</p> <p style="text-align: center;">45.4</p> <p style="text-align: center;">25</p>	<p style="text-align: center;">150</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p>	<p>Essential to segregate staff and visitors from Waste transfer site operations</p> <p>Existing reception adequate but well below the quality at Pontllanfraith. Planning currently has a bespoke reception desk.</p> <p>Provide secure meeting rooms (2) Existing facilities adequate</p> <p>Although existing facilities have not been fully utilised it is likely that the existing energy budget will be sufficient to absorb relatively small increases in demand</p> <p>Smaller workstations required to maximise floor space</p> <p>Based on 20% of staff being eligible over an 18mth period.</p> <p>Additional secure storage area probably required on Mezanine area</p>

Highway House 72 workstations	Engineering & Transportation	<ol style="list-style-type: none"> 1. Additional Car Parking 2. Ground Floor Modifications 3. Improve Welfare Facilities 4. Additional Running Costs: Heating, Lighting etc 5. Removal costs 6. Staff relocation costs 7. Additional workstations 	<p style="text-align: center;">Nil</p> <p style="text-align: right;">7.2</p> <p style="text-align: right;">18.7</p> <p style="text-align: right;">15</p>	<p style="text-align: right;">230</p> <p style="text-align: right;">300</p> <p style="text-align: right;">25</p>	<p>Existing car park facilities limited</p> <p>Install windows and extend heating</p> <p>Basic facilities currently provided</p> <p>Ground floor currently heated as used as storage area. A small increase in lighting costs are possible but existing energy budget will be sufficient to absorb relatively small increases in demand</p> <p>Based on 20% of staff being eligible over an 18mth period.</p> <p>Smaller workstations required to maximise floor space</p>
Pontygwindy House 90 – 98 workstations	Social Services – Adult Services	<ol style="list-style-type: none"> 1. Office re-configuration 2. Additional running costs: Heating, lighting etc 3. Removal costs 4. Staff relocation costs 	<p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: right;">9.8</p>	<p style="text-align: right;">Nil</p>	<p>Conversion costs (35k) covered by one off Corporate building budget to maximise use of available office space.</p> <p>Reconfiguration does not add to ex running costs</p> <p>Any additional costs covered by social services budget</p>

Pontllanfraith House	Miscellaneous	1. Demolition 2. Planning/Marketing Brochure including limited Site Investigation and utility reports	Nil				Offices included within the sale of the land. To reach a wider audience of prospective developers
		Total	750	119.6	705	0	



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

**SUBJECT: OPENING HOURS OF CUSTOMER SERVICE CENTRES AND
 NEWBRIDGE CASH OFFICE**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
 OFFICER**

1. PURPOSE OF REPORT

- 1.1 At the meeting of the Policy and Resources Committee on 8 December 2014 members considered proposals to make savings within Customer Services as part of the Medium Term Financial Strategy by reducing the opening hours of Customer Service Centres and withdrawing the Cashiers Service from Newbridge Library.
- 1.2 As a result of these considerations officers were asked to consider the implications of all sites opening at 10:00 rather than 09:30 and retain the Cashiers Service at Newbridge Library. This report outlines the implications of this option.
- 1.3 Officers were also asked to consult customers and staff on the proposed changes, and to provide additional information on footfall and staffing levels.

2. SUMMARY

- 2.1.1 As part of the Medium Term Financial Plan, a budget saving of £250,000 has been proposed for the Customer Services budget. Amongst the proposals to achieve this saving was a reduction in staffing level of 5.7 FTE staff, including 2 FTE through vacancy management. This is in addition to a reduction of 2 FTE's in 2014/15. Members have indicated that they wish to retain the current network of Customer Service Centres, however, it is not feasible to maintain current levels of service with this reduction in staffing levels.
- 2.1.2 At the meeting of the Policy and Resources Committee on 8 December 2014 members considered proposals to reduce service levels within Customer Services, including a reduction in opening hours of Customer Service Centres and withdrawing the Cashiers service from Newbridge Library. As a result of these considerations officers were asked to identify the implications of all sites opening at 10:00 rather than 09:30 (09:00 in Penallta House) as proposed in the report presented on 8 December and to retain the Cashiers Service at Newbridge Library.
- 2.1.3 Officers have looked at the implications of opening all sites at 10:00, whilst still achieving the same level of staffing reduction as in the earlier report. The results are included within the report. Also included in the report is further information on activity levels and staffing levels.
- 2.1.4 Officers were also asked to consult customers and staff on the proposed changes. However, at the time of writing the report, the consultation had not been completed due to the Christmas closedown and low customer numbers in the week before the closedown. A verbal report on

the consultation will be provided to members at the meeting.

3. LINKS TO STRATEGY

- 3.1 The work of Customer Services, in particular the Customer Service Centres, contributes, in particular, to strategic objectives 3 and 4, Physical Access and Communications Access

4. THE REPORT

- 4.1 To support the Medium Term Financial Plan, a Customer Services savings proposal of £250,000 has been identified as part of a package of proposals endorsed by Cabinet on 29 October 2014. To minimise the impact of this budget reduction on customers, officers have reviewed non-staff costs in detail and have identified savings of £89,348. A further £30,000 will be saved by reducing the Agency Staff budget that is used to cover seasonal demand changes and long-term absence such as maternity leave. Vacancy Management will yield further savings of £45,597 through the deletion of two vacant full-time Customer Service Advisor posts. The remainder of the savings will be found through reducing the salaries budget by £85,055 which equates to a staffing reduction of 3.7 FTE.
- 4.2 The proposed savings will reduce the staff establishment by 5.7 FTEs (including the 2 FTE vacant posts), which is in addition to a reduction of 2 FTEs in 2014/15. Members have indicated that they wish to retain the current network of Customer Service Centres. However, it is not feasible to maintain current levels of service with this reduction in staffing levels.
- 4.3 At the meeting of the Policy and Resources Committee on 8 December 2014 members considered proposals to reduce service levels within Customer Services, including a reduction in opening hours of Customer Service Centres and withdrawing the Cashiers Service from Newbridge Library. As a result of these considerations officers were asked to present a further report setting out the implications of all sites opening at 10:00 rather than 09:30 (09:00 in Penallta House) and retaining the Cashiers Service at Newbridge Library. Officers were also asked to consult customers and staff on the proposed changes.
- 4.4 Activity levels at all sites have been analysed to identify the workload of each site that will be displaced by the proposals in the report presented on 8 December 2014. The proposal was that all sites with the exception of Penallta House would open at 09:30. Penallta House Customer Services would open at 09:00. This would harmonize the opening time at each site and better match the opening hours of the Caerphilly Customer Service Centre and Caerphilly Library. A similar analysis was conducted to identify the workload that would be displaced by all sites opening at 10:00. The workload was calculated by multiplying the average number of customer contacts for each contact type by the estimated average contact duration for each type. Across all sites the original proposal would see 8 hours of workload displaced into the rest of the morning. Opening at 10:00 would displace 16 hours of workload and would displace it into a shorter time period. At busier sites this would have a substantial effect on activity levels during the later morning.
- 4.5 As an example, in Caerphilly Customer Service Centre the current workload in the first two hours of opening is 6 hours and 11 Minutes. With a 09:30 opening this would rise to 8 hours and 38 minutes. A 10:00 opening would increase this to 10 hours and 28 minutes. If current staffing levels are maintained during the morning period customers would experience considerable delays and the backlog of work would spill over into the lunchtime period and on busier days it is unlikely that the backlog will not be cleared until mid-afternoon. It is also likely that the number of customers waiting to be seen will exceed the space available to accommodate them. Apart from the inconvenience to customers, there would be a substantial impact on the health, safety and wellbeing of staff due to increased workload and having to deal with customers stressed and aggrieved by substantial waiting times.
- 4.6 As a result of the amount of displaced workload the staffing levels in Caerphilly and Blackwood Customer Service Centres would have to increase by one Advisor between 10:00

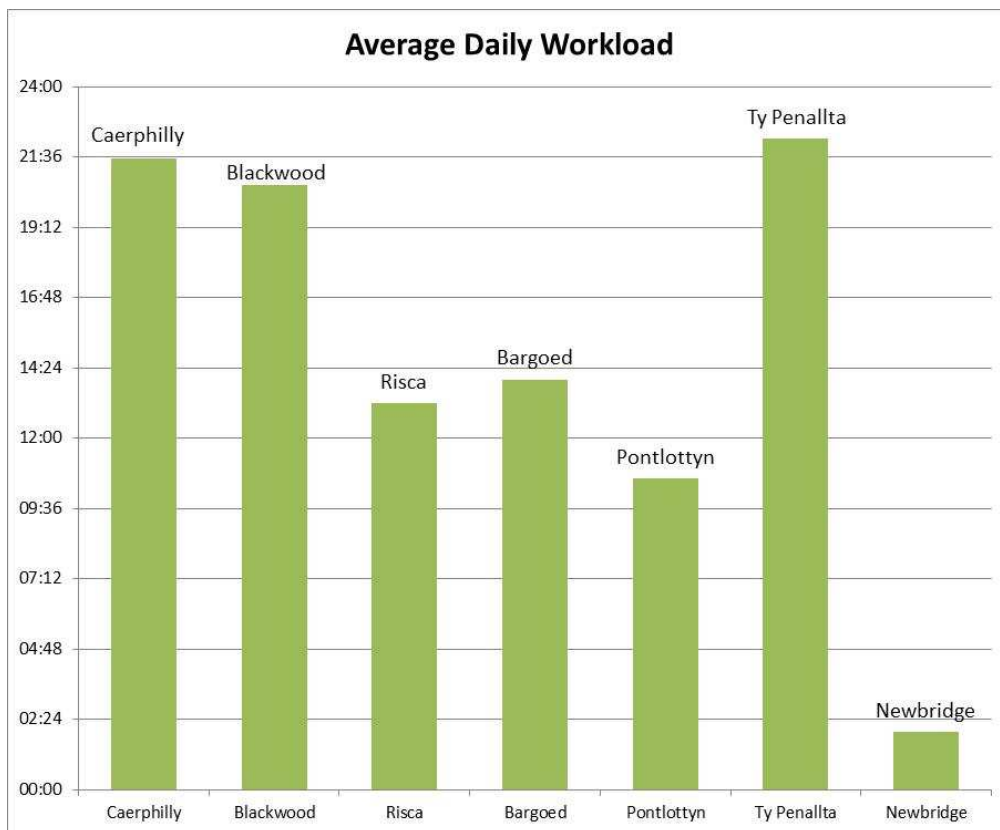
and 13:00. Staffing levels in Penallta House would have to increase by one Advisor between 10:00 and 12:00.

- 4.7 Taking into consideration the additional staffing requirements for the late morning period at the three busiest sites, the staff time released by opening all sites at 10:00 rather than 09:30 would allow the Cashiers service to be available in Newbridge during the following hours:

Monday	10:00 to 13:30 14:30 to 16:00
Tuesday	10:00 to 13:00
Wednesday	Closed
Thursday	Closed
Friday	10:00 to 13:00

- 4.8 This would result in the opening hours of Newbridge Cash Desk being reduced by 6 hours 30 minutes each week, which is 8% of the total reduction in opening hours across all seven sites. Blackwood, Caerphilly, Risca and Pontlottyn will all have reductions in opening hours of more than 13 hours per week.

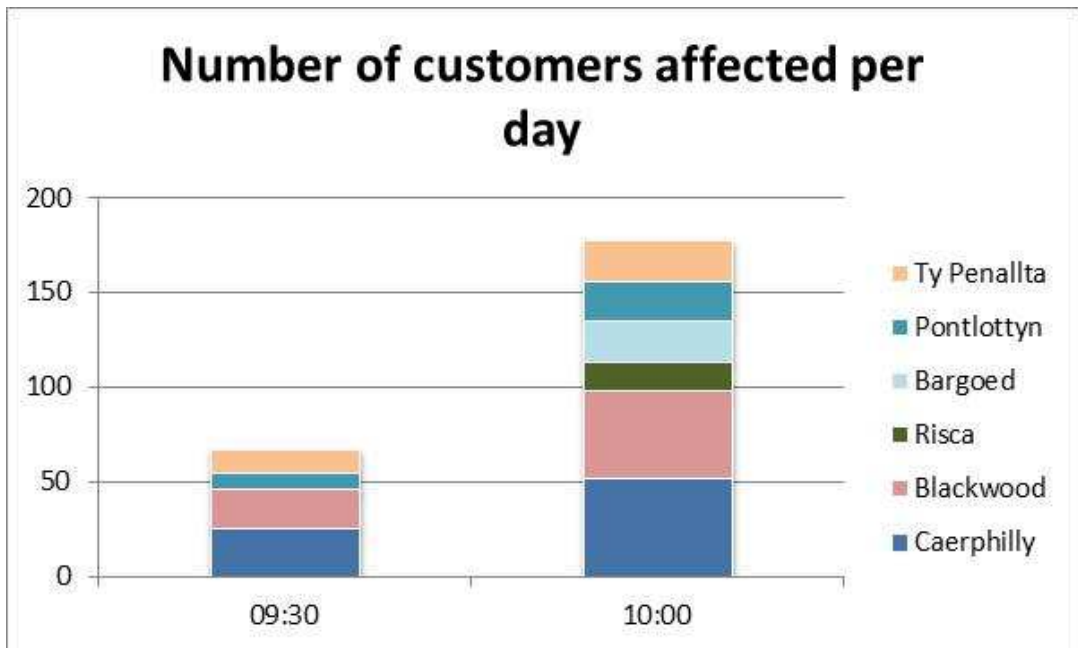
- 4.9 Using the calculations described in para 4.4 the current workload (in hours of customer contact) across all seven sites has been analysed and is shown in the following chart:



4.10 Average daily customer visits have also been compared and are as follows:

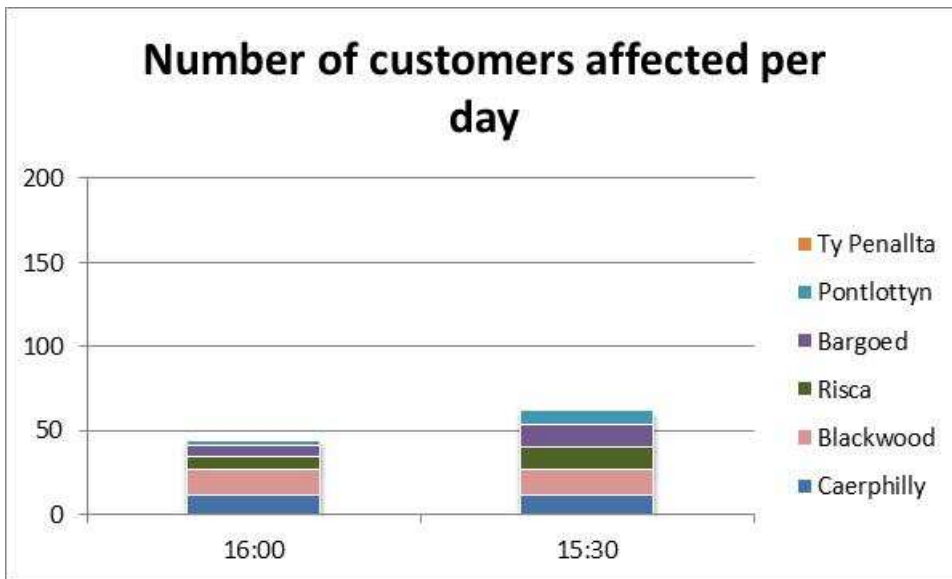
Average daily footfall	
Site	Customers
Caerphilly	303.1
Blackwood	284.4
Risca	127.5
Bargoed	149.8
Pontlottyn	108.6
Ty Penallta	163.9
Newbridge	78.3

4.11 The number of customers affected each day by opening at 09:30 and 10:00 has been analysed. Across all sites excluding Newbridge, an average of 67 customers a day will be affected by changing the opening time to 09:30, and 178 will be affected by changing the opening time to 10:00, an additional 111 customers per day. The average total number of customers using Newbridge Cash Desk is 78 customers per day.



4.12 If members wish to retain a Cashiers Service in Newbridge an alternative approach would be to change the closing times at the Bargoed, Risca and Pontlottyn Customer Service Centres to 15:30 rather than 16:00. This reduction would still generate the required saving in staff hours but would affect an additional 18 customers per day rather than an additional 111 customers per day if the opening time was moved back to 10:00 at all sites. Although this option would retain the service in Newbridge it would still result in a reduction in opening hours to:

Monday	09:30 to 13:30 14:30 to 15:30
Tuesday	10:00 to 13:00
Wednesday	Closed
Thursday	Closed
Friday	09:30 to 13:00



4.13 Staffing levels at each site vary through the day and across the working week to match customer demand. Staffing levels are higher in the morning than the afternoon and are often lower midweek. Staffing levels are increased on the days when higher customer volumes are expected such as the first working day after a bank holiday.

- Newbridge has a single Cashier.
- Pontlloftyn has 2 Advisors.
- Risca and Bargoed have 2 or 3 Advisors in busy periods dropping to 1 or 2 during quiet periods.
- Caerphilly, Blackwood and Penallta House have 4 or 5 Advisors during peak periods, dropping to 2 or 3 during quiet periods

The staff in the Customer Service Centres and Contact Centre are managed as a single pool of staff, with staff regularly working across the three customer contact channels (Phone, Face-to-face, and e-mail). This has been achieved by deploying telecommunications equipment at each site to allow staff at Customer Service Centres to be switched to Contact Centre work for part of the day. This has made it possible to fine-tune staffing levels to best meet customer demand across the 7 sites and the Contact Centre. The efficiencies that this has generated has allowed us to open the Risca and Bargoed Customer Service Centres with no additional staff.

4.14 In the longer term customer contact will increasingly be through lower cost access channels with self-service (e.g web) being the lowest cost option. Phone or e-mail contacts are more expensive than self-service but are significantly cheaper than face-to-face. Encouraging our customers to use lower cost methods of contact will be a significant part of our customer contact strategy in the future.

4.15 Staff and customers have been consulted about the proposed changes, but at the time of writing this report, the consultation had not been completed due to the Christmas closedown and low customer numbers in the week before the closedown. A verbal report on the consultation will be provided to members at the meeting.

5 EQUALITIES IMPLICATIONS

- 5.1 No full impact assessment has been undertaken on these proposals as yet, however the reduction in availability of face to face services will have a detrimental effect on customers who fall under some of the protected characteristics groups, in particular people with different types of disabilities and the elderly. An EIA will be undertaken on this savings proposal prior to Cabinet endorsing their final savings proposals and full council decision in respect of the budget on the 25th February 2015.
- 5.2 Consultation on these proposals with service users, ensuring that elderly and/or disabled people are specifically included, will ensure that any final decision taken has been done robustly, and if challenged on the grounds of failure to take due regard of the Public Sector Equality Duty in Wales, can be fully and properly evidenced.

6. FINANCIAL IMPLICATIONS

- 6.1 These proposals will generate savings of £250,000 as part of the MTFP. However, due to the nature of the reductions it will not be possible to achieve these savings in full during 2015/16. As a result these savings will be phased in over 2 years with £125,000 being saved in 2015/16 and a further £125,000 in 2016/17
- 6.2 This report does not change the financial implications of the report presented to Policy and Resources Committee on 8 December 2014.

7. PERSONNEL IMPLICATIONS

- 7.1.1 As part of these proposals the staff establishment will reduce by 5.7 Full Time Equivalent (FTE) staff, including 2 FTE vacant posts. This reduction is likely to be made up of a mixture of full-time and part-time staff which will result in the loss of between 4 and 6 staff. This reduction will need to be achieved by September 2015 to achieve the required savings.
- 7.1.2 Every effort will be made to avoid compulsory redundancies and full use will be made of the recently updated personnel policies to achieve this if redeployment of the staff is not achievable in the first instance.

8. CONSULTATIONS

- 8.1 The views of consultees are included within the report.
- 8.2 Customers using the Customer Service Centres and Newbridge Cash Desk, and Customer Service staff potentially affected by the proposals are being consulted and the results will be reported verbally to members.

9. RECOMMENDATIONS

- 9.1 That members consider the three options to reduce staffing costs and determine whether they support any of the proposals as follows:-
- The original proposals presented on 8 December 2015
 - A modification of the proposals to include the retention of a reduced Cashiers Service in Newbridge and all sites to open at 10:00
 - A modification of the proposals to include the retention of a reduced Cashiers Service in Newbridge and Bargoed, Risca, and Pontllytyn to close at 15:30 rather than 16:00.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To inform Members of proposed changes within Customer Services to deliver savings requirements identified in the Cabinet Report of 29 October 2014.

11. STATUTORY POWER

- 11.1 Local Government Act 2000

Author: David Titley, Corporate Customer Services Manager,
Davidtitley@caerphilly.gov.uk

Consultees: Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services
Nicole Scammell, Acting Director of Corporate Services and Section 151 Officer
Stephen Harris, Interim Head of Corporate Finance
Gareth Hardacre, Head of Human Resources and Organisational Development
Colin Jones, Head of Performance and Property
Gail Williams, Interim Head of Legal Services & Monitoring Officer
Tony Maher, Assistant Director Planning & Strategy
Gareth Evans, Interim Community Education Manager
David A. Thomas, Senior Policy Officer (Equalities and Welsh Language)

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: DRAFT SAVINGS PROPOSALS 2015/16

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

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- 1.1 The attached report, which was presented to the Special Policy and Resources Scrutiny Committee meeting on 8th December 2014, provides details of the provisional 2015/16 Local Government Settlement, an updated Medium Term Financial Plan for the period 2015/16 to 2017/18, details of proposed savings for 2015/16 totalling £12.208m and a proposal to increase Council Tax for 2015/16 by 3.9%.
 - 1.2 The report was originally considered and endorsed by Cabinet on 29th October 2014. The proposals in the report are currently subject to a final period of consultation prior to a further report being presented to Cabinet on 4th February 2015 and final 2015/16 budget proposals being considered by Council on 25th February 2015. As part of this final consultation process further Scrutiny Committee meetings are taking place to consider the draft 2015/16 savings proposals.
 - 1.3 At the Special Policy and Resources Scrutiny Committee meeting on 8th December 2014, Members raised concerns that the views of the other Scrutiny Committees regarding the list of draft 2015/16 savings proposals were not available for consideration. Members explained that it was difficult to consider whether or not to support a saving without being aware of the comments made at other Scrutiny Committee meetings regarding the proposals.
 - 1.4 It was agreed that the draft minutes of these Scrutiny Committee meetings should be presented at the next meeting of the Policy and Resources Scrutiny Committee on 20th January 2015 and these are attached as Appendices 2 to 4 for Members' consideration.
 - 1.5 In that the Education for Life Scrutiny Committee is due to consider the draft 2015/16 savings proposals on 13th January 2015, the comments arising from that meeting will be reported verbally to the Policy and Resources Scrutiny Committee on 20th January 2015.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

- Appendix 1 Report to Policy and Resources Scrutiny Committee on 8th December 2014 – Agenda Item 3
- Appendix 2 Draft Special Regeneration and Environment Scrutiny Committee Minutes – 1st December 2014
- Appendix 3 Draft Health, Social Care and Wellbeing Scrutiny Committee Minutes – 2nd December 2014
- Appendix 4 Draft Special Policy and Resources Scrutiny Committee Minutes – 8th December 2014

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SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE – 8TH DECEMBER 2014

SUBJECT: DRAFT SAVINGS PROPOSALS 2015/16

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

- 1.1 The attached report was considered by Cabinet on the 29th October 2014.
- 1.2 The report provides details of the Provisional 2015/16 Local Government Settlement along with an updated Medium Term Financial Plan for the period 2015/16 to 2017/18. The report also presents details of proposed savings for 2015/16 totalling £12.208m and a proposal to increase Council Tax for 2015/16 by 3.9%.
- 1.3 Following consideration of the report Cabinet:-
 - 1.3.1 Endorsed the proposed package of 2015/16 savings totalling £12.208m, as detailed in Appendices 2 to 6 of the report.
 - 1.3.2 Agreed that the savings proposals should be subject to a further period of consultation prior to final 2015/16 budget proposals being presented to Cabinet in January 2015 and to Council in February 2015.
 - 1.3.3 Supported the proposal to increase Council Tax by 3.9% for the 2015/16 financial year to ensure that a balanced budget is achieved.
- 1.4 As part of the ongoing consultation on the savings proposals, the Policy and Resources Scrutiny Committee is asked to consider and comment upon the proposals in Appendices 2 and 6 of the attached report.

Author: Stephen Harris, Interim Head of Corporate Finance
Tel: 01443 863022 E-mail: harrisr@caerphilly.gov.uk

Appendices:
Appendix 1 Report and appendices to Cabinet on 29th October 2014



CABINET – 29TH OCTOBER 2014

SUBJECT: DRAFT SAVINGS PROPOSALS FOR 2015/16

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with an updated Medium-Term Financial Plan (MTFP) reflecting the Provisional 2015/16 Local Government Financial Settlement announced by the Welsh Government (WG) on the 8th October 2014.
- 1.2 To present Cabinet with details of draft savings proposals for the 2015/16 financial year to allow for a further more focussed period of consultation prior to a final decision in February 2015.

2. SUMMARY

- 2.1 The report provides details of revised savings requirements for the period 2015/16 to 2017/18 based on the WG Provisional 2015/16 Local Government Financial Settlement.
- 2.2 The report also provides details of draft savings proposals for 2015/16 totalling £12.208m.

3. LINKS TO STRATEGY

- 3.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.

4. THE REPORT

4.1 Headline Issues in Provisional Settlement

- 4.1.1 Published on the 8th October 2014, the key points of the Provisional 2015/16 Local Government Settlement for Wales are: -

- There have been three transfers into the settlement totalling £0.346m and three transfers out totalling £0.200m. Details are provided in paragraph 4.1.2
- The provisional Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) for Caerphilly CBC for the 2014/15 financial year is a reduction of 3.4% i.e. **a cash decrease of £9.087m.**
- As in previous years, WG have, through the RSG formula, placed a requirement on Local Authorities to include provision of a 1% protection for schools based on the percentage applied by Central Government to WG's block grant. For 2015/16 this represents a 0.6% increase for schools.

- No indicative settlement figures have been provided by WG for 2016/17 and 2017/18.
- The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have increased by £7k from the previous year.

4.1.2 Table 1 provides details of transfers in and out of the WG financial settlement: -

Table 1 – Transfers In/Out 2015/16

	£m
Transfers In: -	
Local Government Borrowing Initiative – 21 st Century Schools	0.133
Integrated Family Support Service	0.173
Autistic Spectrum Disorder	0.040
Transfers Out: -	
Student Finance Wales	(0.153)
Feed Safety Controls	(0.030)
National Adoption Service	(0.017)
TOTAL	0.146

4.1.3 Table 2 provides details of other passported grants included in the WG financial settlement: -

Table 2 – Other Passported Grants 2015/16

	£m
Local Government Borrowing Initiative – 21 st Century Schools	0.171
Council Tax Reduction Scheme	(0.106)
Private Finance Initiative	(0.202)
TOTAL	(0.137)

4.1.4 It is proposed that the above (both the increases and decreases in funding) are passed directly to those services that they relate to.

4.2 Updated Medium-Term Financial Plan (MTFP)

- 4.2.1 Cabinet will recall that the MTFP agreed by Council on the 26th February 2014 identified an estimated savings requirement of £6.5m for 2015/16 and £6.9m for 2016/17. This was based on an indicative reduction in WG funding of 1.34% for 2015/16 and, in the absence of further guidance from WG, an assumed reduction of a further 1.34% for 2016/17.
- 4.2.2 On the 24th June 2014 the Minister for Local Government and Government Business wrote to all Local Authorities in Wales informing them that there would be a significant shift in the likely financial settlement for 2015/16 and beyond. The Minister advised Authorities to consider how they would respond to a cut in funding of up to 4.5%.
- 4.2.3 Cabinet received a report on the 16th July 2014 outlining the impact of a cut in funding of 3% and 4.5%. Cabinet were advised that a 3% cut would increase the savings requirement for the two-year period 2015/16 and 2016/17 from the current planning level of £13.4m to £22.2m. A cut of 4.5% would increase the savings target to £30.1m.
- 4.2.4 Whilst the cut of 3.4% in the 2015/16 provisional settlement is better than the potential worst-case scenario of 4.5%, it still presents an extremely challenging financial position. It is also likely that austerity will remain for at least the medium-term and on this basis the MTFP has been updated for the three-year period 2015/16 to 2017/18 with an assumed reduction in WG funding of 3.4% for each of the three years. The updated position is attached as Appendix 1 and this shows a total savings requirement of £39m as summarised in Table 3: -

Table 3 – Cash Savings Targets

Year	Annual Cash Savings Target £m	Cumulative Cash Savings Target £M
2015/16	12.866	12.866
2016/17	14.030	26.896
2017/18	12.105	39.001

4.3 2015/16 Budget Proposals

4.3.1 The proposals contained within this report would deliver a balanced budget for 2015/16 on the basis that Council Tax is increased by 3.9%. Table 4 provides a summary: -

Table 4 – Summary

Paragraph	Description	£m	£m
4.3.2	Whole Authority Cost Pressures	2.886	
4.3.4	Inescapable Service Pressures	2.462	
4.3.5	Reduction in WG Funding	9.087	
4.4	Draft Savings Proposals 2015/16		12.208
4.5	Council Tax Uplift (3.90%)		2.227
	TOTAL	14.435	14.435

4.3.2 The whole Authority cost pressures totalling £2.886m are set out in Table 5 below (cost pressures for schools are excluded as the full cash pledge growth has been provided): -

Table 5 – Whole Authority Cost Pressures

	£m
Pay excluding Teachers and other school staff @ 1%	1.131
Living Wage increase (assumed at 20p per hour)	0.164
Non pay inflation 1.5% (net of 1.5% fess & charges increases)	1.432
Supported Borrowing (Capital Financing)	0.150
Transfers in/out and other passported grants	0.009
TOTAL	2.886

4.3.3 The updated MTFP includes an assumed pay award of 1% for 2015/16. Cabinet will be aware that the pay settlement for the current financial year is still subject to agreement and this has the potential to impact on the level of savings required.

4.3.4 It is incumbent upon Council to set a realistic budget each year. Table 6 provides details of those 2015/16 inescapable service commitments/pressures that have been identified and require consideration in respect of funding: -

Table 6 – Inescapable Service Pressures and Other Service Commitments

	£m
Council Tax Reduction Scheme additional liability	0.332
Waste Management contingency	0.240
Contact Centre, Bargoed – Running costs	0.075
Meeting the Schools pledge	0.665
Social Services Demographics	1.000
Proposal for Waste Transfer Station (Ty Duffryn)	0.150
TOTAL	2.462

4.3.5 The WG Provisional Settlement has decreased the available funding by 3.4% for the 2015/16 financial year, representing a cash reduction of £9.087m for Caerphilly CBC.

4.4 2015/16 Draft Savings Proposals

4.4.1 The budget strategy agreed by Council on the 26th February 2014 consisted of 2 main strands. The first of these was further savings proposals for Members to consider in respect of up to 3% efficiency savings. These efficiency targets required savings of circa £5m and would be applied to those statutory and essential services that the Authority has to deliver. The second strand of the agreed budget strategy was a review of discretionary services with a view to identifying savings proposals totalling over £8m. A series of Special Scrutiny Committee meetings have taken place during recent months to consider savings proposals.

4.4.2 Since the announcement by the Minister for Local Government and Government Business on the 24th June 2014 a significant amount of work has been undertaken within each Directorate to identify further savings proposals to address the worsening financial outlook.

4.4.3 The work to identify savings has been led by the Corporate Management Team (in consultation with appropriate Cabinet Members), working with Heads of Service with support from colleagues in Finance. Service Managers have also been involved to ensure that all options that are deliverable for 2015/16 have been considered.

4.4.4 For 2014/15, General Fund balances of £800k were earmarked to make good any shortfall where savings were due to be delivered part way through the financial year. The very late announcement of the Provisional Settlement for 2014/15 and the significant movement in the savings target from the original indication left very little option but to set-aside this funding to support the delivery of savings. This is not now the case, a strong message has been given by WG that austerity and cuts to RSG are to be expected up until 2020, the Authority should plan accordingly to address the anticipated budgetary shortfall.

4.4.5 The Authority has determined at Council, in recent years, to keep the General Fund reserves at a level of circa £10m, which is 3% of the net revenue budget. There could be an opportunity to release balances for one-off expenditure but the use of balances does not and will never be able to reduce an overall savings target. Balances can be used to defer a saving for a short period (less than a year) but this is not a good use of these funds. It is therefore proposed to maximise the impact of the use of any "excess" General Fund balances by utilising them for Capital/Invest to Save Schemes. This will ensure a lasting legacy for service users of the Borough and will improve service provision, rather than defer a saving that will ultimately have to be taken a short period later. It will also enable the Authority to provide match funding for grant related capital schemes i.e. 21st Century Schools, convergence and lottery.

4.4.6 Appendices 2 to 6 provide details of the proposed savings for the 2015/16 financial year. Table 7 provides a summary: -

Table 7 – Summary of Proposed 2015/16 Savings

	£m
Whole Authority "corporate nature"	3.957
Education & Lifelong Learning	0.809
Social Services	3.128
Environment	2.852
Corporate Services	1.462
TOTAL	12.208

4.4.7 Cabinet should note that savings proposals that do not have a direct impact on services users or the public have been categorised into a single line for each Directorate in Appendices 2 to 6. These proposals consist in the main of vacancy management, budget realignment and minor changes to service provision. Much of the detail of these proposals will have been presented to the Special Scrutiny Committees held during recent months. Across all

Directorates these savings proposals total £6.627m, which represents 54.3% of the total savings identified of £12.208m. Members at Special Scrutiny Committees were supportive of these types of savings proposals.

- 4.4.8 Some savings proposals will have a part-year impact in 2015/16 but will deliver significant further savings in 2016/17. The most notable of these are the following: -

Table 8 – Main Proposals with 2015/16 Part-Year Impact

Saving Proposal	2015/16 Saving £m	2016/17 Savings £m
Street Lighting – New technology to achieve energy efficiencies.	0.100	0.350
Review of Customer Services	0.125	0.125
Reduction in Street Cleansing	0.100	0.200
Closure of Ty Pontllanfraith	0.100	0.600
TOTAL	0.425	1.275

- 4.4.9 There will be a requirement to fund ‘one-off’ capital expenditure for some of the above and there will be an opportunity to utilise ‘excess’ General Fund balances.
- 4.4.10 Cabinet is asked to endorse the proposed package of savings totalling £12.208m as detailed in Appendices 2 to 6 and to agree that the proposals should now be subject to a further period of consultation prior to final 2015/16 budget proposals being presented to Cabinet in January 2015 and Council in February 2015.

4.5 Council Tax Implications 2015/16

- 4.5.1 The Medium Term Financial Plan approved by Council on the 26th February 2014 included indicative increases to Council Tax for 2015/16 and 2016/17 of 2.35%.
- 4.5.2 The savings requirement to deliver a balanced budget for the 2015/16 financial year is £12.866m and savings proposals totalling £12.208m are presented in this report. This leaves a shortfall of £658k and it is proposed that this is met by increasing Council Tax by 3.9% for the 2015/16 financial year. This would result in Council Tax Band D being set at £992.02 per annum (an increase of 71p per week).

5. EQUALITIES IMPLICATIONS

- 5.1 Budget decisions at this level affect every resident in the County Borough, regardless of their individual circumstances and backgrounds.
- 5.2 A full impact assessment has not been undertaken on all of the draft savings proposals, however assessments will be made on all individual reports and projects during the financial year. This is in order to ensure that decisions that affect different individuals and groups are assessed at an appropriate and relevant level and at the correct stage in the process.
- 5.3 Consultation with residents, when done in accordance with the Council’s Public Engagement Strategy and the Equalities Consultation and Monitoring Guidance, also ensures that every resident, regardless of circumstances, has the opportunity to have their views heard and considered in the Council’s decision-making process.
- 5.4 The list of proposed savings appended to this report does contain high-level narrative around the possible impact of some proposals and this will provide a starting point for assessments when specific areas are being looked at to provide savings.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 It is impossible to conceive that savings of £39m over three years could be achieved without substantial reductions in staffing. The fact is that by the end of year three the Council will have to become a significantly smaller organisation, in some respects offering a reduced range of services.
- 7.2 The Council has always prided itself on seeking to avoid compulsory redundancies at all costs, and this general ambition remains. However, given the new situation in which the Council finds itself nothing can be guaranteed.
- 7.3 Where staff reductions are required the Council will firstly try to achieve the reduction through 'natural wastage' and not filling vacancies. It is unlikely, however, that staff turnover over a three-year period would be sufficient to deal with the likely numbers involved.
- 7.4 The Council has a policy on redeployment, which would be the next preferred option. Thereafter, the Council has recently adopted a number of policies, which will enable us to invite applications for voluntary severance. These will be applied on a service by service basis to assist with restructuring or 'downsizing' within those services rather than on an Authority-wide basis as this would run the danger of creating vacancies in the wrong areas and with the wrong skill sets to accommodate those displaced and requiring redeployment.
- 7.5 The budget strategy for the next three years is likely to require a more proactive approach to restructuring than we have seen in most areas and some difficult decisions will undoubtedly be needed to prioritise roles and functions, as the Authority itself develops a more focussed approach to priorities among its various services.

8. CONSULTATIONS

- 8.1 Appendices 2 to 6 identify where proposals that affect service users have been debated at Special Scrutiny meetings. It is acknowledged that it is difficult for Members to form a view as to whether to support a saving or not without an appreciation of the bigger picture. Overall, recommendations made to date by Special Scrutiny Committees have not delivered savings that would come close to the required target. Moving forward, the draft budget proposals included in this report will be discussed at a Members' Seminar event on the 3rd November 2014 with a further Seminar to be held in January 2015. This will allow an informed discussion and debate in the context of the whole Authority position. Following Cabinet on the 29th October 2014 this report will also be scheduled for discussion at the next available Scrutiny Committee meetings as part of the consultation process.
- 8.2 The extent of the savings required by the Authority in the next 3 years is estimated at £39m and the majority of frontline reductions in spend will need a lead in time prior to implementation. Officers will try to minimise the impact of the cuts on the public facing areas of service adopting more innovative ways of delivering services. It must be emphasised though that no innovative / different ways of working will bridge the budgetary shortfall. The Authority's services will reduce over the next 3 years and staff numbers will also reduce over that same period.
- 8.3 The Authority has undertaken a public budget consultation in recent months focussing on those areas that members of the public see as priority services that should be protected from cuts wherever possible. A total of 1705 surveys were completed and the three service areas identified as most important were Libraries, Sport & Leisure and Public Bus Services. The draft savings proposals for 2015/16 have little impact on these service areas.

- 8.4 The draft 2015/16 savings proposals as presented in this report will be subject to a further period of consultation during the next 3 months. Details of the outcome of this will be included in the final budget proposals reports to be presented to Cabinet in late January 2015 and to Council in February 2015.

9. RECOMMENDATIONS

- 9.1 Cabinet is asked to: -
- 9.1.1 Endorse the proposed package of 2015/16 savings totalling £12.208m, as detailed in Appendices 2 to 6.
- 9.1.2 Agree that these savings proposals should now be subject to a further period of consultation prior to final 2015/16 budget proposals being presented to Cabinet in January 2015 and to Council in February 2015.
- 9.1.3 Support the proposal to increase Council Tax by 3.9% for the 2015/16 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £992.02).

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The Council is required annually to approve proposals to set a balanced budget, agree a Council Tax rate and update its Medium Term Financial Plan.
- 10.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

11. STATUTORY POWER

- 11.1 The Local Government Acts 1998 and 2003.

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Consultees: Corporate Management Team
Cllr Keith Reynolds, Leader
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services
Cllr Christine Forehead, Cabinet Member for HR & Governance / Business Manager
Gail Williams, Interim Head of Legal Services & Monitoring Officer
David A. Thomas, Senior Policy Officer (Equalities and Welsh Language)

Background Papers:
Provisional Local Government Settlement (8th October 2013)

Appendices:

Appendix 1 Updated Medium-Term Financial Plan 2015/16 to 2017/18

Appendix 2 2015/16 Draft Savings Proposals – Whole Authority

Appendix 3 2015/16 Draft Savings Proposals – Education & Lifelong Learning

Appendix 4 2015/16 Draft Savings Proposals – Social Services

Appendix 5 2015/16 Draft Savings Proposals – Environment

Appendix 6 2015/16 Draft Savings Proposals – Corporate Services

Updated Medium-Term Financial Plan 2015/16 to 2017/18

APPENDIX 1

Provisional LG Settlement (08/10/14)

Description	2015/16 £m	2016/17 £m	2017/18 £m
Aggregate External Finance (AEF)	(9,087)	(8,784)	(8,491)
Council Tax @ 2.35%	1,569	1,598	1,642
Total Funding	(7,518)	(7,186)	(6,849)
Pay 1.0%, 1.0%, 1.0%	1,131	1,131	1,131
Living Wage (assumes pledge funds schools)	164	164	164
Non-Pay Inflation (1.5% p.a.)	1,672	1,672	1,672
Non-Pay Inflation (1.5% p.a.) - Fees and Charges	(240)	(240)	(240)
Capital Financing	150	150	150
Transfers In/Out	146	0	0
Other Passported Grants	(137)	0	0
Sub-Total	2,886	2,877	2,877
Service Pressures/Additional Funding			
CTRS Additional Liability @ 2.35%	332	339	347
Welfare Reforms LA Costs	0	100	100
Waste Management Contingency	240	0	0
Contact Centre, Bargoed - Running costs	75	0	0
Schools Pledge	665	628	632
Social Services Demographics	1,000	1,000	1,000
Employer NI Increase (April 2016) - Excludes schools	0	1,600	0
Proposal for Waste Transfer Station (Ty Duffryn)	150	0	0
Other Service Pressures	0	300	300
Sub-Total	2,462	3,967	2,379
Total Shortfall	12,866	14,030	12,105

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
WHOLE AUTHORITY COSTS				
General - Savings that have no direct impact on service users	2,312			
Apprentice/trainee costs - reduce budget to £150k and supplement with use of earmarked reserves	345	Minimal impact upon public and service users	Low	Scrutiny 17/6 supported a phased reduction to £150k p.a by 17/18 using reserves. A review of reduced scheme to be undertaken prior to 17/18
Assistance to voluntary sector	30	11% of total budget	Low	A further report will be presented to Scrutiny and Cabinet.
Project Gwyrdd	1,169	Previously agreed by full council		Previously agreed by full council
HMRC Mileage Rate - Reduction in mileage rate from 50p to 45p. £135k full year saving	101	17 Welsh Local Authorities have already adopted the approved HMRC rate (45p). A further 3 Authorities are considering this for 2015/16.		Scrutiny 24/9 - Members requested that this be deferred for one year to April 2016.
TOTAL WHOLE AUTHORITY COSTS	3,957			

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
EDUCATION & LIFELONG LEARNING				
General - Savings that have no direct impact on service users	692			
Public Libraries - Review of opening hours (tapered delivery linked to present banding & population profiles) - Full year saving £134k	67	Potential minor impact on public	Low/Med	Scrutiny 19/6 supported in principle a reduction in opening hours.
Recoupment (SEN Out of County / LAC / Inter Authority)	50	Could be a risk due to volatility of placements	Medium	
TOTAL EDUCATION & LIFELONG LEARNING	809			

Description	Potential Saving	Impact narrative	Impact	Committee
SOCIAL SERVICES				
General - Savings that have no direct impact on service users	1,568			
Reduction of 3 social workers per division with the intention to achieve by vacancy management	219	This will be achieved through vacancy management.	High	Scrutiny 16/10 - Clarification was requested in respect of the "opportunity to consider the future of vacant posts". Officers explained that this related to the recently approved Children's Services restructure.
Removal of £1m demographic growth for 15/16.	1,000	Current Social Services revenue budget projections for 2014/15 indicate an underspend. In light of these projections the £1 million demographic growth funding will not be required for 2015/16. Due to the volatility of demand on Social Services this does present a potential risk. However, if there are any resulting overspends in 2015/16 these will be met from service reserves.	Low/Med	
Independent Sector Domiciliary Care - Elderly - Review of shopping service.	40	Alternative services will need to be explored with service users	Medium	Scrutiny 17/7 - Officers to explore options which would ensure the service is delivered where absolutely necessary. Scrutiny 16/10 - Members requested further information on potential impact on existing service users
Meals on Wheels - Increase of £1 per meal.	88	Potential for reduced take up	Medium	Scrutiny 17/7 - Proposal supported by Members. Scrutiny 16/10 - Members recommended increase of £1.50 which would result in a saving of £132k
Own Day Care - Review of day centre provision. Full Year saving £255k	128	Relocation of service provision within the same community	Medium	Scrutiny 17/7 - Officers to explore options of a mixture of service reconfiguration and targeted day services. Scrutiny 16/10 - Members supported proposal to reconfigure services to ensure no impact on service users.
Home Assistance and Reablement Team (H.A.R.T.) - Review of domiciliary care provision. This to include vacancy management, shopping, laundry, sitting, single handed hoisting, telecare options and other community support etc.	85	Task and Finish Group to be established to review options.	Medium	Scrutiny 16/10 - One Member raised concerns that this area has borne the brunt of savings required in recent years. Officers explained that there are plans for options in this area to be considered by a Task and Finish Group.
TOTAL SOCIAL SERVICES	3,128			

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
ENVIRONMENT				
REGENERATION, PLANNING & ECONOMIC				
General - Savings that have no direct impact on service users	530			
Removal of Bargoed ice rink from December 2015.	20	Reduced events availability to local residents that visit the ice rink	Low	Scrutiny 01/10 - Not accepted
Community Regeneration - Area Forum Budget removal. Utilise reserves of £162k over next few years	72	Minimal impact as these schemes are additional to core maintenance provision. In addition some wards/partnership areas do not spend the allocation hence the £162k reserve. Impact would be reduction in small community schemes delivered and the availability of funds to provide match funding for community facilities.	Low	Scrutiny 01/10 - Not Accepted
TOTAL REGENERATION, PLANNING & ECONOMIC	622			

Description	Potential Saving	Impact narrative	Impact	Committee
ENGINEERING DIVISION				
General - Savings that have no direct impact on service users	179			
Highways Operations - Street Lighting energy reduction option - use of new technologies/part management lighting. Full year saving £450k	100	A combination of options will generate £450k saving in full year. This may require some part-night lighting in residential areas. This will require up front investment of £700k + £200k. This contributes to Council's carbon reduction targets. Consultation may not be required if the new technologies being reviewed can achieve the savings required. The use of new technologies will reduce the need/amount of part-night lighting required. No effect on jobs.	Medium	Scrutiny 12/6 - Members requested further information.
Highways Operations - Reduction in planned carriageway resurfacing budget (20% of budget).	300	Reduction in revenue budget will defer investment in Council's largest asset for future years. No consultation required, possible reduction in workforce, depends on capital budget support.	Medium	Scrutiny 12/6 - Further information requested
Highways Operations - Reduction in planned footway resurfacing budget (12% of budget).	60	Reduction in revenue budget will defer investment in Council's largest asset to future years. No consultation required, possible reduction in workforce, depends on capital budget support.	Medium	Scrutiny 12/6 - Further information requested
Highways Operations - Gully Reed Bed recycling. Increase income by promoting facility to other authorities and private sector	10	Additional promotion with adjoining authorities to increase use of facility needed. Relies on winning new customers. No formal consultation required. No effect on jobs.	Low	Scrutiny 12/6 - Supported
Highways Operations - Reduce highways reactive maintenance budget by 4%.	50	Budget will need close monitoring to ensure reduction in planned maintenance does not significantly increase reactive maintenance which could also increase third party claims. No consultation required. This will result in 1 no loss of job within NCS which will be achieved through vacancy management.	Medium	Scrutiny 12/6 - Further information requested
Highways Operations - Reduce highway/land drainage planned maintenance budget by 11%	30	Reduction will slow down investment in the infrastructure that deals with climate change. No formal consultation required. This will contribute to an aggregated reduction in jobs within NCS (0.6 FTE). This will be achieved through vacancy management.	Medium	Scrutiny 12/6 - Not supported
Reduce gritting routes from 9 to 8.	60	Route optimisation being undertaken to provide an option to reduce routes from 9 to 8 but still keep existing coverage. No consultation required. No effect on jobs.	Low	Scrutiny 12/6 - Further information requested
Highways Operations - Reduce 'aids to move budget' by 25% (road markings/signs/crossing points).	25	Small reduction in current work levels. Minimal risk. No consultation required. No direct effect on jobs. However, will add to an aggregated reduction in overall budgets which will result in job reductions (0.5 FTE). This will be achieved through vacancy management.	Low	Scrutiny 12/6 - Supported

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
Highways Operations - Reduction in highways/land drainage reactive maintenance budget by 4%.	20	Difficult to assess impact as budget is weather susceptible. No consultation required. This will contribute to an aggregated reduction in jobs within NCS (0.4 FTE). This will be achieved through vacancy management.	Medium	Scrutiny 12/6 - Not supported
Highways Operations - Reduction in structures and retaining walls budget by 10%.	50	Only the highest priority work is currently being undertaken. This will need to continue and some key priorities may need to be delayed. No consultation required. This will contribute to an aggregated reduction in jobs within NCS (0.5 FTE). This will be achieved through vacancy management.	Low	Scrutiny 12/6 - Further information requested
Highways Operations - Remove financial support for Christmas lighting in towns and villages.	35	Historic anomalies in amounts of funding to various bodies. No formal consultation required. No impact on jobs. No risk in removing budget. Community councils/town councils will need to arrange their own funding.	Low	Scrutiny 12/6 - Supported but a list of areas affected to be provided
Highways Operations - Highways adoption and agreement fees. Increase in fees	15	Raise fees in line with neighbouring councils. No public consultation required. No effect on jobs.	Low	Scrutiny 12/6 - Supported
Transport Engineering - Cease holding events in pay & display car park sites. Events lead to loss of car park income	20	Either events cover loss of income, are held in other locations or are not held. No public consultation required. No effect on jobs.	Low	Scrutiny 12/6 - Supported subject to further liaison with Planning & Regeneration
Transport Engineering - Car park tariffs. Increase car parking charges by typically 10p per hour	30	Similar actions are being considered by other councils. Formal notification procedure required. No negative effect on jobs. No public consultation required.	Low	Scrutiny 12/6 - Further information requested
Transport Engineering - Management of off-street car parks - increase excess charge notice penalty	25	No impact on service. No effect on jobs.	Low	Scrutiny 12/6 - Increase supported but further information required re Sunday charging
Transport Engineering - Management of off-street car parks - introduce Sunday charges	10	No impact on service. No effect on jobs. Public consultation required.	Low	Scrutiny 12/6 - Further information required
Passenger Transport - Concessionary pass replacements. Increase charges - currently £5 for second and subsequent - revise to £5 for first and £10 for subsequent replacements	7	No impact on service. No consultation required. No effect on jobs.	Low	Scrutiny 12/6 - Supported
Review of Passenger Transport Services - Full year impact £150k	24	No effect on jobs. Public consultation required.	Medium	Scrutiny 12/6 - Further information requested
TOTAL ENGINEERING DIVISION	1,050			

Description	Potential Saving	Impact narrative	Impact	Committee
PUBLIC PROTECTION				
General - Savings that have no direct impact on service users	22			
Licensing - Income - Increase fees.	8	Fees will be increased to recover costs as appropriate. This will result in increased cost to the service user and may lead to a fall in take up of the service.	Low	Scrutiny 4/9 -Supported
Registrars - Income - Increase fees.	10	Fees will be increased to recover costs as appropriate. This will result in increased cost to the service user and may lead to a fall in take up of the service.	Low	Scrutiny 4/9 -Supported
Health Improvement Officer - 1 vacant post (0.6 FTE) & Senior Health Improvement Officer - 1 vacant post (1 FTE).	77	The Health Improvement Team strategically leads and delivers the local response to Health Challenge Wales and Change 4 Life Interventions as well as contribution to our Corporate Health activities. The Team consists of 5.4 FTE with 1.8 FTE delivering the Healthy Schools Programme and funded by grant. Deleting 1.6 FTE will significantly impact upon the capacity of team, as 1 post is the Senior Officer. Alternative line management arrangements will need to be put in place.	Medium	Scrutiny 4/9 Agenda Item 3(1) Appendix 3 - Further information requested.
Enforcement - Environmental Health Officer - 1 vacant post (1 FTE).	45	Reducing the 3 EHOs within the General Environmental Health Team to 2 will extend the time taken to deal with and investigate service requests. The Team protects public health and quality of life by dealing with complaints of nuisances or hazards to health. E.g. noise, defective drains and sewers, investigation of odours, and bonfires etc. They deal with filthy and verminous premises, and travellers sites, and are also involved in problems of pest infestations, straying animals and irresponsible dog ownership. They also enforce in relation to littering, dog fouling and fly tipping activities.	Medium	New saving proposal.
TOTAL PUBLIC PROTECTION	162			

Description	Potential Saving	Impact narrative	Impact	Committee
COMMUNITY & LEISURE SERVICES				
General - Savings that have no direct impact on service users.	338			
Parks & Playing Fields - Cessation of summer "Bands in the Park" events programme	2	Little or no impact on appearance of County Borough but there may be a small number of complaints given the limited audience that typically enjoy these events.	Low	New saving proposal
Residual Waste - Charging for all replacement containers.	60	Provides clarity over existing policy. Generally low impact.	Low	Scrutiny 30/7 - Suggested cabinet consider further.
Street Cleansing - Reduced cleaning on bank holidays. Cleansing will be reduced to same levels as weekends.	13	The only cleansing that will occur on bank holidays will be early mornings in town centres	Medium	Scrutiny 30/7 - Supported
Street Cleansing - Reduction in weed removal budget. Reduced contribution to winter rear lane grubbing out team.	100	May result in increases in complaints from the public if weather conditions support weed growth	Med/High	Scrutiny 30/7 - Supported
Parks and Playing Fields - 2nd phase of the removal of flower beds in parks & open spaces.	40	Phase 1 completed in 2014/15 without any real issues	Low	Scrutiny 30/7 - Supported
Parks and Playing Fields - Reduction in playing field maintenance. Remove 2 fertilizer applications & cease end of season renovation works	30	Officers have considered an alternative option involving cessation of regular pitch marking and handing over pitch marking responsibility to clubs (subject to consultation). The saving would be the same but some pitch renovation could then be undertaken.	Medium	Scrutiny 30/7 - Could not support without first consulting with local clubs & Town Councils in order to explore all avenues & funding options
Parks and Playing Fields - Increase outdoor facility charges by 20%.	20	The Scrutiny members suggested that Officers examine options to only increase adult fees while keeping junior fees at current levels. If this strategy is employed the options are as follows:- <ul style="list-style-type: none"> • Increase of 40% in adult fees = additional £27k income • Increase of 45% in adult fees = additional £31k income • Increase of 50% in adult fees = additional £34k income • Increase of 100% in adult fees = additional £69k income 	Medium	Scrutiny 30/7 - Members suggested freeze for juniors but further increase for adults.
Cwmcarn Leisure Centre - Centre closed - handover of facility to school	25	Consulting with key stakeholders. Negotiations ongoing with school regarding principle, but capital liability issues still to be resolved. This will be subject to a further report.	Low	Scrutiny 30/7 - Members supported option not to reopen as a leisure centre.
Parks and Playing Fields - Review park ranger service to reduce from 18 to 12.	40	Can be accommodated by not engaging agency staff in the Spring of 2015	Medium	Scrutiny 30/7 - Subject to consultation with Trade Unions and Town Councils, Members happy to support
Street Cleansing - Reduce number of pedestrian sweepers operated by 1.	14	Rationalisation of the number of small sweepers will reduce the ability to cover the whole borough, other than for specific periods.	Low	Scrutiny 30/7 - Supported
Parks and Playing Fields - Cessation of litter picking at 14 parks on Saturdays.	12	May result in increased littering (particularly in spring/summer). Potential for increase in public complaints.	Medium	New saving proposal

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
Parks and Playing Fields - Removal of Barrier Attendants at 5 locations	14	Car parks (at parks) will remain open. May result in increased littering and anti-social behaviour after hours.	Medium	New saving proposal
Sport & Leisure - Closure of Bedwas swimming pool on Sundays.	10	Level of use can be accommodated at Caerphilly Leisure Centre.	Low	New saving proposal
Sport & Leisure - Average price increase of 5% on leisure centre fees	100	Additional cost of 5% to users e.g.: Swim from £3.05 to £3.20 - Gym from £4.25 to £4.45	Low/Med	New saving proposal
Waste Strategy & Operations - Closure of Civic Amenity Sites for 2 days/week + 1 hour on other days	100	Obvious reduction in availability to public. Closure days would be staggered across all sites.	Medium	Scrutiny 30/7 - This option was suggested by Scrutiny committee.
Waste Strategy & Operations - Reduction in cleansing budget. Full year impact £300k	100	<ul style="list-style-type: none"> •The full year proposed saving represents 7.4% of the total cleansing budget of £4.075m with the part year saving representing 2.45% • The process needs careful management involving Corporate HR as it will inevitably mean a reduction in the number of staff. • There will be a significant impact in the cleanliness of the county borough. • An increase in back office and Contact Centre workload could result from an increase in public complaints. • Given the time constraint in identifying additional savings there has been limited consultation with Trade Unions, Contact Centre etc. • Contact Centre Service Level Agreement for nappy waste & missed collections will need to be reviewed and replaced with a 7 day response. 	High	New saving proposal
TOTAL COMMUNITY & LEISURE SERVICES	1,018			
TOTAL ENVIRONMENT	2,852			

<i>Description</i>	<i>Potential Saving</i>	<i>Impact narrative</i>	<i>Impact</i>	<i>Committee</i>
CORPORATE SERVICES				
General - Savings that have no direct impact on service users	986			
Withdrawal of 'additional help for pensioners with their Council Tax' funding.	246	The majority of Authorities in Wales are proposing to withdraw this funding for 2015/16. Withdrawal of the funding for this scheme may need to be monitored in terms of impact and pensioners who fall into arrears may need to be signposted to other forms of support from sources within the Council and from external partners in the voluntary sector.	Low	Scrutiny 17/6 - Further information requested. Scrutiny 24/9 - Supported 50% withdrawal of funding in 2015/16 with remainder of funding being withdrawn in 2016/17.
Communications Unit - Cease to deliver a twinning function.	5		Low	Scrutiny 17/6 - Supported
Review of Customer First - Full year impact estimated at £250k, part year impact 15/16	125	This will be subject to a separate report. No significant impact for 2015/16 as part year. Will involve reducing opening hours in all Customer First centres but no closures.	Low/Med	
Closure of Ty Pontllanfraith - Full year impact £600k, part year impact in 15/16	100	The details of this proposal were presented to the Special Policy & Resources Scrutiny Committee on the 17th June 2014.	Low	Scrutiny endorsed the principle to begin consultation on the proposal
TOTAL CORPORATE SERVICES	1,462			

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REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON MONDAY, 1ST DECEMBER 2014 AT 5.30 P.M.

PRESENT:

Councillor D.T. Davies - Chair
Councillor Mrs E.M. Aldworth - Vice-Chair

Councillors:

J. Bevan, Mrs A. Blackman, C.J. Cuss, R.T. Davies, Ms J.G. Jones, S. Kent, M. Prew, Mrs D. Price, A. Rees and Mrs E. Stenner.

Cabinet Members:

K. James (Regeneration, Planning and Sustainable Development) and T.J. Williams (Highways, Transportation and Engineering).

Together with:

S. Aspinall (Acting Deputy Chief Executive), P. Elliot (Head of Regeneration and Planning), R. Hartshorn (Head of Public Protection), M.S. Williams (Head of Community & Leisure Services), T. Shaw (Head of Engineering Services) D. Price (Parks and outdoor facilities manager), T. White (Waste strategy and operations manager), C. Forbes-Thompson (Scrutiny Research Officer) and C. Evans (Committee Services Officer)

1. APOLOGIES

Apologies for absence were received from Councillors N. Dix, C. Elsbury, R.W. Gough, Mrs P. Leonard and D. Poole (Cabinet Member for Community and Leisure Service).

2. DECLARATIONS OF INTEREST

Councillor D.T. Davies declared an interest in Agenda Item 3 Appendix 3, Bargoed Ice Rink as a Town Councillor for Bargoed.

Councillor Mrs E. Aldworth declared an interest in Agenda Item 3 Appendix 3, Closure of Bedwas Swimming Pool on Sundays as Bedwas Leisure Centre is within her ward and family members use the facilities.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. **MEDIUM TERM FINANCIAL PLAN – 2015/2016 SAVINGS FROM ENVIRONMENT DIRECTORATE – ITEMS FOR FURTHER CONSIDERATION**

S. Aspinall, Acting Deputy Chief Executive provided the Scrutiny Committee with a copy of the report presented to Cabinet on 29th October 2014, which updated the Medium-Term Financial Plan (MTFP) following the provisional 2015/16 Local Government Financial Settlement announced by the Welsh Government (WG) on 8th October 2014.

The Scrutiny noted that the report provided details of draft savings for the 2015/16 financial year to allow for a further more focussed period of consultation prior to a final decision in February 2015.

The Scrutiny Committee, to date, have considered a range of MTFP savings options for the Environment Service Division, in relation to discretionary services and efficiency savings for statutory and essential services during meetings between June and October 2014. Many of the savings options were incorporated into the Cabinet report on 29th October along with some additional savings options put forward for consideration since the original Scrutiny Committee Meetings.

Members were asked to consider further and express their views on the MTFP savings options relating to the Environment Directorate, considered by Cabinet on 29th October 2014.

REGENERATION AND PLANNING

Bargoed Ice Rink

Councillor D.T. Davies declared an interest in this item as a Town Councillor for Bargoed.

P. Elliott, Head of Regeneration and Planning, introduced the proposal to cease operating the Bargoed Ice Rink as part of the annual events programme. Members noted that the Scrutiny Committee did not support the proposal on 1st October and further information relating to the events programme was sought and consultation with Bargoed Town Council regarding the proposed was requested.

The Heads of the Valley Grant initially funded the Ice Rink in 2010; however, the Council now largely funds the net cost, of which was £26,000 in 2013/14. Following consultation with Bargoed Town Council, the event was reduced from 9 days to 5 days, to allow the Town Council to assess their funding commitment to the event. However, in addition Officers agreed to monitor the 2014 event and report details back to members in due course.

Members noted that the Ice Rink is staged in a car park in the town, which resulted in a loss of parking and parking income of circa £1,500. Members were assured that other events in the Town Centre during Christmas and the summer would not be affected by this saving option. The Scrutiny Committee noted the breakdown of total costs and funding of the Events Programme for 2013/14, which referred to the details of funding provided by both the Council and external funding for each event.

Members raised concerns that only Bargoed Town Centre had been targeted for the saving proposals and added that the Town Council may consider increasing their level of investment following the 2014 event.

Officers highlighted that all events were carefully considered and it was noted that the Ice

Rink at Bargoed was the least value for money and not cost effective. Following a meeting with the Town Council, Officers added that the Town Council had agreed to review their contribution towards the event, however, were unable to cover the full cost of the event.

Members sought clarification on the total cost of the event and it was noted that the net cost included the contractual costs to erect and remove the Ice Rink and the loss expected in car parking fees. The cost of the ticket sales had been deducted from the £26,000. In addition, it was noted that the Council is no longer in receipt of EU funding or sponsorship for the event.

Members debated the proposal and it was proposed that, unless alternative funding could be sources to support the ice rink in Bargoed, Members supported the Officers proposal. Upon vote, the majority present supported the proposal.

Area Forum Funding

The proposal to delete the Area Forum Budget was considered by the Regeneration and Environment Scrutiny Committee on 1st October 2014. The Scrutiny Committee were not in support of the proposal and requested further information on the Area Forum Budget including financial values and reserves. The Area Forum Reserve is £162,000, which represents unspent budget allocation from previous years. Community Regeneration holds the Area Forum budget for small environmental schemes identified by the Community Partnerships.

Members noted the proposal to delete the annual Area Forum budget of £72,000 in 2015/2016 and the accompanying allocations summaries in Appendix 2. In addition, Officers highlighted that, although those in receipt of the Fund value the Area Forum Budget, often the annual allocation is rarely entirely spent.

The Chair thanked the Officer for the presentation and invited Members to raise any queries.

Following consideration and discussion, Members unanimously supported the Officers proposal to delete the Area Forum Budget of £72,000 in 2015/16, on the basis that the funding balances be ring fenced to wards and would be reviewed when the remaining balance has been allocated.

PUBLIC PROTECTION

Licensing and Registrars Fees

On the 4th September 2014 the Scrutiny Committee considered and supported the proposals to increase the licensing and registrars fees and were advised that a detailed report on proposed licensing fees for 2015/16 would be submitted to the Licensing Committee and then Council.

Health Improvement Team

The Scrutiny Committee considered the proposal to delete the non-grant funded Health Improvement Officer Post within the Health Improvement Services on 4th September 2014, which was not supported. In October, a 29 page briefing document was sent to the Committee in response to their request for further information to demonstrate the impact of the work of the team on local health issues and challenges.

The report provided the Committee with the requested data to demonstrate the impact of the work of the Team on local health issues and challenges.

The Team consists of 5.4 FTE with 1.8 FTE delivering the Healthy Schools Programme and funded by grant. Since the report to the Special Scrutiny, the 0.6 FTE post and Senior Health Improvement Officer post have become vacant and therefore the revised option is to delete

the 1.6 posts saving £77k, with 3.8 FTE posts remaining, 2 FTE non-grant funded and 1.8 FTE grant funded.

Committee Members were advised during the meeting that the Health Improvement Team lead and deliver corporate employee health and wellbeing programmes including health screening for staff.

Following in depth debate, the Scrutiny Committee supported the Officers proposal to delete the non-grant funded vacant Health Improvement Officer Posts (1.6fte) within the Health Improvement Team.

Environmental Health

The report highlighted a new saving proposal to delete a vacant Environmental Health Officer (EHO) post within the Environmental Health Team.

The General Environmental Health Team protects public health and quality of life by dealing with complaints of nuisances or hazards of health e.g. noise, defective drains and sewers, investigation of odours, bonfires etc. They deal with filthy and verminous premises and travellers' sites, and are also involved in problems of pest infestations, straying animals and irresponsible dog ownership. They also enforce in relation to littering, dog fouling and fly tipping activities. The team responds to approximately 15000 requests for service per year. Much of the work undertaken by this team contributes to the Healthier and Greener priorities within the single plan "Caerphilly Delivers". They assist in the provision of better health and healthier lifestyles within our communities. Reducing the 3 EHOs within the General Environmental Health Team to 2 will extend the time taken to deal with and investigate service requests.

Members raised concerns around the increased workload for the staff within the team and the impact on the environment and health.

Following detailed consideration and debate, it was unanimously agreed that Members were not in support of this proposal.

COMMUNITY AND LEISURE SERVICES

Cessation of bands in the park, events programme- New saving

M.S. Williams, Head of Community and Leisure Services provided the Scrutiny Committee with a new saving proposal to cease the Bands in the Park Event Programme, which is hosted within 9 Parks within the Borough and would offer a saving of £2000 for 2015/16 financial year.

Members noted that a few Community Councils, and one partnership have supported the past programmes in the main, these funded 50% of the costs to produce the programme of events in specific locations.

Members debated the item at great depth and discussed various options. It was proposed that, consultation be undertaken with Town and Community Councils for funding to support the events. Upon a vote, the majority present supported the Officers proposal, provided that Town and Community Councils are consulted for funding.

Reduction in Playing Field Maintenance (Additional information required by Scrutiny Committee in July 2014)

Since its consideration by the Scrutiny Committee, Officers considered an alternative option involving cessation of regular pitch marking and handing over pitch marking responsibility to clubs (subject to consultation). The saving would be the same but some pitch renovation could then be undertaken. The clubs would be expected to purchase materials themselves.

Members debated the proposal and sought clarification on the cost of Pitch Marking equipment and level of savings that could be achieved as a result. Upon vote, the Officers proposal was unanimously supported, following consultations with the Clubs.

Increasing Outdoor Facilities Charges (Officers asked to look at other options by Scrutiny in July 2014)

In July 2014, the Scrutiny Committee considered the proposal and Officers were asked to consider the effect of increasing outdoor facilities charges for adults but retaining the existing pricing structure for juniors. Officers have therefore suggested 5 options as follows:
Increase adult fees by:-

- 30%= £20k additional income
- 40%= £27k additional income
- 50%= £31k additional income
- 100%= £69 additional income

Members discussed and debated the proposal and an amendment was proposed that an average increase be applied across all services. The majority present did not support this.

The Officers proposal to increase Outdoor Facilities Charges by 30% was discussed and debated and upon vote, the majority present supported this.

Cessation of Saturday Litter Picking at Various Parks- New Saving Proposal

M.S. Williams provided the Scrutiny Committee with a new proposal to cease litter picking services at 14 Parks within the Borough, which would provide a £12,000 saving contribution in 2015/16.

In addition to the 14 Parks, Members noted that a further 56 Parks within the Borough are only cleansed on a routine weekday.

Following debate, Members unanimously supported the Officers proposal to cease Saturday Litter Picking at various parks, on the proviso that the bins are emptied on Friday.

Removal of Barrier Attendants at 5 Locations- New Saving

The Report provided Members with the option to remove the barrier attendants at 5 locations throughout the borough. The locations were historically established to prevent anti-social behaviour at 5 locations throughout the borough during evenings/ weekends and hours of darkness.

Duties of the attendants include 30 minutes to 1 hour opening and closing the facilities.

The Scrutiny Committee noted that the proposal would provide a saving in staffing costs of £14,000. This would require 5 members of staff to be served with notice of termination of contract of employment.

Members raised concerns around an increase in Anti-Social Behaviour in parks, however, upon vote, the majority present supported the Officers proposals.

Charge for all Replacement/ New Issue Containers (No Concessions)- Not Supported and Additional Information Provided

The Scrutiny Committee considered the proposal to charge for replacement/ new issue containers for 2014/15 and 2015/16 at previous Committees, which were not supported by Members.

Officers highlighted that considerations for methods of payment were required but Members were to note that the proposal offers a potential saving of £60,000. The Committee considered the proposed charges:

Replacement/ new issue bins £25
Replacement/ new issue boxes £6
Replacement/ new issue garden waste bags £3
Where residents request bags for recycling/ waste £5 per roll of 25

Members discussed and debated the proposal and upon vote, the majority present supported the Officers proposal.

Reduced Opening Days and Hours on Civic Amenity (CA) Sites- Original proposal not supported and alternative option considered

The Scrutiny Committee, upon previous consideration had not supported the proposal to close any combination of up to 5 Civic Amenity Sites throughout the Borough, and requested that Officers consider alternative options such as closing all sites on certain days/ times.

It was noted that the provision of one CA site is a statutory requirement, in which legislation requires at least one facility should be available on weekends. Officers highlighted however that the Council aims to keep at least 50% sites open every day.

Officers highlighted that in order to achieve the £100k saving, all sites would be required to close on 2 days per week (on a rotational basis) or, alternatively 1 site could be permanently closed. Closure of less than 6 sites for 2 days/week would not realise the £100k saving that is required.

Concerns were raised that additional security would be required and illicit tipping could be an issue at the sites on the days they are closed, however these are difficult to quantify and Officers highlighted that the issues would probably reduce over time and may be mitigated to some extent by use of CCTV.

Members discussed and debated the proposal and upon vote, the majority present supported the Officers proposal.

Reduced Level of Cleansing on Bank Holidays (Cleansing will be reduced to same level as weekends- limited to morning cleanse of town centres)- New Saving Proposal

The report provided the Scrutiny Committee with a new saving proposal to reduce the level of cleansing on bank holidays in Town Centres during Bank Holidays.

It was noted that this would provide a potential saving of £13,000 in 2015/16.

Members discussed the proposal and upon vote, the Officers proposal was unanimously supported.

Reduction in Cleaning Budget via Reduction in Staff Numbers- New Saving Proposal

The Scrutiny Committee considered a new saving proposal to reduce the cleaning budget through the reduction of cleansing staff across the borough. It was estimated that the proposal would provide a total saving of £300,000 comprising a saving of £100,000 in 2015/16 and a further, additional saving of £200,000 in 2016/17.

The Committee noted that the reduction in staffing levels were in addition to those identified in CA Site reduction (6 number) and an additional 6 to achieve the balance of the Route Optimisation changes introduced in 2014/2015. The reductions would effectively mean circa 15 less personnel on street cleansing which will result in an increase in SLA's for responding to non-emergency cleansing and missed waste collections from 48 hours to 7 days and the

integration of hygiene and nappy collections into fortnightly refuse with the provision of additional containers.

Members raised concerns around the impact on cleanliness of the Borough. Other Authorities have reduced budgets and it has had a noticeable impact on the appearance of their boroughs. Members were advised that the Street cleansing is a statutory function, however the levels of proactive cleansing is very much up to the service provider.

Concerns were raised around the implications on the staff involved. Members were assured that policies are in place within Caerphilly for the consideration of voluntary retirement and a key aim for Caerphilly is to avoid redundancy where possible. Discussions and consultations have not been conducted with the Trade Unions or the Staff within the department.

Having carefully considered the proposal and upon vote, the Officers proposal was not supported by the majority present.

Closure of Bedwas Swimming Pool on Sundays- New Saving

Councillor Elizabeth Aldworth declared an interest in this item as the Leisure Centre is within her ward and family members use the facilities. Councillor Aldworth did not take part in the debate or vote.

The report provided the Scrutiny Committee with a new saving proposal to close Bedwas Swimming Pool during Sundays. Members noted that there are very few customers using the pool on Sundays, which provides little income and high staff and energy costs. The proposal would contribute a saving of £10,000 in 2015/16.

Members debated the proposal and upon vote, the Scrutiny Committee unanimously supported the Officers proposal.

Average Price Increase of 5% + Inflation on Leisure Centre Fees- New Saving

The report provided Members with details of a £100,000 saving proposal in 2015/16, which could be achieved through a 5% price increase on Leisure Centre Fees. Members were assured that the service however, would still provide value for money services at competitive prices.

Following in depth consideration and debate, the Scrutiny Committee unanimously supported this proposal.

ENGINEERING SERVICES

Street Lighting Energy Reduction- New Saving Proposal

T. Shaw, Head of Engineering Service provided the Regeneration and Environment Scrutiny Committee with a new saving proposal, which aims to achieve a part year saving of £100,000 in 2015/16 and a full year saving of £450,000 in 2016/17.

The Committee noted that, in order to achieve the full £450,000 saving during 2016/17, some part night light or switch off could be required to add to the introduction of LED and central management control technology. The new technologies are currently being tested and considered and have recently been introduced to the market place.

Members considered the option and queried alternative options such as dimming the streetlights. Officers explained that the proposal suggests purchasing LED bulbs, which are more energy efficient than the current bulbs, which would be more cost effective in the long term. In addition, Members noted that the new systems have been trialled within the borough and have not been met with any complaints.

Following detailed consideration and discussion of the proposal, the Scrutiny Committee unanimously supported the Officers proposal.

Carriageway Resurfacing – Planned Maintenance – New Proposal

T. Shaw provided the Scrutiny Committee a new proposal to reduce the planned maintenance of carriageways resurfacing within the Borough, and further information to understand the affects of the budget changes, which was requested a previous Scrutiny Committee. Members noted that the proposal would achieve a saving of £300,000 in 2015/16 financial year.

The £300,000 equates to approximately 20% of the current revenue budget allocation. It is assumed that the Capital allocation would at least remain at a similar level to previous years , although a capital bid has been submitted to help mitigate this savings reduction. It was noted that combined with this approach, 2015/16 would see a decrease in planned carriageway resurfacing works than that experienced over the last 3 years as a result of the completion of the Welsh Government Borrowing initiative (LGBI) Scheme.

The Scrutiny Committee considered this proposal at length and raised concerns over the condition of the highways and the impact on the authority of potential claims. Upon vote, the Officers proposal was unanimously not supported by the Scrutiny Committee.

Footway Resurfacing - Planned Maintenance

The report provided Members with a proposal, which would achieve a saving of £60,000 in 2015/16 through the reduction in planned maintenance on footway resurfacing.

Members noted that the Highways Act provides that the asset (Highway) needs to be maintained in a safe condition for users. A more refined risk rating/prioritisation process could be developed within the HAMP process. This would involve developing the current prioritisation process further to consider additional influencing factors. A review of this process is planned for 2015/16.

The £60,000 equates to approximately 12% of the previous revenue budget allocation. It is assumed that the Capital allocation would at least remain at a similar level to previous years , although a capital bid has been submitted to help mitigate this savings reduction. It was noted that combined with this approach, 2015/16 would see a decrease in planned footway resurfacing works rather than that experienced over the last 3 years as a result of the completion of the Welsh Government Local Government Borrowing Initiative Scheme (LGBI).

The Scrutiny Committee considered this proposal and raised concerns for the risk of insurance claims for personal injury and the cost to the Authority. Upon vote, the Scrutiny Committee unanimously did not support the proposal.

Highway Reactive Maintenance

The Scrutiny Committee was provided with a proposal, which would contribute a £50,000 saving in 2014/15. The Committee noted that the proposal suggested an invest to save option to purchase a Jet Patcher. The new equipment would allow more surface area to be repaired at a lower cost. Thus ensuring that service provision is not compromised.

Following consideration and discussion of the Officers proposal, the Scrutiny Committee unanimously supported the proposal.

Highways Operations – Reduce highway/land drainage planned maintenance budget by 11%

At a previous Scrutiny Committee, the proposal to reduce highway/ land drainage was not supported by the Committee. Members were asked to reconsider the proposal, which would provide savings of £30,000 it was noted that only the highest risk categorisation works would be undertaken. Officers have tried to mitigate the saving proposal by increasing the council's capital funding to this area via a bid.

Members felt that this service area was vital in certain high flood risk areas within the Borough. Officers assured Members that no cuts would be made to the high-risk areas and alternative funding is also being sought.

The Scrutiny Committee, following consideration of the Officers proposal, unanimously supported the proposal.

Winter Maintenance

The Scrutiny Committee considered a new option to reduce the winter maintenance gritting routes, through route optimisation strategies, which would provide a saving of £60,000 in 2014/15.

Members considered the proposal and raised concerns around the implications to the public and Staff. Officers confirmed that there would be minimal impact to staff and that grit bins would be maintained in communities. In addition, Members noted that the hopper equipment to be used would ensure grit is distributed efficiently.

Following detailed debate and discussion, the Scrutiny Committee unanimously supported the Officers proposal.

Highways Operations – Reduce highways reactive maintenance budget by 4%

At a previous Regeneration and Environment Scrutiny Committee, additional information was requested in relation to the longer-term impacts of reducing the highways reactive maintenance budget. It was noted that the proposal would provide a saving of £50,000.

Officers assured the Committee that budgets would require close monitoring to ensure reduction in planned maintenance does not significantly increase reactive maintenance, which could also increase third party claims.

The Scrutiny Committee, following consideration and debate, unanimously supported the Officers proposal.

Structures and Retaining Walls

The Regeneration and Environment Scrutiny Committee previously considered the proposal and requested further information, as a result, this area has been reviewed further and the proposed saving has been reduced to £50,000.

The Committee noted that the risk prioritisation methodology has been further considered and has been deemed appropriate. The review identified that a number of future projects should be defined as "Capital" rather than "Revenue". As such appropriate business cases would be produced to provide substantiation for bids to the Capital Strategy group.

Following consideration and discussion, the Scrutiny Committee unanimously supported this proposal.

Highways Adaptations and Agreements Fees

The Scrutiny Committee noted that the income target for 2014/15 was £151,000, which had been decreased from £165,000 in previous years due to the downturn in the economy affecting the pace of development. The proposal suggested an increase in fees by 10%. The Committee were asked to note that fees were last increased in 2012. Since then there are positive signs that development activity is increasing and all local authorities are reviewing their charges.

The Scrutiny Committee considered and debated the proposal and upon vote, unanimously supported the Officers proposal.

Transport and Engineering – Car Park tariffs. Increase car parking charges by typically 10p per hour.

The Scrutiny Committee considered a proposal to increase car parking charges across the borough by 10p per hour, which would provide a £30,000 saving contribution in the 2015/16 financial year.

Members considered the proposal and noted that similar actions are being considered by other Local Authorities.

Members discussed and debated the proposal and upon vote, the majority present supported the Officers proposal.

Management of Off Street Car Parks (Sunday Charging)

The Scrutiny Committee were provided with a proposal to introduce parking charges in all car parks across the borough on Sundays. It is anticipated that the introduction of the charges would provide a £10,000 saving for the 2015/16 financial year, along with an estimated additional income of £15,000.

Members noted that there are currently 13 Local Authorities currently charging for car parking on Sundays and 2 (Carmarthenshire and Monmouthshire) are currently considering introducing charges on Sundays.

Members considered the proposal and raised queries around the rates to be charged and whether this would include the increase of 10p. Officers confirmed that the rates would be the same on a Saturday and Sunday across the Borough.

Following careful consideration and debate, the Officers proposal was supported by the majority present.

Public Transport Subsidy – Confirmed Option

The report provided Members with a proposal to review the spend and services for Public Transport. The proposal included reviewing contracts with the highest subsidy per passenger, fare paying school buses and consideration of times when usage is lowest, or when a reasonable alternative exists. This would include working with existing service providers to look at where efficiencies in provision can be made, with the minimum impact on passengers. The proposal highlighted a part year saving for 2015/16 of £24,000 and a full year saving of £150,000 in 2016/17.

Members noted that further changes in external funding for bus services (e.g. concessionary travel reimbursement; bus service support grant), may result in additional reduction to bus services in the county borough and the need to re-prioritise how savings can be achieved.

Members discussed the bus service in place in the north of the Borough and the recent cut in

the Stagecoach service in the area. Concerns were raised that the proposal would further impact upon the services in the area and have an effect on the rest of the borough. Members were assured that the contracts would be carefully considered to mitigate the impact on any one area.

Following careful consideration and detailed debate, the Scrutiny Committee unanimously supported the Officers proposal.

The meeting closed at 7.45 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 17th February 2015 they were signed by the Chair.

CHAIR

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HEALTH, SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN,
YSTRAD MYNACH ON TUESDAY, 2ND DECEMBER 2014 AT 5.30 P.M.

PRESENT:

Councillor L. Ackerman - Chair
Councillor Mrs P. Cook - Vice Chair

Councillors:

Mrs E.M. Aldworth, L. Binding, Ms E.J. Gale, L. Gardiner, N. George, C.J. Gordon,
G.J. Hughes, A. Lewis, S. Morgan, J.A. Pritchard, A. Rees.

Cabinet Member: Councillor R. Woodyatt.

Together with:

D. Street (Corporate Director Social Services), G. Jenkins (Assistant Director Children Services), J. Williams (Assistant Director Adult Services), M. Jones (Finance Manager), S. Howells (Service Manager for Older People), J. Jones (Democratic Services Manager), S.M. Kauczok (Committee Services Officer).

Users & Carers: Mr C. Luke.

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors A.P. Angel, Mrs G. Bevan, Mrs P.A. Griffiths, Ms L. Price, Mrs J. Morgan, Mrs M. Veater MBE and Sarah Glyn Jones (CSSIW).

2. DECLARATIONS OF INTEREST

Councillor C. Gordon declared a personal interest in agenda item 8 in that a close relative used to be in receipt of the shopping service.

3. MINUTES

RESOLVED that the minutes of the following meeting be approved as a correct record and signed by the Chairman: -

1. Health, Social Care and Wellbeing Scrutiny Committee held on 21st October 2014 (minute nos. 1-12).

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. REPORT OF THE CABINET MEMBER

The Scrutiny Committee received a verbal report from Councillor R. Woodyatt, Cabinet Member for Social Services.

It was hoped that representatives of CSSIW would be attending the meeting to present the Annual Performance Evaluation for 2013-2014 for Caerphilly. Unfortunately they were unable to attend and had tendered their apologies. It was noted that the report recognises the improvements made during the last financial year and identifies areas for further development.

Members were asked to note that there would be discussion on the current performance management information under agenda Item 10 which is a timely reminder of the consistent performance of the Directorate. Reports would also be presented providing updates on the MTFP proposals previously discussed at Committee. In addition, a report would be received on a recent Supreme Court Judgement in relation to Deprivation of Liberty, which will have an impact on working practices within Adult Services.

Since the last Scrutiny Committee, Councillor Woodyatt had attended the Celebration of Achievement Awards in partnership with Blaenau Gwent. This was a wonderful opportunity to recognise the achievements of staff at all levels and to publicly thank them for their hard work and commitment. Councillor Woodyatt had also had the pleasure of starting the "Walk a Mile in her Shoes" walk around Caerphilly Castle, drawing attention to the White Ribbon Campaign against domestic violence against women.

In addition, it was noted that Carers from the South East Wales Adult Placement Scheme managed by Caerphilly had recently won a National Gold Award at the Care Forum Wales Awards. Earlier in the day Councillor Woodyatt had visited Bon Bon Buddies in Oakdale to receive a donation of Christmas goodies for the Santa Appeal.

Finally, the Scrutiny Committee received the news that following her secondment to Merthyr Tydfil, Lisa Curtis-Jones had been appointed to the permanent Head of Service post. The Scrutiny Committee extended their congratulations to Lisa and wished her every success in her new role.

The Chair thanked Councillor Woodyatt for his report and invited questions. Members sought confirmation that the post vacated by Lisa Curtis-Jones at CCBC would be filled on a permanent basis in the future and looked forward to discussing the Annual Performance Evaluation for 2013-14 with CSSIW in February 2015.

6. CABINET REPORTS

There had been no requests for the Cabinet report - Charging for Telecare Services - dated 12th November 2014 to be brought forward for discussion at the meeting.

SCRUTINY REPORTS

Consideration was given to the following reports.

7. CSSIW ANNUAL PERFORMANCE EVALUATION 2013-2014

It was noted that CSSIW had tendered their apologies for the meeting. The report was therefore deferred to the next meeting of the Health Social Care and Wellbeing Scrutiny Committee in February 2015.

8. SHOPPING SERVICE

Councillor C. Gordon declared a personal interest in this item as he has a close relative who used to receive the service.

The Assistant Director Adult Services presented the report, which provided additional information on the discretionary shopping service, as part of the agreed budget strategy for 2015/2016.

At the special meeting of the Scrutiny Committee on 16th October 2014 members requested additional specific information on the shopping service which is provided as part of a care package. Since that time the survey had been re-run and sent to the 124 users of the shopping service only. A total of 42 questionnaires were returned which equates to a 34% response rate.

It was noted that one full time employee had been appointed to a fixed term Engagement Officer post until 31st March 2015. The Officer is developing knowledge of local communities and services available from local shops, supermarkets, local eateries that deliver meals and independent agencies that provide shopping services.

Care providers currently undertake the shopping service for individuals, with this service primarily being commissioned from the independent sector at a cost of circa £13.50 per hour. In 12 cases the service is provided by the in-house Home Assistance Reablement Team (HART), as part of a care package. A review of a range of providers has indicated prices to individuals for this service vary and on average would be £12.00 per hour.

During the course of the ensuing discussion clarification was sought on the criteria that would be applied to assess whether an individual would require the service. Officers advised that social workers would carry out the assessments and the situation would be kept under constant review under the care package. Assurances were given that the Authority would meet a person's need for a shopping service if necessary.

Following consideration and discussion it was moved and seconded that the recommendation to withdraw the service be endorsed and people be sign posted to other appropriate options, on the understanding that if none of these options are suitable for an individual, the Authority will ensure that the service continues to be provided to that person and kept under constant review as part of the care package. By a show of hands this was unanimously agreed.

9. DRAFT SAVINGS PROPOSALS

The report, which was presented to Cabinet on 29th October 2014, provided details of the Provisional 2015/16 Local Government Settlement along with an updated Medium Term Financial Plan for the period 2015/16 to 2017/18. Details were received of the proposed savings for 2015/16 totalling £12.208m and a proposal to increase Council Tax for 2015/16 by 3.9%.

The Scrutiny Committee noted the report.

10. PERFORMANCE MANAGEMENT 2014/15

The Corporate Director Social Services presented the report, which informed the Scrutiny Committee of the position in relation to the performance management figures for both Adult Services and Children's Services for the period up to September 2014.

Both the Adult Services and Children's Services Divisions have a range of national and local indicators that oversee the work of the Divisions. The targets are set at the start of each financial year and managed via the Authority's Ffynnon system. The targets are a mix of national indicators set by Welsh Government (SCA's and SCC's) and local indicators (ASPI's). Performance figures for Adult and Children's Services as at September 2014 are attached at Appendix 1 of the report.

Adult Services has a total of 15 national and local indicators several of which justified further comment. Members were aware that delayed transfers of care continues to be a challenging area for the Authority. The position at September 2014 is showing improved performance but it is accepted that the Authority is entering a particularly challenging time of year and this would need to be monitored closely. In terms of ASPI 02, delays in this area were primarily due to the Occupational Health Team, which was carrying two vacancies. Members were advised that these two posts had now been filled. Other areas are Older People Mental Health and Substance Misuse where delays are currently being examined in more depth. Members were reminded of the difficulty in validating performance against ASPI 17 and 18 as the Adult Mental Health Teams are putting the information into Epex (the Health System).

Children's Services have a total of 47 national and local indicators, several of which required further comment. It was noted that SCC/025 is currently Amber due to incorrect recording. In terms of CSPI 01, 186 children were 0-4 and were not seen alone. Therefore out of a possible 519 children, 258 were seen alone by a worker, which equates to 69%.

During the course of the ensuing discussion further information was sought with regard to ASPI 02 and ASPI 17. Officers advised that two Occupational Therapists had since been recruited which should improve the figures for ASP1 02 and in relation to ASP1 17, a lot of work was being undertaken on the validation which should result in more accurate information being provided in the future.

The Scrutiny Committee noted the report.

11. DEPRIVATION OF LIBERTY

Mr S. Howells, Service Manager for Older People, presented the report, which had been requested by a Member of the Scrutiny Committee. The report informed Members of the changes in case law involving authorising deprivations of liberty for people in care homes and in the community.

In March 2014 the Supreme Court considered two cases concerned with potential deprivations of liberty. The judgement known as the "Cheshire West" case has introduced a revised test about the meaning of a deprivation of liberty. The Supreme Court has now clarified that there is a deprivation of liberty for the purposes of Article 5 of the European Convention on Human Rights when the person is: under the continuous supervision and control (and the care provided is imputable to the state); is not free to leave; the person lacks the capacity to consent to these arrangements. The five guiding principles in considering whether people lack mental capacity are listed in paragraph 4.4 of the report.

It was noted that there are different processes when considering deprivation of liberties depending on where the person lives. For people who live at home or in community settings deprivations of liberty can only be authorised by the Court of Protection. For people who live in care homes or are currently occupying a bed on a hospital ward, the deprivation can be

authorised by a Supervisory Body. This Authority is both a Supervisory Body and a Managing Authority under Deprivation of Liberty Safeguards.

To respond to deprivations of liberty in care homes Caerphilly is part of a Pan Gwent Consortium where assessments are coordinated through a small DoLS Team managed by ABUHB. Before the Supreme Court judgement the Team comprised 2 Best Interest Assessors (BIS's) supported by casual staff and administration. The original funding for the Team was via grant funding for DoLS from Welsh Government. Subsequent to the judgement authorisation was given to recruit 2 additional BIA's from existing resources. Further funding has recently been agreed to increase the staffing by 6 FTE with agreement for each statutory body to contribute funding for a further BIA including associated training costs.

The Supreme Court judgement is recognised as having a significant increase in the demand for assessing for potential deprivation of liberty. This has significant implications for current social work practice specifically in increased complexity and time management should numbers increase substantially. A screening tool has been implemented to identify those individuals at greatest risk in order to prioritise their assessment over those who would normally not have fallen within the criteria of the safeguards. The level of required advice and activity around cases will also have implications for Legal Services.

Members expressed concerns in relation to the financial implications for Local Authorities together with the likelihood of increased workloads for staff. Officers estimated that there would be significant financial and staffing implications and had estimated that Caerphilly would need 8 BIA's. Mr Street advised that a steering group of directors meets on a regular basis and extensive representations had been made to Welsh Government in terms of the financial impact.

Arising from the ensuing discussion, It was agreed that an update would be brought back to the Scrutiny Committee in six months. In addition, following a Member's request, Officers would forward details of the two cases referred to in paragraph 2.1 of the report to all members of the Scrutiny Committee.

Following consideration and discussion, it was moved and seconded that the recommendation in the report to note the changes in the case law and the implications for practice and resources, be endorsed. By a show of hands this was unanimously agreed.

12. REQUESTS FOR ITEMS TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA

Councillor E.J. Gale referred to a previous request regarding the feasibility of Members visiting private residential care homes. The Assistant Director Adult Services advised the Scrutiny Committee of a recent meeting she had attended during which providers had confirmed that they would welcome ward members visiting their establishments.

13. ITEMS FOR INFORMATION

The following item was received and noted without discussion.

1. Summary of Members' Attendance - Quarter 2 - 1st July 2014 - 30th September 2014.

14. ANNUAL REPORT FOR MENTAL HEALTH

A Member of the Scrutiny Committee had requested that this information report be brought forward for discussion at the meeting. Officers were requested to make representations to the Health Board in terms of the dark background colours used within the report, which made the text difficult to read in places.

The Annual Report had been co-produced between people who have a mental health issue and those who provide services that support good mental health and well-being. The report covers the whole of Gwent via 6 statutory organisations and 5 unitary authority areas. It highlights some aspects of the work of the Mental Health and Learning Disability Partnership Board over the past year. The report also reflects the priorities and areas of preferred updates from people who use the service and their carers and finally, it presents areas of good practices that staff have selected to be included within the Annual Report.

During the course of the ensuing discussion, officers responded to the various issues raised by Members in relation to the report. In terms of information that was sought regarding the CAMHS (Child and Adolescent Services) strategy, Mr Street pointed out that the Health Board, who had tendered their apologies for the meeting, would be in the best position to respond to this matter. He agreed to discuss the matter further with the Member concerned following the meeting.

The Scrutiny Committee noted the report.

The meeting closed at 6.56 pm.

Approved as a correct record subject to any amendments agreed and recorded in the minutes of the meeting held on 10th February 2014.

CHAIR



SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON MONDAY, 8TH DECEMBER 2014 AT 5.30 P.M.

PRESENT:

Councillor H.W. David - Chair
Councillor S. Morgan - Vice Chair

Councillors:

L. Binding, C.J. Cuss, Miss E. Forehead, C. Hawker, G. Kirby, A. Lewis, C.P. Mann,
R. Saralis, Mrs J. Summers

Cabinet Members:

Mrs B. Jones (Corporate Services), D.T. Hardacre (Performance and Asset Management)

Together with:

S. Harris (Interim Head of Corporate Finance), G. Hardacre (Head of Workforce and Organisational Development), C. Jones (Head of Performance and Property Services), D. Titley (Corporate Customer Services Manager), J. Jones (Democratic Services Manager) and R. Barrett (Committee Services Officer)

Also present:

D. Bezzina (Unison Regional Organiser), G. Enright (Unison Branch Secretary)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J.E. Fussell, D.M. Gray, Ms J.G. Jones, D. Rees and J. Taylor, together with Cabinet Members Mrs C. Forehead (HR and Governance/Business Manager) and G. Jones (Housing). An apology for absence was also received from N. Scammell (Acting Director of Corporate Services and Section 151 Officer).

2. DECLARATIONS OF INTEREST

Councillor Miss E. Forehead declared an interest in Agenda Item 7 (6-Month Progress Update of Improvement Objectives – Caerphilly Passport Programme). Details are minuted with the respective item.

3. CORPORATE SERVICES MEDIUM TERM FINANCIAL PLAN 2015/16 – ITEMS FOR CONSIDERATION

The Chair introduced the evening's proceedings, which sought Members' consideration and comments on a number of reports detailing proposed savings and efficiencies within the Corporate Services Directorate, as part of the Medium Term Financial Plan (MTFP) for 2015/16.

Trade Union representatives Mr Gary Enright (Unison Branch Secretary) and Mr Dave Bezzina (Unison Regional Organiser) were welcomed to the meeting, and it was explained that they would be invited to respond to the reports presented during the course of the meeting, on behalf of the collective Trade Unions.

The Chair also welcomed Councillor Gary Johnston to the meeting, who was in attendance to speak in relation to Agenda Item 4 (Savings Proposals for 2015/16 – Customer Services).

4. REPORT OF THE CABINET MEMBER FOR CORPORATE SERVICES

Councillor Mrs B. Jones, Cabinet Member for Corporate Services, presented her report, which highlighted the proposals that were due to be considered at that evening's meeting.

Reference was made to the report entitled "Draft Savings Proposals for 2015/16" with it explained that at a meeting on 29th October 2014, Cabinet gave due consideration to the comments arising from the recent round of special Scrutiny meetings to consider the savings proposals. It was explained that overall, proposals supported at these meetings have not delivered the required savings target of £12.208m.

Cabinet have also had regard to the results of the public consultation process relating to the savings proposals, together with feedback from the Viewpoint Panels meetings held in April 2014 and November 2014. Cabinet Members were in attendance at the Viewpoint Panel meetings, and were also attending the drop-in sessions being held around the county borough in relation to the budget consultation process.

The Cabinet Member explained that in regards to the savings proposals, it was the Authority's intention to reduce services wherever possible, rather than fundamentally altering services, so as to ensure the continuation of Council services within the county borough. It was anticipated that the suggested savings proposals would not have a direct impact on front-line services in 2015/16 but that the situation may change for the financial year 2016/17 and beyond.

At the meeting of 29th October 2014, Cabinet endorsed a proposal to increase Council Tax by 3.9% for the 2015/16 financial year to ensure that a balanced budget is achieved. It was stated that unlike neighbouring Local Authorities, it was anticipated that there would not be a significant change to other fees and charges.

Reference was made to the proposed closure of Pontllanfraith House and Members were asked to note that this would bring about a saving of over £700,000, without an impact to the public.

Regarding the Customer Services report and the proposal to close the Cash Desk facility within Newbridge, it was explained that this service has the lowest footfall of all the Council's Customer Service sites and that customers could be redirected to alternative payment venues (such as local post offices). Members were reminded of the potential of the Mobile Customer Service Centre which could be utilised to help bridge any resulting shortfall in Customer Service access, and were also advised of the numerous other ways in which bill payments could be made (such as via the internet or telephone).

REPORTS OF OFFICERS

Consideration was given to the following reports.

5. DRAFT SAVINGS PROPOSALS 2015/16

Prior to the presentation of this item, the Chair expressed concern that the views of the other Scrutiny Committees regarding the list of draft savings proposals were not available for consideration. Officers explained that the report had been presented to Cabinet on 29th October 2014 and had subsequently been forwarded to Scrutiny Committees as part of the further period of consultation. Final 2015/16 budget proposals, including the comments of Members arising from these meetings, were due to be presented to Cabinet and Council in February 2015.

The Chair, together with other Members, explained that it was difficult to consider whether or not to support a saving without being aware of the comments made at other Scrutiny Committee meetings regarding the proposals. A query was raised as to whether consideration of this item should be deferred to a later Scrutiny meeting until this further information was received. It was determined that discussion of the Draft Savings Proposals would proceed but that this concern would be noted.

It was agreed that the draft minutes of the Scrutiny Committees meetings, containing the comments of Members regarding the Draft Savings Proposals 2015/16 would be presented at the next meeting of the Policy and Resources Scrutiny Committee on 20th January 2015.

Stephen Harris, Interim Head of Corporate Finance, presented the report, which provided details of the provisional 2015/16 Local Government Settlement, together with an updated Medium Term Financial Plan for the period 2015/16 to 2017/18. The report also presented details of proposed savings for 2015/16 totalling £12.208m and a proposal to increase Council Tax for 2015/16 by 3.9%.

The appendices to the report contained details of savings proposals for 2015/16, including the description of the service, the potential saving, the impact narrative and impact rating to service users. The list also identified the outcome of the initial consideration of each proposal at previous Scrutiny meetings, including the comments of Members.

The report was originally considered by Cabinet on 29th October 2014, who having given due regard to comments detailed against the proposals, endorsed the recommendations contained within the report. As part of the further period of consultation, the Policy and Resources Scrutiny Committee were asked to consider and comment upon the proposals in Appendix 2 of the report (Whole Authority Costs) and Appendix 6 of the report (Corporate Services).

Unison representatives Mr Gary Enright and Mr Dave Bezzina were then invited by the Chair to respond to the list of savings proposals, on behalf of the collective Trade Unions.

Mr Bezzina referenced the reduction in the Local Government Budget Settlement across Wales and advised Members of the resulting impact on council services and staff across neighbouring local authorities, citing examples relating to reductions in hours and the outsourcing of council services.

In regards to Caerphilly Council, Mr Bezzina acknowledged that there were a number of significant challenges that lay ahead as a result of the budget cuts but reiterated the importance of ensuring that CCBC employees felt valued and were rewarded with a fair wage. He referenced the good working relationship between CCBC and its staff and called for a reduction in the use of agency and consultancy workers. Mr Bezzina also acknowledged that the proposal to increase Council Tax by 3.9% for 2015/16 was a sensitive issue but that this provided a valuable source of funding to local communities.

Reference was made to the Authority's decision to maintain General Fund reserves at circa £10m, equating to 3% of the net revenue budget, with Mr Bezzina calling for this decision to be examined by the Authority.

Reference was made to Unison's Ethical Charter which outlined UNISON's vision for local government and highlighted the Union's 'Top 10 Asks' for local councils, a copy of which would be forwarded to Members. Mr Bezzina also spoke of the Williams Report and the challenges that lay ahead in the merging and collaboration of local authorities.

The Chair thanked Mr Bezzina for his presentation and then invited Mr Gary Enright to make his representations.

Mr Enright voiced concern that there was insufficient detail listed against the savings proposals contained within the appendices to the report. The Trade Unions had a number of concerns regarding the effect of these proposals on Council resources, and Mr Enright called for this impact to be examined more thoroughly within a number of service areas. There were concerns that savings proposals were mainly centred around non-statutory Council services and Mr Enright reiterated the need for potential savings to be examined across all Council services.

Mr Enright reminded Members of alternative savings and efficiencies suggested by the Trade Unions at previous meetings, including reviewing the procurement and use of consultants, the earmarking of financial reserves and a review of the Authority's recycling arrangements. He advised Members that Council Officers were currently collating information relating to consultancy costs, in response to a Freedom of Information request submitted by Unison.

Members were reminded that the views of the Trade Unions regarding proposals to reduce the HMRC Mileage Rate had been expressed at previous special Scrutiny meetings. Mr Enright then referenced a number of savings proposals listed throughout the report appendices, and reiterated his concern that overall there was not enough data or detail to facilitate a thorough analysis of the savings proposals.

Mr Enright was thanked for his presentation and detailed discussion of the report ensued, with the Chair commenting on the possibility of requesting a report on the Council's use of consultants.

Concerns were reiterated by Members regarding the level of information detailed against the savings proposals. Particular reference was made to Appendix 5 of the report, which contained a savings proposal to remove the Area Forum Budget within the Directorate of the Environment. Members raised a query regarding the impact this proposal could have on local community schemes, such as Splash Pads, and the feasibility of this proposal being reassessed when presented to Cabinet for consideration, and it was advised that this was a matter that related to the Regeneration and Environment Scrutiny Committee. Members commented on the need for this information to be included within the proposals and requested that their concern be noted.

Reference was made to a savings proposal within Appendix 4 of the report (to reduce 3 social workers per Social Services division), with the intention that this would be achieved through vacancy management. Clarification was sought on the service user impact rating which was displayed as 'High Impact' and Officers explained that the impact rating had subsequently been reassessed and reduced to 'Low Impact'.

Further information was also sought on the proposal to withdraw the "additional help for pensioners with their Council Tax funding". Officers confirmed that a survey on this funding had been carried out across Welsh Local Authorities, which revealed that the majority of Councils had already withdrawn the funding or were considering withdrawal for 2015/16.

Clarification was sought on a proposal within Appendix 2 to reduce assistance to the voluntary sector by £30,000, which equated to 11% of the total grants funding budget and Officers confirmed that this would be administered through the Grants to the Voluntary Sector Panel.

Reference was made to consultation with the Trade Unions relating to the savings proposals and Members suggested that it would be useful to receive the Trade Unions' response prior to the meetings. The Chair endorsed this view and welcomed the involvement of the Trade Unions as a means of successful consultation.

Members also emphasised the view that both statutory and discretionary services needed to be examined in order to identify savings proposals across all areas. Officers explained that the budget strategy had been agreed by Council in February 2014 which contained two main strands: further savings proposals of up to 3% efficiency savings, and a review of discretionary services. Since the announcement of the worsening financial outlook in June 2014, a significant amount of work had been undertaken to identify further savings proposals across all Council services.

Discussion also took place regarding the use of reserves, and arising from this, a report detailing future information regarding reserves was requested for presentation at a future Policy and Resources Scrutiny Committee. A report was also requested detailing the procurement, use and cost of consultants within the Authority.

The Committee noted the contents of the report and requested that their comments be reflected in the minutes of the meeting and presented at the next meeting of the Policy and Resources Scrutiny Committee meeting on 20th January 2015, together with comments arising from the other Scrutiny Committees meetings where the report had been considered. It was also requested that these comments be included in the final 2015/16 budget proposals that were due to be presented to Cabinet and Council in February 2015.

6. SAVINGS PROPOSALS FOR 2015/16 – CUSTOMER SERVICES

David Titley, Corporate Customer Services Manager, presented the report, which advised Members of proposed service changes within Customer Services that are required to achieve budget savings and sought Members' views on these proposals and endorsement of the new arrangements.

Members were advised that as part of the MTFP, a budget saving of £250,000 has been proposed for the Customer Services budget. To allow sufficient time for these proposals to be implemented, £125,000 of the saving will be delivered in 2015/16, with the balance being realised in 2016/17.

The report detailed how these savings would be achieved, which consisted of non-staffing costs of £89,348 and staffing costs of £160,652. Of the non-staff costs, savings of £50,348 would be achieved by the relocation of the Blackwood Customer Service Centre to Blackwood Library, together with other non-staff costs totalling £39,000. With regards to staff costs, £30,000 would be saved by reducing the Agency Staff budget and vacancy management savings of £45,597 would be achieved through the deletion of two vacant full-time Customer Service Advisor posts.

The remainder of the savings would be achieved by reducing the salaries budget by £85,055, equating to 3.7 FTE (full-time equivalent) posts. In total, the proposals would reduce the staff establishment by 5.7 FTE posts (including the deletion of the two FTE vacant posts). Members had previously indicated that they wished to retain the present network of Customer Service Centres. However, it was not feasible to maintain current levels of service with this reduction in staffing, and therefore changes would have to be made in the provision of Customer Services, including opening hours and customer service performance targets, to accommodate this reduction.

The report detailed proposals to reduce the current waiting time performance target for Customer Service Centres (from 80% of customers being seen within 10 minutes down to 80% of customers being seen within 15 minutes) There would also be a need to reduce performance targets within the Customer Contact Centres (from 80% of telephone calls being answered within 20 seconds down to 70% of calls being answered within 20 seconds). Both revised targets would still compare favourably with other similar services in the public sector.

Appendix 1 to the report contained a full list of proposed changes to the opening hours of Customer Services Centres. The proposals would result in a decrease to site opening hours, with some of the sites closing on some afternoons. The report also proposed the withdrawal of the Cash Desk payments service located within Newbridge Library, owing to a lack of footfall, and outlined a number of alternative ways in which local residents could make payments to the Council.

Mr Titley was thanked for his report and Councillor Gary Johnston, Newbridge Ward Member, was invited to address the Scrutiny Committee in respect of the proposals.

Councillor Johnston referenced the recent regeneration works to Newbridge Town Centre and the detrimental effect this had had on local businesses whilst these were being carried out. He raised concerns regarding the impact of the proposed closure of the Newbridge Cash Desk service and referenced other Council services withdrawn from the town centre in recent years, such as the closure of the public toilet facilities and the old Newbridge Cash Office site.

Councillor Johnston referred to the alternative payment methods listed within the report and stated that residents often found it easier to walk to the centre to make payments at the Cash Desk in person, rather than making a telephone payment. In addition, he advised Members that the service was popular with many elderly residents, who often combined their trips to the Cash Desk with a visit to the Library within the same building. He appealed to the Committee to reconsider the proposals and examine other alternatives to closing the Newbridge Cash Desk service.

Councillor Johnston was thanked for his presentation and discussion of the proposals ensued. Other Members voiced support for Councillor Johnston's views and indicated that they wished to propose an amendment to the opening hours across all Customer Service Sites, whilst keeping the Newbridge site open. Officers advised that they were trying to minimise the impact to customers and that Newbridge Cash Desk had been identified as a potential site for closure as it had the lowest footfall rate of all the sites and generally had a very low usage rate.

A query was raised as to the use of the Mobile Customer Service Centre as an alternative to the Newbridge Cash Desk. It was explained that this service already visited the neighbouring communities of Panside and Trinant. In addition, the analysis of the distribution of customers (attached at Appendix B) indicated that the majority of customers using the Newbridge Cash Desk live in communities which are served by a Post Office where they can make payments in person using a Post Office Payment Card. A query was also raised as to footfall within the Customer Service Centres on Saturdays and Officers advised that this was comparable with late afternoon usage during the weekday.

Members commented on the information contained within the report and stated that it would be useful to see a footfall breakdown analysis across each of the sites, in addition to information relating to staffing levels at each site. The Chair added that information on how the proposals within the report affected staff would be useful to Members. Confirmation of a Member's proposed amendment to the report recommendation was sought and subsequently clarified.

An amendment to the report recommendation was moved and seconded in that a report be requested to detail the feasibility and impact of realigning the opening hours of all current CCBC Customer Service sites to 10am, and that robust consultation on changing these

opening times be undertaken with staff and service users. By a show of hands, this was unanimously agreed.

It was agreed that this report be presented at the next meeting of the Policy and Resources Scrutiny Committee on 20th January 2015. The Ward Member for Newbridge made further comments in relation to Customer Service provision within the Newbridge Cash Desk site and was advised that his comments would be included within the public consultation. Members also asked if the logistics of opening hours and the possibility of using the Mobile Customer Service Centre to cover sites earmarked for afternoon closures could be examined in the report.

Following consideration of this item, it was agreed at 6.55 pm that the meeting adjourn for a short recess. The meeting reconvened at 7.00 pm.

7. INVESTMENT STRATEGY

Stephen Harris presented the report, which provided the Scrutiny Committee with additional information in relation to proposals to review the Authority's investment strategy. Members were asked to consider and comment upon this additional information and make an appropriate recommendation to Cabinet and thereafter Council.

A report was previously presented to the Special Policy and Resources Scrutiny Committee on 24th September 2014 which proposed a change in the Authority's Treasury Management Investment Strategy. The report provided details of various investment portfolios that the Authority could adopt to enhance investment returns to support the Medium Term Financial Plan (MTFP). The MTFP has an additional £263,000 of investment income included supporting the Authority's 2015/16 draft budget savings proposals.

The original report presented three models for Members' consideration in relation to the current approach to investments. After considering the content of the report, additional information was requested in relation to Model 1, as this offered the highest returns. Officers had expressed concern around the amount of cash readily available in the short-term under Model 1 to meet the Authority's liquidity requirements as almost two-thirds of the portfolio was tied up in investments greater than 1 year.

The latest report provided an updated position on the investment portfolios previously presented and outlined further advice received from the Authority's Treasury Advisors, Arlingclose. It was explained that Arlingclose have recently updated the indicative investment portfolios previously presented, which continue to follow the same underlying makeup as proposed in the earlier Committee report.

At the request of the Scrutiny Committee, Model 1 has been modified to increase the amount of readily available cash, and the three models have been updated to reflect changes in investment yields. The updated potential yields for each Model have reduced as financial markets have reacted to economic, political and regulatory developments across the globe.

Model 1 (revised) has an average investment duration of 768 days, with a return of 1.02% (£764,000). £33m is available within a day's notice, £8.5m is invested between 6 to 12 months, and £33.5m is invested for longer than one year. This portfolio continues to represent liquidity risk as there is not enough cash to cover the short-term period (3 months to 1 year) and would result in the Authority borrowing short-term cash from the money markets to cover cashflow requirements to ease liquidity concerns. As a result investment income would reduce due to an increase in borrowing costs and associated brokerage fees. The use of corporate bonds and floating rate notes would require an amendment to the TM Strategy.

Model 2 has an average duration of 190 days and yields a return of 0.59% (£438,000). £22m is available within a day's notice, £16.8m within 3 months and £19m is invested longer than

1 year. The remaining £17m is invested between 3 and 12 months. This portfolio would suit the Council's cashflow profiling. An amendment to the TM Strategy would be required for the use of covered bonds and the duration of some of the proposed investments.

Model 3 has an average duration of 391 days and yields a return of 0.74% (£550,000). £16.8m is available within a day's notice, £2m within 1 month and £29m is invested longer than 1 year. The remaining £27m is invested between 3 and 12 months. This portfolio would also suit the Council's cashflow profiling. The use of corporate bonds (in addition to covered bonds) would require an amendment to the TM Strategy.

All of the updated scenarios presented in the report have increased risk compared to the existing investment strategy due to investing for longer periods of time and for larger amounts. The credit quality of counterparties has been maintained in accordance with the Treasury Management Strategy (the lowest being rated A). The emphasis on generating higher returns is to invest large balances for a long period of time. The risks with each scenario are still respectively lower than for other benchmarked UK local authorities.

The view of Arlingclose is that the Authority should look to progress to maximising its yields, but that moving immediately to Model 1 may be a step too far at this stage. Arlingclose support an approach that would move to Model 2 or 3 initially, with the longer-term aim being a move to Model 1, subject to a review at a later date.

Discussion of the report ensued and Members discussed the various income options and risks associated with each of the investment models. Members commented on the lower rate of interest arising from Model 3 and queried whether an opportunity for an increased rate of return was being missed by not considering Model 1. Officers reiterated their concerns about moving to Model 1 at this stage and outlined the benefits of moving to Model 2 or 3 as recommended by Arlingclose.

Following consideration of the report, it was moved and seconded that an initial move to Model 2 or Model 3 of the Investment Strategy be endorsed (in line with the Arlingclose recommendation) with the longer-term aim being a move to Model 1, subject to a review of the Investment Strategy within a reasonable period of time. By a show of hands, this was agreed by the majority present.

RECOMMENDED to Cabinet, and thereafter Council, that an initial move to Model 2 or Model 3 of the Investment Strategy be endorsed, with the longer-term aim to move to Model 1, subject to a review of the Investment Strategy within a reasonable period of time.

This recommendation will be included in the Annual Treasury Strategy Report that is due to be presented to Cabinet on 4th February 2015 and Council on 25th February 2015.

In accordance with Rule of Procedure 15.5, Councillor C.J. Cuss wished it recorded that he had voted against the recommendation.

8. PONTLLANFRAITH HOUSE

Councillor D.T. Hardacre, Cabinet Member for Performance and Asset Management, together with Colin Jones, Head of Performance and Property Services, presented the report to Members.

The report provided further information in respect of the savings proposal to close Pontllanfraith House as part of the Council's Land and Buildings Asset Rationalisation Programme. This report was a follow-up to the report presented at a special Policy and Resources Scrutiny Committee meeting on 17th June 2014, which established the rationale behind the proposal to close Pontllanfraith House.

This report detailed the potential impact of the closure on Council services, access for the public to those services, financial implications, employment issues and equality implications.

The Cabinet Member reminded the Committee of the aims of the Council's Land and Buildings Asset Rationalisation Programme and reiterated the significant and high cost repair liability relating to Pontllanfraith House, for which there is no provision in the capital programme. Pontllanfraith House has therefore been identified as a prime candidate building for closure as it represents a significant liability to the Council. The report explained that the Council services offered from Pontllanfraith House can be successfully redistributed amongst other existing corporate offices.

The Head of Performance and Property Services endorsed the Cabinet Member's introduction and welcomed questions from Members in relation to the proposals to close Pontllanfraith House.

Members called for a business case and the need for further information and a detailed breakdown of the costs involved in the closure of Pontllanfraith House and the relocation of staff. Officers referred to the report presented to the special Policy and Resources Scrutiny Committee on 17th June 2014, which contained a detailed breakdown of the associated costs, and which had been endorsed in principle by the Committee.

Members were reminded of the range of structural defects within Pontllanfraith House and the £5m of capital costs required to refurbish the building and bring it up to the required standard. Officers also advised that relocated staff could be sufficiently accommodated within alternative Council sites. The closure would realise a significant cost saving and avoid an expensive project to deal with the range of defects at the Pontllanfraith House Offices.

A query was raised as to the full costings in terms of staff relocation, utility upgrades and renovations to other Council buildings in order to accommodate the relocated staff. Officers advised that this was outlined within the Financial Implications section of the report and that due consideration had been given in the costings to the relocation factors and upgrading of facilities required.

Members sought reassurances that all costs were detailed within the report and that there would be no additional costs involved in the closure of Pontllanfraith House and the relocation of staff. The Head of Performance and Property Services offered to provide an additional report to provide a full breakdown of the costs involved, and it was agreed that this would be presented to Members at the next Policy and Resources Scrutiny Committee meeting on the 20th January 2015.

The Cabinet Member reiterated the need for a timely decision to be made on the proposed closure, advising of the timelines involved in presenting further reports to Members and the need to allow time for further consultation.

The Trade Unions were invited to respond to the proposals, and Mr Enright made reference to the suggested relocation options for Housing and the Community and Leisure Services divisions, commenting on the suitability of the suggested buildings for these services. Mr Enright reiterated the Members' view that further information was required in relation to the proposals. It was confirmed that Pontllanfraith House staff were aware of the proposals, and Members reiterated the need for detailed consultation with staff in regards to these proposals.

A query was raised in relation to the future of the Pontllanfraith House site if vacated, including potential demolition costs. It was confirmed that subject to ratification by Members, the building would be offered for sale and therefore any demolition costs would become the responsibility of the purchaser.

Members referred to the rationalisation of Council buildings and it was confirmed that this was the basis of the Council's Land and Buildings Asset Rationalisation Programme. Examples of

building rationalisation were outlined to Members, including the closures of Hawtin Park Council Offices and Enterprise House.

Further discussion took place in relation to the financial implications associated with relocation and the proposed modifications to other Council buildings in order to accommodate the relocated staff. Reference was made to Ty Dyffryn and Members commented on the feasibility of accommodating both relocated staff and the proposed new Waste Transfer Station facilities within the same site. Local Ward Members also reiterated concerns previously raised that the closure of Pontllanfraith House would have a negative impact on the local community.

An amendment was moved and seconded, in that the proposal to close Pontllanfraith House be opposed, subject to further information being provided on the full financial implications of the proposed closure. By a show of hands and with the casting vote of the Chair, the motion was declared lost.

It was moved and seconded that the proposals to close Pontllanfraith House be endorsed, subject to further information being provided on the full financial implications of the proposed closure, including additional costs arising from works required at alternative premises to accommodate staff. By a show of hands and a majority vote, the motion was declared carried.

A Member stated that they had voted in favour of the latter motion in error, and the Chair confirmed that if this had resulted in the vote being declared equal, he would have used his casting vote to declare the motion carried.

9. 6-MONTH PROGRESS UPDATE OF IMPROVEMENT OBJECTIVES – CAERPHILLY PASSPORT PROGRAMME UPDATE

Councillor Miss E. Forehead declared a personal interest in this item, in that she has a family member who is employed within the Passport Programme, and left the meeting during consideration of this item.

Gareth Hardacre, Head of Workforce and Organisational Development, presented the report, which provided Members with a six-month update of the Improvement Objectives relating to the Caerphilly Passport Programme. It was noted that the report had been deferred from the Policy and Resources Scrutiny Committee of 11th November 2014.

Good progress continues to be made with the Passport Programme, with 673 young people referred into the scheme to date. Since April 2014, 84 placements have been delivered across the three Programme Tiers, against the annual target of 150 placements. 12 apprenticeship opportunities were created against an annual target of 25, together with 38 employment opportunities against an annual target of 40. To date the amount of positive outcomes arising from the programme (young people going into employment or back into full-time education) stands at 78%. Further detailed information relating to the Improvement Objectives was contained within Appendix 2 of the report.

Members were advised of the recent Passport Celebration Event attended by a number of Cabinet Members and Assembly Members, which demonstrated the positive impact of the programme on the lives of young people. The Programme has recently undergone a number of audits and evaluation, with the Passport Programme Team successfully completing the European Social Fund (ESF) Team Audit run between April and July. The results of this were attached as Appendix 1 to the report. An evaluation of the Programme undertaken by Wavehill Ltd is nearing completion, with feedback to date complimentary, and the completed evaluation anticipated shortly. The Passport Programme was also selected for an ESF National Team Audit and a draft report of the results has been positively received.

With regard to future developments, the ESF grant ends on 31st December 2014. In order to fund the programme until the end of March 2015, additional Flexible Support Fund grant funding of approximately £42,500 has been secured to cover staffing and training costs. The next round of ESF funding is in progress with logic tables being submitted and discussed with the Wales European Funding Office (WEFO). Their view is that all bids coming forward need to be supported by the Regional Learning Skills and Innovation Board. For the Passport Programme to continue, both ESF funding and a further allocation of Jobs Growth Wales placements will need to be secured, and thus it was explained that there is currently uncertainty around future funding for the Passport Programme being secured.

Officers clarified the procedure involved in filling vacant positions within the Authority and the role of the Passport Programme in regards to this, with it explained that there was increased success with Programme participants becoming employed within the private sector. Members praised the work of the Programme, stating that they would wish to see it continue, and queried the feasibility of Cabinet approaching the Welsh Government with a view to securing future funding. It was explained that there were issues in securing future ESF funding due to the difficulty of the Programme in matching the funding criteria. The feasibility of using Council reserves to meet a short-term funding gap was also discussed with Officers.

Unison representatives were asked for their views and Mr Bezzina requested that the Trade Unions be kept informed of developments in relation to the Passport Programme and future funding.

Members were in agreement that the satisfactory progress was being made against the Improvement Objectives relating to the Caerphilly Passport Programme, and noted the contents of the report.

The meeting closed at 7.54 pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 20th January 2015, they were signed by the Chair.

CHAIR

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: REVIEW OF WHQS INVESTMENT STRATEGY AND HRA CAPITAL PROGRAMME 2015/16

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

-
- 1.1 The report was considered by the Caerphilly Homes Task Group on the 11th December 2014.
 - 1.2 The report advised the Task Group on the revised investment strategy and set out the HRA capital programme budget for 2015/16.
 - 1.3 Major slippage during the 2014/15 financial year has necessitated a review of the investment strategy over the remaining five years of the programme. The slippage will cause additional pressure due to the increase in the volume of properties that will need to be completed over a shorter timescale. In order to maintain the principle of separation of internal and external works there are a large number of community area sequence changes, mainly affecting the external work. The HRA capital programme budget allocated the necessary resources based on the Savills cost plan to deliver the programme during 2015/16 to meet the revised WHQS Investment Strategy.
 - 1.4 Having fully considered the report and the recommendation contained therein, the Caerphilly Homes Task Group recommend that the Policy and Resources Scrutiny Committee support the revised investment strategy and the capital programme for 2015/16 that flows from the strategy, prior to consideration by Cabinet.
 - 1.5 Members are invited to consider the report and the above recommendation.

Author: C. Evans, Committee Services Officer, Ext 4210.

Appendices:

Appendix 1 Caerphilly Homes Task Group Report – 11th December 2014.

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CAERPHILLY HOMES TASK GROUP – 11TH DECEMBER 2014

SUBJECT: REVIEW OF WHQS INVESTMENT STRATEGY AND HRA CAPITAL PROGRAMME 2015/16

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To advise on a revised investment strategy and set out the HRA capital programme budget for 2015/16. The report is seeking the views of Members prior to its presentation to Cabinet.
- 1.2 To advise on a revised investment strategy and set out the HRA capital programme budget for 2015/16. The report is seeking the views of Members prior to its consideration at Policy and Resources Scrutiny Committee and thereafter, Cabinet.

2. SUMMARY

- 2.1 Major slippage during the 2014/15 financial year has necessitated a review of the investment strategy over the remaining five years of the programme. The slippage will cause additional pressure due to the increase in the volume of properties that will need to be completed over a shorter timescale. In order to maintain the principle of separation of internal and external works there are a large number of community area sequence changes, mainly affecting the external works. The HRA capital programme budget allocates the necessary resources based on the Savills cost plan to deliver the programme during 2015/16 to meet the revised WHQS Investment Strategy.

3. LINKS TO STRATEGY

- 3.1 The Welsh Housing Quality Standard is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards.
- 3.2 The Single Integrated Plan 2013 -2017 has a priority to “Improve standards of housing and communities, giving appropriate access to services across the County Borough.”
- 3.3 The Council’s Local Housing Strategy “People, Property, and Places” has the following aim:-
 “To provide good quality, well managed houses in communities where people want to live, and offer people housing choices which meet their needs and aspirations.”
- 3.4 The HRA Capital Programme is aligned to the delivery of the Welsh Housing Quality Standard (WHQS) and links to the WHQS Investment Strategy and Business Plan.

4. THE REPORT

4.1 Programme Review

In September 2012 an investment strategy was approved by the Caerphilly Homes Task Group / Cabinet Sub Committee which outlined how the WHQS Programme would be implemented on a community based approach over the period to 2019/20. The work is split between the in house work force and contractors and there are separate sequences for internal and external works.

- 4.2 During 2014/15 the programme has faced major slippage arising from delays in the commencement of the internal works contracts, the decision to retender the external works contracts in the Upper Rhymney Valley, the curtailment of the small lots programme in the Eastern Valleys to a more manageable number of contracts; and surveying issues that have slowed the external works in the Lower Rhymney Valley.
- 4.3 The report which outlined the HRA capital programme for 2014/15 submitted to the CHTG in October 2013 envisaged that either internal or external works would be completed to 3,713 properties. Due to the factors outlined above it has been necessary to revise the programme downwards for the current financial year to 1683. This reflects the number of works packages that will have been committed. However a number of the works packages are expected to run on into the 2015/16 financial year and the out turn position in March 2015 is likely to be between 1200 and 1300 properties completed. The implications of the over run on the 2015/16 programme will be assessed in April 2015.
- 4.4 An acceleration of the programme is now required to incorporate the 14/15 slippage over the remaining five years of the programme.
- 4.5 A revised profile in terms of total numbers of properties is shown in the table below:-

Year	Internal Wks	External Wks	Total
12/13	359	0	359
13/14	790	39	790
14/15	937	834	1683
15/16	2242	2275	4517
16/17	1705	2471	4176
17/18	1629	2488	4117
18/19	1695	2051	3746
19/20	1576	1182	2758
Cornish flats	22	32	32
Totals	10955	11372	22178

(NB Figures do not necessarily add to the totals due to leasehold properties only featuring in external works column and some non-traditional constructed properties only counted once due to internal and external works being undertaken at the same time).

- 4.6 From April 2015 the average rate of completions over the remaining five years of the programme needs to achieve 77 properties a week. The profile shown in the table is deliberately front loaded to retain some flexibility for unforeseen events towards the end of the programme. This will mean that target for 15/16 will be 90 completions a week. This is an extremely challenging target requiring effective planning and organisation, timely and accurate information and appropriate resourcing.
- 4.7 One of the key principles agreed with tenants is that there should be separate sequences of internal and external works across the community areas. To avoid overlaps arising in the review of the programme it has been necessary to make changes to the community running order. There are 40 sequence changes but this mainly impacts on the external works. It is essential to avoid overlaps due to the contract structure as this will prevent conflict between different contractors trying to work on individual properties at the same time.

4.8 The revised investment strategy is shown in Appendix 1 together with all the sequence changes.

4.9 **HRA Capital Programme 2015/16**

The HRA capital programme for 2015/16 flows from the revised WHQS investment strategy. The community areas that will receive either internal or external work in 15/16 are shown in Appendix 1. This also shows whether the works will be undertaken by contractors or the in house team. 4517 properties will be scheduled into the programme. Work packages (i.e. the rate at which blocks of properties will be issued to either the contractors or the in house team) will be determined following the surveys to individual properties. The surveys identify those works necessary to bring the property to WHQS, or conversely confirm where compliance has already been achieved as a result of work carried out in previous years.

4.10 The capital programme makes provision for a number of other items including adaptations undertaken on a response basis; major repairs to void properties prior to re letting; and continuation of the improvement programme to the HRA garages.

4.11 Opportunities for energy efficiency grant funding continue to be pursued but progress with the Energy Company Obligation (ECO) scheme is very slow and the priority is more towards private sector housing. Furthermore future ECO grants are unlikely to provide 100% grant funding in the future. It will be prudent to set aside match funding to pursue any opportunities that do arise.

4.12 Given the scale of the programme variances to budget provision could be large depending on actual circumstances on the ground and a significant contingency sum has been included.

5. **EQUALITIES IMPLICATIONS**

5.1 An EqIA has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and for low level or minor negative impact have been identified, therefore a full EqIA has not been carried out.

5.2 The implementation of the WHQS Programme will ensure compliance where appropriate with current Building Regulations and DDA requirements. The Council's procurement processes include equalities requirements and compliance by third party contractors undertaking WHQS work.

6. **FINANCIAL IMPLICATIONS**

6.1 It is anticipated that as the programme progresses there will be significant variations from the Savills cost plan figures shown in Appendix 1 to reflect circumstances on the ground.

6.2 Appendix 2 summarises the budget estimates for the 2015/16 HRA capital programme which totals £36,219,180. The estimates for the improvement works are based on the Savills cost plan (see Appendix 1) but adjustments have been made in Appendix 2 to reflect new budget estimates associated with more extensive work at Rowan Place, Rhymney, and an increased budget has been made for the small lots in the Eastern Valleys based on experience during 14/15 when tender costs were above the Savills cost plan.

6.3 The target of 90 properties completed each week equates to an expenditure of in excess of £600,000 a week on improvement works.

6.4 In previous years there has been a significant unbudgeted expenditure on emergency heating installations. It has always been possible to absorb this expenditure due to under spends and contingencies within the budget. As the WHQS Programme is progressed the number of emergency heating installations should decline. No separate budget has therefore been

included and as in previous years costs incurred will be absorbed within the overall budget allocation for the year.

7. PERSONNEL IMPLICATIONS

- 7.1 The need to accelerate the programme to accommodate the slippage in 14/15 will increase the pressure on the WHQS Team. The current area based project team approach has given rise to inconsistencies in service standards. The project teams are being reconfigured around the contract arrangements to ensure a consistent approach across the County Borough and to make the accountabilities of the managers clearer. The senior management has been strengthened to help drive performance. Staff resources in critical areas are under review to ensure there is the capacity to cope with the volume of work that has to be delivered within a finite timescale.

8. CONSULTATIONS

- 8.1 Comments received have been incorporated into the report.

9. RECOMMENDATIONS

- 9.1 The CHTG recommend to Policy and Resources Scrutiny Committee and Cabinet the revised investment strategy and the capital programme for 2015/16 that flows from the strategy to be approved.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To appraise the Task Group of changes to the investment strategy and the implications for the HRA capital programme in 2015/16

11. STATUTORY POWER

- 11.1 Housing Acts 1985, 1996, 2004. This is a Cabinet function.

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Consultees: Cllr Gerald Jones, Deputy Leader and Cabinet Member for Housing
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services
Chris Burns, Interim Chief Executive
Nicole Scammell, Acting Director of Corporate Services & S151 Officer
Shaun Couzens, Chief Housing Officer
Marcus Lloyd, Deputy Head of Programmes (WHQS)
Steve Greedy, WHQS Implementation Project Manager
Colin Roden, WHQS Implementation Project Manager
Alan Edmunds, WHQS Implementation Project Manager
Jane Roberts Waite, Strategic Co-ordination Manager – WHQS Programme
Lesley Allen, Principal Accountant
Rhys Lewis, Systems and Performance Manager
Liz Lucas, Head of Procurement
Gail Williams, Interim Head of Legal Services and Monitoring Officer

Appendices:

Appendix 1 Revised Investment Strategy

Appendix 2 Capital Programme 2015/16

Revised Investment Strategy

WHQS Programme - Year 1 (2013/14)				
Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
PANTSIDE LOWER		1,585,950		
PANTSIDE UPPER		389,200		
SPRINGFIELD	19,250		70,000	
TRINANT		165,550		485,050
Eastern Valleys Total	19,250	2,140,700	70,000	485,050
Lower Rhymney Valley				
BEDWAS	265,550		759,150	
PWLLYPANT		372,900		
SENGHENYDD		1,051,100		
THOMASVILLE	9,700	290,550	39,100	
TRECENYDD		290,800		
TY NANT		289,150		
Lower Rhymney Valley Total	275,250	2,294,500	798,250	0
Upper Rhymney Valley				
DERI		164,350		
RHYMNEY NORTH		1,804,700		
RHYMNEY SOUTH		57,700		
Upper Rhymney Valley Total	0	2,026,750	0	0
Annual Total	294,500	6,461,950	868,250	485,050

WHQS Programme - Year 2 (2014/15)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
ARGOED			154,625	
HIGH MEADOW		290,600		
LLANFACH		182,300		
MARKHAM-HOLLYBUSH			942,825	
OAKDALE			468,410	
PANTSIDE LOWER		305,900		
PANTSIDE UPPER		266,350		
TRELYN UPPER	831,750			
Eastern Valleys Total	831,750	1,045,150	1,565,860	0
Lower Rhymney Valley				
ABERTRIDWR				386,570
BEDWAS			116,550	754,550
BRYNCENYDD		281,800		
HEOL TRECATELL				92,000
LANSBURY PARK	799,200			
NANTDDU				39,400
SENGHENYDD		17,950		
TRECENYDD		1,335,650		
TY ISAF		64,050		
Lower Rhymney Valley Total	799,200	1,699,450	116,550	1,272,520
Upper Rhymney Valley				
DERI		36,350		
HENGOED	134,950	796,150	652,250	
RHYMNEY NORTH		1,090,950	31,900	
RHYMNEY SOUTH	1,084,800	27,550		
YSTRAD MYNACH		357,250		
Upper Rhymney Valley Total	1,219,750	2,308,250	684,150	0
Annual Total	2,850,700	5,052,850	2,366,560	1,272,520

WHQS Programme - Year 3 (2015/16)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
ABERCARN			247,450	
ARGOED	280,950			
BRITANNIA	711,850			
CEFN FFOREST	3,275,150			
CROESPENMAEN			309,400	
FAIRVIEW	312,100			
FLEUR-DE-LYS	410,800			
GELLIGROES			515,900	
HIGH MEADOW			8,950	
MARKHAM-HOLLYBUSH	1,145,450			
MORRISVILLE		80,100		
OAKDALE	700,200			
PENGAM	254,000			
PENLLWYN UPPER			354,646	
PENTWYNMAWR			247,700	
PERSONDY		217,700		
SPRINGFIELD			312,023	
TWYN GARDENS	399,600			
TY-SIGN UPPER		493,500		
WATTSVILLE		363,800		
WEST END		102,000		
YNYSDDU-CWMFELINFACH			251,465	
Eastern Valleys Total	7,490,100	1,257,100	2,247,534	0
Lower Rhymney Valley				
BRYNCENYDD				59,360
GRAIG Y RHACCA		833,150		
LANSBURY PARK	3,330,100			
MACHEN				135,080
PENYRHEOL LOWER				325,850
PENYRHEOL UPPER				1,332,650
PWLLYPANT				42,670
RUDRY				49,130
THOMASVILLE				77,375
TRAPWELL				48,160
TRETHOMAS		1,201,500		
TY ISAF				4,900
TY NANT				10,450
Lower Rhymney Valley Total	3,330,100	2,034,650	0	2,085,625

Upper Rhymney Valley				
BRITHDIR			17,200	
CASCADE		177,850		
CEFN HENGOED		1,017,400		
GELLIGAER			4,021,830	
NELSON		703,950		
NEW TREDEGAR			280,070	
PHILLIPSTOWN			419,290	
PONTLOTTYN	1,999,850			
TIRPHIL			99,815	
TIRYBERTH		334,350		
Upper Rhymney Valley Total	1,999,850	2,233,550	4,838,205	0
Annual Total	12,820,050	5,525,300	7,085,739	2,085,625

WHQS Programme - Year 4 (2016/17)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
GELLIGROES	578,350			
LLANFACH			4,000	
MORRISVILLE			59,100	
PENLLWYN LOWER	677,750			
PENTWYNMAWR	523,650			
PERSONDY			4,850	
PONTYMISTER			392,905	
PONTYWAUN			923,260	
RISCA			479,185	
SPRINGFIELD	2,144,150			
TRINANT			122,900	
TY-SIGN LOWER			1,134,370	
TY-SIGN UPPER		1,450,200		
WATTSVILLE			146,900	
WEST END			104,650	
Eastern Valleys Total	3,923,900	1,450,200	3,372,120	0
Lower Rhymney Valley				
ABERTRIDWR	1,377,350			
CHURCHILL PARK				387,070
CLAUDE ROAD				634,570
GRAIG Y RHACCA		1,947,650		
LLANBRADACH	782,100			
SENGHENYDD				128,080
TRECENYDD				301,730
WAUNFACH				18,020
Lower Rhymney Valley Total	2,159,450	1,947,650	0	1,469,470
Upper Rhymney Valley				
ABERBARGOED LOWER	462,600			
ABERBARGOED MIDDLE			114,040	
ABERTYSSWG			813,860	
BARGOED			290,900	
BRITHDIR	77,400			
DERI	51,200		97,050	
FOCHRIW			1,810,735	
GELLIGAER		1,288,300		
GILFACH LOWER			191,860	
GILFACH PHASE 2	1,400,650			
MAES MABON		1,000,700		
PONTLOTTYN			2,249,370	
TIRPHIL	330,750			
Upper Rhymney Valley Total	2,322,600	2,289,000	5,567,815	0
Annual Total	8,405,950	5,686,850	8,939,935	1,469,470

WHQS Programme - Year 5 (2017/18)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
ABERCARN	359,950			
BLACKWOOD			107,100	
BRITANNIA			285,050	
CROESPENMAEN	621,450			
CROSSKEYS			954,610	
CWMCARN			279,860	
FAIRVIEW			96,150	
FLEUR-DE-LYS			139,550	
NEWBRIDGE	859,850			
PANTSIDE LOWER			346,350	
PANTSIDE UPPER			31,050	
PENGAM			40,250	
PENLLWYN UPPER		1,409,350		
TRELYN UPPER			378,100	
TREOWEN	108,500			
TRINANT	2,135,750			
Eastern Valleys Total	4,085,500	1,409,350	2,658,070	0
Lower Rhymney Valley				
CAERBRAGDY		222,400		
CHURCHILL PARK	1,604,050			
HEOL TRECASTELL	564,450			
LANSBURY PARK				7,698,615
LLANBRADACH				27,890
MACHEN		510,650		
PORSET PARK		1,283,200		
Lower Rhymney Valley Total	2,168,500	2,016,250	0	7,726,505
Upper Rhymney Valley				
ABERBARGOED LOWER			44,015	
ABERBARGOED UPPER	2,041,500			
ABERTYSSWG		549,800		
DERI			55,650	
GELLIGAER		1,712,350		
GILFACH PHASE 1 GIL1			1,045,300	
GILFACH PHASE 3			2,262,640	
HENGOED			427,986	
MAESYCWMMER			472,080	
RHYMNEY NORTH			1,861,040	
Upper Rhymney Valley Total	2,041,500	2,262,150	6,168,711	0
Annual Total	8,295,500	5,687,750	8,826,781	7,726,505

WHQS Programme - Year 6 (2018/19)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
BLACKWOOD		1,076,300	373,708	
CEFN FFOREST			1,268,410	
CROSSKEYS	1,352,050			
CWMCARN	1,000,500			
PENLLWYN LOWER			71,000	
PENLLWYN UPPER		596,250		
RISCA	1,433,150			
TWYN GARDENS			132,850	
TY-SIGN UPPER			4,686,335	
YNYSDDU-CWMFELINFACH	432,900			
Eastern Valleys Total	4,218,600	1,672,550	6,532,303	0
Lower Rhymney Valley				
BEDWAS	1,571,750			
CAERBRAGDY				50,000
PENYRHEOL LOWER		1,332,250		
PENYRHEOL UPPER		465,600		
PORSET PARK				685,140
TRETHOMAS				540,175
Lower Rhymney Valley Total	1,571,750	1,797,850	0	1,275,315
Upper Rhymney Valley				
ABERBARGOED MIDDLE	765,950			
ABERBARGOED UPPER			215,515	
BARGOED		1,484,650		
CASCADE			18,240	
CEFN HENGOED			234,345	
FOCHRIW		1,081,550		
GILFACH PHASE 1 GIL1	741,000			
GILFACH PHASE 2			832,630	
GILFACH PHASE 3	1,281,200			
PENPEDAIRHEOL			17,800	
PENYBRYN			250	
TIRYBERTH			12,350	
YSTRAD MYNACH			146,970	
Upper Rhymney Valley Total	2,788,150	2,566,200	1,478,100	0
Annual Total	8,578,500	6,036,600	8,010,403	1,275,315

WHQS Programme - Year 7 (2019/20)

Community	Internal Components		External Components	
	CON £	DLO £	CON £	DLO £
Eastern Valleys				
BLACKWOOD		1,348,350		
NEWBRIDGE			205,185	
PONTYMISTER	1,586,100			
PONTYWAUN	781,300			
TREOWEN			6,490	
TY-SIGN LOWER	1,527,750			
Eastern Valleys Total	3,895,150	1,348,350	211,675	0
Lower Rhymney Valley				
BEDWAS	431,200			
CLAUDE ROAD	670,900			
GRAIG Y RHACCA				406,660
NANTDDU	523,950			
PENYRHEOL UPPER		1,989,450		
RUDRY	163,700			
TRAPWELL	112,100			
WAUNFACH	170,500			
Lower Rhymney Valley Total	2,072,350	1,989,450	0	406,660
Upper Rhymney Valley				
GILFACH LOWER	1,056,050			
MAES MABON			20,625	
MAESYCWMMER	1,088,100			
NELSON			7,250	
NEW TREDEGAR		1,128,300		
PENPEDAIRHEOL	79,700			
PENYBRYN	41,850			
PHILLIPSTOWN		1,158,550		
RHYMNEY SOUTH			1,792,700	
Upper Rhymney Valley Total	2,265,700	2,286,850	1,820,575	0
Annual Total	8,233,200	5,624,650	2,032,250	406,660

Area/Community	Change to original programme	Properties
Eastern Valleys		555
BLACKWOOD	External works move - year 2 to year 5 and year 6	310
MORRISVILLE	External works move - year 2 to 4	12
NEWBRIDGE	External works move - year 2 to 7	87
PERSONDY	External works move - year 2 to 4	30
TREOWEN	External works move - year 2 to 7	11
WATTSVILLE	External works move - year 2 to 4	51
WESTEND	External works move - year 2 to 4	12
YNSYDDU-CWMFELINFACH	External works move - year 2 to 3	42
Lower Rhymney Valley		149
BEDWAS	Non Trads external curtilage works were not done in year 1 moved to Bedwas external works contract for year 2	3
MACHEN	External works move - year 2 to 3	72
RUDRY	External works move - year 2 to 3	20
TRAPWELL	External works move - year 2 to 3	13
TRECENYDD	Internal works pulled forward from year 2 to 1	41
Upper Rhymney Valley		3701
ABERBARGOED LOWER	External works move - year 3 to 5	49
ABERBARGOED MIDDLE	External works move - year 3 to 4	91
ABERBARGOED UPPER	External works move - year 4 to 6	223
ABERTYSSWG	External works move - year 3 to 4	84
BARGOED	External works move - year 3 to 4	159
BRITHDIR	External works move - year 2 to 3	8
CASCADE	External works move - year 5 to 6	18
CEFN HENGOED	External works move - year 5 to 6	167
DERI	External works move - year 3 to year 4 (25 properties) and year 5 (5 properties)	30
FOCHRIW	External works move - year 3 to 4	158
GELLIGAER	External works move - year 2 to 3	374
GILFACH LOWER	External works move - year 3 to 4	108
GILFACH PHASE 2	External works move - year 5 to 6	175
HENGOED	Non Trads (x16) internal/external works moved from year 1 - 2 as contract delayed. External works move - year 4 to 5 (91 properties)	107
MAES MABON	External works move - year 6 to 7	148
MAESYCWMMER	External works move - year 4 to 5	113
NELSON	External works move - year 6 to 7	81
NEW TREDEGAR	External works move - year 2 to 3	144
PENPEDAIRHEOL	External works move - year 5 to 6	8
PENYBRYN	External works move - year 5 to 6	4
PHILLIPSTOWN	External works move - year 2 to 3	160
PONTLOTTYN	External works move - year 2 to 4	263
RHYMNEY NORTH	Rowan Place (x72) internal works moved from year 1 to 2 and Rowan Place external works from year 4 to 2. External works move - year 4 to 5 (363 properties)	435
RHYMNEY SOUTH	External works move - year 6 to 7 (453 properties). Internal works moved from year 0 to 1 (6 properties)	459
TIRPHIL	External works move - year 2 to 3	39
TIRYBERTH	External works move - year 5 to 6	44
YSTRAD MYNACH	External works move - year 5 to 6	52
Grand Total		4405

CAPITAL PROGRAMME 2015/16

Programme Renewals

<u>In House Work Force</u>	£
<i>Internal Works</i>	
Eastern Valleys	1,257,100
Lower Rhymney Valley	2,034,650
Upper Rhymney Valley	2,233,550
<i>External Works</i>	
Lower Rhymney Valley	2,085,625
Rowan Place (URV)	1,600,000
<u>Contractors</u>	
<i>Internal Works</i>	
Eastern Valleys	7,490,100
Lower Rhymney Valley	3,330,100
Upper Rhymney Valley	1,999,850
<i>External Works</i>	
Eastern Valleys	3,500,000
Upper Rhymney Valley	4,838,205
Sub total	30,369,180
Other	
Adaptations (outside WHQS)	1,000,000
Voids (outside WHQS)	500,000
HRA Garages	500,000
Energy Schemes (match funding)	1,000,000
Community Improvement Fund	50,000
Fees and consultancy	1,800,000
Contingency	1,000,000
Total	36,219,180



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

**SUBJECT: UPDATE REPORT ON THE DEVELOPMENT OF A MODEL FOR
INCREASING AFFORDABLE HOUSING PROVISION**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 Following Member approval on 22nd January 2014 to progress with the model, this report provides details of the proposed site(s), indicative numbers of houses to be provided, expected returns and a description of success measures. A Cabinet decision is required to progress with the model on the sites identified in the report in an effort to increase housing supply within the County Borough and consequently the views of Policy and Resources Scrutiny Committee are first being sought.

2. SUMMARY

- 2.1 This report outlines the sites that are being considered for the model, together with specific information relating to the mechanics of the model and in addition, the performance measures that will be adopted for this model. If formally adopted, the model will deliver a wide range of housing in partnership with United Welsh Housing Association and the Seren Group whilst at the same time delivering a revenue income for the local authority.

3. LINKS TO STRATEGY

- 3.1 The contents of this report link to the following key strategic objectives -

“Ensure an adequate and appropriate range of housing sites are available across the County Borough in the most suitable locations to meet the housing requirements of all sections of the population” (Objective 9 of the Local Development Plan)

“To meet housing requirements through the provision of a range of good quality, affordable housing options.” (Aim 5: Affordable Housing – CCBC Local Housing Strategy 2008 - 2013)

“To promote sustainable and mixed communities that are located in safe and attractive environments.” (Aim 11: Community Regeneration - CCBC Local Housing Strategy 2008 - 2013)

4. THE REPORT

- 4.1 On 22nd January 2014, Members approved the principle of entering into a Building Agreement (and subsequent sale or lease) for increasing the provision of affordable housing within the County Borough, in partnership with United Welsh Housing Association and the Seren Group. In addition, final approval of the detailed terms was delegated to the Head of Performance and Property Services, in consultation with Head of Corporate Finance.

- 4.2 Following the approval to progress with the model, Officers have held several meetings with partners to explore the model in greater detail.

Pilot Sites

- 4.3 There are currently two sites that are being considered for the model, both within areas of housing pressure:

1. Watford Road, Caerphilly
2. Windsor Colliery, Abertridwr

Site 1 - Watford Road (Plan A attached)

The Council has worked in partnership with United Welsh Housing Association to secure and redevelop the former Caerphilly Miners Hospital site. This site adjoins the Watford Road site and is nearing completion. The development of Caerphilly Miners' has facilitated the collation of robust market intelligence which will inform the first phase of the pilot. This will essentially allow the partnership to evaluate the current scheme and utilise the data to test and refine the model for the development at Watford Road and for future projects.

The views of ward members have been sought on the inclusion of this site and their view is that all residents in the area, and local ward members, wish for this to become a community garden/allotment. They comment that, within the St Martins Ward, there are no areas west of Cardiff Road designated for community use, that this is the most densely populated part of the ward yet there is only a small children's play area, no allotments and no land available for community use. They state that, given the authority's sustainable living strategy and drive to encourage residents to lead more active lives, the development of the field goes against these objectives. They believe this area has been used for decades as a play area for many of the local children and numerous walkers use the footpaths there every day. In the winter, when it snows, it's the only safe area for children to use as a toboggan run.

They ask that, if the recommendation is approved, a 'buffer zone' is left between the new homes and the properties in Y Dolydd and Heol y Cwm that back onto the field. This would allow the area to be made into a community garden/allotment. It would serve to comply with the authority's objectives for sustainability and promoting health as well allowing the field to remain in community use.

Cabinet is advised that the site in question is allocated for housing in the Adopted LDP as part of HG1.67, and there is a need for additional affordable homes to be located in the Caerphilly Basin which is an area of acute housing need. As part of the LDP process, the site was consulted on and was examined by an independent Planning Inspector.

The Head of Regeneration and Planning is aware that there is a shortfall of provisions in this area, and anticipates seeking to address this matter as far as practically possible through the LDP review.

The concerns expressed, with regard to the design and layout of the proposed development, are not considered to be an issue in terms of the disposal and should properly be addressed at Planning Application stage

Site 2 - Windsor Colliery (Plan B attached)

Windsor Colliery is also a site allocated for residential development in the Adopted LDP and is of such a size that it requires a phased approach. There has been little commercial interest from volume house builders at this location, and there is none currently. The scale of the development is such that it will allow the partnership to refine the model to assist with the delivery of the key outcomes identified within paragraph 4.12 below. It is considered that the development of this site should bring forward wider economic and regeneration benefits for this part of the County Borough.

The views of ward members have been sought on the inclusion of this site and their collective view is reflected in the questions raised by the Aber Valley Partnership:

1. Issues around local amenities i.e drains and roads being able to cope (due to there being only one main road into village)
2. Should there be a separate road access?
3. Will schools be able to cope with influx of pupils?
4. Is the land safe to build on?
5. Will there be further consultation with the wider community?
6. Should issues of derelict buildings be remedied first before more are built?

With the exception of Q6, the concerns expressed are not considered to be an issue in terms of the disposal and should properly be addressed at Planning Application stage. The desire to bring derelict buildings back into beneficial occupation, whilst both desirable and laudable, will not address the scale of affordable housing pressure.

Clawback: development at the Windsor Colliery site will generate a requirement to pay clawback in respect of grant funding for the land reclamation; there is an outstanding balance of around £300k and preliminary discussions have been held with Welsh Government (WG) on recycling that clawback within the project. WG is, in-principle, supportive of such an application.

- 4.4 Subject to detailed planning applications being submitted for the above sites, it is anticipated that they will together deliver approximately 250 units. It is important to note that the sites will deliver mixed tenure, sustainable communities. The units will consist of market sales, low cost home ownership, social rented housing, and intermediate rented housing.
- 4.5 In terms of allocations for the social rented accommodation, the Council currently has a Nomination Agreement in place with its partner Housing Associations that stipulates that those partners will provide 75% nominations to the Council on first let and 50% on subsequent relets.
- 4.6 However, the Council and its partners will soon be implementing the Common Housing Register [CHR], and the proposed sites are likely to be delivered when the CHR is operational; consequently, there will no requirement for a nomination agreement on individual sites. All future allocations under the CHR will be carried out through a single list that will be maintained by the Council.

Success Measures

- 4.7 With regards to performance indicators, Officers have considered a number of performance measures that will be used to analyse the success of the model. These include -
 - 1) Completion of the Value Wales Toolkit. Use of the tool is now part of the Community Benefits contract requirements for all Housing Association development schemes. It is also a Welsh Government requirement. Each scheme will require the completion of the Community Benefits Measurement Tool (CBMT) as provided by the Welsh Government; the CBMT measures the social, economic and environmental impact of the project.
 - 2) The level of additional affordable Housing delivered on site over and above the current LDP requirements. The Supplementary Planning Guidance on Affordable housing (Appendix 3) will provide the baseline percentages for the affordable housing to be delivered on the pilot sites.
 - 3) The number of new permanent jobs created.
 - 4) The number of apprenticeships created. A target has been set for a minimum of 2 apprenticeships per £1m of investment.
 - 5) Ensure that units are built to accommodate those residents impacted by Welfare Reform.
 - 6) Secure additional funding from Welsh Government for the delivery of the model.

Expected Returns

- 4.8 It is important to recognise that, by investing its own sites into such a scheme for residential development (although it will be at current market value) the Council might ultimately achieve a lower level of receipt than might be available in the future as market conditions improve, because the “receipt” will be a mix of capital now, revenue and future capital.
- 4.9 The lease will be for a term of 125 years and although it is the intention to rent the properties in the long term we will include a 5-year cyclical break option to allow the parties to consider the option to sell the properties and realise the capital value of the land and building asset in the future.
- 4.10 Attached, at Appendix 4 is the summary result of the expected out-turns for Site 1 (Watford Road, Caerphilly).

A comparable summary result for a planned first phase of Site 2 (Windsor Colliery, Abertridwr) will be circulated to members for information in due course but it is anticipated that it will follow a similar pattern

- 4.11 CCBC's target rate of return for this financial year (to 31st March 2015) is 5.59%. This is derived from the average debt pool rate as at 31st March 2014. The pilot will be run with the expectation, initially, that this rate of return will be achieved, as a minimum.
- 4.12 The out-turns have been grouped into six key areas:
- KO1 FINANCIAL RETURNS
that covers the estimated capital receipt, projected year 1 income and Return on Investment.
 - KO2 TRAINING AND EMPLOYMENT
that looks at targeted recruitment and training.
 - KO3 COMMUNITY BENEFIT MEASUREMENT
that covers the estimated value of investment in the local community
 - KO4 ADDITIONAL AFFORDABLE HOUSING
that looks at the number of affordable units delivered on site compared with the LDP requirement
 - KO5 SOCIAL HOUSING GRANT (SHG)
that covers the estimated additional SHG received into Caerphilly
 - KO6 WELFARE REFORM
that looks at the number of units (1 or 2 bedroom) available for residents to downsize.

- 4.13 It is important to recognise that these are projected out-turns, based on assumptions made within the development appraisal. Officers consider that prudent assumptions have been made and that it is reasonable to expect these out-turns; however, the model will be tested at appropriate points within the pilot and management reports will be issued to the Acting Director of Corporate Services & S151 Officer. It is not proposed that these management reports will form the basis of further cabinet reports, unless undue variance is experienced within the pilot.

A further report will be presented on the actual results of the pilot exercise.

- 4.14 It should be noted that, through the IMR revenue [Appendix 4, KO1(iii)], the Council will receive a revenue stream that can be reinvested into more demanding sites, thereby contributing towards the regeneration of areas where private sector housing development has reduced (or is non-existent) due to current market conditions.
- 4.15 Subject to the evaluation of the pilot schemes, there is the opportunity to consider the model for other sites within the County Borough.

5. EQUALITIES IMPLICATIONS

- 5.1 An EqlA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and for low level or minor negative impact have been identified, therefore a full EqlA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 A development at the Windsor Colliery site will generate a requirement to pay the outstanding balance of around £300k clawback in respect of grant funding for the land reclamation (see paragraph 4.3 above); whilst WG officials are, in-principle, supportive of an application to recycle that clawback within the project it will require a ministerial decision.
- 6.2 As noted above, in paragraph 4.8, by investing its own sites into such a scheme the Council might ultimately achieve a lower level of receipt than might be available in the future as market conditions improve, because the "receipt" will be a mix of capital now, revenue and future capital.
- 6.3 It is important to consider the wider economic benefit of stimulating the housing market and balance this against any potential for an increased capital receipt; in this context there is no conflict with the requirements of s123 (of the Local Government Act 1972) not to dispose of land for a consideration less than the best that can reasonably be obtained.
- 6.4 Again, as noted above in paragraph 4.9, there will be a 5-year cyclical break option to allow the parties to consider the option of realising the capital value of the asset with a view to
- 1) Reinvesting that capital into more demanding sites, thereby contributing towards the regeneration of areas where private sector housing development has reduced due to current market conditions, or
 - 2) Supporting alternative investment decisions.
- 6.5 Finally, as noted above in paragraph 4.14, the Council will receive a revenue stream that can be
- 1) Reinvested into more demanding sites, thereby contributing towards the regeneration of areas where private sector housing development has reduced due to current market conditions, or
 - 2) Used to support alternative investment decisions.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications.

8. CONSULTATIONS

- 8.1 There are no views expressed that have not been incorporated into the report.

9. RECOMMENDATIONS

- 9.1 That Policy and Resources Scrutiny Committee considers this report and recommends to Cabinet that it approve the development of the leased model on the following sites:
- 1) Watford Road, Caerphilly
 - 2) Windsor Colliery, Abertridwr

- 9.2 That a further report be submitted to Policy and Resources Scrutiny Committee on the actual results of the pilot exercise.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 Through the reduction in general house building rates in the County Borough and reductions in Welsh Government funding for affordable housing, the Council has been required to look at alternative models to continue to meet the housing needs within our communities. Whilst the primary aim of the model is to deliver affordable housing for the residents of the county borough, the development of such schemes will provide wider economic benefits through the delivery of jobs and training opportunities for local people.
- 10.2 To ensure we carry out our services effectively and to ensure value for money in the service provision.

11. STATUTORY POWER

- 11.1 Local Government Act 1972, and “Local Government Act 1972: General Disposal Consent (Wales) 2003”. This is a Cabinet Function.

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Consultees:	Chris Burns	Interim Chief Executive
	Nicole Scammell	Acting Director of Corporate Services
	Shaun Couzens	Chief Housing Officer
	Pauline Elliott	Head of Regeneration and Planning
	Gail Williams	Head of Legal and Democratic Services
	John Rogers	Principal Solicitor
	Lesley Allen	Principal Accountant
	Rhian Kyte	Team Leader Strategic & Development Planning
	Clive Campbell	Transportation Engineering Manager
	Cllr Gerald Jones	Deputy Leader and Cabinet Member for Housing
	Cllr David Hardacre	Cabinet Member for Performance and Asset Management
	Cllr Colin Elsbury	Ward member
	Cllr James Fussell	Ward member
	Cllr Stephen Kent	Ward member
	Cllr Lyndon Binding	Ward member & Aber Valley Partnership
	Cllr John Roberts	Ward member
	Cllr John Taylor	Ward member
	Ken Williams	Clerk to Caerphilly Town Council
	Richard Mann	Director of Development – United Welsh HA
	Neil Barber	Director of Development - Seren Group

Background Papers:

Consultant Report – Peter Thomas (Consulting) Limited

Appendices:

Appendix 1	Options Appraisal
Appendix 2	Basis of value
Appendix 3	Local Housing Market Assessment Update 2012
Appendix 4	Summary Results of Expected Out-Turns
Appendix 5	Plan A – Watford Road, Caerphilly
Appendix 6	Plan B – Windsor Colliery, Abertridwr

Appendix 1: Options Appraisal

1. Option 1: Review the local development plan

- 1.1. It is a statutory requirement that the Council submits an AMR to the Welsh Government, which considers if the LDP is being implemented appropriately.
- 1.2. The LDP Regulations require the AMR to set out information in respect of housing delivery in the County Borough since the adoption of the plan. In particular the Regulations require that the AMR includes:
 - *The housing land supply taken from the current Housing Land Availability Study; and*
 - *The number (if any) of net affordable and general market dwellings built in the LPA's area.*
- 1.3. The 2013 AMR was considered by Council on 8th October 2013 and the decision was taken to commence work on the first review of the LDP.
- 1.4. Officers consider it unlikely that, in isolation, this review will be able to drive an increase in the construction of affordable housing

2. Option 2 Expediting planning applications

- 2.1. It is in the Council's interest as the local planning authority to progress Section 106 agreements expeditiously in order that such sites can be included within the JHLAS land supply as sites with a valid planning permission. It is recognised that some developers are reluctant to make progress with S.106 agreements in order to delay the issuing of a planning permission until economic conditions improve. However, as the local planning authority the Council should be proactive in progressing agreements including entering into re-negotiations where appropriate and indicating to developers that applications will be refused unless progress is made by a specified date. Where planning policies have become more stringent since the resolution to grant planning permission was given, it will be within developers' interests to progress with an existing application rather than face a refusal for not entering into a S.106 agreement and then submitting a new application.
- 2.2. It should also be noted that the introduction of the Community Infrastructure Levy (CIL), is expected in April 2014. Members will be aware that the UK Government decided not to include affordable housing within the CIL remit. The CIL is set at a level that is policy compliant and assumes the delivery of affordable housing at the rates specified in the LDP. Whilst this is the case, CIL will undoubtedly constrain the current flexibility with regards to affordable housing negotiation.

3. Option 3 Release land in Council ownership to facilitate housing development

- 3.1. Local Authorities, as landowners, have the opportunity to bring forward their own sites for residential development. The granting of outline planning applications for residential development on Council owned land will mean that sites can be included within the JHLAS schedule and, provided these sites are then sold to developers, sites can be included within the 5 year land supply.
- 3.2. Members will be aware that there are a number of allocated housing sites within Council ownership and within the LDP available for development (although it must be noted that not all of these sites are available for immediate release to the market). Officers are already in discussion with zoned partners to try and bring forward sites HG1.37 (Greenhill Primary School, Gelligaer) and HG1.70 (Cwm Ifor Primary School, Caerphilly) to provide affordable housing; it should be pointed out in this context that the partnerships with Seren and United Welsh will, by the end of this financial year, have made a total investment into Caerphilly of around £80m, delivering over 1,000 new homes since 2007. In terms of affordable housing provision, the former Ministers for Social Justice and Regeneration and Environment, Planning and Countryside launched a package of measures in 2006 aimed at improving the supply of affordable housing in response to affordability difficulties, including the *Affordable Housing Toolkit*. Amongst other things, these measures encouraged local authorities to make creative use of their landholdings

to help provide affordable housing, including sales at less than market value, using the General Consents issued by the Welsh Government.

- 3.3. It is important to recognise that, in bringing forward its own sites for residential development, although it will be selling at current market value, the Council may achieve a higher value if it retains the land to be sold in the future as housing market conditions improve. However, it is important to consider the economic benefit of stimulating the housing market and balance this against any potential for an increased capital receipt in future years; in this context there is no conflict with the requirements of s123 (of the Local Government Act 1972) not to dispose of land for a consideration less than the best that can reasonably be obtained.

4. Option 4 Other Mechanisms

- 4.1. Initial discussions between the Council and its partners suggested that a **Special Purpose Vehicle** (SPV) was an option on the basis of the Council retaining a controlling interest in the model. However, during the development of the model it has become clearer that the same level of control can be exercised through a lease without having to go through the complications and expense of setting up an SPV. In addition, Welsh Government [WG] has indicated that it is prepared to financially support the development of the partnership, which would be tasked with increasing housing supply in the Authority whilst generating greater economic activity and creating local jobs
- 4.2. Thus, in order to both increase housing supply in the authority whilst influencing both financial and social value and, subsequently, directly facilitate the development of additional affordable homes within the county borough, the Council could engage with one or more partners to enter into a **Building Agreement (and subsequent sale or lease)** for the delivery of new homes in the short to medium term. Such a model might have the following characteristics:
 1. CCBC initially enters into an Agreement [the “Building Agreement”, or BA] to lease or sell the land to the Nominated Partner [NP] or Partners, deferring any initial capital receipt for the land.

It is important to note that such agreement is predicated upon CCBC ultimately achieving “Fair Value” (broadly consistent with “Market Value”) for any subsequent sale or lease land based on the market rate at the time, therefore addressing any potential future increases in market value. As Landlord, CCBC remains a decision maker in the development process, agreeing the number and types of properties developed for sale; low cost home ownership and rent.

In addition, the model allows for a revenue income to be received by the Council on land that is currently dormant.
 2. A Project Group (of which CCBC forms part) works up a housing scheme, which meets the requirements of the Council in terms of private and affordable housing; education; highway; environment and transport policies.
 3. The Group will liaise with WG to secure funding under the innovative social housing grant stream or other grant programme that may be available. This would essentially reduce the private finance requirements for the scheme and mitigate risk to the NP.
 4. The NP will secure the private finance (pension funds etc) for the development and the development margin can either be shared or reinvested into the model to underpin development in areas that would be traditionally economically challenging. The NP will be required through the construction process to strictly adhere to a set of Key Performance Measures that will seek to create local employment and training opportunities in the Borough.
 5. The scheme will be branded in the same way as would a private developer, demonstrating that the housing market in Caerphilly is vibrant and active; the branding will be of high quality, with opportunities for the Council to market its support for the Partnership

6. Properties developed for sale will be marketed using appropriate channels and the proceeds of sale divided according to the relative “inputs” to the development.
7. The model will seek to deliver traditional affordable housing (planning gain) using the same process that is used through wider private sector housing development (sale to an RSL). Low Cost Home Ownership [LCHO] and Market Sales will also be transferred on a traditional freehold basis. Where the Project Group has identified a need for Intermediate Market Rent [IMR] above that of the S106 requirements defined in the LDP the retained land will be leased from the Council with the funding for construction being provided by the NP; [WG] and Recycled Margin from Market Sales. The lease linked to the IMR properties will include a 5-year break clause.
Recognising the impact of Welfare Reform (and the under occupancy rules in particular) the Project Group will also seek to include smaller units of accommodation as part of each scheme.
8. The lease is reviewed every 5 years to decide whether the Council wishes to “realise” (take out) its investment at the then market value.
9. CCBC can, through its stewardship of the scheme, reinvest its margins (i.e. share of the revenue generated by the Partnership) into more demanding sites contributing towards the regeneration of areas where private sector housing has reduced due to current market conditions.

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Appendix 2: Basis of Value (from RICS Red Book)

Basis of value

You must determine the *basis of value* that is appropriate for every valuation to be reported.

Commentary

1. A *basis of value* is a statement of the fundamental measurement *assumptions* of a valuation, and for many common valuation purposes these standards stipulate the *basis* (or *bases*) of *value* that is appropriate.
2. Paragraphs 27–29 of the IVS Framework outline the common *bases of value* and distinguish them from the approach or method of valuation, the type and state of the asset, and *special assumptions*.
3. It will almost always be necessary to couple a *basis of value* with appropriate *assumptions* or *special assumptions* that describe the assumed status or condition of the asset at the *valuation date*. A typical *assumption* might concern occupation, for example, ‘the *market value* subject to a lease’. A typical *special assumption* might be that a property has been altered in some defined way, for example, ‘the *market value* on the *special assumption* that the works had been completed’. The use of *assumptions* and *special assumptions* is described in detail in Appendices 3 and 4.
4. For most valuation purposes it will be appropriate to use one of the bases recognised in the IVS Framework and identified in these standards. RICS does not encourage the use of a basis that is not recognised by these standards. However, if no recognised *basis of value* is suitable for a particular assignment, *you* should clearly define the basis adopted and explain in the report why use of a basis recognised by these standards is considered inappropriate. *You* are cautioned that the use of an unrecognised or bespoke *basis of value* without good reason could result in breach of the requirement that the valuation report should not be ambiguous or misleading (see VS 2.1).
5. The following *bases of value* are recognised in these standards:
 - *market value* (see VS 3.2);
 - *market rent* (see VS 3.3);
 - *worth* (*investment value*) (see VS 3.4); and
 - *fair value* (see VS 3.5).
6. *Market value* is the *basis of value* that is most commonly required. Because it describes an exchange between parties that are unconnected and operating freely in the marketplace, and ignores any price distortions caused by *special value* or *synergistic value*, it represents the price that would most likely be achievable for a property across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.
7. However, *you* may be legitimately instructed to provide valuation advice based on other criteria, and therefore other *bases of value* may be appropriate. A valuer may be required to provide advice on the value of a particular property to a specific client, and may therefore need to account for criteria that are particular to that client, rather than those applicable in the market at large. This will involve the assessment of the *investment value*, or *worth*, of the property to that client. *Fair value* (except in the context of the *International Financial Reporting Standards (IFRS)*) may be used where *You* needs to estimate the price that would be fair in an exchange between two specific parties, without necessarily having to disregard criteria that would not be replicated in the wider market – for example, where *special value* or *synergistic value* would impact that price.
8. It is important to note that these *bases of value* are not necessarily mutually exclusive. The *worth* of a property to a specific party, or the *fair value* of a property in exchange between two specific parties, may match the *market value* even though different assessment criteria are used.
9. Because bases other than *market value* may produce a value that could not be obtained on either an actual sale, or on a sale in the general market, *You* must clearly distinguish the *assumptions* that are different from, or additional to, those that would be appropriate in an estimate of *market value*. Typical examples of such *assumptions* are discussed under the appropriate heading.

Market value

Valuations based on market value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC):

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Commentary

1. In applying *market value*, regard must also be had to the conceptual framework set out in paragraphs 31–35 of the IVS Framework, including the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*.
2. The basis of *market value* is an internationally recognised definition. It represents the figure that would appear in a hypothetical contract of sale at the *valuation date*. You need to ensure that in all cases the basis is set out clearly in both the instructions and the report.
3. *Market value* ignores any existing mortgage, debenture or other charge over the property.
4. Notwithstanding the disregard of *special value* (see definition in paragraphs 44–47 of the IVS Framework) where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of ‘hope value’ is reflected in *market value*. Examples of where the hope of additional value being created or obtained in the future may have an impact on the *market value* include:
 - *the prospect of development where there is no current permission for that development; and*
 - *the prospect of synergistic value (see definition in paragraph 48 of the IVS Framework) arising from merger with another property, or interests within the same property, at a future date.*
5. GN 2, GN 4 and GN 5 contain guidance on the application of *market value* to the specified types of asset.

Fair value

Valuations based on fair value shall adopt one of two definitions:

1. **the definition adopted by the IVSC:**
‘The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties’.
2. **the definition adopted by the International Accounting Standards Board (IASB):**
‘The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date’.

Commentary

1. It is important to recognise that the two definitions of *fair value* are not the same. When adopting the basis of *fair value* it is essential that You establishes the correct definition for the purpose and sets it out in full in the *terms of engagement* and the report.
2. In applying the IVS definition, reference should be made to paragraphs 39–43 of the IVS Framework.
3. The guidance in IFRS 13 includes:

THE FAIR VALUE MEASUREMENT APPROACH

B2 The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

- (a) the particular asset or liability that is the subject of the measurement (consistently with its unit of account)
- (b) for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)
- (c) the principal (or most advantageous) market for the asset or liability
- (d) the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

© IASB, IFRS 13

4. The references in IFRS 13 to market participants and a sale make it clear that for most practical purposes, *fair value* is consistent with the concept of *market value*.



Local Housing Market Assessment Update

January 2012



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Introduction

1. During 2007, Fordham Research carried out a Local Housing Market Assessment (LHMA) for Caerphilly County Borough Council – the report was completed in December 2007. The main analysis was based on primary research which took place in spring 2007, collected via postal questionnaires. In total, 1,352 completed responses were received. This is sufficient to provide reliable estimates of need in accordance with the Welsh Government (WG)'s LHMA Guide published in March 2006.
2. The survey was designed to cover all tenure groups and all areas within the County Borough and enabled the assessment of the need for additional affordable housing following the approach set out in the WG Guide. This report has been commissioned to update the results of the 2007 survey to December 2011, following on from similar updates produced in 2008, 2009 and 2010. The previous work within this sequence of reports has been undertaken by Fordham Research. Fordham Research ceased trading in July 2011 and the business was closed. Caerphilly Council then commissioned HDH Planning and Development (whose staff previously worked for Fordham Research) to produce this update report.

Nature of this update report

3. This report is intended to provide an updated and robust estimate of the need for affordable housing in the context of changes that have occurred since the time of the original survey. The main changes are as follows:
 - changes in market prices/rents and income levels which have occurred since the original survey
 - changes in the supply of affordable housing (re-lets excluding transfers within the social rented sector)
 - a full reweighting of the dataset to take account of a variety of updated information about households in Caerphilly in December 2011

Base household figures and weighting procedures

4. The 2007 LHMA estimated a total of 72,800 households in Caerphilly. Given that we want to estimate the number of households at a base date of December 2011 (i.e. about 4 years later), it is necessary to update this figure. We have considered a number of different sources of information including the latest available dwelling stock estimates and household population estimates for Caerphilly from the Welsh Assembly Data Unit and as at December 2011 it is estimated that there are 75,990 households in the County Borough.
5. An important aspect of preparing data for analysis is 'weighting' it. Questionnaire survey responses are never evenly distributed from all groups in society. As a result it is necessary to 'rebalance' the

data to correctly represent the population being analysed by using data from secondary sources which estimate the total proportion of the population falling into various different groups.

6. Survey data was weighted to match the tenure profile shown below, derived from the same sources as the total household numbers. The table below shows an estimate of the current tenure split in Caerphilly along with the sample achieved in each group.

Table 1 Number of households in each tenure group				
<i>Tenure</i>	<i>Total number of households</i>	<i>% of households</i>	<i>Number of returns</i>	<i>% of returns</i>
Owner-occupied (no mortgage)	27,994	36.8%	487	36.0%
Owner-occupied (with mortgage)	27,728	36.5%	553	40.9%
Council	10,830	14.3%	194	14.3%
RSL	3,766	5.0%	54	4.0%
Private rented	5,672	7.5%	64	4.7%
Total	75,990	100.0%	1,352	100.0%

Source: Caerphilly CBC updated LHMA survey (2011), Welsh Assembly Government 2008-based Household Projections (2011), Welsh Assembly Government Social Housing Stock and Vacancies Estimates (2011)

7. Data was also weighted to be in line with the estimated number of households in each of the various groups:

- Thirty-three wards – Caerphilly CBC Council Tax Register (2007)
- Council tax band – Caerphilly CBC Council Tax Register (2007)
- Population age bands – WG 2008-based population projections (2011), Census (2001)
- Household type – WG 2008-based household projections (2011), Census (2001)
- Accommodation type – Census (2001)
- Car ownership – Census (2001), National Travel Survey (2009)
- Employment levels – Annual Population Survey (2011)

Survey of estate and letting agents

8. As part of the update process, information on purchase prices and private rental costs within Caerphilly County Borough was collected through an online survey of estate agents during December 2011, taking into account prevailing levels of discount on advertised sale prices. Entry-level housing costs were derived on a Borough-wide basis and then for each of the three sub-markets identified in the 2007 LHMA: South, Middle and North.
9. When calculating the weekly cost and upfront payment required for a mortgage it was assumed that buyers would require a minimum deposit of 10% which is the minimum required by many mortgage

lenders currently – although there is a large section of the population with lower incomes and less than perfect credit ratings who require larger deposits. The use of a deposit requirement of 10% also ensures that the figure produced in the housing needs assessment model is a minimum figure – it does not overestimate need. In addition, for simplicity, the calculation does not take into account the additional upfront costs associated with moving (e.g. valuation, moving possessions). The weekly cost of owner-occupation is based on an interest rate of 5.39%, the lowest three year fixed rate available to those with a relatively small deposit (those with larger deposits are able to secure lower rates of interest).

10. One bedroom properties both to buy and to rent were found to be in very short supply, therefore two bedroom market dwellings are considered to be the smallest market sector property size available in the County Borough, for the purposes of the housing need assessment. It is however possible to provide an indicative cost of this accommodation based on the limited data available. There was a reduced supply of four bedroom properties available to rent privately compared with previous years, although it was still sufficient to be considered within the housing need assessment.
11. The cost of social rented properties was obtained from Welsh Assembly Data Unit and is presented in the table below. The cost of intermediate housing is also presented: this is based on 80% of median market rents as set out in *Rent First - intermediate rent - Final Guidance March 2011* published by the Welsh Government in March 2011. It is important to note that the entry-level for market private rent is the lower quartile of the distribution in accordance with the WG Guide. It can be seen that the cost of one bedroom intermediate housing in the North sub-market is lower than the social rent level, therefore intermediate housing in this instance is not viable.

Table 2 Comparative outgoings by tenure						
<i>Sub-market / property size</i>	<i>Social rent*</i>	<i>Intermediate</i>	<i>Private rent</i>	<i>Entry-level purchase</i>		
	<i>Per week</i>	<i>Per week</i>	<i>Per week</i>	<i>Price</i>	<i>Deposit</i>	<i>Per week</i>
<i>South</i>						
1 bed	£60	£65	£75**	£73,500**	£7,350	£82
2 bed	£70	£93	£107	£87,000	£8,700	£97
3 bed	£75	£105	£118	£95,000	£9,500	£106
4 bed	£84	£126	£140	£162,500	£16,250	£182
<i>Middle</i>						
1 bed	£60	£63	£74**	£66,000**	£6,600	£74
2 bed	£70	£87	£102	£76,500	£7,650	£86
3 bed	£75	£96	£110	£86,500	£8,650	£97
4 bed	£84	£121	£140	£168,000	£16,800	£188
<i>North</i>						
1 bed	£60	£57	£69**	£53,000**	£5,300	£59
2 bed	£70	£77	£94	£63,000	£6,300	£71
3 bed	£75	£89	£103	£69,500	£6,950	£78
4 bed	£84	£110	£125	£83,500	£8,350	£93

*Obtained from Welsh Assembly Data Unit, figures only presented for the County Borough as a whole, there is no indication how they may vary by sub-market. **indicative price only
Source: Caerphilly CBC updated LHMA survey (2011)

12. It is interesting that the weekly cost of renting is now more than the cost of buying in many instances. This is because of the requirements for larger mortgage deposits, aligned with the understandable concern of households about entering the housing market at a time when prices may fall further and when there is considerable uncertainty about job security. These two facts combined have resulted in an increased demand for privately rented homes. Evidence indicates that private rent levels have been increasing at a faster rate than property prices across South Wales.
13. Whilst property prices have generally fallen since the last LHMA update, this has not been uniform across the County Borough and some dwellings (all four bedroom homes and three bedroom homes in the North sub-market) have recorded an increase in price. Whilst average prices have decreased over the last year, the current market is skewed towards a greater proportion of smaller properties being sold than occurred before the recession, this means that average trends do not often reflect the changes in value of larger dwellings
14. Following the approach recommended by the WG Guide and the Rent First Guidance it is possible to determine the incomes that households accessing intermediate housing would require and the price at

which it should be available. The income required is calculated by annualising the weekly cost and multiplying it by 3.33 (the Rent First Guidance indicates that rent (inclusive of any service charges) should equate to no more than 30% of gross income).

15. The cost of the property is then derived in the Guide by assuming that the applicable household would be able to acquire a mortgage based upon a 3.5 times multiplier. Using a 3.5 times multiplier is a simplification of the sophisticated assessments through which lenders put potential borrowers now. It is common for lenders to assess a wide range of factors such as income expenditure, lifestyle, family makeup, employment sector and job security etc. to allow them to make an informed decision as to a borrower's likelihood of being able to meet the loan payments. These complex assessments cannot be replicated in a study of this type – however the 3.5 times multiplier remains a sound 'rule of thumb' and has been used in other LHMA updates undertaken in South Wales within the last year.
16. This information is presented for the three sub-markets in Caerphilly in the table below:

Table 3 Derivation of the price of intermediate housing		
<i>Sub-market and property size</i>	<i>Weekly cost of intermediate housing</i>	<i>Implied price of intermediate housing</i>
<i>South</i>		
1 bed	£65	£39,312
2 bed	£93	£56,299
3 bed	£105	£63,579
4 bed	£126	£76,197
<i>Middle</i>		
1 bed	£63	£38,267
2 bed	£87	£52,901
3 bed	£96	£58,053
4 bed	£121	£73,584
<i>North</i>		
1 bed	-	£34,701
2 bed	£77	£46,835
3 bed	£89	£53,872
4 bed	£110	£66,491

Source: Caerphilly CBC updated LHMA survey (2011)

Updating financial information

17. The Annual Survey of Hours and Earnings (ASHE) was used to update the earned income of households with an employed member, considering the likely change for each decile of the population. Overall this resulted in an increase in the income of employed households of 13.3% since 2007 (and

1.4% in the last year). The incomes of retired households were assumed to increase with inflation (CPI), whilst the income of benefit dependent households was assumed to follow the trend in overall spending on non-housing related benefits (excluding those benefits not linked to unemployment) per claimant in Caerphilly.

18. In the absence of any secondary data on the average level of savings in the UK, savings were updated only according to inflation (CPI), resulting in an increase of 12.6% since the original study. We have given considerable thought as to whether this is a sound assumption to make – in a time of relative increase in household's costs it could be expected that saving may fall. There is evidence that household debt has fallen in the last year and that this is, in part, caused by a fall in consumer confidence – households putting off large items of expenditure until they have greater confidence about job security, inflation and the economic prospects of the country. On balance we consider this a sound a sound assumption.
19. The amount of equity available to households has also been updated to take account of the changes in property prices over the period since the survey was carried out. Analysis of Land Registry data suggests that overall average house prices within Caerphilly have decreased by approximately 14.4% since the fourth quarter of 2007. The amount of equity held by households on the dataset was decreased accordingly.
20. The updated survey results suggest that the average (mean) gross household income (including non-housing benefits) in Caerphilly is £23,212 per annum. The median income (i.e. the middle value if all households' incomes were listed in ascending or descending order) is noticeably lower than the mean (at £17,012 per annum).
21. The average (mean) level of savings for all households in Caerphilly is £14,875 . The median figure is £1,217. The survey also collected information about the amount of equity owner-occupiers have in their property; the updated average amount of equity is about £96,240.

Assessing affordability

22. All households were tested for their ability to afford either a mortgage or private rented housing priced at the entry-level in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing.

Combined affordability

A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income (excluding any housing benefit or Local Housing Allowance).

23. The table below shows affordability by tenure (for all households in the County Borough).

Table 4 Affordability and tenure			
<i>Tenure</i>	<i>Unable to afford market housing</i>	<i>Number of households in tenure</i>	<i>% of households unable to afford</i>
Owner-occupied (no mortgage)	1,344	27,994	4.8%
Owner-occupied (with mortgage)	3,022	27,728	10.9%
Social rented (Council / RSL)	12,786	14,596	87.6%
Private rented	4,209	5,672	74.2%
Total	21,361	75,990	28.1%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Estimate of net annual housing need

24. The table below shows the figures in the housing needs assessment model.

Table 5 Detailed affordable housing requirement table for Caerphilly County Borough		
<i>Stage and step in calculation</i>	<i>Notes</i>	<i>Output</i>
<i>Stage 1: Current need (gross)</i>		
1. Existing households in need of accommodation		3,642*
2. Homeless households and those in temporary accommodation		40**
3. minus Cases where they can afford to meet their need in the market		986
4. equals Total current housing need (gross)	1 + 2 – 3	2,696
<i>Stage 2: Available stock to offset need</i>		
5. Current occupiers of affordable housing in need		1,568
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		272***
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5 + 6 + 7 – 8	1,840
10. equals Total current unmet housing need	4 – 9	856
11. times Annual quota for the reduction of current need		20%
12. equals Annual requirement of units to reduce current need	10 × 11	171
<i>Stage 3: Newly arising need</i>		
13. New household formation (gross per year)		1,681
14. Proportion of new households unable to buy or rent in the market	(652)	38.8%
15. Existing households falling into need		934
16. Potential out-migrants unable to afford market housing		28
17. In-migrants unable to afford market housing	(included in steps 13-15)	
18. Total newly arising housing need (gross per year)	(13 × 14) + 15 – 16	1,558
<i>Stage 4: Future supply of affordable units</i>		
19. Annual supply of social re-lets (net)		1,165
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels (assuming stock of 418, Welsh Assembly Data Unit 2010/11)		34
21. Annual supply of affordable housing	19 + 20	1,199
<i>Net shortfall or surplus of affordable units</i>		
Overall shortfall or surplus	12 + 18 – 21	530

*Source: Based on the number of households in unsuitable housing without an in situ solution from the updated household dataset, ** Source: Welsh Assembly Data Unit table 031051 - Households accommodated temporarily by type of accommodation and unitary authority, September 2011, *** Source: Welsh Assembly Data Unit table 026648 Additional affordable housing provision by all providers, by location in Wales and housing type

25. The (net) current need assessment suggests a requirement for 171 units per year. Added to this is the figure for newly arising need (1,558), which gives a total of 1,729. The estimated future supply to meet this need is 1,199 units per year. This leaves an annual requirement of 530 units per year in Caerphilly County Borough. In the 2010/11 LHMA update, we found a requirement for 697 units, indicating a decrease of 24% between 2010/11 and 2011/12. This is primarily due to the increase in the supply of affordable housing recorded. (The latest data from Welsh Assembly Data Unit table 034794 indicate that there were 1,198 social rented lettings in 2010-11 compared to 1,131 in 2009-10 and 1,029 in 2008-09.)

Types of households in need

26. The below table gives a breakdown of gross households in need by household type.

Table 6 Need requirement by household type					
<i>Household type</i>	<i>In need</i>	<i>Not in need</i>	<i>Total number of households</i>	<i>% of household type in need</i>	<i>As a % of all those in need</i>
Single pensioner	30	10,212	10,242	0.3%	1.4%
2 or more pensioners	21	8,339	8,360	0.3%	1.0%
Single non-pensioner	354	12,219	12,573	2.8%	16.7%
2+ adults, no children	218	23,745	23,963	0.9%	10.3%
Lone parent	421	5,310	5,732	7.3%	19.8%
2+ adults, 1 child	230	7,676	7,906	2.9%	10.8%
2+ adults, 2+ children	851	6,364	7,215	11.8%	40.0%
Total	2,125	73,865	75,990	2.8%	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Long Term BHM: A whole stock model

27. This update contains the same market balance model (the BHM) as was used in the previous update, but was not presented in the original LHMA report (as it was developed subsequent to the 2007 study). Unlike many other housing market models, the market balance model used here is not flow-based but stock-based; it does not take into account the likelihood that an individual household will move, or consider supply from turnover. Instead, it considers the total stock in the area, and matches this to the stock that would be needed to house every household in the area adequately. It is assumed that the market (and social housing allocation system) will continue to function, as it does now, to allocate housing to appropriate households.

28. This is not to say it naively assumes that all properties will be 'efficiently' allocated. Because it projects forward from the current housing circumstances of existing households, it incorporates the results of existing 'inefficiencies' in the market or allocation system (e.g. under-occupation by households whose children have left home) and assumes that these trends will remain largely unchanged into the future. There are some exceptions to this, intended to reduce the proportion of the population living in housing inadequate for their needs, as explained below.
29. The model fully integrates future expected demographic changes into the outputs; this is an advantage because when planning newbuild housing it is important to ensure that it is useful, not just now, but well into the future. Flows models can at best only predict future household moves for two or three years in advance, and may be heavily influenced by recent short-term trends. By incorporating the best estimates of future household growth for the area from population and household projections, the model here gives the Council an insight into the types of housing that could be useful to residents in the long term.
30. Please note that in the interests of simplicity, unlike the WG housing need model, this model does not subtract any estimate of likely newbuild property over the next two years. As a result, any housing constructed (or brought back into use having been vacant) from December 2011 forward can be counted as contributing to the total requirements produced by the model.

Adequacy of the housing stock

31. For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated, and the stock caters to the needs of all groups equally. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of Caerphilly County Borough. This is determined through responses to the household survey.
32. A household is considered adequately housed currently unless:
- they are in unsuitable housing (as defined by WG Guidance) and cannot resolve this unsuitability without moving to a new property
 - their property is overcrowded (according to the bedroom standard).
33. In each of these cases the household is allocated to a property with characteristics more suitable for their needs, of a different size, type or tenure. For example, if a household were found to be in an overcrowded property, it would be allocated a larger property of a tenure which it could afford. The model is designed such that at the end point of the model, there should theoretically be no households remaining in unsuitable housing. Please note that living in the private rented sector supported by LHA (Local Housing Allowance) is not automatically considered unsuitable housing; the model therefore assumes that the proportion of households in this situation remains constant, rather than increasing or decreasing.

34. Some further adjustments are also made to remove, over the long-term, some of the undesirable elements of market imbalance that exist currently:

- Households living in social rented accommodation that can afford market or intermediate accommodation are re-allocated to these tenures (assuming that households would find these tenures more attractive than social rent if they could afford them). This affects a very small number of households.
- If a household is planning to move immediately, this household is assumed to move into a tenure which it can afford.
- If a household is planning a move and states a preference for a smaller dwelling, they are assumed to require a dwelling of this size (unless this would create overcrowding).
- If a household states that they need to move to alternative housing due to support needs, they are assumed to need a move to specialist (e.g. sheltered or supported) housing.
- It is assumed that households with children should live in houses, rather than flats.

35. The table below shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that currently some 7.2% of households are classified as inadequately housed according to the above criteria. Lone parent households are the household group least likely to reside in adequate accommodation, with single pensioner households the most likely.

Table 7 Types of households inadequately housed currently			
<i>Household type</i>	<i>Number inadequately housed</i>	<i>All households</i>	<i>Proportion inadequately housed</i>
Single pensioner	391	10,242	3.8%
2+ pensioners	329	8,360	3.9%
Single non-pensioner	746	12,573	5.9%
2+ adults, no children	1,126	23,963	4.7%
Lone parent	1,260	5,732	22.0%
2+ adults, 1 child	502	7,906	6.4%
2+ adults, 2+ children	1,131	7,215	15.7%
Total	5,486	75,990	7.2%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

Model outputs

36. The model outputs presented here are not policy recommendations in themselves; they must be viewed in conjunction with other information, for example, viability. In addition, if there are large imbalances found in a housing market (particularly in combination with a low build rate), this may lead the model to suggest a very narrow mix of housing tenures and sizes. There is also a need for mix and

balance within neighbourhoods. This is especially the case where very large areas of newbuild housing are involved. Arguably, in the cases of such developments, it may even be appropriate to build some housing of types that are in surplus in the Borough as a whole, in order to achieve a mixed and balanced community locally.

37. It should also be borne in mind that where negative requirements are shown for larger bedroom sizes, some properties of this size can reasonably cater to households requiring smaller properties; it does not necessarily imply that demolition or subdivision of existing housing is necessary.

Tenure of housing required

38. Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of adequate accommodation for each household type is applied to the expected household population in 2022 (10 years after the publication of this report). The model therefore assumes that the pattern of accommodation preferred by each household type remains constant.
39. As in the WG model shown above (Table 5), the affordability calculation used for the Long Term Balancing Housing Markets model does not include one bedroom housing, due to the limited availability of this type of housing on the open market in Caerphilly.
40. In order to be relevant to local policy, the model also takes into account the build rate required by the Caerphilly Local Development Plan, and so the total number of households at 2022 is fixed at the level envisaged by the plan throughout, of 575 units per annum.
41. Taking this into account, the table below shows the ideal tenure profile in the Borough in 2022 (if all households are to be adequately housed). It also shows the breakdown between ordinary and specialist housing. In this model this is taken to include all forms of non-communal housing specifically provided for someone with a disability, including an age-related disability. Since the model is based on a postal survey of people living in households in Caerphilly, it does not include the requirement for communal sheltered or supported housing such as residential or nursing homes.

Table 8 Ideal tenure profile 2022		
<i>Tenure</i>	<i>Number of households</i>	<i>Percentage of households</i>
Market	62,394	80.9%
Intermediate	712	0.9%
Social rented	14,010	18.2%
Total ordinary housing	77,116	100.0%
Ordinary housing	77,116	94.3%
Specialist housing (sheltered and supported)	4,624	5.7%
Total	81,740	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

42. The table below shows the tenure profile required by households resident in the Borough in 2022 in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results indicate that of newbuild housing built between now and 2022, some 54.5% of new dwellings should be market accommodation, around 35.4% social rented dwellings and 10.1% intermediate housing, making a total of 45.5% affordable housing. It should be noted that these figures would achieve market balance over 10 years; it should be justifiable to build a larger or smaller proportion in the short term depending on the urgency of meeting housing need and the economic climate.
43. In total, just under half of new housing should be sheltered or otherwise supported housing, reflecting the forecast aging of the population. This group is not broken down by tenure or size because of the very different environment in terms of affordability and size requirements for this group. Conventional affordability tests cannot consider the possibility of equity release or support from relatives, and there are limitations to an approach based on postal questionnaires when considering requirements for specific types of specialist housing. Further research would be required to analyse requirements for this type of accommodation in detail.

Table 9 Tenure of new accommodation required				
<i>Tenure</i>	<i>Tenure profile 2011/12</i>	<i>Ideal tenure profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
Market	60,810	62,394	+1,584	54.5%
Intermediate	418	712	+294	10.1%
Social rented	12,980	14,010	+1,030	35.4%
Total ordinary	74,208	77,116	+2,908	100.0%
Ordinary	74,208	77,116	+2,908	50.6%
Specialist	1,782	4,624	+2,842	49.4%
Total	75,990	81,740	+5,750	100.0%

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

44. The model is also able to provide detail on the size of new dwellings required within each tenure. This analysis is presented in the following section.

Size of housing required within each tenure

45. The table below presents the size of market accommodation required by households resident in the Borough in 2022 in comparison to the size profile recorded in the sector currently. It is important to remember that this analysis is for market stock and is therefore based on demand rather than need; many of the households included here could, in theory, live in smaller houses (although they might not wish to). The quantity of newbuild housing required to move the housing stock from the current size profile to the 'ideal' 2021 profile is also presented. The table shows that 50.2% of new market dwellings should be three bedroom properties and 49.1% two bedroom, with no requirement for four bedroom units, nor for two bedroom flats and only a very small requirement for one bedroom homes.

Table 10 Size of new market accommodation required*				
<i>Dwelling size</i>	<i>Size profile 2011/12</i>	<i>Ideal size profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	678	696	+18	0.7%
Two bedroom flat	933	889	-44	0.0%
Two bedroom house	10,957	12,165	+1,209	49.1%
Three bedroom	40,687	41,922	+1,235	50.2%
Four or more bedroom	7,556	6,724	-832	0.0%
Total	60,810	62,394	+1,584	100.0%

* excluding sheltered housing, nursing homes etc.

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

46. The table below shows the equivalent results for the affordable sector. The table shows that most new affordable housing (72.3%) should have two bedrooms, whilst there is a negative requirement for one bedroom properties. An increased proportion of those housed in social housing will be families with children.

Table 11 Size of new affordable sector accommodation required*				
<i>Dwelling size</i>	<i>Size profile 2011/12</i>	<i>Ideal size profile 2022</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,716	1,354	-362	0.0%
Two bedroom flat	1,456	1,458	+2	0.1%
Two bedroom house	3,176	4,392	+1,216	72.2%
Three bedroom	6,587	6,791	+203	12.1%
Four or more bedroom	463	726	+263	15.6%
Total	13,398	14,722	+1,324	100.0%

* excluding sheltered housing, nursing homes etc.

Source: Caerphilly County Borough LHMA Update 2011/12 (updated from 2007 household survey)

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APPENDIX 4: PROJECTED OUT-TURNS

It is important to recognise that these are *projected* out-turns, based on assumptions made within the development appraisal. Officers consider that prudent assumptions have been made and that it is *reasonable* to expect these out-turns; however, the model will be tested at appropriate points within the pilot and management reports will be issued to the Acting Director of Corporate Services & S151 Officer. It is not proposed that these management reports will form the basis of further cabinet reports, unless undue variance is experienced within the pilot.

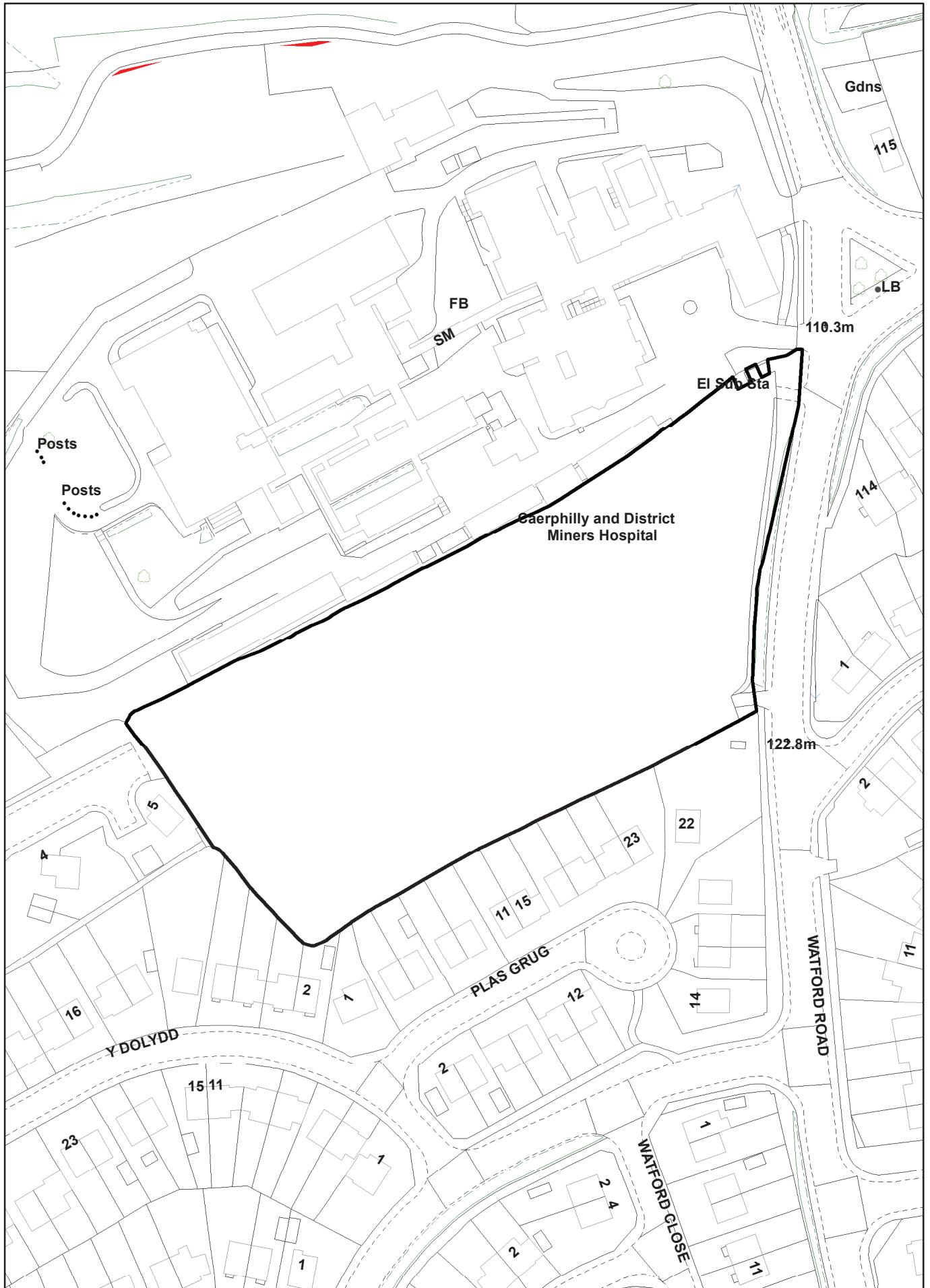
A further report will be presented on the actual results of the pilot exercise.

The out-turns have been grouped into six key areas:

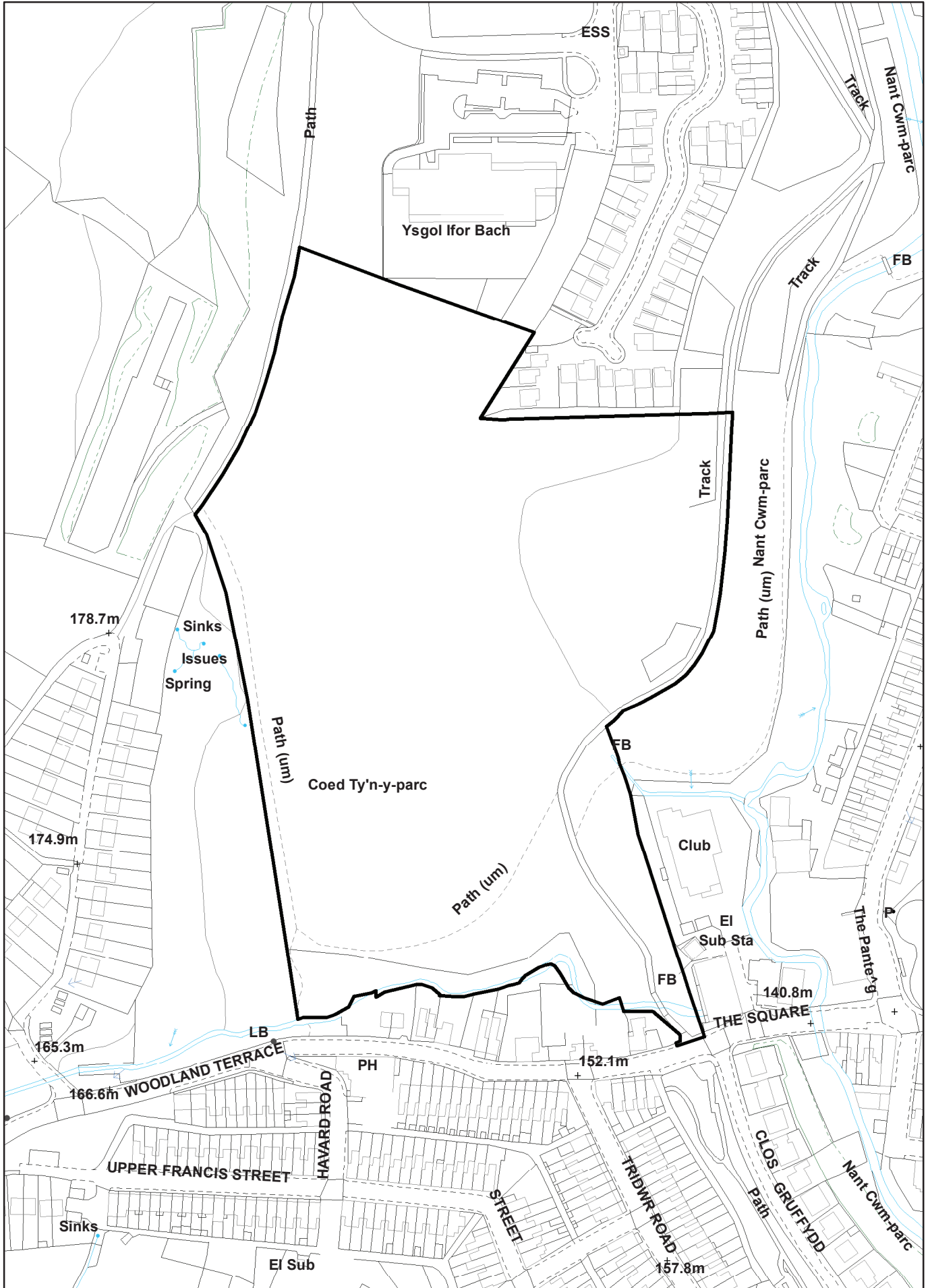
KO1	FINANCIAL RETURNS	
(i)	Capital Receipt (estimated land value)	£141,683
(ii)	Deferred land value for IMR	£78,813
(iii)	IMR revenue Yr 1	£7,461
(iv)	Return On Investment for IMR Land	9.47%
KO2	TRAINING AND EMPLOYMENT	
(i)	Contract value	£3,634,526
(ii)	Apprentice ratio /£m	2
(iii)	Projected number of apprenticeships to be delivered	7
KO3	COMMUNITY BENEFIT MEASUREMENT	
(i)	Contract Sum	£3,634,526
(ii)	Estimated CBM ratio	2
(iii)	Estimated value of investment in Local Community	£7,269,052
KO4	ADDITIONAL AFFORDABLE HOUSING	
(i)	Total Number of units ¹	34
(ii)	LDP requirement based on 40%	13
(iii)	Number of Affordable delivered	18
(iv)	Increase	5
(v)	Increase %	38%
KO5	SOCIAL HOUSING GRANT	
(i)	Additional SHG received into Caerphilly	£224,000
KO6	WELFARE REFORM	
(i)	Number of units (1 or 2 bedroom) available for residents to downsize	13

¹ The additional number of dwellings provided within the county borough to meet the overall housing requirement of the Adopted Caerphilly County Borough Local Development Plan

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: HOUSING REVENUE ACCOUNT CHARGES – 2015-2016

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 For Members to consider and take a view on the increased charges proposed in this report, prior to Cabinet approval on the 4th February 2015. The charges are intended to be effective for the Housing Revenue Account (HRA) in 2015-16.

2. SUMMARY

- 2.1 Members will be aware that the preparation of the Housing Revenue Account (HRA) budget is quite separate to the work involved in setting the General Fund Budget and Council Tax.
- In previous years The Welsh Government (WG) determined the annual guideline rent increases. The standard uplift policy for Local Authorities used to be based on the previous September Retail Price Index (RPI) plus a 2% real increase in support of rent convergence. The Minister for Housing and Regeneration has recently changed this uplift policy as part of the new Policy for Social Housing Rents. The new rent policy will apply to local housing authorities from April 2015 (regardless whether exit from the HRA Subsidy system has occurred). The policy will set a target rent band for each Authority and if the average weekly rent is below the target rent, the Authority will have to increase average rents, and if the average is above the target rent, average rents will increase at a lower rate.
 - The new uplift policy will now use the previous September Consumer Price Index (CPI) inflation figure (as opposed to the RPI inflation figure) and also apply a 1.5% real increase to the average local authority rent which will be fixed for five years. The previous September CPI inflation figure is 1.2% so the average Welsh increase proposed by WG is 2.7%. Unfortunately, final figures from WG which includes CCBC's individual policy rent band are yet to be confirmed, although draft guidelines have been issued. It is anticipated that the guidelines are unlikely to change and therefore in order to meet our deadlines and to ensure the Council's business plan remains viable, an increase of 3.5% as a minimum is necessary.
- 2.2 The case for reviewing existing social sector rent policies was made by the Essex Review 2007/8. Rent policies in Wales have developed in different ways over a long period, and produced markedly different levels and profiles of rents across the country, and between tenures. The rent review sought to develop a coherent and consistent rent policy framework that would apply to all social landlords, reflects local variations in affordability and housing values, providing for a more equitable distribution of rents for social sector tenants across Wales, while at the same time ensuring the viability of individual social landlords.

- 2.3 The new policy is a framework that will reflect variations in the type and size, quality and location of each landlords housing stock.
- 2.4 Type & Size – The review agreed that rents should have a higher value for houses and bungalows compared to those for flats and maisonettes, and rents should have a higher value for larger dwellings. Weightings are therefore imposed against the various types and sizes of dwellings. CCBC already take this into account.
- 2.5 Quality – As part of the development of the rent policy, a quality factor will be applied which would enable financial adjustment to a landlords rent band, to reflect the quality of its housing stock. There is no comprehensive measure of the physical quality of each home so the policy focuses on energy efficiency, partly because this is an important factor that impacts on the costs tenants face, and partly because this is an area where it is believed that comparable and consistent data will become available. The methodology for assessing the quality of each landlords stock is now based on the average Standard Assessment Procedure (SAP) rating linked to the Welsh Housing Quality Standard (WHQS) threshold of 65. For each SAP point above 65 policy rents are increased by 0.3% and for each SAP point below 65 policy rents are reduced by 0.5%. (CCBC's latest SAP rating is 66)
- 2.6 Location – This is based on house prices, private rents, place of work based earnings and a place of residence based earnings for each local authority area. It is recognised that property values and market characteristics vary within areas, and this is one of the reasons for leaving landlords with the responsibility for setting the distribution of rents within their own stock.
- 2.7 The above indices along with an adjustment for the SAP rating, calculates the *mid point* rent for each landlord. A 5% reduction from this figure dictates the *low end* rent and a 5 % increase dictates the *high end* rate. The rates (low & high) form the rent envelope for each individual landlord.
- 2.8 Out of the eleven housing authorities, nine are currently below their new envelope (still in draft form), and two are within their envelope. CCBC is included in those nine authorities that are currently below their envelope or rate band. Transitional measures have been put in place to ease the impact on the new policy on both landlords and tenants, and where landlords need to increase their average weekly rent so that it falls within the target rent band, transitional protection for tenants will apply. In any year landlords will not be permitted to increase the rents for any individual tenant by more than £2 per week in addition to the agreed average annual rate of rent increase for the sector as a whole (ie CPI plus 1.5%). Therefore CCBC can increase its rent to a maximum of 4.9% without contravening the transitional protection arrangements.
- 2.9 The responsibility for setting the rents for individual dwellings will remain with the individual landlords as is currently the case, however the policy sets a target rent band for each landlord who will be required to operate with average weekly rent levels that fall within the scope of those bands. The new policy is intended to provide landlords with a continuing measure of discretion over their overall rent levels. Any changes to CCBC's rent structure will have to involve tenant consultation and this will be a consideration for the future. In the meantime, there is no proposal to alter the current rent structure for the 2015/16 rent charges, only to apply an inflationary increase that is within the new policy.
- 2.10 The target rent bands provides a low end figure, a mid point and a high end figure for each landlord. The average weekly rent level for each landlord is compared to the target rent band and the difference dictates whether the rent needs to be increased or reduced to fall within the target rent band.
- 2.11 In order to meet the deadlines for advising tenants of increases in rents and other charges, the increases have to be determined and fully agreed by 23rd February 2015. All charges must be formally agreed by this date or it will not allow sufficient time for notice of increase to tenants, which is a legal requirement. This would result in a weekly loss in rent of £31k (based on a 3.5% increase - minimum), £35k (based on a 4% increase), or £43k (based on a 4.9% increase – maximum), excluding other charges.

- 2.12 All charges are highlighted within this report detailing the amount of additional income that would be generated (excluding voids) if the proposed increases were implemented, along with the percentage of service users receiving housing benefit.
- 2.13 The report also includes proposals for increased service charges relating to our Sheltered Schemes and rent increases for garages.

3. LINKS TO STRATEGY

- 3.1 The recommendations within this report provide the council with additional income that will be utilised to supplement existing funding arrangements to provide management, repair and improvement of the housing stock. This funding is used to maximize the resources available to assist in meeting and maintaining the WHQS. The rent increase is applied equally to all tenants. The report therefore links to the following strategic objectives:
- Improving Lives and Communities: Homes in Wales (Welsh Government, 2010) which sets out the national context on meeting housing need, homelessness and housing related support services.
 - Caerphilly Delivers (Single Integrated Plan 2013: P2 “improve standards of housing and communities, giving appropriate access to services across the county borough”.
 - IO5: Investment in Council homes to transform homes, lives and communities (WHQS)
 - People, Property & Places: A Local Housing Strategy for Caerphilly County Borough (2008/2013) Strategic Aim 6 – *Our aim is to provide good quality, well managed homes in communities where people want to live, and offer people housing choices which meet their needs and aspirations.*

4. THE REPORT

4.1 Rent Increase

- 4.1.1 For a number of years the WG have effectively determined the level of annual rent increases, and these increases have been linked with the Housing Revenue Account Subsidy (HRAS) calculations, thus restricting an Authority from completely controlling its rental income.
- 4.1.2 Members will be aware of the pending buy out of the HRAS system which will introduce self financing from April 2015. The transaction date for the buy out is intended to be carried out on the 2nd April 2015 and the new rent policy will then be enforced for the 2015/16 financial year.
- 4.1.3 Under the new rent policy a target rent band for each Authority is set by WG so there is still some degree of control retained by WG however, all of the rental income will be retained by the Authority and used to fund expenditure, service debt and create borrowing headroom for future investment.
- 4.1.4 As a result of the housing benefit limitation scheme, rent increases above DWP rent limits do not produce extra income from tenants in receipt of housing benefit. At this stage however, details regarding the DWP limit under the new rent policy is unknown. Approximately 72% of tenants are in receipt of housing benefit.
- 4.1.5 The WG draft proposal for 2015/2016 of its policy rent band for CCBC is
- Low end £77.47 per week
 - Mid Point £81.55 per week
 - High end £85.62 per week

- 4.1.6 CCBC's current average rent for 2014/2015 is £74.90 (52 week basis). A 2.7% uplift on this average rent equates to £76.92 which is 55p under the low end rent band. Therefore a further increase of 0.73% is necessary to ensure CCBC is within its rent band and to comply with the new rent policy. The total increase as a minimum is therefore 3.43%. However, the business plan has assumed a 3.5% increase in its rent to ensure the plan remains viable so this increase would be recommended as a minimum. For the last three years the rent increase has been 4%.
- 4.1.7 As mentioned 2.8 above, there is a transitional protection arrangement in place which ensures that rents cannot be increased more than CPI plus 1.5% plus £2 for any individual tenant. This means that the maximum CCBC can increase its rent is 4.9%.
- 4.1.8 This report therefore gives members the option to set the rent at the minimum (3.5%), a rate based on the last three years (4%,) or the maximum (4.9%) .
- 4.1.9 The current average rent for CCBC is £74.90 based on 52 weeks (£81.14 based on 48 weeks).
- A minimum increase of 3.5% would result in a £2.62 weekly increase to £77.52 (£2.84 per week to £83.98 on a 48 week basis). This is an additional rental stream of £1.4m that is assumed in the current business plan and will fund the current borrowing requirement for WHQS agreed by Council.
 - An increase of 4% would result in a £3.00 weekly increase to £77.90 (£3.25 per week to £83.58 on a 48 week basis). This is an additional rental stream of £1.6m, £200k more than assumed in the current business plan, and would reduce the borrowing requirement for WHQS by £500k.
 - A maximum increase of 4.9% would result in a £3.67 weekly increase to £78.57 (£3.98 per week to £85.12 on a 48 week basis). This is an additional rental stream of £2m, £600k more than assumed in the business plan, and would reduce the borrowing requirement for WHQS by £1.2m.

Increases are within the rent envelope (low end) for CCBC.

- 4.1.10 The Stock Condition Survey carried out in 2008 reported that high levels of investment are required to maintain the properties and meet the Welsh Housing Quality Standard. A rent increase less than 3.5% would inevitably reduce the Council's ability to manage and maintain the housing stock to the necessary standards, and it should be noted that failure to implement these increased charges would increase the shortfall in resources identified in the Housing Business Plan required to meet the WHQS by 2019/20 and maintain it thereafter. An increase more than 3.5% would create more flexibility within the business plan and have a positive impact on the level of borrowing required to meet the WHQS.

4.2 Service Charges at Older Persons Housing (excluding utility charges)

- 4.2.1 This is applied to Sheltered Housing Officer assisted accommodation, of which there are three types: -
- Sheltered Housing with Sheltered Housing Officer assistance and communal facilities (962 units)
 - Declassified Sheltered Housing schemes with no communal facilities (133 units)
 - Tredegar Court extra care scheme (25 units)
- 4.2.2 Tenants currently pay a service charge in accordance with a banded system that was agreed as part of the Sheltered Housing review in 2013. The service charges now include an element for telecare.

- 4.2.3 Sheltered Housing with Sheltered Housing Officer assistance operates within a Bronze, Silver or Gold banding depending on their individual assessed needs. All charges include a support and a management element. The support element is met by Supporting People, and the management element is met by Housing Benefits, where tenants are eligible.
- 4.2.4 Recently declassified sheltered housing schemes operate under a reduced rate due to receiving less services than the sheltered schemes with sheltered housing officer assistance. They currently pay a support charge depending on what band they are assessed at, and a non support element of £5.40.
- 4.2.5 It is proposed that the housing management (non support) charge be increased by 2% from April 2015 and the revised costs are shown in the table below: 76% of tenants who receive these services are in receipt of housing benefit and therefore do not pay the non support element of this charge. The support element will be met by Supporting People and this element is not intended to be increased as regionally there is no uplift expected for this grant next year.
- 4.2.6 A 2% increase is also intended for the recently declassified sheltered housing schemes. 78% of these tenants are in receipt of housing benefits and therefore do not pay the non support element of this charge. The support element will be met by Supporting People and this element is not intended to be increased as regionally there is no uplift expected for this grant next year.

Charge per Week	Support Charge (including the Alarm Charge) £	Service Charge (Non- Support) £	Total Costs £
Bronze Band (De-classified)	4.60	5.40 + 2%	10.11
Silver Band (De-classified)	7.00	5.40 + 2%	12.51
Gold Band (De-classified)	10.50	5.40 + 2%	16.01
Bronze Band (Baseline Service for everyone)	4.60	22.58 + 2% = 23.03	27.63
Silver Band	7.00	22.58 + 2% = 23.03	30.03
Gold Band	10.50	22.58 + 2% = 23.03	33.53

- 4.2.7 The income generated from this service is difficult to predict as tenants are individually assessed to determine their banding, which can change depending on tenants individual circumstances. Currently for the sheltered schemes, there are 66% of tenants assessed as Bronze band, 28% Silver band and 6% Gold band. However, as the support element is not intended to be increased then the additional income will only be derived from the non support element which is the same for everyone. The additional income will therefore be £21k.

4.2.8 For the declassified schemes, there are currently 83% assessed as Bronze and 17% assessed as silver. However, the support element is not intended to increase so the additional income will only be derived from the non support element which is the same for everyone in this category. The additional income will therefore be £1k.

4.3 Tredegar Court Extra Care Scheme service charge

4.3.1 The Extra Care Scheme was not included as part of the sheltered review but it is intended to be reviewed in the near future.

4.3.2 Charges

The current charge is £62.73 per week and it is proposed to increase by 2% to £63.98 in line with the Councils current business plan.

4.3.3 Tenants in receipt of benefit

63% of tenants who receive this service are in receipt of benefit and therefore do not pay the charge.

4.3.4 Financial Impact

The proposed increase would generate additional annual income of £1.5k.

4.4 Meal Charges (Tredegar Court only)

4.4.1 Charges

Residents of Tredegar Court receive a hot 2 course meal at a cost of £4.55 per day. This is equivalent to a weekly charge of £31.85 or £34.50 when collected over 48 weeks. Catering DSO currently provide the service to the HRA.

4.4.2 Meal charges at similar extra care schemes In the Caerphilly Council area are substantially higher at more than £7 per day.

4.4.3 It is proposed to increase the charge by 2% in line with the Councils current business plan, which is equivalent to £35.19 per week, based on a 48 week collection or £4.64 per day.

4.4.4 Tenants in receipt of benefit

62% of tenants who receive meals are in receipt of housing benefit and will only pay a non-eligible amount. The non eligible amount for 2015/16 is £17.85 per week.

4.4.5 Financial impact

The proposed increased would generate additional income of around £1k which would be passported to the Catering DSO for providing the service. As mentioned in 4.3.1, a review is intended on this scheme in the next financial year which would include meal provision.

4.5 Guest Room

4.5.1 Charges

A number of sheltered housing schemes have guest rooms and the charge to visitors is £18.00 per night plus VAT. It is not proposed to increase this charge this year as the charge is similar to other providers. Also there is an ongoing review of these rooms with a view to them being utilised for other means in consultation with tenants of those schemes.

4.5.2 Tenants in receipt of benefit

Guest room charges do not apply to tenants, and are not eligible for housing benefit.

4.5.3 Financial impact

No additional income will be generated.

4.6 Temporary accommodation at Ty Croeso

4.6.1 Charges

The Authority has some accommodation of its own to assist persons made homeless and a high level of support is provided on site to tenants. Ty Croeso has recently undergone a change of use to single person's accommodation and is managed by an external support provider, The Wallich. The rent and service charge form part of the management agreement, and are linked to the annual Local Housing Allowance rates issued by the Rent Officers Wales.

4.6.2 Tenants in receipt of benefit

It is anticipated that the majority of tenants using this facility will be in receipt of Housing Benefit.

4.6.3 Financial impact

The rent and service charge that are set by The Wallich would ensure the costs of providing the high level support on site and maintaining the facilities are funded. The proposed charges are likely to be significantly lower than an alternative Bed & Breakfast placement. As Ty Croeso is owned by the Council it is exempt from the Housing Benefit subsidy rules and the service charge is therefore 100% recoverable.

4.7 Garage Charges

4.7.1 The Council has 1267 garages, of which 732 are let (72% are let to non-council tenants, 28% are let to council tenants). The current weekly rent is £7.65 and it is proposed to increase the charges by 2% in line with the Council's current business plan to £7.80 per week. A report has been approved by the Caerphilly Homes Task Group which recommends proposals to improve and rationalise our garage stock which will affect our future income but also our ongoing liabilities in respect of maintenance and repairs.

4.7.2 Tenants in receipt of benefit

Garage rents are not eligible for benefit and the majority (72%) of garage tenants are not council house tenants.

4.7.3 Financial impact

The increase will generate additional income of 9k.

5. **EQUALITIES IMPLICATIONS**

5.1 Equalities monitoring of tenants will continue to be an important source of information in order to ensure fairness, and also to highlight any direct impact the increases have on tenants who fall under one or more of the protected characteristics as defined by the 2010 Equality Act.. Any direct impact noted can lead to additional support and advice being offered or signposted in order to help those particular tenants.

6. FINANCIAL IMPLICATIONS

- 6.1 This report deals with the financial implications of the proposed rent increases which affects the HRA.
- 6.2 The impact of the Welfare Reform Act is not taken into consideration and has been reported on separately, and is ongoing.

7. PERSONNEL IMPLICATIONS

- 7.1 The proposals contained in this report will not alter the current arrangements for the collection of housing revenue account monies.

8. CONSULTATIONS

- 8.1 All consultation responses have been reflected in this report. The report will be presented to Cabinet on the 4th February 2015. An information report will also be presented to CHTG in February.

9. RECOMMENDATIONS

- 9.1 Members are asked to consider and give a view on the following recommendations which will be presented to Cabinet on the 4th February 2015;
 - (a) Members consider the options available for the rent increase in 4.1.9 but as a minimum apply a 3.5% increase per property from April 2015 to ensure compliance with the new rent policy and to maintain the viability of the current business plan.
 - (b) The variable service charge at sheltered complexes with communal facilities be set at £27.63 (bronze service), £30.03 (silver service), and £33.53 (gold service) over a 48 week basis from April 2015.
 - (c) The variable service charge in the four declassified sheltered schemes without communal facilities be set at £10.11 (bronze service), £12.51 (silver service), and £16.01 (gold service) over a 48 week basis from April 2015.
 - (d) The service charge payable by residents of Tredegar Court be increased to £63.98 over a 48 week basis from April 2015.
 - (e) The meal cost at Tredegar Court be increased to £35.19 based on a 48 week basis from April 2015.
 - (f) The guest room charge for sheltered housing complexes are not increased from April 2015.
 - (g) The charges at Ty Croeso to be determined by the Local Housing Allowance rates yet to be announced.
 - (h) The garage charges for Council and non-Council tenants increase to £7.80 based on a 48 week basis from April 2015.
 - (i) This report be submitted to Cabinet for consideration.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 Inflationary increases on providing all aspects of the housing service are experienced annually, however as the HRA cannot legitimately set a deficit budget, the loss of additional income will result in reduced resources being available to effectively manage and maintain the stock.
- 10.2 Housing benefit will cover the increased costs for the majority of the charges mentioned in this report. Failure to implement the increased charges proposed will result in the services received by those tenants being further subsidised by the rent payments of those tenants not receiving that service.
- 10.3 If charges are not increased annually it has a detrimental effect on subsequent years as higher increases are then needed to recover the shortfalls from previous years.
- 10.4 The Council's Business Plan relies on inflationary increases to remain viable.

11. STATUTORY POWER

- 11.1 Local Government Act 1972. This is a Cabinet function.

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: REVIEW OF NNDR DISCRETIONARY RATE RELIEF POLICY

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To present the Scrutiny Committee with details of proposed changes to the Authority's Discretionary Rate Relief Policy. These include the re-categorisation of some elements of the Policy, the introduction of an appeals procedure and the consideration of potential changes that will generate savings to support the Authority's Medium-Term Financial Plan (MTFP).
- 1.2 To seek the views of Scrutiny on the potential changes prior to proposals being presented to Cabinet on the 4th February 2015.

2. SUMMARY

- 2.1 Where a property does not qualify for Mandatory Rate Relief, rating Authorities will consider the award of Discretionary Rate Relief under Section 47 of the Local Government Finance Act 1988. Authorities have discretion to grant relief of up to 100% to certain non-profit making bodies. To be eligible, the ratepayer must be a non-profit making body and the rateable property must be used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or the fine arts, or used wholly or mainly for recreation by a not-for-profit club or society.
- 2.2 Mandatory Rate Relief is a separate matter and is currently fixed at 80% of the rates payable where the ratepayer is a charity, or trustees for a charity, and the property is wholly or mainly used for charitable purposes (Section 43, Local Government Finance Act 1988). Mandatory Rate Relief is fully funded by the Welsh Government National Non-Domestic Rates (NNDR) pooling arrangements. Charities should be registered with the Charities Commission unless they are excepted from registration (e.g. scouts and guides, various religious charities) or exempt from registration because they are listed under the Charities Act 1993 or other legislation such as places of public religious worship, universities and museums.
- 2.3 Where a ratepayer is in receipt of 80% Mandatory Rate Relief, discretionary relief of up to 20% may also be granted and this is known as Top-Up Discretionary Relief.
- 2.4 This report sets out details of proposed changes to the Authority's Discretionary Rate Relief Policy that will address some anomalies in the existing policy and also provide the potential to generate savings to support the Medium-Term Financial Plan (MTFP).

3. LINKS TO STRATEGY

- 3.1 The Authority collects National Non-Domestic Rates on behalf of the Welsh Government. The sums collected across Wales are pooled and re-distributed to individual Authorities on a formula basis.
- 3.2 Discretionary Rate Relief and Top-Up Discretionary Relief are part-funded by the Authority and any savings arising from changes to the Council's policy will support the MTFP.

4. THE REPORT

- 4.1 Discretionary Rate Relief is currently funded by Local Authorities (10%) and the Welsh Government (90%). However, where CCBC awards Top-Up Discretionary Relief, the Council funds 75% with 25% being funded by the Welsh Government. As at July 2014, 104 non-domestic ratepayers within the County Borough were in receipt of Discretionary Rate Relief, with 178 ratepayers receiving Top-Up Discretionary Relief. The projected spend for the 2014/15 financial year for both Discretionary Rate Relief and Top-Up Discretionary Relief is £541k, of which £224k is funded by CCBC and £317k by the Welsh Government.
- 4.2 The Authority's criteria in relation to Discretionary Rate Relief have been amended periodically since 1996. All applicants are required to complete a standard application form and submit such further information as the Council may require to form an opinion on the application e.g. annual accounts, constitution, subscription details. All applications are treated on merit in accordance with Welsh Government criteria.
- 4.3 The current policy has a 'Miscellaneous Organisations' category, which now needs to be reviewed and updated. It is proposed that this category is sub-divided into three main Sections, one of which will be a new Section to deal with Social Enterprises, Community Interest Companies and Credit Unions. The three Sections would be as follows: -
- 4.3.1 **Section 1** - 100% relief to be awarded for qualifying not-for-profit organisations whose objects are wholly or mainly philanthropic, and/or educational and/or focussed on social welfare, and are provided for: -
- children
 - and/or young people
 - and/or disabled people
 - and/or unemployed people
 - and/or socially or economically disadvantaged people.
- 4.3.2 **Section 2** - A new category to be created for Social Enterprises, Community Interest Companies and Credit Unions whose objects are wholly or mainly charitable and where articles of association or similar approved documentation are provided which satisfy the various conditions set out in rating legislation regarding the non-profit making criteria expected to be in place for eligibility to receive discretionary rate relief. The use of the premises must also be wholly or mainly charitable. It is proposed that relief in this category should be 100% for premises with a rateable value up to £75,000 and 50% where the rateable value exceeds £75,000. This would be a new category that would enable the Authority to consider relief specifically for such organisations but, compared to the current policy, would limit exposure to larger relief claims.
- 4.3.3 **Section 3** - Qualifying organisations not covered by the specific categories set out within the policy to receive a maximum of 20% relief (previously 100%). The number of organisations in this category is expected to be small.
- 4.4 Currently, where an organisation is refused Discretionary Rate Relief by the Head of Corporate Finance under delegated powers, the Authority will explain in writing why the application was unsuccessful. However, the Policy does not currently contain any details on

the right to appeal. It is therefore proposed that applicants will in future be advised of their right of appeal against the determination and if such an appeal is made then it must be made in writing to the Director of Corporate Services & Section 151 Officer within 28 days of the date of the original determination letter. The ratepayer's appeal must clearly set out in detail the reason(s) why the organisation believes that discretionary rate relief should be allowed. The decision of the Director of Corporate Services & Section 151 Officer will be final and there will be no further right of appeal.

4.5 As part of the MTFP process Members are asked to consider restricting or removing Top-Up Discretionary Relief under certain circumstances. The following options are put forward for consideration: -

4.5.1 Consider restricting or removing Top-Up Discretionary Relief where an organisation occupies one or more rating assessments within the Authority's area, which cumulatively amount to a total rateable value exceeding **£100,000**. Currently 2 ratepayers would be affected by this change i.e. Coleg Gwent and Coleg Y Cymoedd (Ystrad Mynach College). The following savings could be achieved: -

Current cost of 20% top-up relief to CCBC (75%): £85,899

Potential Savings: -

If only 10% top-up relief awarded: **£42,950**

If only 5% top-up relief awarded: **£64,424**

If no top-up relief awarded: **£85,899**

4.5.2 Consider restricting or removing Top-Up Discretionary Relief where an organisation occupies one or more rating assessments within the Authority's area, which cumulatively amount to a total rateable value exceeding **£75,000**. Currently 4 ratepayers would be affected by this change i.e. Coleg Gwent, Coleg Y Cymoedd (Ystrad Mynach College), CFBT Education Trust and Groundwork Caerphilly. The potential savings are as follows: -

Current cost of 20% top-up relief to CCBC (75%): £98,232

Potential Savings: -

If only 10% top-up relief awarded: **£49,116**

If only 5% top-up relief awarded: **£73,674**

If no top-up relief awarded: **£98,232**

4.5.3 Consider reducing top-up relief for charities qualifying for 80% mandatory relief that operate within CCBC and Wales only (e.g. Llamau Ltd and Rhymney Valley Women's Aid). The following savings could be realised: -

Current cost of 20% top-up relief to CCBC (75%): £21,109

Potential Savings: -

If only 10% top-up relief awarded: **£10,555**

If only 5% top-up relief awarded: **£15,832**

If no top-up relief awarded: **£21,109**

4.5.4 Consider reducing top-up relief for Charities qualifying for 80% mandatory relief that operate across the UK (e.g. CAB, Tenovus and Barnardos).

Current cost of 20% top-up relief to CCBC (75%): £30,184

Potential Savings: -

If only 10% top-up relief awarded: **£15,092**

If only 5% top-up relief awarded: **£22,638**

If no top-up relief awarded: **£30,184**

- 4.6 Officers feel that the proposed change outlined in paragraph 4.5.1 should be considered at this time but that the potential changes outlined in paragraphs 4.5.2 to 4.5.4 should not be considered further at this stage in the MTFP process.
- 4.7 Members should note that any agreed changes to the Discretionary Rate Relief Policy would be subject to a statutory notice period and as such would not become effective until April 2016.

5. EQUALITIES IMPLICATIONS

- 5.1 Any agreed changes to Top-Up Discretionary Relief would impact on the budgets of those organisations listed in the options set-out in paragraphs 4.5.1 to 4.5.4. Further information from affected organisations would be required during the statutory notice period in order to fully assess the implications.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 Members of the Scrutiny Committee are asked to consider and comment upon the following: -
- 9.1.1 The proposed re-categorisation of the 'Miscellaneous Organisations' category and suggested policy amendments as set out in paragraphs 4.3.1 to 4.3.3 of the report.
- 9.1.2 The proposed appeals process as outlined in paragraph 4.4.
- 9.1.3 The Officer supported proposal to restrict or remove Top-Up Discretionary Relief where an organisation occupies one or more rating assessments within the Authority's area, which cumulatively amount to a total rateable value exceeding £100,000 (paragraph 4.5.1).
- 9.1.4 The potential to restrict or reduce Top-Up Discretionary Relief in other categories as set-out in paragraphs 4.5.2 to 4.5.4, albeit that these proposals are not supported by Officers at this stage in the MTFP process.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that the Scrutiny Committee is given an opportunity to comment on the content of this report prior to the matter being considered by Cabinet at its meeting on the 4th February 2015.

11. STATUTORY POWER

11.1 Local Government Finance Act 1998.

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Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: HALF-YEARLY UPDATE ON IMPROVEMENT OBJECTIVE 6 (2014/15)

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide members of the Policy and Resources Scrutiny Committee with a half-yearly update on progress made against Improvement Objective 6 (IO 6) – Improve the availability of private and public sector housing to reduce the number of residents who may become homeless.

2. SUMMARY

- 2.1 This report outlines progress made to date against the actions, risks and performance indicators contained within IO 6 and should be read in conjunction with the Ffynnon dashboard report (see Appendix 1).
- 2.2 Good, steady progress at the half-yearly stage is being made against several of the actions contained within IO 6. We recognise that further work will be required to ensure the successful outcome of this objective at the end of the year and are focusing our efforts accordingly.
- 2.3 At the 6-month stage, our actions against IO 6 are judged as being partially successful for the reasons outlined in section 4 and the dashboard report.

3. LINKS TO STRATEGY

- 3.1 Improving Lives and Communities: Homes in Wales (Welsh Government, 2010) which sets out the national context on meeting housing need, homelessness, and housing-related support services.
- 3.2 Caerphilly Delivers (Single Integrated Plan, 2013): P2: "Improve standards of housing and communities, giving appropriate access to services across the county borough."
- 3.3 People, Property, Places: A Housing Strategy for Caerphilly County Borough (2008-2013) provides the context for the provision of housing and related services in the county borough.

4. THE REPORT

- 4.1 The Local Government Measure 2009 requires all local authorities in Wales to establish and publish a set of priorities called Improvement Objectives. The Wales Audit Office use Improvement Objectives and other data/information to evaluate the council's likelihood of

improvement.

4.2 In assessing the progress of an Improvement Objective, there is no criterion as to what constitutes success. Progress is normally summarised as being successful, partially successful or unsuccessful. This is largely a judgement call from those delivering the service and the council members scrutinising that judgement.

4.3 In terms of overall performance made in the first six months against IO6 the following applies:

- Risks – all risks have been identified, assessed and are monitored in accordance with corporate guidance. In total, there are three risks. Two risks are assessed as being high and one as being medium. No change in the risk level has occurred since the risks were first assessed.
- Tasks/Actions – the performance of each action has been reviewed. In total, there are eight actions. One action has been completed (B1) and one action has been deferred pending the availability of external funding (B4). Although, we have carried out the preparatory work required to ensure this action is ready to be progressed once the funding is available. Steady progress is being made against actions B2, B3, B6, B7 & B8. These actions are on course to be successfully completed by year-end. Action B5 has changed in nature since they were first devised. The work programme of the all-Wales homelessness network is now dictating progress of B5. Consequently, we have closed this action down but will continue to actively support the network in its efforts.
- Performance Indicators – There are seven performance indicators, some of which are monitored on a quarterly basis and some annually. One performance indicator (C1), associated with the deferred task (B4), has been closed down. Four of the performance indicators are linked to statutory/national indicators (C4-C7) and, given they way these indicators are measured, data on their performance will not be available until Q4 at the earliest. The two remaining indicators (C2 & C3) are currently on track to meet their end of year targets.

4.4 In terms of the completed actions we have successfully:

- restructured the Housing Options & Homelessness Advice team functions to offer a person centred casework service, including relocating several officers to form a homelessness prevention team. The restructure was completed during Q1, in advance of the completion date. Further restructuring of the team to take place in 2015/16 on receipt of Welsh Government transitional homelessness funding.

4.5 Full details of the risks, actions and performance indicators are provided in Appendix 1.

5. EQUALITIES IMPLICATIONS

5.1 An equalities impact assessment (EIA) is not needed because the issues covered in this report are for information purposes only, therefore, the council's full EIA process does not need to be applied.

6. FINANCIAL IMPLICATIONS

6.1 The financial implications associated with each task, where applicable, are highlighted in Appendix 1.

7. PERSONNEL IMPLICATIONS

7.1 The personnel implications associated with each task, where applicable, are highlighted in Appendix 1.

8. CONSULTATIONS

8.1 All responses from consultation have been incorporated into this report.

9. RECOMMENDATIONS

9.1 It is recommended that members of the Policy and Resources Scrutiny Committee, along with officers, reach agreement on the success or otherwise of IO 6.

9.2 It is further recommended that should IO 6 not be judged successful, members of the Policy and Resources Scrutiny Committee consider means of monitoring future progress towards achieving success.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure the council continues to improve the quality of services it provides to residents.

11. STATUTORY POWER

Local Government Measure 2009

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Appendices:

Appendix 1 of 1 Improvement Object 6 Half-Yearly Ffynnon Dashboard Report

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Improvement Objectives

APPENDIX 1

IO6 - Improve the availability of private and public sector housing to reduce the number of residents who may become homeless.

Outcomes:

Traditionally, those approaching the council for help and advice relating to a homelessness or a potential homelessness situation have been households and individuals considered more vulnerable or with greater needs than the average household. However, due to the many and varied external pressures for example unemployment, home owners in negative equity, higher levels of household debt, ease of access to credit and high interest loans, we now find that a range of households find themselves at risk of losing their home. The stresses brought on by such external factors also have wider effects, e.g. relationship breakdown and increased levels of domestic abuse. Housing and health are intrinsically linked to the quality of housing provided, as does a household's ability to reside in a settled home. Access to good quality, affordable housing and sustainable tenancies positively impacts on a household's health and well-being and helps to develop a sense of community.

We plan to introduce a person centred approach to the Housing Options and Homelessness Advice service in which customers will engage with one caseworker who will assess the their housing needs and their ability to either maintain an existing tenancy or access alternative suitable, affordable and sustainable accommodation and wherever possible, prevent homelessness.

A greener place to live, work and visit
Man gwyrdach i fyw, gweithio ac ymweld



Improvement Objectives

IO6 - Improve the availability of private and public sector housing to reduce the number of residents who may become homeless.

2013-14 End of Year Progress Summary - We assessed this objective and judged it to be **successful** for the year 2013/14.

2014-15 Six Month Progress Summary - We assess this objective to be **partially successful** at 6 months.

What have we done well over the last 6 months?

Successfully completed a restructuring of the Housing Options & Homelessness Advice team to form a Homelessness Prevention team. The restructure will allow the council to respond to the impending changes in homelessness legislation, which will pose a significant challenge to the way the Council deals with people who either threatened with, or are actually homeless. The formation of the Homelessness Prevention team will enable the Council to provide a person centred casework approach, which will significantly improve the way it handles homeless cases.

We continue to provide essential support through our mediation and intervention services to ensure that households at risk of homelessness are able to remain in their own homes, thereby preventing homelessness. To date we have handled 77 cases and at the year-end, we will be able to measure how successful we have been in preventing homelessness in each case.

Two officers continue to provide support to households to help them maintain their new tenancy, which can be critically important in the first few months of a tenancy. To date we have handled 21 cases and at the year-end, we will be able to measure how successful we have been in preventing homelessness in each case.

All the introduction of the social lettings agency has been deferred pending the availability of external funding, we have completed the necessary preparatory work to ensure that once the funding is available we are able to introduce the agency without any further delay.

We contributed towards the all-Wales review of homeless prison leavers and continue to work closely with the all-Wales homelessness network to develop a national pre-release prison protocol.

We have worked closely with the corporate Equalities team to develop a useful guide for landlords in the public and private sectors to enable them to comply with the requirements of the Equalities Act 2010, and thereby promoting non-discriminatory practices.

Having identified a need for specialist support to deal with people made homeless or potentially homeless through domestic abuse, we have successfully completed a procurement process. The contract to provide the support will be awarded in Q3 and in Q4 the support will be delivered.

What areas do we need to improve on, and how are we going to do it?

Only partial progress has been made in working with the prison accommodation service to improve the process whereby prisoners are prepared for release. We will be refocusing our efforts in the last two quarters of the year to ensure the successful completion of this action.

IO6 - Improve the availability of private and public sector housing to reduce the number of residents who may become homeless.

Actions

Title	Comment	RAG	Overall Status	% Complete
1. Restructure the Housing Options and Homelessness Advice team functions to offer a person centred casework service	<p>Action completed. Physical restructure has been completed with a relocation of several officers to form a Homelessness Prevention team. We have assessed the ability of our IT to ensure we can report the required data to comply with the new legislation.</p> <p>Further restructuring of the team to take place in 2015/16 on receipt of Welsh Government transitional homelessness funding.</p>	🟢	Complete	100
2. Provide mediation/early intervention support to households at risk of becoming homeless to remain in their homes	The success of this action is measured on the number of tenancies sustained for at least 6 months. To date we have handled 77 cases, providing a range of support to enable people to remain in their homes. This action is linked to PI 5 and will be reported on at the end of Q4.	🟡	In Progress	50
3. Provide support to households to sustain new tenancies accessed through the Housing Allocations and Advice Centre	Two specialist support officers are in post and have succeeded in a number of cases to prevent a homelessness presentation being made. To date we have handled 21 cases, providing a range of support to enable people to sustain their new tenancies. This action is related to PI 6 and will be reported on at the end of Q4.	🟡	In Progress	50
4. Work with private sector landlords to increase the level of affordable accommodation available through the development of a social lettings agency, accessible to any household regardless of benefit dependency.	The report went to Policy & Resources Scrutiny Committee on 30th September and will be considered by Cabinet in Q3 (1st October 2014). A draft business case has been produced and consideration of suitable office space has commenced. We can now progress receipt of transitional funding awarded to the authority from Welsh Government for homeless prevention measures.	🟡	Not Started	50
5. Review and, where necessary, revise the existing pre-release prison protocol to empower prisoners to plan for their accommodation needs on release	Participated in an all-Wales review of homelessness prison leavers and assessment of the impact of the change in priority need status due to be removed from legislation in 2015. Initially this task was going to be undertaken on a local level but has since become a national issue. Therefore, progress is dictated by the homelessness network, which is now leading on this task. Some research, commissioned by Welsh Government, has been undertaken by the WLGA and is due to be considered. We will continue to play an active role in the completion of this task.	🟢	Complete	100
6. Produce guidance for all landlords (public and private) on the requirements of the Equalities Act 2010 to promote non-discriminatory practice by all housing providers	Draft guidance produced, report going to Policy & Resources Scrutiny Committee in October 2014. Draft guidance will be considered by the Caerphilly Homes Task Group prior to going to Policy & Resources Scrutiny in October 2014.	🟡	In Progress	90
7. Host a specialist domestic abuse support worker to provide early intervention support, target hardening services and person centred support to prevent homelessness in relation to domestic abuse victims and their families	Advice from procurement Services requires that a tender process must be completed to progress this task. Tender process documents to be completed and submitted in Q2. Procurement process has been completed. We expect contract to be awarded in Q3 and commence in Q4.	🟡	In Progress	80
8. Improve both the working relations with prison accommodation services to prepare prisoners for their release and the level of assistance provided to prison leavers by support agencies on their release	In response to changes in legislation, we have established contact with prisons in the South Wales region in an attempt to improve pre-planning on release.	🟡	In Progress	10

IO6 - Improve the availability of private and public sector housing to reduce the number of residents who may become homeless.

How much did we do and how well did we do it?

Title	Actual	Target	Intervention	RAG	Result 12 Months Ago	Comment
1. Increase the number of PRS accommodation units accessed by our service users through our social lettings agency which will be introduced within the current year					N/A	SLA will now not be introduced until 2015 when transitional funding will be available. Therefore, the number of PRS accommodation units accessed by our service users through our social lettings agency during 2014/15 will be nil. The annual target was 30.
2. Produce and publicise guidance on Equalities Act 2010 in housing					N/A	Draft guidance will be considered by the Caerphilly Homes Task Group in Q3 prior to going to Policy & Resources Scrutiny Committee in the same quarter.
3. Number of credit union rent accounts opened with Smart Money credit union which promotes access to the PRS by service users in receipt of benefits	57.00	50.00	40.00	⊖	N/A	The annual target is 100. Performance in Q1 was 54 which was exceptional. Only 3 in Q2 which is lower than expected and we are working with the Credit Union to increase the take-up in Q3.
4. Reduction in the number of repeat homeless presentations					N/A	The annual target is 15. The success of this action is measured on the number of tenancies sustained for at least 6 months. Performance data will be reported from Q4 onwards.

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Is anyone better off?

Title	Actual	Target	Intervention	RAG	Result 12 Months Ago	Comment
5. % of cases who have had their risk of homelessness prevented by assistance to remain in their existing accommodation					N/A	The annual target is 50%. Performance data will be reported from Q4 onwards.
6. % of cases who have had their risk of homelessness prevented by accessing alternative accommodation available to them for a min of 6 months					N/A	The annual target is 50%. Performance data will be reported from Q4 onwards.
7. % of non-priority, intentionally homeless cases not owed any duty, where they have become homeless and we have relieved this homelessness by securing accommodation for a minimum of 6 months					N/A	The annual target is 50%. The success of this action is measured on the number of tenancies sustained for at least 6 months. Performance data will be reported from Q4 onwards.



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: UPDATE IN RESPECT OF EMPLOYEE SURVEILLANCE

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

1.1 To update Members in respect of the Authority's position on employee surveillance.

2. SUMMARY

2.1 Employee surveillance has not been undertaken in the Authority since April 2013. Since that date, Wales Audit Office (WAO) have presented a report and more recently the Information Commissioner's Office (ICO) have published their findings in respect of a self referral of a data protection breach reported to them in November 2013 that took place prior to April 2013.

3. LINKS TO STRATEGY

3.1 If the Authority decided to undertake employee surveillance in the future, existing processes would need to be reviewed in detail and robust policies and procedures will need to be in place.

4. THE REPORT

4.1 Attached as Appendix 1 is a report presented to the Audit Committee on 11 June 2014. This report also included the report presented to the Policy and Resources Scrutiny Committee on 16 April 2013. The Report confirms that employee surveillance has been on hold since April 2013.

4.2 Since the two reports above, the ICO has published findings in respect of activity relating to employee surveillance undertaken prior to April 2013.

4.3 The Audit Committee were advised on 11 June 2014 that due to the implications of the Medium Term Financial Plan and the requirement for Human Resources to focus on the downsizing of the organisation due to the significant savings required that by the Authority the review of the current arrangements around employee surveillance was not a priority for the foreseeable future.

4.4 In addition to a review of the current arrangements, a formal procurement process would need to be undertaken before employee surveillance could be undertaken in the future, this is currently not a priority for the Authority's Procurement team who are heavily involved in the WHQS programme and have a full timetable of commitments for next year.

4.5 Furthermore, it is considered that the future use of employee surveillance would be extremely limited. Hence, for the foreseeable future, the review of the current arrangements will be held in abeyance and the use of employee surveillance will remain on hold.

5. EQUALITIES IMPLICATIONS

5.1 A full Equality Impact Assessment has not been undertaken on this report, which is for information purposes only.

6. FINANCIAL IMPLICATIONS

6.1 None as this report is for information only.

7. PERSONNEL IMPLICATIONS

7.1 None relating to this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

9.1 Members are requested to note the content of this report and the fact that employee surveillance will not be undertaken in the foreseeable future for the reasons outlined in paragraphs 4.3 – 4.5.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that Members are kept up to date in respect of this matter.

11. STATUTORY POWER

11.1 Local Government Act 1972.

Author: Nicole Scammell, Acting Director of Corporate Services & S 151 Officer
E-mail: scammn@caerphilly.gov.uk Tel No. 01443 864419

Consultees: Gareth Hardacre, Head of Workforce and Organisational Development
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Stephen Harris, Acting Head of Corporate Finance
Liz Lucas, Head of Procurement
Lynton Jones, Acting Head of ICT & Customer Services
Cllr B Jones, Deputy Leader and Cabinet Member for Corporate Services
Cllr C Forehead, Cabinet Member for Human Resources and Governance/Business Manager

Background Papers:
Policy and Resources Scrutiny File

Appendices:

Appendix 1 Review of Employee Surveillance by Wales Audit Office (WAO) – Audit Committee – 11 June 2014



AUDIT COMMITTEE – 11TH JUNE 2014

SUBJECT: REVIEW OF EMPLOYEE SURVEILLANCE BY WALES AUDIT OFFICE (WAO)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S 151

1. PURPOSE OF REPORT

- 1.1 To report to Audit Committee Members the findings of a review undertaken by PricewaterhouseCoopers (PWC) on behalf of WAO.

2. SUMMARY

- 2.1 The review is attached as Appendix 1. The review has concluded that there were a number of shortcomings historically in respect of the use of employee surveillance including the procurement arrangements in respect of the use of a company to provide those services.
- 2.2 Concerns surrounding the use of employee surveillance were reported to the Policy and Resources Scrutiny Committee on 16 April 2013. At that time, the use of employee surveillance was put on hold until a number of actions were successfully concluded in respect of an update of policy, to include engagement with the Trade Unions, the implementation of a robust procedure, to include impact assessments, followed by a formal procurement process.
- 2.3 The Policy and Resources Scrutiny Report is attached as Appendix 2.

3. LINKS TO STRATEGY

- 3.1 Robust formal procedures and proper procurement arrangements are a key aspect of good corporate governance.

4. THE REPORT

- 4.1 The Authority's use of employee surveillance had attracted much attention in the Spring/early Summer 2013. The shortcomings in respect of the use of this type of Surveillance were formally and publicly acknowledged in a report to Policy and Resources Scrutiny 16 April 2013. Following that meeting, Cabinet agreed on 30 April 2013:-

"The report provided details of employee surveillance undertaken by the Authority, the legal framework for such activity, the process for agreeing employee surveillance, the background to the appointment of Conquest Surveillance and the associated costs and benefits.

The Policy and Resources Scrutiny Committee discussed the report in detail at its meeting on 16 April 2013. A Trade Union representative had also been granted permission to address the Scrutiny Committee in respect of this item.

Cabinet considered the report in detail and it was proposed and seconded that the recommendations from the Scrutiny Committee be endorsed. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report:-

- (1) The content of the report be noted*
- (2) A formal procurement process be undertaken for a contractor to undertake employee surveillance and during this period surveillance remain suspended.*
- (3) The Authority engage in detailed discussions with the Trade Unions with a view to the development of the current robust procedures into an HR policy document which will be made available to all members of staff."*

4.2 Since April 2013, employee surveillance has not been undertaken. The Authority has been awaiting the WAO report prior to engaging with the Trade Unions in respect of updating relevant policies. Formal procedures will also need to be updated, agreed and implemented. Finally, a formal procurement process will be undertaken. Updates in respect of the above will be reported to Policy and Resources Scrutiny Committee.

4.3 Due to the implications of the Medium Term Financial Plan and the requirement for Human Resources to focus on introducing a range of new policies to deal with the impact of the savings required, this piece of work has not been seen as a priority especially as employee surveillance is no longer taking place.

5. EQUALITIES IMPLICATIONS

5.1 A full Equalities Impact Assessment has not been undertaken on this report, which is for information purposes only. There are, however, clear Equalities and Human Rights issues involved in operating any form of surveillance on employees who are entitled to the right of privacy, liberty etc. under the Human Rights Act.

6. FINANCIAL IMPLICATIONS

6.1 There has been a charge to the Authority by WAO for the work undertaken in respect of this review of £6.5 k.

7. PERSONNEL IMPLICATIONS

7.1 None relating to this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

9.1 Audit Committee Members are requested to note the contents of the review by WAO, particularly the shortcomings that have been highlighted.

9.2 Audit Committee agree that progress to resolve the shortcomings should be reported to P & R Scrutiny Committee, acknowledging that workforce strategies and managing the impact of savings proposals will need to remain as the key priority during the next year.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that prior to the commencement of a formal procurement process, relevant policies and procedures will be implemented. This will include engagement with Trade Union representatives.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

Author: Nicole Scammell, Acting Director of Corporate Services & S 151 Officer
E-mail scammn@caerphilly.gov.uk Tel: 01443 864419

Consultees: Gareth Hardacre, Head of Workforce & Organisational Development
Gail Williams, Interim Head of Legal Services and Monitoring Officer
Steve Harris, Acting Head of Corporate Finance
Stuart Rosser, Interim Chief Executive
Richard Harris, Internal Audit Manager
Cllr Chris Forehead, Cabinet Member for HR & Governance / Business Manager
Cllr B Jones, Deputy Leader & Cabinet Member for Corporate Services

Background Papers:
WAO file

Appendices:

Appendix 1 Review of Employee Surveillance - WAO

Appendix 2 Surveillance of Employees – Policy & Resources Scrutiny Committee 16 April 2013



Stuart Rosser
Interim Chief Executive
Caerphilly County Borough Council
Penallta House
Tredomen Park
Ystrad Mynach
Hengoed CF82 7PG

20 February 2014

Dear Stuart

Review of employee surveillance by Caerphilly County Borough Council

Background

Since March 2013 there has been considerable media interest in the Council's surveillance activities. Subsequently we received correspondence raising concerns with the process for undertaking employee surveillance from a number of electors. The matters were not raised as formal objections to the accounts.

The Acting Director of Corporate Services and s151 Officer reported to the Council's Policy and Resources Scrutiny Committee on 16 April in relation to this matter. The report noted that surveillance activities had been undertaken since 2004, initially in respect of suspected fraudulent insurance claims and then subsequently in respect of employees suspected of defrauding Council. It set out that in exceptional circumstances covert surveillance can be authorised by a Head of Service and the Head of Workforce and Organisational Development, but that before authorisation of such surveillance, an impact assessment must be carried out in line with the Employment Practice Code to judge whether this arrangement is proportionate or whether there are alternatives that could be used.

The report stated that the Council does not undertake covert surveillance for minor reasons or on the 'off chance'. Only in exceptional circumstances where there is evidence of suspicion of fraud, criminal activity or malpractice by an employee is surveillance undertaken. It added that a process must be followed including completion of an 'Application for Authorisation – Directed Surveillance on Employees' form which must be authorised by a Head of Service and the completed form must be reviewed by the Head of Workforce and Organisational Development to assess its accuracy and the proportionality of the use of surveillance before final approval could then be granted.

The contractor used was Conquest Surveillance. The Council had asked its Internal Auditors to review the arrangements and they ascertained that the engagement with the contractor was not compliant with Standing Orders from a procurement perspective.

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As a result of the correspondence we have received, we have undertaken a review of the process in place at the Council for undertaking employee surveillance. In particular we have considered the Council's processes to comply with its own legal advice on the requirements in respect of undertaking employee surveillance and have considered the findings of the Council's own review into the procurement of the firm primarily used to conduct this surveillance.

Our work covered only the above specific matters in relation to employee surveillance and not surveillance activities in general.

Findings

Review of compliance with legal requirements

The Council obtained legal advice from its solicitors in respect of the obligations of employers under the ICO Employment Practices Code ("the Code") on 6 March 2013 in relation to the covert surveillance of employees. We have reviewed this advice, which noted *inter alia* that:

- Surveillance must be undertaken in accordance with the Data Protection Act (DPA), Human Rights Act (HRA) and European Convention on Human Rights (ECHR);
- Whilst the DPA does not prevent the monitoring of employees by employers, any potential adverse impact of monitoring on the individuals must be justified by the benefits to the employer and others. Accordingly the Information Commissioner's Office (ICO) uses the term "impact assessment" throughout the Code to describe the process undertaken by employers to decide whether or not this is the case. It is used to judge whether a monitoring arrangement is proportionate. Section 3 of the Code states that this should involve:
 - Identification of the purpose of the monitoring and the likely benefits
 - Identification of the likely adverse impact of the monitoring
 - Considering alternatives to monitoring and the different ways it may be carried out
 - Taking into account the obligations that arise from monitoring
 - Judging whether monitoring is justified
- The Council should be able to provide evidence that an evaluation of the risks involved have been considered. Whilst there is no requirement for a written impact assessment, employers should be able to point to some form of written evidence particularly in cases involving covert surveillance;
- The Council's practice at that time which required completion of an Application for Authorisation of Directed Surveillance on Employees appears to mean that the Council is carrying out an impact assessment; and
- There should be clear rules limiting disclosure of and access to the information obtained and any that is not relevant to the investigation should be deleted.

Our work identified that surveillance was originally instigated by the Insurance and Risk Department (I&R) and that historically cases did not always go to the Human Resources Department (HR) for approval. We were informed that, as part of an ongoing review by the Head of Workforce and Organisational Development including the need to consider changes in legislation, it was determined



that further assurances needed to be introduced into the process. As a result, a temporary measure was introduced whereby all requests needed to be approved by the Head of Service and the Head of Workforce and Organisational Development. In the meantime, given the changing nature of the law, Legal Services worked with HR to design a new process which included a requirement to complete an application for surveillance to be undertaken from January 2012. We understand that the Council is considering a requirement that in addition to approval by a Head of Service and the Head of Workforce and Organisational Development, approval should also be required from the Head of Legal.

However, as at July 2013 there were still no written procedures covering the process to be followed to initiate, consider and authorise employee surveillance. At the time of our review, the Council informed us that it was consulting with the Union in order to agree a policy in this area. The Council also informed us that there was no written framework or guidance to assist officers to determine whether to proceed with surveillance; this was described as matter of judgement.

We also confirmed that historically there was no formal documentation in place to evidence consideration of an impact assessment when employee surveillance was being proposed. As noted above, such a form now exists. In respect of one instance of employee surveillance, initiated and approved by I&R prior to the introduction of the new processes, the Council was unable to provide any documentary evidence that clearly showed that such an impact assessment had been undertaken.

Conclusion

The processes underpinning the use of employee surveillance at the Council historically do not appear to have been formalised and, at least in one case this has resulted in a lack of written documentation to evidence that legal requirements have been appropriately considered prior to undertaking such surveillance.

Whilst the Council has identified the need to ensure that these processes are made more robust, there are still no formal written policies and processes setting out what is required in relation to considering the appropriateness of employee surveillance. We understand however, that such surveillance activities have been suspended pending the development of the relevant policies and processes.

The Council should ensure that such processes and policies are finalised at the earliest possible opportunity.

Review of procurement

The Council's S151 Officer asked the Council's Internal Audit Department to undertake an independent review of the procurement of the main contractor used by the Council to undertake employee surveillance services.

We note that the Internal Auditors have yet to finalise their report in this area, although we understand that their fieldwork has been completed. Their findings indicate that proper procurement processes were not followed in relation to letting this contract, which we understand has cost the Council £209,000 over a 6 year period, with over £150,000 having been spent in the three years to the end of 2013. This latter element of spend means that EU procurement rules should have been followed to let this contract.



Conclusion

The Council has previously publically acknowledged that the letting of the contract was not compliant with its Standing Orders for the procurement of services. It will be important for the Council to understand the root cause of the failure to comply with procurement requirements and to put in place actions to prevent a reoccurrence. We understand that the Procurement Department does undertake some monitoring of suppliers where there is spend of greater than £10,000 (the limit under which formal tendering for services is not required). The Council should consider whether this is a sufficient level of control going forward.

Overall conclusion

The development of employee surveillance activities at the Council does not appear to have been appropriately controlled and formalised, with little evidence of oversight. This has led, in at least one instance, to a situation where there is inadequate documentary evidence that legal requirements were followed appropriately.

The Council has responded to this by taking steps to formalise this process and it should ensure that its wider governance review seeks to identify whether there are other areas of operations where informal practices may have developed, which put the Council at risk.

We also consider that internal audit reports should be finalised and issued promptly.

Yours sincerely

A handwritten signature in cursive script that reads 'Lynn Pamment'.

Lynn Pamment

**POLICY AND RESOURCES SCRUTINY COMMITTEE
16TH APRIL 2013**

SUBJECT: SURVEILLANCE OF EMPLOYEES

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to respond to a request from Councillor Hefin David for details of surveillance undertaken on Caerphilly CBC employees and the engagement of Conquest Surveillance to undertake such activity.

2. SUMMARY

- 2.1 The report provides details of employee surveillance undertaken by the Authority and covers the legal framework for such activity, the process for agreeing employee surveillance, the background to the appointment of Conquest Surveillance and the associated costs and benefits.

3. LINKS TO STRATEGY

- 3.1 The Authority is entitled to expect the highest standards of conduct from all its employees and its conditions of service and the Code of Conduct provide that employees must not behave in such a way as to bring the Authority into disrepute.

4. THE REPORT

- 4.1 Surveillance has been considered by the Authority since 2004 and was initially used solely in relation to suspected fraudulent insurance liability claims. Subsequently, surveillance has also been used on employees who are suspected of defrauding the Authority by, for example, undertaking private work in paid Council time, abusing the sickness policy or misappropriating Council property. In some cases the referral has been made by members of the public who have contacted the Authority with details of the allegations.

4.2 Legal Framework

- 4.2.1 The Authority takes very seriously its obligations under the Data Protection Act 1998, the Human Rights Act 1998 and the Information Commissioner's Office (ICO) Employment Practice Code, as well as the general duty of care to its employees. However, it also acknowledges that in some exceptional circumstances covert surveillance may be authorised by a Head of Service and the Head of Workforce & Organisational Development where fraud, criminal activity or malpractice by an employee against the Council is suspected.
- 4.2.2 Before covert surveillance is authorised an Impact Assessment is carried out in line with the Employment Practice Code. This impact assessment is the means by which Caerphilly CBC can judge whether a monitoring arrangement is a proportionate response to the problem it

seeks to address. Sometimes, once the impact assessment is completed the covert surveillance is not carried out, as it may not be considered proportionate or an alternative approach may have been found, such as obtaining witness statements or reporting the matter to the Police. The adverse impact upon the employee is considered and surveillance is kept to the minimum required avoiding breaching any privacy.

- 4.2.3 In line with the Employment Practice Code, the Authority also specifically includes a contractual term in every agreement with a contractor to provide covert surveillance that surveillance must not be taken unlawfully and should be undertaken in a manner that reduces the impact upon the employee and should not include anyone other than the employee. The Authority also ensures that covert surveillance is strictly targeted at obtaining evidence within a set timeframe. Any other information is disregarded, and where feasible, deleted, unless information is revealed that no reasonable employer could reasonably be expected to ignore (e.g. other criminal activity or malpractice). Any information is used and stored in line with the Data Protection Act 1998.
- 4.2.4 The leading case in the area of employee surveillance is *McGowan v Scottish Water* [2005] IRLR 167 EAT. Following suspicions that McGowan had submitted falsified timesheets, Scottish Water determined that covert surveillance should be carried out on him. Evidence was gathered and McGowan was subsequently dismissed on the grounds of dishonesty in accordance with Scottish Water's disciplinary procedure. He argued that the covert surveillance had breached his right to respect for private and family life under Article 8 of the European Convention on Human Rights (ECHR). However, the Employment Appeal Tribunal held that Scottish Water was investigating what was effectively criminal activity, which is an exception to the ECHR. The surveillance went to the heart of the investigation that Scottish Water was bound to carry out to protect itself. The surveillance was not undertaken for minor or whimsical reasons and was not, therefore, disproportionate. By contrast, surveillance carried out on the "off-chance" of discovering misconduct is less likely to be considered proportionate.
- 4.2.5 In following this case and the Employment Practice Code, Caerphilly CBC does not undertake covert surveillance for minor reasons on the "off chance". Covert surveillance is only undertaken in exceptional circumstances where there is evidence of suspicion of fraud, criminal activity or malpractice by an employee against the Council and where the employee is already suspected of breaching trust and their contract of employment.

4.3 Process for Agreeing Staff Surveillance

- 4.3.1 Where there are concerns raised regarding the conduct of an employee and surveillance is being considered an "Application for Authorisation – Directed Surveillance on Employees" form must be completed (copy attached as Appendix 1). This form meets the impact assessment requirements of the Employment Practice Code and must be authorised by a Head of Service, who must ensure that the form is accurate and that the request is proportionate.
- 4.3.2 Completed applications are subsequently reviewed by the Head of Workforce & Organisational Development who will also make an assessment of the accuracy and proportionality of the request before final approval is granted. If the Head of Workforce & Organisational Development agrees the request it is referred to the Insurance and Risk Management Section for a contractor to be engaged. The contractor will receive a copy of the approved application and will undertake the requested surveillance and provide a report. A copy of the report is provided to the Head of Workforce & Organisational Development for a decision to be made on the case.

4.4 Appointment of Conquest Surveillance

- 4.4.1 The Authority has previously approached and utilised the services of a number of companies to undertake surveillance work but there have been issues with the quality of the surveillance captured, the timescales for instruction and the late receipt of reports from some of the companies used. Conquest Surveillance, a local company based in Blackwood, has provided a consistent and timely service for the Authority and is, therefore, the preferred contractor for surveillance work. However, when Conquest Surveillance is unable to undertake a particular assignment an alternative contractor will be engaged.
- 4.4.2 In preparing this report for the Scrutiny Committee the Authority's Internal Audit Section was asked to review the arrangements for employee surveillance. One of the findings of this review is that the engagement of Conquest Surveillance is not compliant with Standing Orders from a procurement perspective. As a consequence of this arrangements will now be made for a formal procurement process to be undertaken. No new employee surveillance cases will be agreed until this procurement exercise has been completed.

4.5 Costs and Benefits of Surveillance Activity

- 4.5.1 The expenditure on employee surveillance for the last three financial years is summarised below. With the exception of £6,000 all costs relate to services provided by Conquest Surveillance:-

Financial Year	Amount (£)
2010/11	54,205
2011/12	62,487
2012/13	39,895
Total: -	156,587

- 4.5.2 As part of the review work undertaken by Internal Audit an analysis has been carried out of recent employee surveillance activity leading to the total spend of £39,985 in the 2012/13 financial year. The findings are summarised below:-

Number of employees subject to surveillance <i>(0.12% of Caerphilly CBC's total workforce)</i>	11
Ongoing Cases	5
Cases where employee dismissed	1
Cases where employee resigned	2
Cases where employee returned to work	3

- 4.5.3 The financial benefits of surveillance activity are difficult to determine with accuracy but resources are saved by ceasing inappropriate sickness payments and avoiding the misuse of the Council's property. Furthermore, in some cases direct costs can be incurred where cover arrangements have to be put in place for absent staff. Consideration also needs to be given to the impact on other staff in terms of workload to cover absent colleagues and the effect that this has on staff morale.

4.6 Regulation of Investigatory Powers Act 2000

- 4.6.1 The Authority also undertakes covert surveillance under the provisions of The Regulation of Investigatory Powers Act 2000 (RIPA). The Act sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to the Act, advice and guidance is found within the Codes of Practice issued by the Home Office.
- 4.6.2 The Authority has a corporate policy which provides guidance on how surveillance should be used by the relevant officers and these activities are subject to inspection by an Assistant Surveillance Commissioner or by a Surveillance Inspector (or in some cases both).
- 4.6.3 For the period commencing 1st April 2012 and ending on 31st March 2013, the Council has undertaken 20 RIPA operations. These cover a range of activities such as investigations into the possible illegal slaughter and supply of meat to food businesses and the supply of alcohol and tobacco to minors. Full details will be reported to the Audit Committee shortly.
- 4.6.4 All of the RIPA operations have been duly authorised under the statutory provisions, which now includes judicial approval before the operation is commenced. All covert surveillance operations authorised under RIPA have been undertaken by Caerphilly CBC staff.
- 4.6.5 As mentioned in paragraph 4.1 surveillance has also been used in relation to suspected fraudulent insurance liability claims against the Council. Where such surveillance has been required it would have been requested by our insurers, arranged and paid for through our claims handlers or solicitors and carried out under the RIPA process. During the last three years there have been no cases of surveillance on members of the public in relation to personal injury claims.
- 4.6.6 RIPA does not apply in relation to employee surveillance and judicial approval is not required. However, the process for agreeing staff surveillance as set out in Section 4.3 of this report is in line with the spirit of the Act.

5. EQUALITIES IMPLICATIONS

- 5.1 A full Equalities Impact Assessment has not been undertaken on this report, which is for information purposes only. There are, however, clear Equalities and Human Rights issues involved in operating any form of surveillance on employees who are entitled to the right of privacy, liberty etc. under the Human Rights Act.
- 5.2 This of course has to be balanced against the Council's duties and responsibilities as noted under Section 4 and so the use of directed surveillance is strictly governed and only used where no alternatives are available.
- 5.3 There may be equality related issues linked to a long-term sickness case, for example where relevant information gathered by surveillance could prove/disprove any allegations of fraudulent behaviour by an employee. However, question 8 of the application form (as shown in Appendix A) is intended to ensure that any information that can be gathered by other means should be a first port of call.
- 5.4 The application form also takes into account the impact that surveillance has on other people, not only the employee under direct surveillance. Question 7 asks about collateral intrusion to ensure that people not involved in the particular case do not have their rights violated by Council actions.
- 5.5 The Council's procurement process since 2011 includes a comprehensive Equalities and Welsh language statement as well as a Pre-Tender Questionnaire that will be used during any future procurement process for a contractor to undertake employee surveillance.

6. FINANCIAL IMPLICATIONS

- 6.1 The total cost of employee surveillance for the last 3 financial years is £156,587.
- 6.2 The Authority's proactive approach to risk management has generated substantial savings in insurance costs since 1996 and a report will be presented to Cabinet on the 30th April 2013 outlining further savings arising from a recent tendering exercise for insurance cover. These savings will be available to support the Authority's Medium-Term Financial Plan (MTFP).

7. PERSONNEL IMPLICATIONS

- 7.1 Employee surveillance is undertaken in line with the requirements of the ICO's Employment Practice Code.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATION

- 9.1 Members are asked to note the contents of this report and subject to the views of the Policy and Resources Scrutiny Committee and Cabinet that a formal procurement process will be undertaken for a contractor to undertake employee surveillance.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Members are informed of the process for employee surveillance in Caerphilly CBC and that Standing Orders are followed for the procurement of such activity.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

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E-mail: scammn@caerphilly.gov.uk Tel: 01443 864419

Consultees: Cllr H.W. David – Chairman, Policy & Resources Scrutiny Committee
Cllr J. Summers – Vice-Chairman, Policy & Resources Scrutiny Committee
Cllr K. Reynolds – Deputy Leader and Cabinet Member for Corporate Services
Cllr C. Forehead – Cabinet Member for Human Resources and Governance
N. Barnett – Acting Chief Executive
G. Hardacre – Head of Workforce & Organisational Development
D. Perkins – Head of Legal Services
S. Harris – Acting Head of Corporate Finance
L. Lucas – Head of Procurement
G. Williams – Monitoring Officer / Principal Solicitor
A. Price – Barrister, Legal Section
S. Ruddock – Insurance & Risk Manager
D. Thomas - Senior Policy Officer (Equalities and Welsh Language)

Appendices: Appendix 1 – Application for Authorisation, Directed Surveillance on Employees

Unique Reference Number	
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CAERPHILLY COUNTY BOROUGH COUNCIL

**APPLICATION FOR AUTHORISATION
DIRECTED SURVEILLANCE ON EMPLOYEES**

	Caerphilly County Borough Council Penallta House Tredomen Park Ystrad Mynach Hengoed CF82 7PG.		
Name of Applicant		Department	
Full Address	Caerphilly County Borough Council Ty Penallta Tredomen Park Ystrad Mynach Hengoed CF82 7PG		
Contact Details	e-mail - Tel -		
Employee Name			
Investigating Officer (if a person other than the applicant)			

Unique Reference Number	
-------------------------	--

DETAILS OF APPLICATION

1. Give position of authorising officer.

2. Describe the purpose of the investigation.

3. Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars, recorder) that may be used.

4. The identities, where known, of those to be subject of the directed surveillance.

- Name:
- Address:
- DOB:
- Other information as appropriate:

Unique Reference Number

5. Explain the information that it is desired to obtain as a result of the directed surveillance.

6. Identify on which grounds the directed surveillance is necessary.

**7. Supply details of any potential collateral intrusion and why the intrusion is unavoidable.
Describe precautions you will take to minimise collateral intrusion**

8. Explain why this directed surveillance is proportionate to what it seeks to achieve. How intrusive might it be on the subject of surveillance or on others? And why is this intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means?

9. INDICATE THE LIKELIHOOD OF ACQUIRING ANY CONFIDENTIAL INFORMATION:

Unique Reference Number	
-------------------------	--

10. Applicant's Details.

Name (print)		Tel No:	
Grade/Rank		Date	
Signature			

11. Authorising Officer's Statement.

I hereby authorise directed surveillance defined as follows: [*Why is the surveillance necessary, whom is the surveillance directed against, Where and When will it take place, What surveillance activity/equipment is sanctioned, How is it to be achieved?*]

Date of first review

--

Programme for subsequent reviews of this authorisation: [Code paragraph 4.22]. Only complete this box if review dates after first review are known. If not or inappropriate to set additional review dates then leave blank.

--

Authoriser's Name (Print)		Grade / Rank	
Signature		Date and time	
Expiry date and time [e.g.: authorisation granted on 1 April - expires on 30 June]			



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: CORPORATE SERVICES, MISCELLANEOUS FINANCE AND HOUSING REVENUE ACCOUNT (HRA) 2014/15 BUDGET MONITORING REPORT (PERIOD 7)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for the Directorate of Corporate Services, Miscellaneous Finance and the Housing Revenue Account (HRA) for the 2014/15 financial year.

2. SUMMARY

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services, Miscellaneous Finance and the HRA based upon expenditure and income trends for the first seven months of the financial year.

3. LINKS TO STRATEGY

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 26th February 2014.

4. THE REPORT

4.1 Corporate Services

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £693k for the 2014/15 financial year, full details of which are provided in Appendix 1.

4.1.2 The anticipated underspend of £19k in the Chief Executive and Secretariat budget is due in the main to the savings generated by the part time costs of the former Interim Head of Paid Service.

4.1.3 The anticipated underspend of £437k in Corporate Finance and Procurement relates in the main to delays in appointing to vacant posts together with vacancies which are being held to support the Medium Term Financial Plan (MTFP) savings requirements for 2015-16.

4.1.4 Legal & Governance is projecting a net underspend of £69k which is due to a delay in the backfilling of posts following the appointment of the Interim Head of Legal Services.

- 4.1.5 There is a projected underspend of £23k on Housing services, which is due in the main to an early retirement.
- 4.1.6 There is a small underspend of £2k projected for Information and Citizens Engagement.
- 4.1.7 For Performance and Property there is a projected underspend of £119k, which is due to reduced energy costs, maternity leave and increased fees for Building Consultancy.
- 4.1.8 There is a projected small overspend of £3k for Human Resources.
- 4.1.9 There is a projected £27k underspend identified for the Health & Safety budget mainly due to one off increased income.
- 4.1.10 The following table provides a summary of progress in delivering agreed 2014/15 savings for the Directorate of Corporate Services:-

Matrix	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Corporate Health And Safety	98.20	98.20	0.00
Financial Services	367.00	365.00	(2.00)
General Fund Housing	151.75	127.75	(24.00)
Human Resources	223.00	223.00	0.00
Information and Citizen Engagement	723.00	525.38	(197.62)
Internal Audit	47.70	47.70	0.00
Legal and Governance	92.00	84.00	(8.00)
Performance and Property	527.60	527.60	0.00
Procurement Services	10.00	10.00	0.00
Grand Total	2,240.25	2,008.63	(231.62)

4.1.11 The main reasons for the variances in the above table are:-

- Financial services – Anticipated savings from re-negotiating the Housing Advance contract is lower than budgeted.
- Housing services – Due to delays in implementing the “Furniture Strategy” but other budget savings will be achieved to balance the budget in 2014-15.
- Information & Citizen Engagement –
 - Central Services – £72k - Delays in vacancy management savings.
 - IT Services - £125.6k – This arises from the need to finalise Service Level Agreement adjustments with schools.
 - Other one-off savings are being achieved to balance the budget in 2014-15.
- Legal & Governance – Savings proposals could only be implemented after the Members AGM in June, other savings will be achieved to offset this in 2014-15.

4.2 Miscellaneous Finance

4.2.1 There is a projected underspend of £1,046k in Miscellaneous Finance of which £436k is due to the following currently uncommitted budgets:-

- 21st Century Schools Funding - £106k
- Budget Pressures - £227k
- NNDR Empty Properties - £60k
- Unapplied Growth – Living Wage - £43k

- 4.2.2 There is a projected overspend of £16k on Statutory Benefit Schemes relating to Discretionary Housing Payments.
- 4.2.3 There is a projected net underspend of £666k on the Welsh Housing Quality Standards Capital Financing budget after the utilisation of £272k as a Revenue Contribution to Capital Outlay (RCCO), as agreed by Cabinet on the 1st October 2014.
- 4.2.4 There is a projected net overspend of £40k on Bank Charges relating to the ongoing tender process for banking services.
- 4.2.5 No other variations against budgets within Miscellaneous Finance have been identified at this time.

4.3 Housing Revenue Account (HRA)

- 4.3.1 The HRA is projecting an underspend of £4.7m as detailed in Appendix 2.
- 4.3.2 Direct salary costs are expected to underspend by circa £250k due to staff turnover, subsequent delays in filling posts, and some staff opting out of the pension scheme. The underspend represents a circa 2% saving on the overall salary budget of £13.3m. A further saving is expected on other pay related expenditure e.g. mileage of £135k. These savings are offset by an overspend of £248k on agency staff within response maintenance to support our trade operatives, which in turn has led to a reduction in the use of external contractors. Agency costs within the WHQS delivery team have also increased by £392k in order to support our workforce in the delivery of the Programme.
- 4.3.3 HRA Subsidy is expected to be £1.3m lower than originally budgeted. This is due to the guideline rent given by Welsh Government (WG) being lower than estimated resulting in a lower notional rent being clawed back from WG.
- 4.3.4 The Revenue Contribution to Capital Outlay (RCCO) of £12.2m which funds the majority of the WHQS Capital Programme will not be fully utilised this year. Major slippage during the 2014/15 financial year has necessitated a review of the investment strategy over the remaining 5 years of the Programme, and has resulted in a large number of sequence changes, mainly affecting external works. An underspend on the WHQS Programme is therefore anticipated at approximately £12m which means that not all of the RCCO is required from the HRA. The underspend on the RCCO budget is currently projected to be some £3.7m and this will be used to support the Programme in future years.

5. EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

9.1 Members are requested to note the contents of the report.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Appendices:

Appendix 1 Corporate Services & Miscellaneous Finance 2014/15 Budget Monitoring Report (Period 7).

Appendix 2 Housing Revenue Account 2014/15 Budget Monitoring Report (Period 7).

<i>CORPORATE SERVICES DIRECTORATE</i>	Original Estimate 2014/2015	Revised Estimate 2014/2015	Anticipated Outturn 2014/2015	Anticipated Variance 2014/2015
	£	£	£	£
CHIEF EXECUTIVE AND SECRETARIAT	239,832	239,832	220,832	19,000
DEPUTY CHIEF EXECUTIVE	180,488	180,488	180,488	0
CORPORATE FINANCE				
Financial services	2,481,303	2,481,303	2,048,549	432,754
Procurement	461,047	461,047	456,964	4,083
	2,942,350	2,942,350	2,505,513	436,837
LEGAL & GOVERNANCE				
Legal	844,275	844,275	798,160	46,115
Democratic Services	1,876,596	1,876,596	1,862,537	14,059
Members earmarked underspends	0	0	(8,781)	8,781
Electoral Services	303,201	303,201	236,217	66,984
Earmarked reserve	0	0	66,984	(66,984)
Policy	452,434	452,434	452,936	(502)
Equalities	185,865	185,865	185,351	514
	3,662,371	3,662,371	3,593,404	68,967
HOUSING SERVICES				
General Fund Housing	656,873	656,873	654,649	2,224
Private Housing	573,344	573,344	552,119	21,225
Building Maintenance	(117,828)	0	0	0
	1,112,389	1,230,217	1,206,768	23,449
INFORMATION AND CITIZENS ENGAGEMENT				
IT Services	4,964,752	4,964,752	4,893,240	71,512
Central Services	406,701	406,701	472,252	(65,551)
Communications Unit	298,841	298,841	324,640	(25,799)
Customer First	1,545,172	1,545,172	1,522,972	22,200
	7,215,466	7,215,466	7,213,104	2,362
PERFORMANCE & PROPERTY				
Performance Management Unit	344,585	361,585	361,585	0
Corporate Property Services	677,946	677,946	677,946	0
Corporate Premises	2,721,730	2,721,730	2,668,801	52,929
Asset Management Facilities	2,076,468	2,076,468	2,013,846	62,622
Building Consultancy	(23,840)	(23,840)	(27,744)	3,904
	5,796,889	5,813,889	5,694,434	119,455
HUMAN RESOURCES				
Human Resources	1,977,182	1,977,182	1,983,251	(6,069)
Trade Union Facilities	25,233	25,233	22,778	2,455
	2,002,415	2,002,415	2,006,029	(3,614)
Health & Safety				
Health & Safety	1,101,971	1,101,971	1,225,019	(123,048)
Use of Earmarked reserves	0	0	(150,000)	150,000
	1,101,971	1,101,971	1,075,019	26,952
TOTAL CORPORATE SERVICES	24,254,171	24,388,999	23,695,591	693,408

MISCELLANEOUS FINANCE	Original Estimate 2014/2015	Revised Estimate 2014/2015	Anticipated Outturn 2014/2015	Anticipated Variance 2014/2015
	£	£	£	£
Staff Related Costs				
Pension Contribution - Former Authorities Ongoing	1,233,237	1,233,237	1,233,237	0
Recharge to Education - Former Authorities	(191,333)	(191,333)	(191,333)	0
Adjustment for Superannuation Costs	47,315	47,315	47,315	0
	1,089,219	1,089,219	1,089,219	0
Catering				
Subsidy School Meals Service	227,974	227,974	227,974	0
	227,974	227,974	227,974	0
Statutory Benefit Schemes				
Council Tax Benefits	14,189,934	14,189,934	13,850,000	339,934
Earmarked reserve			339,934	(339,934)
General Rent Allowances	31,398,320	31,398,320	31,398,320	0
Rent Rebates	30,016,589	30,016,589	30,032,589	(16,000)
Rent Allowance War Widow Concessions	45,000	45,000	45,000	0
Housing Benefit Subsidy	(61,414,909)	(61,414,909)	(61,414,909)	0
	14,234,934	14,234,934	14,250,934	(16,000)
Levies Upon the Council				
Coroner	159,347	159,347	159,347	0
Archives	215,093	215,093	215,093	0
Fire Service Authority	8,376,576	8,376,576	8,376,576	0
	8,751,016	8,751,016	8,751,016	0
Capital Financing				
Debt Charges	17,831,613	17,831,613	17,831,613	0
Investment Income net of Recharges	392,028	392,028	392,028	0
Welsh Housing Quality Standard	938,400	938,400	0	938,400
October 1st Cabinet Approved RCCO			272,000	(272,000)
CERA (Capital Expenditure funded from Revenue Account)	957,384	957,384	957,384	0
	20,119,425	20,119,425	19,453,025	666,400
Corporate and Democratic Core Costs				
Bank Charges	136,707	136,707	190,000	(53,293)
Income from HRA	(11,484)	(11,484)	(15,960)	4,476
Income from DLO/DSO	(21,327)	(21,327)	(29,640)	8,313
External Audit Fees	460,207	460,207	460,207	0
Income from HRA	(35,161)	(35,161)	(35,161)	0
Income from DLO/DSO	(65,299)	(65,299)	(65,299)	0
Subscriptions	133,982	133,982	133,982	0
	597,625	597,625	638,129	(40,504)

MISCELLANEOUS FINANCE	Original Estimate 2014/2015	Revised Estimate 2014/2015	Anticipated Outturn 2014/2015	Anticipated Variance 2014/2015
	£	£	£	£
Grants to Voluntary sector				
Assistance to Voluntary sector	255,220	255,220	255,220	0
	255,220	255,220	255,220	0
Other Grant funding				
Spend on ad hoc Community Projects	258,000	0	0	0
	258,000	0	0	0
Private Finance Initiative				
PFI Schools	2,707,407	2,707,407	2,707,407	0
PFI Sirhowy Enterprise Way	4,399,222	4,399,222	4,399,222	0
	7,106,629	7,106,629	7,106,629	0
Other				
21st Century Schools Funding	106,482	106,482	0	106,482
Budget Pressures	226,500	226,500	0	226,500
Unapplied Growth - Landfill	243,672	0	0	0
NNDR - Authority Empty Properties	195,617	195,617	135,617	60,000
Apprentice/Trainee Costs	494,749	494,749	494,749	0
Counsel Fees	394,593	394,593	394,593	0
Careline	84,074	84,074	84,074	0
Carbon Management Scheme	23,445	23,445	23,445	0
Carbon Energy Tax	215,135	215,135	215,135	0
Miscellaneous Items	113,263	105,935	105,935	0
IT Replacement Strategy	342,090	342,090	342,090	0
PV Panels Income	(40,000)	(40,000)	(40,000)	0
Unapplied Growth - Living Wage	42,726	42,726	0	42,726
Risk Management Contribution	(154,894)	(154,894)	(154,894)	0
	2,287,452	2,036,452	1,600,744	435,708
TOTAL MISCELLANEOUS FINANCE	54,927,494	54,418,494	53,372,890	1,045,604

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HOUSING	Original Estimate 2014/2015	Anticipated Outturn 2014/2015	Anticipated Variance 2014/2015
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	1,005,991	993,466	12,525
CAPITAL FINANCING	2,881,601	2,859,098	22,503
CENTRAL RECHARGES	2,088,519	2,101,225	-12,706
STRATEGY AND PERFORMANCE	1,015,853	1,157,854	-142,001
PUBLIC SECTOR HOUSING	5,045,379	4,998,263	47,116
SUPPORTED HOUSING	0	0	0
BUILDING MAINTENANCE SERVICES	25,946,159	22,322,187	3,623,972
GROSS EXPENDITURE	37,983,503	34,432,093	3,551,409
INCOME	(37,983,503)	(39,127,532)	1,144,029
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	0	(4,695,439)	4,695,438
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	1,005,991	993,466	12,525
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	2,039,131	2,015,073	24,058
Principal	885,637	887,192	-1,555
Debt Management	14,514	14,514	0
Resheduling Discount	(57,681)	(57,681)	0
EXPENDITURE TO HRA SUMMARY	2,881,601	2,859,098	22,503
<u>CENTRAL RECHARGES</u>			
Central Recharges	1,653,182	1,665,888	-12,706
Grounds Maintenance recharge to HRA	435,337	435,337	0
EXPENDITURE TO HRA SUMMARY	2,088,519	2,101,225	-12,706

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
STRATEGY & PERFORMANCE	75,487	39,138	36,349
PERFORMANCE DEVELOPMENT	605,696	577,076	28,620
COMMUNICATIONS & ENGAGEMENT	92,266	85,948	6,318
TRANSFORMING LIVES & COMMUNITIES	242,404	455,692	-213,288
EXPENDITURE TO HRA SUMMARY	1,015,853	1,157,854	-142,001
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	131,953	129,417	2,536
Sheltered Accommodation	1,589,067	1,565,622	23,445
Holly Road Community support	0	0	0
Lower Rhymney AHO	34,656	35,067	-411
Eastern Valley AHO	568,879	559,487	9,392
Upper Rhymney AHO	785,784	819,947	-34,163
Gilfach NHO	7,107	5,526	1,581
Lansbury Park NHO	316,512	299,416	17,096
Graig Y Rhacca NHO	252,511	252,588	-77
Allocations	61,537	63,579	-2,042
TENANTS & COMMUNITIES INVOLVEMENT	398,579	371,261	27,318
LEASEHOLDERS MANAGEMENT	29,568	28,145	1,423
Tenancy Enforcement	272,365	260,778	11,587
Rents	640,678	645,181	-4,503
Community Wardens	(43,817)	(37,751)	-6,066
EXPENDITURE TO HRA SUMMARY	5,045,379	4,998,263	47,116

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUPPORTED HOUSING</u>			
Dispersed Alarms	0	0	0
Telecare Centre	0	0	0
Ty Croeso Hostel	0	0	0
EXPENDITURE TO HRA SUMMARY	0	0	0
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS & MAINTENANCE</u>			
<i>Employee Expenses net of recharges</i>	1,127,195	1,148,282	-21,087
<i>Repairs & Maintenance on Housing Stock</i>			
Responsive Repairs	7,202,613	7,539,443	-336,830
Revenue Contribution to Capital - WHQS Programme	12,118,831	8,540,511	3,578,320
Group/Planned Repairs (priorities 5 & 8)	0	0	0
Void Repairs (priority 6)	0	0	0
Revenue Projects	3,084,000	2,760,010	323,990
Planned Cyclical	2,215,000	2,165,000	50,000
Planned Programme	0	0	0
	24,620,444	21,004,964	3,615,480
<i>Transport Related</i>	28,068	30,605	-2,537
<i>Supplies & Services</i>	170,452	138,336	32,116
EXPENDITURE TO HRA SUMMARY	25,946,159	22,322,187	3,623,972

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents - Dwelling</u>			
Gross Rent - Dwellings	(38,573,411)	(38,573,411)	0
Gross rent - Sheltered	(3,851,196)	(3,851,196)	0
Gross Rent - Hostel	0	0	0
Voids - General Needs Dwelling/Sheltered	450,000	505,023	-55,023
Voids - Hostel	0	0	0
Net Rent	(41,974,607)	(41,919,584)	-55,023
<u>Rents - Other</u>			
Garages	(464,875)	(464,876)	1
Garage Voids	162,706	180,292	-17,586
Shop Rental	(61,322)	(61,322)	0
	(363,491)	(345,906)	-17,585
<u>Service Charges</u>			
Sheltered - Service Charges	(1,417,840)	(1,319,980)	-97,860
Sheltered - Heating & Lighting	(262,418)	(274,320)	11,902
Sheltered & Dispersed- Alarms	0	0	0
Catering Recharge - Sheltered Accommodation	(53,657)	(48,744)	-4,913
Voids Schedule Water	46,456	54,609	-8,153
Non Scheduled Water Rates	(51,031)	(48,735)	-2,296
Welsh Water Commission	(743,797)	(743,797)	0
Leaseholder - Service Charges	(10,000)	(10,000)	0
	(2,492,287)	(2,390,967)	-101,320
<u>Government Subsidies</u>			
Housing Subsidy	6,886,882	5,568,925	1,317,957
	6,886,882	5,568,925	1,317,957
<u>Interest Receivable</u>			
Mortgage Interest	(3,000)	(3,000)	0
Investment Income	(7,000)	(7,000)	0
	(10,000)	(10,000)	0
<u>Miscellaneous</u>			
Miscellaneous	0	0	0
Private Alarms	0	0	0
Ground Rent	(30,000)	(30,000)	0
	(30,000)	(30,000)	0
INCOME TO HRA SUMMARY	(37,983,503)	(39,127,532)	1,144,029



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: 2014/15 CAPITAL EXPENDITURE MONITORING REPORT (PERIOD 7)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

1.1 To inform Members of projected capital expenditure for the 2014/15 financial year.

2. SUMMARY

2.1 The report provides details of actual and projected capital expenditure based on information available as at month 7 of the 2014/15 financial year.

3. LINKS TO STRATEGY

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 26th February 2014.

4. THE REPORT

4.1 The approved Capital Programme for the 2014/15 financial year totalled £41.01m, consisting of £13.51m for the General Fund and £27.50m for the Housing Revenue Account (HRA). Appendix 1 provides details of the 2014/15 approved budget, the 2013/14 slippage carried forward and additional in-year funding for 2014/15 as at period 7.

4.2 Capital budget monitoring meetings have been held with budget holders and Schemes totalling £14.60m have been identified that are unlikely to be delivered in 2014/15. Consequently, these Schemes will be carried forward as slippage into the 2015/16 financial year. Members will note from the table below that the majority of the slippage relates to the WHQS Programme: -

Service Area	Scheme	£'000
Environment - CLS	Cemeteries	805
Environment - CLS	Ty Duffryn	788
Environment - Urban Renewal	Various	32
Education	Health & Safety	213
Education	Ty Graddfa	67
Education	S106 schemes	394
Lifelong Learning	Fochriw Youth Centre	126
Lifelong Learning	Adult Education	126
Lifelong Learning	Libraries (various)	170

Property Services	Risca Flood Alleviation	900
Property Services	Islwyn Indoor Bowls	17
HRA	WHQS	10,039
Corporate Services *	Customer First	200
Environment- Urban Renewal *	Park Lane Caerphilly	111
Property Services *	Heolddu Leisure Centre	350
Property Services *	Risca Palace Cinema	260
Total: -		14,598

4.3 The projected slippage of £14.60m includes four Schemes totalling £921k where there are currently no firm commitments (these are marked with an asterisk in the table above). The appropriate Heads of Service have been asked to determine what plans are in place for the utilisation of this £921k and updates will be provided in the first instance to the Capital Strategy Group (CSG).

4.4 The table below summarises identified underspends. Discussions are ongoing with Heads of Service to establish whether approvals will be sought for alternative use of the underspends or whether the funding can be used to support the wider Capital Programme.

Service Area	Scheme	£'000
Corporate Finance	Capital Balances	100
Private Housing	Disabled Facilities Grants	100
Regeneration	GO2 Project	30
Property Services	Caerphilly Library	150
Total: -		380

4.5 As at 31st October 2014 a number of service areas were projecting overspends against Schemes to the value of £668k: -

Service Area	Scheme	£'000
Education	St James Primary School	581
Education	Various	26
Environment-Engineers	Various	38
Environment- Land Reclamation	Various	20
Environment- Urban Renewal	Various	3
Environment- Economic Regeneration	Various	1
Total: -		669

4.6 It is anticipated that overspends relating to the Environment will be funded by slippage within the existing Capital Programme. The overspend relating to St James Primary School was highlighted in the 2013/14 Capital Outturn and has been brought forward into the 2014/15 financial year. The funding of this overspend will be subject to a future Cabinet report.

5. EQUALITIES IMPLICATIONS

5.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

9.1 Members are requested to note the contents of the report.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that Members are advised of projected spend for the 2014/15 Capital Programme.

11. STATUTORY POWER

11.1 Local Government Act 1972.

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S. Harris- Interim Head of Corporate Finance
A. Southcombe – Finance Manager, Corporate Services
Cllr B. Jones, Deputy Leader & Cabinet Member for Corporate Services

Appendices:
Appendix 1 Capital Monitoring – Period 7

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Capital Monitoring - Period 7

Appendix 1

Service Area	Approved Budget 2014-15	B/f Funding	Additional In Year Funding 2014-15	Total Available Funding 2014-15	Expenditure to 31.10.2014	Projected Expenditure to 31 March 2015	Anticipated Slippage	Projected Outturn Variance Underspend (+); Overspend (-)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Community and Leisure Services	224	2,324	163	2,711	257	1,118	1,593	-
Corporate Finance- Unallocated Balances	-	101	-	101	-	-	-	101
Corporate Services	212	888	18	1,118	350	918	200	-
Environment- Countryside	212	62	115	389	64	389	-	-
Environment- Urban Renewal	2,165	1,380	278	3,823	540	3,683	143	-3
Environment- Economic Regeneration	250	118	618	986	491	957	-	29
Education	1,424	15,461	704	17,589	1,709	17,522	674	-607
Engineers	4,833	3,464	876	9,173	2,615	9,211	-	-38
Land Reclamation	-	-20	-	-20	-	-	-	-20
Lifelong Learning	-	422	-	422	-	-	422	-
Private Housing	2,465	124	250	2,839	1,662	2,739	-	100
Property Services	929	2,921	467	4,318	1,529	2,641	1,527	150
Public Protection	500	-	346	846	411	846	-	-
Social Services	298	123	237	658	-27	658	-	-
General Fund Total	13,512	27,368	4,072	44,953	9,601	40,682	4,559	-288
HRA	27,500	-	246	27,746	3,203	17,707	10,039	-
Total	41,012	27,368	4,318	72,699	12,804	58,389	14,598	-288

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

**SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT
2014/15**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To inform Members of projected whole-authority revenue budget expenditure for the 2014/15 financial year.

2. SUMMARY

- 2.1 The report provides information on the position of the whole-authority in respect of revenue budget monitoring for 2014/15. Detailed reports have been presented to Scrutiny Committees throughout the financial year. Consideration has been given to the expenditure and income trends in the first 8 months of the financial year. A projection has then been made of the likely outturn and where significant variations from budget have been identified these are commented upon below.

3. LINKS TO STRATEGY

- 3.1 The Council has a number of corporate strategies and this report deals with the use of resources in the achievement of those strategies.

4. THE REPORT

- 4.1 Members will be aware of the challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MTFP). Officers have been mindful of this and as a consequence expenditure has been curtailed in a number of areas. This prudent approach has resulted in projected underspends across all service areas.
- 4.2 The table overleaf makes a comparison between the original estimate, a revised estimate (where approved changes have been made in year) and the projected outturn. It is a high-level budget review as regular detailed budget monitoring reports have been prepared for Scrutiny Committees. The total revenue budget underspend for the Authority for 2014/15 is projected to be £5.158m. This does not include the Housing Revenue Account (HRA), details of which are provided separately in paragraphs 4.58 to 4.61.

	2014/15 Original Estimate £000's	2014/15 Revised Estimate £000's	2014/15 Anticipated Outturn £000's	2014/15 (Overspend) /Underspend £000's
Education & Lifelong Learning	124,035	124,035	123,506	529
Social Services	75,289	75,289	72,882	2,407
Environment	53,459	53,951	53,548	403
DLO/DSO Efficiency	68	68	-12	80
Corporate Services	24,372	24,389	23,696	693
Miscellaneous Finance	54,810	54,301	53,255	1,046
Use of Earmarked Service Reserves for one off spend	0	0	0	0
Contribution from Working Balances	-1,200	-1,200	-1,200	0
Totals: -	330,833	330,833	325,675	5,158

Education & Lifelong Learning (£529k underspend)

4.3 The following table summarises the projected variations against budget for the Education & Lifelong Learning Directorate:-

	Projected (Overspend)/ Underspend (£000's)
School Meal Admin. & Utilities Reimb /Grounds Maintenance /Teachers Perf. Mgt	60
Relief Supply Cover (Special Resource Bases)	60
Additional Support (Primary & Secondary)	(229)
Recoupment – Out of County (Special Educational Needs)	920
Early Years (Rising 3's)	(33)
Music Service	62
VI Service (Hosted Joint Service)	56
Behaviour Support Training (Across all School's)	(200)
In Year Vacancies / Other Net Variations	133
Potential Redundancy Costs	(300)
Total Projected Underspend	529

4.4 The projected underspends with regards to School Meals Administration, Utility and Telephone cost reimbursements, grounds maintenance and Teachers Performance Management reflect current commitments for these budget heads and form part of the Directorate's savings proposals for 2015/16.

4.5 The Relief Supply Cover budget is volatile in nature as it relates to additional costs in respect of maternity across all School settings and sickness cover for staff in the Special Resource Bases attached to mainstream schools.

4.6 The projected overspend against the Additional Support budget continues to be closely monitored. The increase over the last 18 months is closely linked to an increase in Statements around ASD (Autistic Spectrum Disorder), which is a national trend. The projection is based on the most recent data but is subject to on-going change as pupil needs and support is assessed.

- 4.7 The projected underspend on the Recoupment budget (Special Educational Needs & Looked After Children), is significant. The projection is based on current placements and an estimate for additional need, but remains uncertain due to the often emergency nature of placements. The £920k variance includes the release of £500k Out of County Reserves from previous financial years, this is a one-off saving. The in year projected underspend should be reviewed against the level of overspend on Additional Support, as whilst this cost has increased it is significantly less than the cost of a child placed in an Out of County School on either a daily or residential placement.
- 4.8 The spend on Early Years (Rising 3's) is very much dependant on the pupil age profile and the uptake of places in Primary Schools or non maintained settings (nursery placements in the term following the child's 3rd birthday).
- 4.9 Projected underspends with regards to the Music and Visually Impaired Services are very much consistent with recent years and form part of savings in advance to support the MTFP.
- 4.10 Investment in Behaviour Support Training across all Primary & Secondary Schools is essential to address behavioural issues that are giving rise to increasing cost pressures across Additional Support, EOTAS (Education Other Than At Schools) and an increase in potential Tribunal cases. This investment is being funded from in year savings and is essential to assist in achieving MTFP savings targets moving forward.
- 4.11 Across the Directorate there are a number of in year vacancies. Whilst the financial savings are small individually, collectively they add up to a more significant sum. The savings relate to a number of service areas and some of these savings form part of the MTFP moving forward.
- 4.12 Recognising the financial pressure associated with redundancy payments, an amount of £300k has been identified as a potential in-year cost. In 2014/15 there are a number of European Grant Funded Projects that are coming to an end, this includes Prevent (14-19), Bridges into Work, Working Skills for Adults and Real Opportunities (Trinity Fields). There is also likely to be a cost pressure in relation to Adult Tutors following the reduction in Adult Community Learning Funding from Welsh Government and consequently the College Franchise Agreements for 2014/15.

Social Services (£2,407k underspend)

Children's Services (£1,007k underspend)

- 4.13 An underspend of £341k is anticipated against the Children's Services Management, Fieldwork and Administration staff budgets. Much of this saving is as a result of holding vacant posts in anticipation of savings requirements for the 2015/16 financial year.
- 4.14 An underspend of £355k is anticipated against child care placement costs, which reflects current commitments and financial contributions to some placements from partner organisations. This underspend will assist towards achieving savings targets for 2015/16 but Members will be aware that this is a highly volatile budget area which is sensitive to even small changes in the number of placements.
- 4.15 An underspend of £91k is anticipated for the Youth Offending Service budget. This is due to a combination of the current year's contribution to the Service being lower than the budgeted level and a one-off release of retained surpluses from previous years.
- 4.16 Strong financial management within the 16 Plus Team has led to a potential underspend of £129k against Aftercare Services, which will assist in achieving savings targets for 2015/16.
- 4.17 An underspend of £57k has resulted from a review of contracts with Voluntary Sector organisations and this will also assist in achieving savings targets in 2015/16.

- 4.18 The remaining underspend of £34k is largely due to a recurring underspend against disability equipment and has been identified as a saving within the 2015/16 budget strategy.

Adult Services (£1,372k underspend)

- 4.19 An overspend of £176k is anticipated against the Adult Services Management, Fieldwork and Administration staff budgets. This overspend is due to a combination of delays in implementing 2014/15 savings proposals, a market supplement awarded to Mental Health Social Workers and additional travelling expenses.
- 4.20 The actual levels of income currently being received from residents in the Council's own residential homes indicate that the current cohort of residents have a higher average income than those resident when the budget was set, resulting in additional income of around £328k.
- 4.21 It has become necessary to replace the ageing boilers at Brooklands Day Centre and Ystrad Mynach Day Centre. This work will be financed by revenue contributions to capital expenditure totalling £140k.
- 4.22 Additional service user contributions in respect of non-residential care amounting to £406k are expected as a result of a combination of an increase in Welsh Government maximum charges and the implementation of recommendations arising from the work of the Task and Finish Group for Non-Residential Charging.
- 4.23 An underspend of £217k is anticipated against the Authority's contribution to the Gwent-Wide Integrated Community Equipment Service (GWICES). This includes a reimbursement of underspends from earlier years and a recurring underspend of £132k which will support 2015/16 savings targets.
- 4.24 An underspend of £621k is projected in respect of packages of care purchased from independent care providers. It should be noted that demand for these services is expected to grow in line with demographic changes and can be particularly volatile during the winter period.
- 4.25 A net underspend of £57k is predicted against in-house residential, day care and telecare establishments.
- 4.26 An underspend of £59k is projected against other Adult Services budgets including recurring underspends in respect of Luncheon Clubs that have now disbanded and renegotiated contracts with Voluntary Organisations. These recurring underspends will assist in achieving savings targets in 2015/16

Service Strategy & Business Support (£28k underspend)

- 4.27 An underspend of £27k is predicted against staff costs due to recruitment freezes and various backfill arrangements.
- 4.28 A budget of £145k is held within Business Support in response to recurring overspends experienced within the Integrated Transport Unit (ITU) in respect of Social Services transport costs. The ITU is projecting a reduced overspend for the current financial year of £100k leaving an under commitment of £45k within Social Services.
- 4.29 A net underspend of £23k is projected against other budgets as a result of non-recurring issues.
- 4.30 In light of the projected underspends within Business Support, £67k has been earmarked as a revenue contribution towards the costs of updating the Social Services vehicle fleet.

Environment and DLO/DSO's (£483k underspend)

Regeneration, Planning and Economic Development (£164k underspend)

- 4.31 Planning is anticipating an overspend of £202k for the year and Economic Development & Tourism an underspend of £366k, resulting in an overall projected underspend of £164k for the Division.
- 4.32 The overspend in Planning is primarily due to reduced levels of income for Planning Application and Building Control Regulation fees. Income in these areas will be monitored closely as the number of applications and fee levels can vary. There is also a projected overspend in relation to grant reductions from the Welsh Government associated with the Local Development Plan (LDP) process. These overspends are partly offset by underspends in staffing, some of which have been put forward as proposed savings for 2015/2016.
- 4.33 Economic Development & Tourism is presently projecting an underspend of £366k. This underspend is partly due to staff vacant posts (£156k) in Business Enterprise Support, Business Urban Renewal and Tourism & Events, all of which are proposed savings for 2015/2016. There is also a projected £150k underspend in relation to Industrial Estates due to income from rents being in excess of targets, and reduced maintenance costs. Again, an element of this is being considered as a potential saving in 2015/2016. At present the Tourism Venues are reporting an overall underspend of £84k due to a combination of income generation above target and reduced operational costs. Savings proposals have also been put forward in these areas for 2015/2016. These underspends are partly offset by a projected overspend on the GO 2 initiative of £60k. The GO 2 hosting service has now been transferred to alternative providers, to alleviate any further future overspend. There is also a projected unbudgeted cost of £25k in relation to the Bargoed retail shop units which are part of the Bargoed Regeneration Project. This is due to anticipated under occupancy in 2014/2015 on the units.

Engineering Division (£5k overspend)

- 4.34 The Engineering Division is projecting a small £5k overspend at present. This excludes ring-fenced projected budget variations in relation to Home to School Transport (£17k underspend) and Social Services Transport (£100k overspend), which will be transferred to the Service Directorates. The main overspends relate to highway maintenance especially road surface dressing and patching work. Officers are reviewing works programmes to achieve a balanced budget in this area, but a great deal does depend on the severity of winter weather. There are also some overspends in relation to car parks, bus stations and shelters and park and rides due to increased costs of National Non-Domestic Rates (NNDR), maintenance, cleaning and CCTV costs. These overspends are largely offset by staff savings.

Public Protection (£258k underspend)

- 4.35 The Public Protection Division is presently projecting an underspend of £258k. Environmental Health has an underspend of £55k primarily due to an increase in fee income in relation to the Pest Control service, MTFP vacancy savings in advance and additional Food Standard Agency (FSA) funding for the Food Team. Increased sewerage discharge costs at closed landfill sites are expected towards the end of the year following approved works. Funding was approved by Cabinet on 1st October 2014 from Corporate balances to complete works at Coed Top closed landfill site to alleviate some of these sewerage discharge problems.
- 4.36 The Trading Standards, Licensing and Registration service group is reporting a projected underspend of £26k, which is primarily due to an underspend in staffing and income above budget in relation to Registrar's fees. This is partly offset by a shortfall in licensing fee income, which will continue to be monitored closely as it can be subject to variation during the year.

- 4.37 Community Safety is projecting an underspend of £56k, which is primarily due to an underspend in staffing costs in the CCTV control room due to changes in shift patterns and maternity leave. There has been additional income during the year due to extra cameras for clients.
- 4.38 Catering Services are reporting an underspend of £119k, largely due to a combination of increased income and reduced operating costs in relation to primary and comprehensive schools and breakfast clubs. However, this will need to be carefully monitored as any school closures due to adverse winter weather will impact upon income.

Community & Leisure Services (£183k underspend)

- 4.39 Waste Management & Cleansing is presently projecting an overspend of £33k. There is an underspend of £486k anticipated in residual waste disposal due to the commencement of the Project Gwyrdd interim contract. This is less than anticipated earlier in the year due to operational issues with the Plant, which has resulted in a greater diversion of waste to landfill disposal. The final value of underspend will be dependent on the tonnage of waste treated which in turn is dependent on any technological issues and periods the Plant is available to take waste. At present the underspend in relation to Project Gwyrdd is more than offset by overspends in relation to residual waste collection costs, dry recycling treatment tonnage and contract rates, increased costs at Civic Amenity sites dealing with recyclable waste and works required to the Full Moon transfer station. At present, there is a high level of uncertainty in relation to the cost of treating recyclable waste due to the need for re-tendering exercises. The overall overspend in waste management services is largely offset by an underspend in Street Cleaning Services and HQ staffing and operational costs, both of which have been identified as savings proposals for 2015/2016.
- 4.40 Parks and Outdoor Facilities is presently projecting an underspend of £324k, however this includes a £379k underspend in Cemeteries, which is a ring fenced budget where any in-year underspend is used for future asset enhancement in the Council's cemetery provision.
- 4.41 Leisure is reporting an overspend of £108k primarily due to an overspend in staffing costs at the Leisure Centres and delayed implementation of the administrative staff rationalisation as part of the MTFP savings for 2014/2015. The Leisure Centres have challenging income budget targets as a result of the additional £135k MTFP savings applied in 2014/2015, but at present the increased income target is projected to be achieved. The overspend on Leisure Centres is partly offset by underspend in relation to energy costs and in sports development. Income targets at Leisure Centres will be monitored closely as they can be volatile.

DLO/DSO Trading Accounts (£80k net surplus)

- 4.42 The Vehicle Maintenance DSO and Network Contracting Services (NCS) are currently projecting a break-even position.
- 4.43 The Building Cleaning DSO is reporting an anticipated trading profit of £80k.

Directors General (£197k overspend)

- 4.44 An element of vacancy management savings are held at strategic Directorate level until specific service savings are identified. The present target is £197k and this will be reduced as further savings are identified and allocated to Service Divisions.

Corporate Services (£693k underspend)

- 4.45 The Directorate of Corporate Services is currently forecasting an underspend of £693k for the 2014/15 financial year.

- 4.46 There is an anticipated underspend of £19k in the Chief Executive and Secretariat budget due in the main to the savings generated by the part-time costs of the former Interim Head of Paid Service.
- 4.47 There is a projected underspend of £437k in Corporate Finance and Procurement, which relates to delays in appointing to vacant posts together with vacancies which are being held to support the MTFP savings requirements for 2015/16.
- 4.48 Legal & Governance is projecting a net underspend of £69k which is due to a delay in the backfilling of posts following the appointment of the Interim Head of Legal Services.
- 4.49 There is a projected underspend of £23k on Housing services, which is due in the main to an early retirement.
- 4.50 There is a small underspend of £2k projected for Information and Citizens Engagement.
- 4.51 For Performance and Property there is a projected underspend of £119k, which is due to reduced energy costs, maternity leave and increased fees for Building Consultancy.
- 4.52 There is a projected small overspend of £3k for Human Resources.
- 4.53 There is a projected £27k underspend identified for the Health & Safety budget mainly due to one off increased income.

Miscellaneous Finance (£1,046k underspend)

- 4.54 There is a projected underspend of £1,046k in Miscellaneous Finance of which £436k is due to the following currently uncommitted budgets:-
- 21st Century Schools Funding - £106k
 - Budget Pressures - £227k
 - NNDR Empty Properties - £60k
 - Unapplied Growth – Living Wage - £43k
- 4.55 There is a projected overspend of £16k on Statutory Benefit Schemes relating to Discretionary Housing Payments.
- 4.56 There is a projected net underspend of £666k on the Welsh Housing Quality Standards Capital Financing budget after the utilisation of £272k as a Revenue Contribution to Capital Outlay (RCCO), as agreed by Cabinet on the 1st October 2014.
- 4.57 There is a projected net overspend of £40k on Bank Charges relating to the ongoing tender process for banking services.

Housing Revenue Account (HRA)

- 4.58 The HRA is projecting an underspend of £4.7m.
- 4.59 Direct salary costs are expected to underspend by circa £250k due to staff turnover, subsequent delays in filling posts, and some staff opting out of the pension scheme. The underspend represents a circa 2% saving on the overall salary budget of £13.3m. A further saving is expected on other pay related expenditure e.g. mileage of £135k. These savings are offset by an overspend of £248k on agency staff within response maintenance to support our trade operatives, which in turn has led to a reduction in the use of external contractors. Agency costs within the WHQS delivery team have also increased by £392k in order to support our workforce in the delivery of the Programme.

- 4.60 HRA Subsidy is expected to be £1.3m lower than originally budgeted. This is due to the guideline rent given by Welsh Government (WG) being lower than estimated resulting in a lower notional rent being clawed back from WG.
- 4.61 The Revenue Contribution to Capital Outlay (RCCO) of £12.2m which funds the majority of the WHQS Capital Programme will not be fully utilised this year. Major slippage during the 2014/15 financial year has necessitated a review of the investment strategy over the remaining 5 years of the Programme, and has resulted in a large number of sequence changes, mainly affecting external works. An underspend on the WHQS Programme is therefore anticipated at approximately £12m which means that not all of the RCCO is required from the HRA. The underspend on the RCCO budget is currently projected to be some £3.7m and this will be used to support the Programme in future years.

5. EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 The personnel implications of agreed savings for future years will be carefully managed and staff will be fully supported to identify redeployment opportunities wherever possible.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 It is recommended that Members continue to request Directors and Heads of Service to review expenditure and income trends in order to ensure annual budgets and in-year savings are achieved.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The Council budget is based upon the achievement of both expenditure targets and income targets. In order to ensure these are met and that the Council's financial integrity is maintained, Members are required to review expenditure and income trends included in budget monitoring reports.

11. STATUTORY POWER

- 11.1 Local Government Act 1972 and 2000.

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Gareth Hardacre, Head of People Management & Development
Shaun Couzens, Chief Housing Officer
Phil Davy, Head of Programmes
Lesley Allen, Principal Accountant, Housing
Angharad Price, Deputy Monitoring Officer
Cllr B Jones, Deputy Leader & Cabinet Member for Corporate Services
Cllr G Jones, Deputy Leader/Cabinet Member for Housing

Background Papers:
Budget Monitoring 2014/15
(Contact Interim Head of Corporate Finance - Ext 3022)

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CAERPHILLY HOMES TASK GROUP (WELSH HOUSING QUALITY STANDARD)

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH
(SIRHOWY ROOM) ON THURSDAY, 30TH OCTOBER 2014 AT 5.00 P.M.

PRESENT:

Mrs D. Price - Chair
C. Davies- Vice Chair

Task Group Members:

L. Ackerman, R.T. Davies, Mrs G. Green, G. Jones, Mrs S. Jones, Ms A. Lewis, M. McDermott, Mrs D. Moore, J. Moore.

S. Couzens (Chief Housing Officer), P. Davy (Head of Programmes), J. Roberts-Waite (Strategic Co-ordination Manager - WHQS Programme), D.A. Thomas (Senior Policy Officer - Equalities & Welsh Language), K. Webb (WHQS- Relationship Manager) and C. Evans (Democratic Services Officer).

Together with:

S. Hern and D. Pattison (Robert Price Builders Merchants)

1. APOLOGIES

Apologies for absence were received from Councillors K. James, Mrs. B. Jones and C.P. Mann.

2. DECLARATIONS OF INTEREST

Ms. A. Lewis, Mr. C. Davies, Ms. G. Green, Mrs S. Jones and Mr. M. McDermott as Council Tenants declared a personal but not prejudicial interest in all agenda items.

Councillor L. Ackerman and G. Jones declared an interest in item 5, relating to the Community Improvement Fund. Details are minuted with the respective item.

3. MINUTES – 3RD JULY 2014

RESOLVED that the minutes of the meeting held on the 3rd July 2014 be approved as a correct record and signed by the Chair.

4. PRESENTATION BY ROBERT PRICE BUILDERS MERCHANTS

S. Hern and D. Pattison, Robert Price Builders Merchants, provided the Caerphilly Homes Task Group with a presentation on the Caerphilly Homes Supply Chain Update.

The Task Group were presented with background information on Robert Price Builders Merchants and a reminder of the objectives of the single source supplier arrangement. Key Information around Operations, such as lean systems, budget and time management were noted and the Task Group were pleased to note employment successes through partnership working and the commitment of Robert Price to meet their Corporate Social Responsibilities.

The Task Group thanked the officers for the presentation and discussions and debate ensued.

Levels of Unemployment within the borough were discussed and further information was sought on the commitment of Robert Price to provide employment, particularly to the long-term unemployed, and the approaches adopted to engage this particular group. D. Pattison (Robert Price) acknowledged that there are some difficulties engaging with this group; in addition, it was highlighted that a contributory factor could be that of the perception of their business as a builder/ contractor rather than a building materials supplier. The Task Group noted that work is underway with WHQS staff, to consider alternative approaches to engaging this group and changing the perception of the business.

The Task Group discussed the processes in place for ordering, quality control and the returns and were keen to receive further detail around the just in time strategy. Officers explained that a system was developed in which common items were ordered as required and not in bulk, in order to prevent wastage.

Members were pleased to note that the Tenant Display Area has been completed in the Robert Price branch at Caerphilly and it was agreed that information and advertising would be arranged by the Communications Officer in order to notify all tenants.

The Caerphilly Homes Task Group noted the presentation.

5. COMMUNITY IMPROVEMENT FUND

Councillor G. Jones declared an interest in the application from Neuadd St Cattwg Community Hall, as an employee of GAVO and Councillor L. Ackerman declared an interest in this item due to involvement with the Friends of Navigation Colliery, Crumlin and both left the meeting during its consideration.

The report sought approval for two applications received from community groups seeking funding from the Community Improvement Fund.

The applications from Neuadd St Cattwg Community Hall and Friends Navigation Colliery were detailed for Members information. Officers confirmed that Neuadd St Cattwg Community Hall were seeking a grant of £5,000 to fund improvements to the access to, and enhance the appearance of, the areas surrounding the Hall in order to increase the usability of the outside space for mother and toddler groups, birthday parties and environmental education.

Additional funding sources have been secured from partners, including Communities First, GAVO, Groundwork and NIACE, and the project is coterminous with the aims, objectives and award criteria for the Community Improvement Fund. Tenants living within the adjacent housing areas would benefit from the improvements undertaken as a result of the Community Improvement Fund.

The Friends of Navigation Colliery Crumlin sought £5,000 to finance the estimated costs associated with undertaking a Refurbishment Asbestos Survey in accordance with HSE guidance note MDHS77. The Friends of Navigation Colliery (consisting of 20 core volunteers) aim to regenerate the former colliery site in Crumlin in order to generate employment, sustainable green energy and improve the overall quality of life within the area. The redevelopment of the site will require significant investment.

The proposal does not directly comply with the aims, objectives and award criteria of the Community Improvement Fund. There is no evidence to suggest that tenants or residents living within the locality will benefit directly from the asbestos surveys proposed.

The Task Group discussed the monies allocated to the Community Improvement Fund and a query was raised as to whether the Fund was sufficient. Officers clarified that the Community Improvement Fund was developed to encourage community groups to consider their local areas and identify specific projects. This was in addition to the main environmental programme. Officers highlighted that there is an anticipated underspend this financial year, despite extensive marketing.

Following consideration of the application it was moved and seconded that the Caerphilly Homes Task Group support the application for St Cattwg Community Hall but were unable to support the application by Friends of Navigation Colliery. By a show of hands this was unanimously agreed.

6. WHQS TARGETED RECRUITMENT AND TRAINING

J. Roberts-Waite presented the report, which provided an indication of the number of targeted recruitment and opportunities created since September 2013 and the number of opportunities that have been included as a core requirement into the internal works contracts.

The report provided that, between April 2013 and September 2014, the Council has recruited 5 apprentices, 65 additional multi-skilled agency staff and a further 29 agency staff will be sought and Internal Workforce has employed 2 young people from the Jobs Growth Wales programme in order to manage the ambitious delivery programme.

The WHQS Team, following a review of the way in which they recruit apprentices, have made a commitment to only recruit apprentices via the Council's flagship Passport Programme.

The Task Group noted that, in order to create new opportunities as a result of the WHQS Programme, community benefit clauses including targeted recruitment and training requirements were built into the Single Source Supply Partner and internal works contracts as a core requirement. The targets were determined with consideration of the size and length of each contract and some were purposely included to ensure integration with the Council's Passport Scheme.

The Task Group thanked the officer for the detailed report and discussion ensued. A member queried the Living Wage. The Officer confirmed that the Contracts request each contractor to adopt the Living Wage so to help address the incidence of in work poverty and increase spend within the borough, however the Council can only encourage the contractors to adopt the Living Wage.

The Caerphilly Homes Task Group thanked the Officers for the detailed report and noted its contents.

7. EQUALITIES GUIDANCE FOR LANDLORDS PROJECT

D.A. Thomas, Senior Policy Officer (Equalities & Welsh Language) presented the report, which informed that Task Group of a project being undertaken between the Council's Housing Division, the Council's Equalities and Welsh Language Team and Local Social and Private Landlords.

Following a number of recent examples of case law around tenancy issues that have equalities/ discriminatory aspects to them, and in consideration of the planned Common Housing Register in the county borough, the Council's Housing team and Equalities and Welsh Language team have worked together to develop a guidance document for all Council Housing, Social and Private Landlords in the County borough.

Landlords, whether council, social or private are offered support and information on legal matters relating to building regulations, health and safety issues and a range of other practical matters that have an impact on their role. The guidance document, which was developed between May and September 2014, was developed to provide legal background knowledge of Equalities issues in Wales, relevant to the landlord/ tenant relationship, along with case law and practical suggestions and links to local support and training.

In addition, the Task Group noted that this is the only project in Wales, which looks to bridging the gap between landlords and tenants and offer support and information on Equalities issues.

The Task Group thanked the Officer for the detailed presentation and were pleased to note the contents of the report and the Equalities Guidance for Landlords.

8. TO RECEIVE ANY REQUESTS FOR AN ITEM TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA

There were no requests received for reports to be included on the next available agenda.

The meeting closed at 7.22 p.m.

Approved as a correct record subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 11th December 2014.

CHAIRMAN

Caerphilly Local Service Board



Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board



Heddlu
Gwent
Police



Notes of Meeting

Held at 9.30 a.m. on
Wednesday, 20th August, 2014
Room 1.3, Ty Penallta

Present:-

Cllr Keith Reynolds (Chair)	Chair of Caerphilly LSB and Leader of Caerphilly County Borough Council
Dave Street (for Stuart Rosser)	Corporate Director Social Services, Caerphilly County Borough Council
Richard Bowen (for Judith Paget)	Director of Planning, Aneurin Bevan University Health Board
Jeff Farrar	Chief Constable, Gwent Police
Martin Featherstone	Chief Executive, Gwent Association of Voluntary Organisations

In attendance:-

Cllr Gerald Jones	Deputy Leader and Anti-Poverty Champion, Caerphilly County Borough Council
Maggie James	Passport Programme Manager, Caerphilly County Borough Council
Gareth Hardacre	Head of People Management, Caerphilly County Borough Council
Sam Crane	Head of Partnerships & Networks, Aneurin Bevan University Health Board
Eryl Powell	Consultant in Public Health, Aneurin Bevan University Health Board, Public Health Team
Julian Knight	Chief Superintendent, Gwent Police and Co-Chair of Gwent Substance Misuse Area Planning Board (GSMAPB)
Mike Nicholson	Strategic Director People (ie: Social Services), Newport City Council
Howard Rees	Programme Manager, Caerphilly County Borough Council
Alison Palmer	Community Planning Coordinator, CCBC/GAVO (notes)

Apologies:-

James Owen	Deputy Director (Expert Services and People), Welsh Government
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Point	Matter	Action
1.	<p>Welcome: Cllr KR welcomed everyone to his first LSB meeting as Leader of CCBC and Chair of the LSB taking over the responsibility from Cllr Andrews. Introductions were made and he acknowledged that he was taking over with changes ahead for LSBs as they become Public Service Boards.</p> <p>He noted that there would be some changes to the order of the agenda to facilitate</p>	

Point	Matter	Action
	the attendance of those delivering presentations.	
2.	<p><u>Notes of previous meeting and matters arising:</u> The notes of the previous meeting were approved as a correct record.</p>	
3.	<p><u>The Well-being of Future Generations (Wales) Bill:</u> HR explained the background to the circulated briefing notes noting the overwhelming response from LSBs nationally to the original WG consultation was to maintain the non- statutory nature of LSBs. However, they would now be placed on a statutory footing as Public Service Boards (PSB) through the new legislation and would have prescribed membership, larger than the current LSB.</p> <p>The PSB would be responsible for the development of the local Wellbeing Plan, (replacing the SIP), a performance framework, for consultation and engagement and be accountable to scrutiny, the future generations’ commissioner and WG.</p> <p>Members expressed concern about a number of issues including the breadth of the legislation; timescale for introduction, the relationship of the Bill to the findings of the Williams Commission; possible boundary changes; and the financial implications. Members felt it was a departure from the essence of Beecham which enabled a small number of leaders to come together to have open conversations and there was concern it could become overly bureaucratic, with its influence diluted by changing and increasing the membership. There was also concern that there might be duplication with the Social Services and Wellbeing Act.</p> <p>KR noted that a paper was being presented by Paul Cooke (Sustainable Development Officer, CCBC) the following day at CCBC Corporate Management Team about the possibility of Caerphilly becoming an “early adopter” of the FG Bill, working with the WLGA. He also noted that alternative local authority structures were being put forward by the WLGA that suggested the retention of the current structure with the addition of four regional councils. The content of the briefing note was noted.</p>	
4.	<p><u>Update on LSB priority: Tackling the Impact of Poverty: report and presentation by Cllr Gerald Jones (Deputy Leader and Anti-Poverty Champion, CCBC).</u> Cllr GJ apologised for the absence of Rob Hartshorn, (author of the report and CCBC Lead Officer on Anti-Poverty), who was on leave. He took members through the report, which had been circulated previously, highlighting the work being undertaken, including:</p> <ul style="list-style-type: none"> • Gwent Poverty champions meeting hosted by Vaughan Gething AM • Standing Conference focus on Tackling Poverty • Digital inclusion project lead by Communities 2.0 with Rhymney Comprehensive – Cloud9 • Work with food banks, partnering with local major stores and credit unions • Promotion of Credit Union membership to reduce the reliance of low income families on pay day loans and increase collection points • The promotion of credit union use through trade unions to encourage local authority staff to join and improve the image of the movement <p>Cllr GJ highlighted the work undertaken through the “Vibrant and Viable Places” grant (a WG tackling poverty fund) and WHQS, inviting the LSB to visit Rowan Place, Rhymney to see the regeneration taking place and to visit the Hafod Deg premises in Rhymney. He commented on the work credit unions had been doing</p>	

Point	Matter	Action
	<p>using volunteers in CF areas, within schools to promote young savers and the established collections and payroll deductions in partner organisations.</p> <p>Cllr GJ was thanked for his presentation and LSB members approved the recommendations contained in the report.</p> <p>It was agreed that the LSB would hold its next meeting on 19th November, 2014 at Hafod Deg, followed by a visit to Rowan Place. Rhymney.</p>	HR
5.	<p><u>Update on LSB ESF “Passport” Project: presentation by Gareth Hardacre, Head of People Management, CCBC and Maggie James, Passport Programme Manager, CCBC.</u></p> <p>GH gave an introduction to this LSB sponsored European Social Fund (ESF) project, noting that it had emerged from the need to develop the workforce in the borough and tackle the issue of NEETs while providing opportunities for partners.</p> <p>MJ took members through the presentation. MJ drew attention to the success of the project and also to some of the challenges and lessons learnt through the programme:</p> <ul style="list-style-type: none"> • Partnership working with Job Centre Plus, Careers Wales and CF officers to develop referral process • Placements with CCBC and wider partners, including Morrison’s Bargoed and WHQS contracts through community benefit clauses, and close links to Caerphilly Business Forum • Challenges for CCBC as employer with all trainees placed on CCBC payroll and the legal responsibility including the recent pension changes. • <p>GH noted that the project will finish in December 2014 with implications for staff and the continuation of what has been a very successful programme. He noted WG support and the opportunity for a regional bid to continue the programme, but the timescales for the new round of European funding and as yet unknown focus have left a funding gap. Local authority funding cuts would also have an impact on the continuation of the programme.</p> <p>LSB members acknowledged the success of the Passport programme and asked if any future activity could be extended to post - 25 year olds given the poverty agenda. It was also noted that the programme had been reported to CCBC Policy and Resources Scrutiny Committee the previous week where the funding issues had also been raised. Cllr KR thanked GH and MJ for their presentation.</p>	
6.	<p><u>Healthier Caerphilly Outcome Scorecard and Highlight Report: presentation by Sam Crane, Lead Officer for Healthier and Head of Partnerships and Networks, ABUHB and Eryl Powell, Consultant in Public Health, ABUHB, Public Health Team.</u></p> <p>SC introduced the Healthier Caerphilly Outcome theme reminding LSB members that the priorities had been developed from the UNA work two years previously, noting that priority H4 had subsequently been transferred to Safer for reporting.</p> <p>She also advised that she had not established a Healthier Caerphilly “Delivery Group” as the priorities were spread across a number of existing delivery mechanisms including the Wellbeing Network (WIN), Neighbourhood Care Networks (NCNs) and the Integrated Partnership team (which is chaired by DS). She reported that the NCN plans were being finalised with targets linked to the</p>	

Point	Matter	Action
	<p>SIP priorities. SC highlighted some of the work being undertaken:</p> <ul style="list-style-type: none"> • 124 community health champions across the county borough • The opening by the Earl of Wessex of the Rhymney Health and Social Care Centre, which hosts the Integrated Health and Social Care team and also the visit by the WG Health Minister Professor Mark Drakeford AM. • Appointment of Community Connectors using Intermediate Care Fund <p>EP then focussed on the work being done on smoking cessation, highlighting the development of services through community pharmacies and the “Stopober” campaign launching in September. Questions were raised regarding the use of electronic cigarettes and the targeting of young people. EP noted the challenges to de-normalising smoking and the need for support from all partners.</p> <p>LSB members identified opportunities for spreading the health messages through CF work in communities and events such as GAVO Play Day. LSB members agreed to support employer based campaigns. EP agreed to circulate Stopober briefings and campaign material to members. SC and EP were thanked for their presentation.</p>	EP
7.	<p><u>Response to ESG “Childhood Obesity” report: presentation by Eryl Powell, Consultant in Public Health, ABUHB, Public Health Team.</u></p> <p>EP introduced the report explaining that LSBs across Wales had been asked to respond to ESG by the Minister identifying the work being undertaken to address childhood obesity in the county. She explained that the Caerphilly response had been developed by the WIN network, working with the Gwent Childhood Obesity Strategy Group.</p> <p>She gave examples from the report of work currently being done and LSB members acknowledged that all their organisations could play a part in encouraging more physical activity, JF noting the community engagement role of police officers working with young people and MF/HR highlighting the role of the voluntary sector and the number of sporting groups in the county borough.</p> <p>EP explained that the core message had changed to eating healthily rather than healthy eating and the need for consistency was acknowledged with mixed messages about food through the media leading to public confusion.</p> <p>LSB members agreed that there was a bigger picture and it was important to ensure that all the funding did not go into health only, as other services played a part. EP acknowledged that the All Gwent Obesity Strategy may not encompass that broader picture and EP agreed to circulate the draft to LSB members.</p> <p>Cllr KR acknowledged contradictory messages from the media highlighting potential closures of sporting facilities through the medium term financial plan consultation. EP was thanked for her report and the recommendations were agreed.</p>	EP

Point	Matter	Action
8.	<p><u>Gwent Substance Misuse Area Planning Board:</u> presentation by Chief Superintendent Julian Knight (Co-Chair GSMAPB & Gwent Police) and Mike Nicholson (Strategic Director People, Newport City Council)</p> <p>JK began with an overview of the development of the Gwent Substance Misuse Area Planning Board (GSMAPB) and its role in identifying need and developing services to reduce cost and avoid duplication. He identified the need for strong representation on the GSMAPB with the ability to make decisions and noted the involvement of the PCC, ABUHB and third sector.</p> <p>He then focussed on the process currently being undertaken to develop a 'Memorandum of Understanding' (MOU) between partners to enable the GSMAPB to function. It would be responsible for managing and allocating a common fund provided by WG with Newport holding the funds on its behalf.</p> <p>MN then briefed members on the commissioning process being undertaken to award a single contract for substance misuse services for Gwent. He explained that the process was being undertaken under national rules but would encourage consortia bids. They had worked with current providers for some time to ensure smaller organisations were not disenfranchised and in response to questions from LSB members reiterated that:</p> <ul style="list-style-type: none"> • There would be clarity in the tender document on the approach • Any sub-contractors would need to be in place at the outset • It would not be price driven, there would be a strong element of understanding of community need and clinical governance • Flexibility to adapt to meet emerging needs would be embedded as would a robust evaluation tool • <p>The membership of the GSMAPB was discussed. It was noted that the legal responsibility would still remain with the Community Safety Partnership (or equivalent) whilst LSBs remained non-statutory, and that there was no representation from Caerphilly CSP or LSB. In response to questions MN explained that there would be a single delivery team based in Newport that would be responsible for managing contracts and supporting local delivery. This would be backed by a delivery plan which would identify Gwent wide need but also focus on local delivery.</p> <p>It was noted that the draft MOU would be circulated for consideration in the next three weeks, before processing through respective cabinet and council processes. It would also need to be considered by ABUHB and other partners and members were asked to forward any comments to JK or MN. JK and MN were thanked for their presentation the contents of which were noted.</p>	
9.	<p><u>Outcome Highlight/Exception Reports:</u></p> <p>The respective Outcome Highlight/Exception reports had been previously circulated. In view of time constraints, HR asked LSB members if they would consider the reports and notify him of any issues or questions to take back to the Leads Group.</p> <p>He noted that there were two issues brought forward from the Delivery and Leads groups:</p> <ul style="list-style-type: none"> • Concern had been expressed about the impact of decisions on the medium term financial plan would have an impact on the delivery of the SIP priorities where 	

Point	Matter	Action
	<p>some discretionary services could cease, using charging for car parking at country parks as an example.</p> <ul style="list-style-type: none"> The request for the LSB to consider identifying a priority that could be used to develop a pooled budget pilot project. <p>The Outcome Highlight/Exception reports were noted.</p>	
10.	<p><u>Draft Annual Review Report:</u> The draft Annual Review Report had been previously circulated. HR reminded LSB members of the statutory requirement to produce the report for WG and asked members to consider it and provide any feedback. He explained that whilst the report was concise there were a substantial number of appendices and as a result it was intended to be produced in electronic form only.</p> <p>LSB members approved the report and supported this approach.</p>	
11.	<p><u>LSB Standing Conference 13th June 2014 – feedback:</u> The draft report had been previously circulated. HR explained that the next Standing Conference would take place on 2nd December (NB: now changed to 30th January, 2015) and it was proposed that it should continue the discussions on poverty. The LSB Anti-Poverty Task Group would be considering the workshop reports and it was proposed that they should develop the programme for the event.</p> <p>HR drew members' attention to the responses from delegates to the question regarding the role of the LSB and he asked members to consider this feedback to be discussed at the next LSB meeting. Cllr KR noted the importance of responding to the questions at the next Standing Conference.</p> <p>The report and recommendation that the LSB Anti-Poverty Task Group develop the programme for the next Standing Conference in December were approved. The Report will be circulated to attendees and will be published on the LSB website.</p>	
12.	<p><u>Voluntary Sector and GAVO update:</u> An update report on voluntary sector activity had been previous circulated. MF highlighted the work being undertaken to build a strong third sector leadership network during this challenging time, and GAVO support being focussed on developing local third sector provider consortia. He thanked members for their support for the Volunteering Awards and the National Play Day event which had seen 5,000 people taking part in family activities in Morgan Jones Park, Caerphilly.</p> <p>MF reported on the restructuring taking place in GAVO which would put more of the resources into its direct charitable aims, using satellite offices to provide local services and a greater emphasis on working with partners. The report was noted.</p>	
13.	<p><u>Information Items:</u> Items circulated for information were noted.</p>	
14.	<p><u>Date of Next Meeting:</u> Members were asked to consider whether meetings should in future be scheduled on a bi-monthly basis due to the length of the agenda.</p>	LSB

Point	Matter	Action
	<p>In the meantime it was agreed that the next meeting take place at 9:30am on Wednesday, 19th November, 2014 at the Hafod Deg building (next door to Rhymney Police Station), 56, High Street, Rhymney, NP22 5LP, followed by a site visit to Rowan Place, Rhymney.</p>	

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

**SUBJECT: SUMMARY OF MEMBERS' ATTENDANCE – QUARTER 2 –
1ST JULY 2014 TO 30TH SEPTEMBER 2014**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To report Members' levels of attendance at scheduled meetings of Caerphilly County Borough Council.

2. SUMMARY

- 2.1 The report details the attendance of Members at scheduled meetings throughout the Quarter 1st July to 30th September.

3. THE REPORT

- 3.1 Appendix 1 details Members' attendance for quarter 2 (1st July 2014 to 30th September 2014), at the following meetings:

- Council;
- Cabinet;
- Scrutiny Committees;
- Planning Committee;
- Audit Committee;
- Democratic Services Committee; and
- Sustainable Development Advisory Panel.

- 3.2 The information is compiled from attendance sheets signed by Members at these meetings.

- 3.3 The appendix also allows for a comparison with the same period in the preceding two years. When making comparisons to previous quarters/years, please note that overall averages given are the weighted average to reflect the number of meetings in each quarter.

- 3.4 Details for the next quarter (1st October 2014 to 31st December 2014) will be reported to the next appropriate meeting of the Scrutiny Committee.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications arising as a result of this report.

5. FINANCIAL IMPLICATIONS

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

6. PERSONNEL IMPLICATIONS

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

7. CONSULTATIONS

7.1 None.

8. RECOMMENDATIONS

8.1 That Members note the content of the report.

9. REASONS FOR THE RECOMMENDATIONS

9.1 To inform Members of attendance levels at scheduled meetings of Caerphilly County Borough Council from the Annual Meeting of Council, 2014.

Author: C. Evans (Committee Services Officer)

Background Papers:
Member attendance sheets

Appendices:
Appendix 1 Schedule of Members' Attendance 2012 to 2015

Quarterly Summary of Attendance Levels (Percentages)

AGM to AGM

	2012-2013					2013-2014					2014-2015				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Council	89	88	85	81	84	87	82	82	88	85	84	84			84
Crime & Disorder		38		59	59		69		94	82		81			81
Education For Life	75	78	66	69	72	72	75	69	75	73	66	65			66
Health, Social Care & Wellbeing	88	75	85	88	84	75	66	78	69	72	75	73			74
The Living Environment															
Regeneration															
Regeneration and Environment	69	77	71	88	76	69	63	81	84	74	81	80			81
Policy & Resources	81	88	71	79	77	69	78	84	85	79	78	77			78
Planning Committee	75	83	80	74	78	75	82	85	89	83	85	75			80
Audit Committee		58	50	42	48	83	75	67	83	77	58	83			71
Democratic Services Committee		44	63	69	60	69		69	75	71	88	75			82
Sustainable Development Advisory Panel	73	45	64	45	61	64	64		64	64		82			82
Average Attendance per quarter	78	67	71	71	74	74	72	77	81	76	77	86			82
Cabinet	90	94	93	88	91	95	82	92	93	91	93	93			93

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