



SPECIAL COUNCIL – 20TH FEBRUARY 2020

SUBJECT: BUDGET PROPOSALS FOR 2020/21 AND MEDIUM-TERM FINANCIAL OUTLOOK

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

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- 1.1 The attached report, which sets out the 2020/21 budget proposals and a brief update on the Medium Term Financial Plan was considered by Cabinet on 12th February 2020 .
 - 1.2 The views expressed at the meeting and the recommendations of Cabinet will be reported verbally to the Special Meeting of Council on 20th February 2020.

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Appendices:
Appendix Report to Cabinet on 12th February 2020



CABINET – 12TH FEBRUARY 2020

SUBJECT: BUDGET PROPOSALS FOR 2020/21 AND MEDIUM-TERM FINANCIAL OUTLOOK

REPORT BY: DIRECTOR OF EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2020/21 budget proposals contained within this report prior to final determination at Council on the 20th February 2020.
- 1.2 To provide a brief update on the medium-term financial outlook.

2. SUMMARY

- 2.1 Details of the Welsh Government (WG) Provisional Local Government Financial Settlement are normally announced by WG in early October each year. However, due to a combination of the uncertainty around Brexit along with the announcement of the General Election, details of the 2020/21 Provisional Settlement were not released until the 16th December 2019.
- 2.2 On the 13th November 2019 Cabinet received a report providing details of draft budget proposals, which had been prepared in advance of the 2020/21 Provisional Settlement being released. The report was based on a range of updated assumptions and information available at that time, and included proposed savings totalling £8.485m for the 2020/21 financial year along with a proposed increase in Council Tax of 6.95%.
- 2.3 The Draft Budget Proposals were endorsed by Cabinet thus ensuring that sufficient time was allowed for consultation pending details of the Provisional Settlement becoming available.
- 2.4 The Provisional Settlement announcement on the 16th December 2019 resulted in a favourable position for Local Authorities and allowed for flexibility in determining final budget proposals.
- 2.5 This report presents details of updated 2020/21 budget proposals reflecting the favourable Financial Settlement and feedback from the budget consultation process. Cabinet is asked to endorse the recommendations contained in the report prior to consideration and approval at Council on the 20th February 2020.

3. RECOMMENDATIONS

- 3.1 Prior to consideration and determination at Council on the 20th February 2020, Cabinet is asked: -
 - 3.1.1 To endorse the revenue budget proposals for 2020/21 of £356.130m as detailed throughout the report and summarised in Appendix 1.

- 3.1.2 To endorse the proposed savings for 2020/21 totalling £3.047m as set out in paragraph 5.4.3 and Appendix 2.
- 3.1.3 To support the proposal to allocate £500k from savings in advance to Environmental Projects as set out in paragraph 5.4.7 and 5.4.8.
- 3.1.4 To support the proposal to allocate the balance of £1.471m from savings in advance to Capital Earmarked Reserves pending the preparation of a report in the spring setting out details of capital investments to support the Council's 'place shaping' agenda (paragraph 5.4.7).
- 3.1.5 To support the recommendation of the Acting Section 151 Officer to maintain the General Fund balance at 3% of the 2020/21 Net Revenue Budget i.e. £10.684m (paragraph 5.5.5).
- 3.1.6 To support the proposal to allocate the projected surplus General Fund balance of £2.577m to Capital Earmarked Reserves to support investments in the 'place shaping' agenda (paragraph 5.5.5).
- 3.1.7 To endorse the proposed Capital Programme for the period 2020/21 to 2022/23 as set out in Appendix 4.
- 3.1.8 To support the proposal to increase Council Tax by 4.7% for the 2020/21 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,184.38).
- 3.1.9 To note the updated position on the medium-term financial outlook.

4. REASONS FOR THE RECOMMENDATIONS

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

5. THE REPORT

5.1 Background and Context

- 5.1.1 The Council's financial position underpins its ability to make strategic decisions in order to deliver high quality effective services to our residents.
- 5.1.2 The financial picture of the Council is complex, but in summary it consists of four key elements: -
 - **The Revenue Budget** – This funds the day-to-day expenditure on the 800+ services we provide to our citizens including the staff costs, maintaining our buildings and other assets such as the highway network, utility costs, maintaining our fleet of vehicles and the cost of servicing debt (i.e. loan and interest payments).
 - **The Capital Budget** – This funds one-off investments to create or enhance our assets such as schools, libraries and the highway network. This would include the construction of new buildings, major refurbishments and the acquisition of specialist vehicles and equipment.

- **Reserves** – These are approved one-off sums that have been set aside or earmarked for a range of different purposes. A report is prepared annually providing details of the reserves held by the Council and identifying any reserves that are uncommitted and can be released for other purposes such as supporting the Capital Programme.
- **Grants** - The Council receives a number of grants from external bodies such as the Welsh Government. These grants are for specific purposes and the Council must comply with detailed grant terms and conditions. Some of the grants are also subject to audit by our External Auditors.

5.1.3 To date the Council has managed the austerity measures using a “salami slicing” approach i.e. reducing budgets gradually across the whole organisation, whilst trying to protect key services such as Education and Social Services. This approach has served us well, with £103m of savings being achieved over the last 12 years.

5.1.4 However, if we are to remain an innovative, modern and adaptive organisation, whilst managing increasing demands against reducing funding, we must take a long-term strategic approach that mobilises our staff, our elected members, our partners and our communities.

5.1.5 This new whole-authority transformation operating model is entitled “Team Caerphilly – Better Together”, with the underlying principle of being a Council that has a “social heart and a commercial head”. The key elements of this new operating model are: -

- Improving the way we work.
- Enhancing relationships with our communities and partners.
- Developing proud and trusted staff.

5.1.6 It is within the context of our new operating model that we have framed the 2020/21 budget proposals.

5.1.7 It is important that we strike a balance between investing in our day-to-day services and providing financial support to improve how we deliver services.

5.1.8 Our revenue budget is used to support service delivery on an annual basis and our capital budget is used to fund infrastructure projects across the county borough. We also make use of our reserves wherever we can to support the Council’s capital expenditure and at its meeting on the 29th January 2020, Cabinet approved a proposal to earmark £24.5m of reserves to boost the capital programme by investing in our ‘place shaping’ agenda. Detailed proposals setting out how this funding will be used will be the subject of a further report during the spring and this will involve detailed engagement with elected members.

5.1.9 It is crucial that we manage our revenue and capital budgets and our reserves closely and as a collective, in order to maximise the return on investments. As part of our new operating model we will undertake a forensic review of our financial position through the following: -

- Introducing a structured programme of Service Reviews that will evaluate the services that we provide to ensure that they remain relevant, are provided in the most effective and efficient way and are providing value for money.
- Encouraging and supporting more innovative approaches to service delivery.
- Embracing new technologies to modernise the way that we work, streamline processes, improve workflow and drive out efficiencies.
- Adopting a more commercial approach to service delivery to generate additional income to reinvest in services to help them remain resilient i.e. “profit for purpose”.
- Routinely reviewing our reserves to identify further sums that may be available to support the Capital Programme moving forward.

5.2 The Welsh Government (WG) Provisional Local Government Financial Settlement for 2020/21

- 5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement are normally announced by WG in early October each year. However, due to a combination of the continuing uncertainty around Brexit, along with the delay in undertaking the UK Government spending review and the announcement of the General Election, the announcement of the Provisional Local Government Financial Settlement for 2020/21 was delayed until the 16th December 2019.
- 5.2.2 Cabinet will recall that at its meeting on the 21st February 2019 Council was presented with an updated Medium-Term Financial Plan (MTFP) which showed an anticipated savings requirement of £15.658m for the 2020/21 financial year. In response to this significant work was undertaken during the summer and early autumn to identify a range of new savings proposals for consideration.
- 5.2.3 On the 13th November 2019 Cabinet received a report providing details of draft budget proposals, which had been prepared in advance of the 2020/21 Provisional Settlement being released. The report was based on a range of updated assumptions and information available at that time, which reduced the anticipated savings requirement for 2020/21 from £15.658m to £8.485m. The Cabinet report also included a proposed increase in Council Tax of 6.95%.
- 5.2.4 The Draft Budget Proposals were endorsed by Cabinet thus ensuring that sufficient time was allowed for consultation pending details of the Provisional Settlement becoming available.
- 5.2.5 The Provisional Settlement announcement on the 16th December 2019 resulted in a favourable position for Local Authorities which allowed for flexibility in determining final budget proposals. The key elements of the Provisional Settlement are as follows: -
- An all-Wales increase in the Aggregate External Finance (AEF) of £184m, which is 4.3% higher than 2019/20 on a like-for-like basis (i.e. after adjusting for grants transferring into the Settlement in respect of teachers' pensions, teachers' pay and Funded Nursing Care).
 - The increases for individual Local Authorities vary due to the funding formula and movements in a number of key datasets. The lowest increase is in Monmouthshire CC at 3% with the highest being for Newport CC at 5.4%.
 - The increase in the AEF for Caerphilly CBC is 4.1%, which increases to 5.49% (£14.753m) after allowing for the grants that have transferred into the Settlement and changes in the Council Tax base.
 - This favourable Settlement provides headroom of £10.580m for Caerphilly CBC in determining the final 2020/21 revenue budget.
 - The Capital allocations available to Caerphilly CBC in the Revenue Support Grant and the General Capital Grant increased by £161k from the 2019/20 financial year.
- 5.2.6 Details of the 2020/21 Final Local Government Settlement will not be announced until the 25th February 2020, however WG officials have indicated that this will not vary significantly from the position set out in the Provisional Settlement. In the event that the Final Settlement results in an increase or decrease in the funding for Caerphilly CBC then this will either increase or decrease the savings in advance of £1.971m that are identified later in this report.

5.3 Updated 2020/21 Budget Proposals

- 5.3.1 The following sections of this report provide details of updated 2020/21 budget proposals reflecting the favourable Financial Settlement and feedback from the budget consultation process. Cost pressures have also been further reviewed and updated where necessary.
- 5.3.2 The updated position will deliver a balanced budget for 2020/21 on the basis that Council Tax

is increased by 4.7%. Table 1 provides a summary: -

Table 1 – Summary

| Paragraph | Description | £m | £m |
|-----------------|---|---------------|---------------|
| 5.2.5 | Aggregate External Finance (+5.49%) | | 14.753 |
| 5.3.3 – 5.3.12 | Schools cost pressures | 5.471 | |
| 5.3.13 – 5.3.19 | General Fund Services inflationary cost pressures | 5.289 | |
| 5.3.20 – 5.3.30 | General Fund inescapable service pressures | 3.303 | |
| 5.3.31 | Reinstatement of 2019/20 temporary savings | 3.272 | |
| 5.3.32 | Reinstatement of 2019/20 2% cut for schools | 2.126 | |
| 5.4.1 – 5.4.5 | Draft savings proposals 2020/21 | | 3.047 |
| 5.4.6 | Savings in advance | 1.971 | |
| 5.6.1 – 5.6.2 | Council Tax uplift (4.7%) | | 3.632 |
| | TOTAL: - | 21.432 | 21.432 |

5.3.3 The Schools cost pressures totalling £5.471m are set out in Table 2 below -

Table 2 – Schools Cost Pressures

| | £m |
|--|--------------|
| Teachers Pay at (2.75% / 2%) | 1.753 |
| Living Wage | 0.016 |
| Teachers Employer's Pension Contributions at 7.12% (5/12ths) | 2.288 |
| APT&C Pay at 2% | 0.261 |
| APT&C Pay Contingency | 0.098 |
| Employer Pension Contributions (APT & C) | 0.000 |
| Non-Pay Inflation at 1.7% | 0.337 |
| Schools Service Pressures | 0.674 |
| Trinity Fields Transport Costs (Demographic Growth) | 0.044 |
| TOTAL: - | 5.471 |

- 5.3.4 **Teachers Pay at 2.75%** - Teachers pay increased across the majority of the scale ranges by 2.75% with effect from September 2019. A one-off grant has been made available by WG to assist with the part-year additional cost of the pay award for the 2019/20 financial year. The full cost of the September 2019 pay award has now been provided for in the Provisional Settlement for 2020/21. For financial planning purposes it is currently assumed that there will be a further 2% uplift in teachers pay from September 2020.
- 5.3.5 **Foundation Living Wage** – Caerphilly CBC is a Living Wage Foundation employer so a sum is included in the budget proposals in respect of relevant school staff to allow for annual increases in the Foundation Living Wage hourly rate.
- 5.3.6 **Teachers Employer's Pension Contributions** – For the 2019/20 financial year there is a significant new cost pressure for schools in relation to increases in employer contributions to the Teachers' Pension Scheme from September 2019. There was no funding included in the Final Local Government Financial Settlement for 2019/20 to meet this additional cost, albeit that the part-year impact has subsequently been funded through an in-year grant from WG. Funding has now been provided in the Provisional Settlement for 2020/21 in respect of the increased cost of the Teacher's Pension Scheme.
- 5.3.7 **APT&C Pay at 2%** - A pay award of 2% is assumed for schools based APT&C staff from April 2020. This is not confirmed and is subject to ongoing negotiation.
- 5.3.8 **APT&C Pay Contingency** – Due to the ongoing negotiations in respect of the APT&C pay award it is recommended that a contingency is established which will allow for a pay award of

up to 2.75%. It is proposed that this contingency will be held centrally in the first instance and only released to service budgets (if required) once the pay award is agreed.

5.3.9 **Employer Pension Contributions (APT&C staff)** – The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The 2020/21 Draft Budget Proposals presented to Cabinet on the 13th November 2019 assumed a 1% increase in the employer contribution from April 2020, pending the outcome of the latest triennial valuation. The results of this valuation have now been released and no increase will be required in the employer contributions for the 2020/21 and 2021/22 financial years. An increase of 1% will be required for 2022/23.

5.3.10 **Non-pay inflation at 1.7%** - This is based on the average monthly Consumer Prices Index (CPI) inflation rate for the last 12 months.

5.3.11 **Schools Service Pressures** – This includes the following: -

- Funding formula revisions.
- Floor area and National Non-Domestic Rates (NNDR) changes.
- Demographic growth linked to Trinity Fields pupil numbers.
- Additional costs linked to Free School Meal numbers in respect of additional social needs funding in primary and secondary schools.
- Additional Free School Meal costs in secondary schools.

5.3.12 **Trinity Fields Transport Costs** – This is directly related to an increase in pupil numbers and costs can also vary based on pupil needs.

5.3.13 The General Fund Services inflationary cost pressures totalling £5.289m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

| | £m |
|--|----------------|
| Pay at 2% (APT&C staff) | 2.467 |
| Pay Contingency (APT&C staff) | 0.868 |
| Living Wage (APT&C staff) | 0.049 |
| Non-pay inflation at 1.7% | 2.169 |
| Employer Pension Contributions (APT & C) | 0.000 |
| Non-pay inflation (Fees and Charges) at 1.7% | (0.264) |
| TOTAL: - | 5.289 |

5.3.14 **Pay at 2% (APT&C staff)** - A pay award of 2% is assumed for non-schools based APT&C staff from April 2020. This is not confirmed and is subject to ongoing negotiation.

5.3.15 **Pay Contingency (APT&C staff)** – As explained in paragraph 5.3.8 due to the ongoing negotiations in respect of the APT&C pay award it is recommended that a contingency is established which will allow for a pay award of up to 2.75%.

5.3.16 **Foundation Living Wage** – Caerphilly CBC is a Living Wage Foundation employer so a sum is included in the budget proposals in respect of APT&C staff to allow for annual increases in the Foundation Living Wage hourly rate.

5.3.17 **Employer Pension Contributions (APT&C staff)** – As explained in paragraph 5.3.9 the results of the latest independent triennial valuation of the Pension Fund's assets and liabilities reveal that no increase in the employer contribution level will be required for the 2020/21 financial year.

- 5.3.18 **Non-pay inflation at 1.7%** - This is based on the average monthly Consumer Prices Index (CPI) inflation rate for the last 12 months.
- 5.3.19 **Non-pay inflation (Fees and Charges) at 1.7%** - A generic increase of 1.7% is assumed for Fees and Charges. Increases in excess of this are proposed in some areas and details of these are provided in Appendix 2.
- 5.3.20 It is incumbent upon the Council to set a realistic budget each year. Table 4 provides details of the 2020/21 General Fund inescapable service pressures that have been identified and require consideration in respect of funding: -

Table 4 – General Fund Inescapable Service Pressures

| | £m |
|---|----------------|
| Council Tax Reduction Scheme (CTRS) additional liability | 0.693 |
| Funded Nursing Care | 0.101 |
| WG funding for Private Finance Initiative (PFI) contracts | (0.202) |
| Social Services cost pressures | 0.800 |
| Education & Lifelong Learning cost pressures | 0.875 |
| Coroner's growth requirement | 0.048 |
| Sustainable Waste Management Grant reduction | 0.093 |
| City Deal (Partnership revenue contribution) | 0.002 |
| City Deal (debt charges) | 0.044 |
| Private Finance Initiative (PFI) review | 0.849 |
| TOTAL: - | 3.303 |

- 5.3.21 **CTRS Additional Liability** – The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit a number of years ago and is a means-tested benefit that assists in full or part towards a resident's Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 4.7% in 2020/21.
- 5.3.22 **Funded Nursing Care** – Funding has been transferred into the Provisional Settlement to meet additional costs arising from a review of Local Authority and NHS contributions to the cost of Funded Nursing Care placements. This funding will be passported to the Directorate of Social Services.
- 5.3.23 **WG Funding for Private Finance Initiative (PFI) Contracts** – Funding is provided by the Welsh Government through the Financial Settlement towards costs associated with the Private Finance Initiative contracts operating within the Authority. This funding is front-loaded and reduces annually over the life of the PFI contracts.
- 5.3.24 **Social Services cost pressures** – The MTFP presented to Council in February 2019 included further anticipated Social Services growth of £1.5m for 2020/21. Based on updated information the projected 2020/21 growth requirement is now £800k. The draft budget proposals presented to Cabinet on the 13th November 2019 recommended that for 2020/21 only the anticipated growth requirement would be met through a one-off contribution of £800k from Social Services reserves. This was proposed on the basis that there are a number of initiatives currently underway that will reduce costs in the medium to long-term and therefore mitigate the current cost pressures in the system.
- 5.3.25 The favourable Financial Settlement now means that £800k growth can be allocated to Social Services, thus protecting the level of reserves for use on capital projects that will be the subject of further reports in due course. Savings arising from the range of initiatives that are underway in the Directorate will be made available to support the budget from 2021/22 onwards.
- 5.3.26 **Education and Lifelong Learning cost pressures** – Growth requirements of £875k have been identified with a range of cost pressures within this service area. Support for our most

vulnerable learners, in particular in relation to our Education Other Than At School (EOTAS) provision, continues to be a pressure. Work is well underway with regards to the strategy and delivery model moving forward and further reports will follow in due course. There are also additional cost pressures linked to requirements around the Additional Learning Needs (ALN) Reform Bill and Well-Being.

- 5.3.27 **Coroner's Growth Requirement** – Notification has been received from the Coroner that additional funding will be required in 2020/21 to meet inescapable service pressures.
- 5.3.28 **Sustainable Waste Management Grant Reduction** – The Provisional Settlement includes a reduction in the Sustainable Waste Management Grant for 2020/21. This grant supports Local Authorities in developing, implementing and operating waste prevention and waste recycling initiatives. The reduction for Caerphilly CBC equates to £93k and it is proposed that growth should be allocated to the Communities Directorate to offset the reduction and thus avoid any detrimental impact on service delivery.
- 5.3.29 **City Deal partnership revenue contribution and City Deal Debt Charges** – There is a small increase of £2k required for 2020/21 in respect of the revenue contribution for the City Deal Partnership. The City Deal also includes a borrowing requirement of £120m for the ten partner Local Authorities and an additional £44k is required for 2020/21 to meet the current anticipated cost for Caerphilly CBC's share of potential borrowing that may be undertaken during the year.
- 5.3.30 **Private Finance Initiative (PFI) review** – A review of the Council's schools PFI contracts is currently being undertaken. These contracts relate to Fleur de Lys (Ysgol Gyfun Cwm Rhymni) and Pengam (Lewis School) Secondary Schools. To assist with this review the services of a company called Local Partnerships have been commissioned. This organisation has a proven track record in relation to supporting public sector bodies through reviews of operational PFI contracts and was recommended by WG Officers. To date the review has focussed on contract management arrangements, benchmarking and affordability and will now progress to reviewing options for the future. It is currently anticipated that an options appraisal will be presented to Cabinet in spring 2020. In the meantime, there is an estimated growth requirement of £849k that will need to be recognised in the draft budget proposals for 2020/21, pending the outcome of the review and agreement on the way forward for these contracts.
- 5.3.31 The Final 2019/20 Budget Proposals approved by Council on the 21st February 2019 included temporary savings totalling £3.272m. In determining the budget proposals for 2020/21 the budgets for these temporary savings have been reinstated.
- 5.3.32 The 2019/20 budget proposals approved by Council in February 2019 also included a reduction of 2% (£2.126m) in the funding allocated to schools. The favourable Financial Settlement for 2020/21 provides an opportunity for this to be reviewed and it is therefore proposed that the cut of £2.126m should be reinstated into school budgets from April 2020.

5.4 2020/21 Savings Proposals

- 5.4.1 The 2020/21 Draft Budget Proposals presented to Cabinet on the 13th November 2019 included proposed savings totalling £8.485m. Following the announcement of the Provisional Settlement on the 16th December 2019 and after considering the feedback from the budget consultation process the list of savings has been subject to a detailed review.
- 5.4.2 Appendix 2 provides details of the full list of draft savings presented to Cabinet in November 2019 totalling £8.485m. Details are also provided of the updated position as follows: -

Table 5 – Updated 2020/21 Savings Position

| | £m |
|--|--------------|
| Savings proposals to be retained for 2020/21 | 2.862 |
| Savings proposals to be withdrawn | 4.638 |
| Savings proposals to be deferred pending Service Reviews | 0.985 |
| TOTAL: - | 8.485 |

- 5.4.3 **Savings proposals to be retained for 2020/21** – In the main these savings proposals are those that have been assessed as having ‘Nil Impact’. Since the preparation of the Cabinet report in November 2019 additional savings have been identified that will result in a revised proposed savings total of £3.047m as shown in Table 6: -

Table 6 – Updated 2020/21 Savings Proposals

| | £m |
|---|--------------|
| Savings proposals to be retained for 2020/21 | 2.862 |
| Additional savings identified: - | |
| - Removal of Deputy Chief Executive budget | 0.019 |
| - Staff Restaurant price increase at 5% instead of the 3% originally proposed | 0.004 |
| - Reduction in Fire Service Levy budget | 0.162 |
| TOTAL: - | 3.047 |

- 5.4.4 **Savings proposals to be withdrawn** – These total £4.638m and the most significant saving in this category is the proposed further reduction of 2% (£2.060m) in the budget allocated to schools. The withdrawal of this proposed saving along with the proposed reinstatement of the 2% cut applied to schools in 2019/20 will mean that all school cost pressures totalling £12.784m for 2019/20 and 2020/21 will be fully funded moving forward.
- 5.4.5 **Savings proposals to be deferred pending Service Reviews** – It is proposed that these savings proposals totalling £985k will be deferred for the 2020/21 financial year on the basis that they will be subject to Service Reviews under the Council’s Transformation Programme. As these Reviews are completed individual reports will be presented to Scrutiny Committees prior to consideration by Cabinet.
- 5.4.6 The proposed savings totalling £3.047m, along with the proposed increase in Council Tax of 4.7% will allow for savings in advance of £1.971m and provide a balanced budget position for 2020/21.
- 5.4.7 The savings in advance will provide a solid foundation for anticipated further budget reductions in future years and also provides an opportunity to make one-off investments in the 2020/21 financial year. It is proposed that £500k of the £1.971m is allocated to Environmental Schemes, with the balance of £1.471m being transferred to Capital Earmarked Reserves and added to the £24.5m reserves that have been set aside to invest in our ‘place shaping’ agenda. As mentioned in paragraph 5.1.8, detailed proposals setting out how this funding will be used will be the subject of a further report during the spring.
- 5.4.8 The proposed one-off £500k funding for Environmental Schemes will be used for 3 teams with vehicles and associated equipment and the types of work to be undertaken (not an exhaustive list) will include the following: -
- Works to enhance our gateway entrances to the county borough. The priorities currently are Ynysddu to Wattsville, Blackwood to Hollybush, Ystrad Mynach, and Machen to Trethomas.

- General weed, moss and silt removal and grubbing out/back edging footpaths etc.
- Renovating our 16 chevron tile roundabouts.
- Sign cleaning.
- Dealing with special requests from Members which current operational budgets / service delivery cannot easily address.
- Railing, bench and other street furniture repairs / renovations where required/requested.

5.5 General Fund Balances

- 5.5.1 Details of the projected movement on General Fund balances are provided in Appendix 3.
- 5.5.2 As previously agreed by Council the Council Tax surplus each year is channelled through the General Fund to support the base budget in the following financial year.
- 5.5.3 A total of £2.380m has been transferred from the General Fund into Capital Earmarked Reserves during the 2019/20 financial year as agreed by Council at its meeting on the 30th July 2019.
- 5.5.4 Cabinet will note that projected underspends for 2019/20 will result in £1.602m being transferred into the General Fund. This results in a projected General Fund balance of £13.261m
- 5.5.5 It is proposed that the General Fund balance should be set at 3% of the 2020/21 Net Revenue Budget i.e. £10.684m. This is the minimum balance recommended by the Council's Acting Section 151 Officer and results in a projected surplus balance of £2.577m. It is recommended that this sum is transferred into Capital Earmarked Reserves to support investments in the 'place shaping' agenda.

5.6 Council Tax Implications 2020/21

- 5.6.1 The budget proposals within this report include a proposed increase of 4.7% in Council Tax for the 2020/21 financial year. This will increase the Caerphilly CBC Band D precept from £1,131.21 to £1,184.38 i.e. an annual increase of £53.17 or weekly increase of £1.02.
- 5.6.2 The proposed increase of 4.7% for 2020/21 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals): -

Table 7 – 2020/21 Council Tax (CCBC Element) at 4.7% Increase

| Band | Council Tax (CCBC Element) £ | Annual Increase £ | Weekly Increase £ |
|-------------|---|----------------------------------|----------------------------------|
| A | 789.58 | 35.44 | 0.68 |
| B | 921.18 | 41.35 | 0.80 |
| C | 1,052.78 | 47.26 | 0.91 |
| D | 1,184.38 | 53.17 | 1.02 |
| E | 1,447.57 | 64.98 | 1.25 |
| F | 1,710.77 | 76.80 | 1.48 |
| G | 1,973.96 | 88.61 | 1.70 |
| H | 2,368.75 | 106.33 | 2.04 |
| I | 2,763.55 | 124.06 | 2.39 |

5.7 Capital Programme

- 5.7.1 The proposed Capital Programme for the three-year period 2020/21 to 2022/23 is detailed in Appendix 4 of this report and summarised in Table 8.

Table 8 – Summary of Capital Programme 2019/20 to 2021/22

| | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|--------------|--------------|
| | £m | £m | £m |
| Capital Programme proposals | 11.363 | 9.846 | 9.726 |
| WG funding available | (8.636) | (7.885) | (7.885) |
| Capital funding gap | 2.727 | 1.961 | 1.841 |
| Funded by: - | | | |
| Surplus/(Deficit) b/fwd | 0.000 | 0.454 | 0.199 |
| Capital Underspends from previous years | 0.306 | 0.000 | 0.000 |
| One-Off funding from MRP Policy Review | 1.640 | 1.578 | 1.514 |
| RCCO budget (Miscellaneous Finance) | 0.128 | 0.128 | 0.128 |
| Additional General Capital Grant | 1.107 | 0.000 | 0.000 |
| Total Additional Funding | 3.181 | 2.160 | 1.841 |
| Surplus/(Deficit) carried forward | 0.454 | 0.199 | 0.000 |

5.7.2 As outlined in paragraph 5.1.8, at its meeting on the 29th January 2020, Cabinet approved a proposal to earmark £24.5m of reserves to boost the capital programme by investing in our 'place shaping' agenda. Furthermore, the proposals in this report in respect of savings in advance and the surplus General Fund balance will result in a further £4.048m being available for investments in the 'place shaping' agenda.

5.8 Financial Outlook for Future Years

5.8.1 Due to the ongoing programme of austerity and increasing demand for a number of services, the financial position for Local Government has been very challenging in recent years. During the period 2008/09 to 2019/20 Caerphilly CBC has already delivered savings of £103m to address reductions in funding and inescapable cost pressures. In addition to this, further savings of £3.047m are proposed in this report for the 2020/21 financial year.

5.8.2 Whilst the positive Financial Settlement for 2020/21 is clearly welcomed there remains considerable uncertainty surrounding the funding position for future years. The UK Government has undertaken a spending review for 2020/21 only at this stage, so there is no indication of likely funding levels in the medium to long-term.

5.8.3 The Chancellor of the Exchequer has announced that details of the UK Government Budget will be released on the 11th March 2020. This will hopefully provide some clarity around the outlook for public finances in the medium-term. However, a further dynamic to consider will be how the Welsh Government prioritises any additional funding that it may receive moving forward.

5.8.4 Due to the uncertainty around funding levels an updated Medium-Term Financial Plan (MTFP) is not being provided at this stage. Following the budget announcement on the 11th March 2020 the position will be reviewed and a further report on the future financial outlook will be prepared for Cabinet consideration.

6. ASSUMPTIONS

- 6.1 The updated budget proposals detailed in this report are based on the 2020/21 Provisional Local Government Financial Settlement and it is assumed that there will be no material changes in the Final Settlement due to be announced by the Welsh Government on the 25th February 2020.
- 6.2 A range of other assumptions have been made throughout the report in respect of pay and non-pay inflationary increases and inescapable service pressures moving forward.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.
- 7.2 Effective financial planning and the setting of a balanced budget support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

- 9.1 Equalities Impact Screenings have been undertaken for all of the 2020/21 savings proposals and Equalities Impact Assessments (EIA's) have also been completed where they are required. This is to ensure that decisions that affect different individuals and groups with protected characteristics are assessed at an appropriate and relevant level and at the correct stage in the process. Completed EIA's are available on the Council's website.
- 9.2 Consultation with residents, when done in accordance with the Council's Communications & 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.

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

- 11.1 Where staff reductions are required as a consequence of savings proposals the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where

this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered when all other options have been fully exhausted.

11.2 The Trade Unions have been consulted on the 2020/21 draft budget proposals.

12. CONSULTATIONS

12.1 Following Cabinet endorsement of the draft 2020/21 budget proposal on the 13th November 2019 a period of extensive consultation has been undertaken over a period of eight weeks. Appendix 5 provides a summary of the feedback from the consultation process and the full detail is available on the Council's website.

12.2 As part of the consultation process Special Scrutiny Committees were held during December 2019 to focus on the savings proposals. The Special scrutiny reports presented to these meetings along with the minutes of these meetings are also available on the Council's website.

12.3 Feedback from the consultation process has been a key consideration in determining the final budget proposals for the 2020/21 financial year.

13. STATUTORY POWER

13.1 The Local Government Acts 1998 and 2003.

Author: Stephen Harris, Interim Head of Business Improvement Services and Acting S151 Officer.

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Tel: 01443 863022

Consultees: Corporate Management Team
Andrew Southcombe, Finance Manager, Corporate Finance
Rob Tranter, Head of Legal Services and Monitoring Officer
Lynne Donovan, Head of People Services
Cllr Philippa Marsden, Leader
Cllr Eluned Stenner, Cabinet Member for Finance, Performance and Planning

Background Papers: -

- Budget Proposals for 2019/20 and Medium-Term Financial Plan 2019/20 to 2023/24 (Council 21/02/19).
- Future Caerphilly Transformation Strategy - #TeamCaerphilly – Better Together (Cabinet 12/06/19).
- Draft Budget Proposals for 2020/21 (Cabinet 13/11/19)
- WG Provisional 2020/21 Local Government Financial Settlement (16/12/19)

Appendices: -

- Appendix 1 - Net Revenue Budget 2020/21
- Appendix 2 - 2020/21 Draft Savings Proposals
- Appendix 3 - Movement on General Fund
- Appendix 4 - Capital Programme 2020/21 to 2022/23
- Appendix 5 - Budget Consultation 2020/21 Summary Report

NET REVENUE BUDGET 2020/21

| | £'000 | £'000 |
|---|--------------|------------------|
| Base Budget 2019-20 | | 337,745 |
| Whole-Authority Cost Pressures | | |
| Pay Inflation | 4,481 | |
| Pay Contingency 2020-21 | 966 | |
| Living Wage | 65 | |
| Non-pay Inflation at 1.7% | 2,242 | |
| Teacher's Employer Pension Contributions | 2,288 | |
| Schools Service Pressures | 674 | |
| Trinity Fields Transport Costs (Democratic Growth) | 44 | |
| | <hr/> | 10,760 |
| General Fund Inescapable Service Pressures | | |
| Council Tax Reduction Scheme (CTRS) | 693 | |
| Funded Nursing Care | 101 | |
| WG Funding for PFI Contracts | (202) | |
| Social Services Cost Pressures | 800 | |
| Education & Lifelong Learning Cost Pressures Contingency | 875 | |
| Coroner's Growth Requirement | 48 | |
| Sustainable Waste Management Grant Reduction | 93 | |
| City Deal - Partnership Revenue Contribution | 2 | |
| City Deal - Debt Charges | 44 | |
| PFI Review | 849 | |
| | <hr/> | 3,303 |
| Reinstatement of 2019-20 Temporary Budget Reductions | | 3,272 |
| Reinstatement of 2019-20 2% Cut in Schools Budget | | 2,126 |
| Savings In Advance | | 1,971 |
| Savings Proposals 2020-21 | | (3,047) |
| Proposed Expenditure | | 356,130 |
| Funding | | |
| WG Support | | (283,367) |
| Council Tax (4.7%) | | (71,713) |
| Council Tax Surplus | | (1,050) |
| Total Funding | | (356,130) |

| Ref. | Proposed Saving | Original List £000's | Retained Savings £000's | Withdrawn Savings £000's | Service Reviews £000's | Public Impact |
|------|--|-------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| | A) BEING MORE EFFICIENT | | | | | |
| | Education & Lifelong Learning: - | | | | | |
| A01 | Adult Education - Delete vacant Manager's post. | 42 | 42 | | | Nil |
| A02 | 14 to 19 Initiative Transport Costs - Budget realignment. | 25 | 25 | | | Nil |
| A03 | Support Services and Resources - Delete vacant post. | 15 | 15 | | | Nil |
| A04 | Library Service - Delete Library Manager post. | 50 | 50 | | | Nil |
| A05 | Education Welfare Service - Restructure of service. | 28 | 28 | | | Nil |
| A06 | Music Service - Curriculum Leader - Vacant post. | 59 | 59 | | | Nil |
| A07 | Music Service - Delete Music Teacher post but some hours retained. | 26 | 26 | | | Nil |
| A08 | Music Service - Delete Music Teacher post. | 53 | 53 | | | Nil |
| A09 | Language Support Primary - Delete vacant post. | 33 | | 33 | | Minor |
| A10 | Library Service - Back office efficiencies & transport related savings. | 18 | 18 | | | Nil |
| A11 | Youth Service - 1 Caretaker at Crumlin Institute not replaced (vacant post). | 11 | 11 | | | Nil |
| A12 | Youth Service - Deletion of admin post. | 21 | 21 | | | Nil |
| A13 | Youth Service - Duty Officer/Caretaker post not to be replaced when the postholder leaves in the Autumn. | 25 | 25 | | | Nil |
| A14 | Youth Service - Deletion of part-time Grade 10 vacant post. | 28 | 28 | | | Nil |
| A15 | Early Years Team. | 15 | 15 | | | Nil |
| A16 | Education Achievement Service (EAS) - 1.5% reduction in contribution. | 15 | 15 | | | Nil |
| A17 | Gwent Sensory & Communication Support Unit (SenCom) - 1% reduction. | 7 | 7 | | | Nil |
| | Social Services & Housing: - | | | | | |
| A18 | Private Housing - Minor restructure. | 27 | 27 | | | Nil |
| | Communities: - | | | | | |
| A19 | Business Support & Funding - Budget realignments | 40 | 40 | | | Nil |
| A20 | Business Support & Funding - Increased rental income from Lowry Plaza Unit Shops. | 5 | 5 | | | Nil |
| A21 | Urban Renewal - Reduction in Publicity & Promotion budget. | 2 | 2 | | | Nil |
| A22 | Urban Renewal - Reduction in mileage, printing and miscellaneous expenditure budgets. | 2 | 2 | | | Nil |
| A23 | Tourism - Blackwood Miners Institute - Reduced Box Office opening hours. | 8 | 8 | | | Nil |
| A24 | Tourism - Blackwood Miners Institute - Staffing restructure. | 20 | 20 | | | Nil |
| A25 | Tourism - Winding House - Budget realignment and reduction in staffing budget. | 30 | 30 | | | Nil |
| A26 | Tourism - Marketing and Events - Reduction in marketing spend. | 8 | 8 | | | Nil |
| A27 | Tourism - Additional budget efficiencies across all venues. | 21 | 21 | | | Nil |
| A28 | Infrastructure Division - Minor restructure. | 31 | | 31 | | Minor |
| A29 | Community & Leisure Services - Deletion of Admin post. | 25 | 25 | | | Nil |
| A30 | Community & Leisure Services - Budget realignment. | 56 | 56 | | | Nil |
| A31 | Registrars - Vacancy Management. | 10 | 10 | | | Nil |
| A32 | Public Protection - Budget realignment. | 39 | 39 | | | Nil |
| A33 | Corporate Property - Penmaen House - Running costs to be met by new tenant. | 33 | 33 | | | Nil |
| A34 | Corporate Property - Ty Penallta - Reduction in building cleaning. | 25 | 25 | | | Nil |

| Ref. | Proposed Saving | Original List £000's | Retained Savings £000's | Withdrawn Savings £000's | Service Reviews £000's | Public Impact |
|------|---|-------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| A35 | Corporate Property - Other Offices - Reduction in building cleaning. | 20 | 20 | | | Nil |
| A36 | Corporate Property - Reduction in utility costs. | 15 | 15 | | | Nil |
| | Corporate Services: - | | | | | |
| A37 | Corporate Finance - Vacancy management. | 208 | 208 | | | Nil |
| A38 | Building Cleaning - Reduction in printing costs. | 4 | 4 | | | Nil |
| A39 | Building Cleaning - Reduction in subscriptions. | 4 | 4 | | | Nil |
| A40 | Building Cleaning - Reduction in training budget | 4 | 4 | | | Nil |
| A41 | Building Cleaning - Reduction in fleet costs. | 5 | 5 | | | |
| A42 | Legal & Governance - Deletion of vacant solicitor post. | 12 | 12 | | | Nil |
| A43 | Legal & Governance - Reduction in supplies and services expenditure. | 20 | 20 | | | Nil |
| A44 | Legal & Governance - Reduction in Counsel Fees budget | 50 | 50 | | | Nil |
| | Sub-Total: - | 1,195 | 1,131 | 64 | 0 | |
| | | | | | | |
| | B) DOING THINGS DIFFERENTLY | | | | | |
| | Education & Lifelong Learning: - | | | | | |
| B01 | Library Service - Deletion of 2 Community Librarian posts (Grade 8). | 80 | 80 | | | Minor |
| B02 | Library Service - Full-year effect of workforce remodelling savings approved as part of the 2019/20 budget. | 32 | 32 | | | Nil |
| | Social Services & Housing: - | | | | | |
| B03 | Social Services - Temporary use of reserves to underpin alternative ways of working. | 800 | | 800 | | Nil |
| | Communities: - | | | | | |
| B04 | Infrastructure - Reduction in Street Lighting maintenance budget. | 40 | | 40 | | Minor |
| B05 | Community & Leisure Services - Bowling Green Rationalisation. | 10 | 10 | | | Nil |
| B06 | Community & Leisure Services - Closure and sale or lease of Ynys Hywel Farm. | 40 | 40 | | | Nil |
| B07 | Community & Leisure Services - Closure of Penallta Parks Depot. | 24 | 24 | | | Nil |
| B08 | Community & Leisure Services - Closure of Trehir Household Waste Recycling Centre (HWRC). | 15 | | | 15 | Moderate |
| B09 | Public Protection - Merge Community Safety Wardens with the Environmental Health General Enforcement Team. | 160 | | | 160 | Significant |
| B10 | Corporate Property - All leaseholders to discharge maintenance obligations. | 20 | 20 | | | Minor |
| | Corporate Services: - | | | | | |
| B11 | Corporate Policy - Reduction in external Welsh Language Translation budget. | 15 | 15 | | | Nil |
| B12 | Customer Services - Service redesign | 68 | | | 68 | Moderate |
| B13 | Central Services - Service redesign in Mail Room. | 24 | | | 24 | Low |
| | Sub-Total: - | 1,328 | 221 | 840 | 267 | |
| | | | | | | |
| | C) SERVICE REDUCTIONS/CUTS | | | | | |
| | Education & Lifelong Learning: - | | | | | |

| Ref. | Proposed Saving | Original List £000's | Retained Savings £000's | Withdrawn Savings £000's | Service Reviews £000's | Public Impact |
|------|---|-------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| C01 | 2% reduction in Individual Schools Budget. | 2,060 | | 2,060 | | Moderate |
| C02 | 2% reduction in Former Key Stage 2 Grant | 30 | | 30 | | Minor |
| C03 | 2% reduction in Secondary Additional Funding | 22 | | 22 | | Minor |
| C04 | Youth Service - Reduction in top-up to grant funded projects. | 15 | | | 15 | Moderate |
| C05 | Youth Service - Withdrawal of service from Bedwas High School. | 6 | 6 | | | Nil |
| | Social Services & Housing: - | | | | | |
| C06 | Housing - Withdrawal of General Fund Housing contribution to Community Environmental Warden Service. | 45 | | | 45 | Moderate |
| | Communities: - | | | | | |
| C07 | Business Support & Funding - Reduction in the revenue budget for the Community Enterprise Fund. | 50 | | | 50 | Minor |
| C08 | Urban Renewal - Reduction in Town Centre/Community Projects budget. | 8 | | | 8 | Minor |
| C09 | Community Regeneration - Reduction in Community Projects budget. | 35 | 35 | | | Minor |
| C10 | Infrastructure - Withdraw the School Crossing Patrol sites that no longer meet the national standards criteria. | 158 | | 158 | | Moderate |
| C11 | Infrastructure - Blackwood to Ystrad Link - Withdrawal of subsidy. | 80 | | | 80 | Moderate |
| C12 | Infrastructure - Reduction in Carriageway maintenance budget. | 514 | | 514 | | Significant |
| C13 | Infrastructure - Reduction in other Highway maintenance budgets. | 95 | | 95 | | Moderate |
| C14 | Infrastructure - Reduction in Traffic Management maintenance budget. | 10 | | 10 | | Moderate |
| C15 | Infrastructure - Reduction in Risca Canal budget. | 40 | | 40 | | Moderate |
| C16 | Community & Leisure Services - Reduction in playground maintenance budget. | 10 | | 10 | | Minor |
| C17 | Community & Leisure Services - 50% Reduction in maintenance of land budget. | 16 | | 16 | | Minor |
| C18 | Community & Leisure Services 50% Reduction in Public Rights of Way budget. | 32 | | 32 | | Minor |
| C19 | Community & Leisure Services - Reduction in Cemeteries Maintenance budget. | 20 | | 20 | | Minor |
| C20 | Community & Leisure Services - Reduction in War Memorial Maintenance budget. | 5 | | 5 | | Minor |
| C21 | Community & Leisure Services - Reduction in Allotment budget | 2 | | 2 | | Nil |

| Ref. | Proposed Saving | Original List £000's | Retained Savings £000's | Withdrawn Savings £000's | Service Reviews £000's | Public Impact |
|---|--|-------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| C22 | Community Centres - Withdrawal of funding for 2 Centres not in CCBC ownership (Rudry and Glan-y-Nant). | 13 | 13 | | | Minor |
| C23 | Community Centres - Reduction of 1 hour Caretaker support across all Centres. | 18 | | | 18 | Minor |
| C24 | Waste Management - Reduction in Cleansing staff numbers (6 posts). | 145 | | | 145 | Moderate |
| C25 | Public Protection - Decommission all BT line rental cameras. | 24 | | 24 | | Moderate |
| C26 | Corporate Property - Reduction in DDA budget. | 30 | 30 | | | Nil |
| C27 | Corporate Property - 7% reduction in building maintenance budgets. | 106 | | 106 | | Minor |
| Corporate Services: - | | | | | | |
| C28 | Corporate Policy - Reduction in Voluntary Sector budget. | 80 | | | 80 | Significant |
| C29 | Corporate Policy - Delete remaining Technical Assistance budget. | 11 | | | 11 | Moderate |
| C30 | Corporate Policy - Further reduction in the Well-being budget. | 6 | | | 6 | Moderate |
| C31 | Corporate Policy - Further reduction in publicity and promotion budgets. | 2 | 2 | | | Nil |
| Miscellaneous Finance: - | | | | | | |
| C32 | Miscellaneous Finance - Deletion of Match Funding for Community Schemes budget. | 15 | | | 15 | Minor |
| Sub-Total: - | | 3,703 | 86 | 3,144 | 473 | |
| D) #TEAMCAERPHILLY - BETTER TOGETHER | | | | | | |
| Fees and Charges | | | | | | |
| Social Services & Housing: - | | | | | | |
| D01 | Housing - Increase in Housing Revenue Account (HRA) recharges - Minor works of adaptation. | 25 | 25 | | | Nil |
| Communities: - | | | | | | |
| D02 | Planning - Income from charging for advice. | 6 | 6 | | | Minor |
| D03 | Urban Renewal - Increased staff fee income from project management on grant funded projects. | 2 | 2 | | | Nil |
| D04 | Tourism - Cwmcarn Visitor Centre - Additional income. | 10 | 10 | | | Nil |
| D05 | Tourism - Caerphilly Visitor Centre - Additional catering income. | 5 | 5 | | | Nil |
| D06 | Tourism - Blackwood Miners Institute - Additional income. | 5 | 5 | | | Nil |

| Ref. | Proposed Saving | Original List £000's | Retained Savings £000's | Withdrawn Savings £000's | Service Reviews £000's | Public Impact |
|------------------------------|---|-------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| D07 | Tourism - Marketing and Events - Additional income from review of Pitch Fees. | 12 | 12 | | | Nil |
| D08 | Waste - Increase charges for bulky collections (from £16 to £25 for 1 to 3 items). | 25 | | | 25 | Minor |
| D09 | Public Protection - Review Pest Control Fees and Charges and introduce a charge for rat treatments. | 20 | | | 20 | Moderate |
| D10 | Corporate Property - Ty Duffryn rental income. | 69 | 69 | | | Nil |
| D11 | Corporate Property - Penmaen House rental income. | 31 | 31 | | | Nil |
| Corporate Services: - | | | | | | |
| D12 | Meals Direct - Increase price of meals by 25p from April 2020. | 5 | | 5 | | Minor |
| D13 | Catering - Increase price of primary school meals by 10p from April 2020. | 28 | | 28 | | Minor |
| D14 | Catering - Increase price of secondary school meals by 10p from April 2020. | 54 | | 54 | | Minor |
| D15 | Catering - Increased income in Secondary Schools (budget realignment). | 12 | 12 | | | Nil |
| D16 | Catering - Increase price of meals in the staff canteen by 3%. | 6 | 6 | | | Nil |
| D17 | Building Cleaning - Increase in income. | 12 | 12 | | | Nil |
| D18 | Building Cleaning - Increase income from window cleaning. | 4 | 4 | | | Nil |
| D19 | Building Cleaning - Increase charges for Portable Appliance Testing. | 3 | 3 | | | Nil |
| D20 | Building Cleaning - Increase in charges for Trinity Fields. | 14 | 14 | | | Nil |
| D21 | Building Cleaning - New contract with Morrison Utilities | 5 | 5 | | | Nil |
| D22 | Procurement - Income generation through collaboration. | 10 | 10 | | | Nil |
| D23 | Catering - Introduce a charge for providing current free provisions to meeting rooms i.e. water. | 3 | | 3 | | Nil |
| D24 | Corporate Services - Digital Services - Efficiency savings through process reviews and automation. | 200 | | | 200 | Nil |
| D25 | Review of Investment Strategy | 718 | 718 | | | Nil |
| Sub-Total: - | | 1,284 | 949 | 90 | 245 | |
| E) OTHER | | | | | | |
| E1 | Miscellaneous Finance - Temporary reduction in Debt Charges budget. | 500 | | 500 | | Nil |
| E2 | Miscellaneous Finance - 2019/20 savings in advance. | 475 | 475 | | | Nil |
| Sub-Total: - | | 975 | 475 | 500 | 0 | |
| TOTAL: - | | 8,485 | 2,862 | 4,638 | 985 | |

Additional Savings: -

| | |
|---|-----|
| - Deputy CEO Salary Payment | 19 |
| - Staff Restaurant Price Increase of 5% | 4 |
| - Reduction in Fire Service Levy | 162 |

Total 2020/21 Savings: -

3,047

APPENDIX 3**MOVEMENT ON GENERAL FUND**

| | £'000 | £'000 |
|---|----------------|-----------------------------|
| Opening Balance 01/04/2019 | | 15,089 |
| 2018-19 Council Tax Surplus to support 2019-20 Budget | | (1,050) |
| Take From General Fund Agreed by Council (30/07/19): - | | |
| Transfer to Capital Earmarked - Corporate Projects | <u>(2,380)</u> | (2,380) |
| Projected Take to General Fund from 2019-20 Underspends :- | | |
| Education and Corporate Services | 874 | |
| Social Services & Housing | 283 | |
| Communities | 0 | |
| Miscellaneous Finance | <u>445</u> | 1,602 |
| Estimated 2019-20 Council Tax Surplus | | 1,050 |
| 2019-20 Council Tax Surplus to support 2020-21 Budget | | (1,050) |
| Projected Balance 31/03/2020 | | <u><u>13,261</u></u> |

Capital Programme 2020/21 to 2022/23

| Scheme | 2020/21 £000's | Indicative 2021/22 £000's | 2022/23 £000's |
|--|---------------------------|--|---------------------------|
| <u>Education and Lifelong Learning</u> | | | |
| Health & Safety Regulations Works | 296 | 296 | 296 |
| Basic Needs Accommodation | 221 | 221 | 221 |
| School Security | 62 | 62 | 62 |
| Asset Management | 591 | 590 | 590 |
| School Boiler Replacement Programme | 253 | 253 | 253 |
| Total Education & Lifelong Learning | 1,423 | 1,422 | 1,422 |
| <u>Communities</u> | | | |
| Sport Pitches | 30 | 30 | 30 |
| Abertridw Park | 40 | 0 | 0 |
| Total Community & Leisure Services | 70 | 30 | 30 |
| Environmental Schemes | 228 | 200 | 200 |
| Total Countryside | 228 | 200 | 200 |
| Voluntary Sector Capital Grants | 98 | 80 | 50 |
| Total Economic Development | 98 | 80 | 50 |
| Infrastructure Retaining Walls | 314 | 314 | 314 |
| Street Lighting | 50 | 50 | 50 |
| Land Purchase-Future Schemes | 41 | 40 | 40 |
| Major Highway Reconstruction | 739 | 739 | 739 |
| Bridge Strengthening | 441 | 441 | 441 |
| Land Drainage- Corporate | 123 | 123 | 123 |
| Land Drainage - Non Corporate | 123 | 123 | 123 |
| Vehicle Restraint Systems | 148 | 148 | 148 |
| Corporate Maintenance - Tips Mines Spoils | 246 | 246 | 246 |
| Monmouth & Brecon Canal. | 208 | 200 | 200 |
| Footway Reconstruction | 148 | 148 | 148 |
| Total Engineers | 2,581 | 2,572 | 2,572 |
| Commercial And Industrial Grants | 0 | 30 | 30 |
| Town Centres | 20 | 18 | 18 |
| Total Urban Renewal | 20 | 48 | 48 |
| CCTV Replacement | 74 | 74 | 74 |
| Kitchen Refurbishments | 419 | 419 | 419 |

| | | | |
|---|---------------|--------------|--------------|
| Total Public Protection | 493 | 493 | 493 |
| Corporate Asset Management | 690 | 690 | 690 |
| Total Property | 690 | 690 | 690 |
| Total Communities | 4,180 | 4,113 | 4,083 |
| <u>Social Services & Housing</u> | | | |
| Condition Surveys | 344 | 340 | 340 |
| Total Social Services | 344 | 340 | 340 |
| Disabled Facility Grants | 1,133 | 1,130 | 1,133 |
| Home Imp Grants/Miscellaneous | 246 | 240 | 246 |
| Home Repair Grant | 788 | 780 | 788 |
| Total Private Housing | 2,167 | 2,150 | 2,167 |
| Total Social Services & Housing | 2,511 | 2,490 | 2,507 |
| <u>Corporate Services</u> | | | |
| IT Hardware & Software | 230 | 220 | 200 |
| Total ICT | 230 | 220 | 200 |
| Total Corporate Services | 230 | 220 | 200 |
| Capital Earmarked Reserve | 1,663 | 1,601 | 1,514 |
| Unallocated General Capital Grant | 1,356 | 0 | 0 |
| Total Capital Programme | 11,363 | 9,846 | 9,726 |

Caerphilly County Borough Council

Budget Consultation 2020/21

Summary Report

| | |
|---|----|
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| Survey | 3 |
| Written Communication with those directly impacted and key stakeholder groups. | 4 |
| Face to Face Engagement | 4 |
| Public Drop in sessions | 4 |
| “Viewpoint Panel” Meeting..... | 5 |
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| Responses | 7 |
| Survey | 7 |
| Petitions..... | 8 |
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| Council Tax Increase (239 responses) | 9 |
| If not through an increase in Council Tax, how else do you feel we can achieve the required savings | 10 |
| Views on the savings proposals | 10 |
| Areas of widest concern..... | 10 |
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| How the wider community can work to support the council to deliver services differently | 12 |

Introduction

A series of draft budget proposals totalling almost £8.5 million were considered by Cabinet on 13th November 2019 alongside a proposed Council Tax rise of 6.95% to cover the remaining shortfall.

The views of residents and stakeholders views were sought on the draft proposals over a period of 6 weeks from **18th November 2019 to 13th January 2020**, with views expressed as part of this consultation to be fed back and considered by Cabinet on 12th February 2020 prior to the final budget for 2020/21 being agreed at a special meeting of full Council on **20th February 2020**.

Methodology

A formal consultation on the draft savings proposals for 2020/21 took place between **18th November 2019 and 13th January 2020**. This was preceded by a period of engagement - information sharing and awareness raising.

Key elements of the engagement and consultation include:

- A media and digital media campaign
- A survey distributed via the Council's newsletter "Newslite", made available on the Council's website and at all main Council buildings and libraries
- Written communication with stakeholder groups (including Councillors, Town and Community Councils)
- Face to face conversations
 - drop in sessions held at 9 libraries across the county borough
 - a "Viewpoint Panel" meeting held on 25th November 2019
- Additional face-to-face meetings with
 - Voluntary Sector Liaison Committee
 - Special Scrutiny Committees
 - Trade Unions and other key stakeholder groups

The main elements of the engagement and consultation process are summarised below. Further details of each element of the public and stakeholder consultation can be found in the annexes to this report.

Media and Digital Media Campaign

Prior to the launch of the consultation and throughout the consultation period, a range of web, media and social media activity was carried out to raise awareness of the financial situation facing the Council and to promote and encourage residents to take part and have their say on the draft savings proposals.

A key element of the activity prior to and during the consultation period focussed on increasing understanding of the financial situation and the reasons why the Council is faced with having to make such difficult financial decisions.

It highlighted the financial pressures that the Council must fund, the significant (but relatively small in the grand scheme) role that Council Tax has in funding council services and the rationale for the Council needing to ask residents to pay more, through Council Tax, for the services they receive.

Following a positive provisional settlement from Welsh Government in December, the media and digital media campaign reminded residents how important it was for them to have their say on the services that are most important to them.

Activities carried out as part of this work included:

- Video
- Web content
- Infographic/information leaflet
- Media releases
- Digital media including Facebook, Twitter and NewsOnline

Survey

A short open ended questionnaire was developed to seek views on the draft budget proposal. A copy of the questionnaire can be found in [Annex 1](#).

The survey and supporting consultation information (draft proposals, completed Equality Impact Assessments and budget templates for each proposal) was included on the CCBC website for the duration of the consultation period with a prominent front page banner and a link directly to the survey.

Details of draft budget proposals were highlighted on the front page of the December 2019 edition of the Council's newsletter "Newsline" with further information and the questionnaire included in a central pull out section of the publication. "Newsline" is delivered to every household within the county borough.

Written Communication with those directly impacted and key stakeholder groups

Details of the proposals and a link to the survey was shared widely with a range of key stakeholders and groups (as outlined in [Annex 2](#)) via e-mail and/or in printed format as appropriate.

Those for whom certain proposals were considered to have a direct impact were engaged directly including:

- Meals Direct clients
- Parents in relation to school crossing patrol and school meal price increases
- Voluntary sector organisations (Citizens Advice Bureau, GAVO and Groundwork)

Face to Face Engagement

Due to the election taking place on 12th December 2019, elected members were unable to participate in the face to face public engagement around the budget proposals for 2020/21 as they have done in previous years.

Public Drop in sessions

Face to face drop in sessions were held at 9 libraries across the county borough between 27th November and 9th December 2019 as shown in **Table 1**.

Drop-in sessions were facilitated by officers from the Service Improvement and Partnerships/Communications and Corporate Finance teams alongside senior officers. The sessions were publicised widely at the venues and at the main Council premises across the county borough. Local Councillors were asked to promote the sessions and regular reminders were sent out via social media. Residents were encouraged to come in and speak with officers to find out more about the draft proposals and to provide feedback through completing a questionnaire. This approach allowed face to face interaction with individuals and encouraged debate and discussion.

Across the 9 drop in sessions, **68** residents engaged in discussion with officers with Blackwood Library seeing the greatest footfall. A number also took the time to vote on the proposed Council Tax increase and took away a copy of the survey to complete. The demographic composition of attendees was skewed towards older age groups, with a larger number of female attendees than male.

Table 1: Face to Face Session

| Date and time | Venue | Engaged with |
|------------------------------|--|---------------------|
| 27.11.19 (10.00am - 12.30pm) | Rhymney Library | 5 |
| 27.11.19 (3.30pm - 6.00pm) | Caerphilly Library | 6 |
| 28.11.19 (10.00am - 12.30pm) | Newbridge Library | 9 |
| 29.11.19 (10.30am - 1.00pm) | White Rose Resource Centre, New Tredegar (and Parent Network PLANET event at Fochriw Community Centre) | 9 (6) |
| 02.12.19 (10.00am - 1.00pm) | Bargoed Library | 7 |
| 04.12.19 (2.00pm - 4.00pm) | Nelson Library | 8 |
| 05.12.19 (10.30am - 12.30pm) | Blackwood Library | 15 |
| 06.12.19 (10.30am - 12.30pm) | Ystrad Mynach Library | 5 |
| 09.12.19 (3.00pm - 6.00pm) | Risca Palace Library | 4 |

“Viewpoint Panel” Meeting

On Monday 25th November 2019, **27** residents from across the county borough attended a meeting at Penallta House. Groups represented included the Caerphilly County Borough Viewpoint Panel, Caerphilly Youth Forum, Caerphilly Parent Network and Caerphilly 50+ Forum.

Prior to the meeting, attendees were provided with details of the proposals and on arrival, were welcomed by Richard Edmunds, Corporate Director of Education and Corporate Services of Caerphilly County Borough Council. After listening to a presentation by the Head of Corporate Finance in the Council Chamber, attendees were asked to vote on their preference for Council Tax increase then split into smaller groups where they were invited to discuss the draft proposals in more detail.

The aim of the meeting was to facilitate discussion in relation to the following:

- the proposed savings that participants most agreed and disagreed with
- suggestions for alternative ways to achieve the required savings
- how the Council can work together with our communities to deliver services differently

Throughout the discussion, senior officers were available to clarify details relating to the draft proposals and provide context where needed.

Additional Face to Face Stakeholder Engagement

Additional face to face discussions were held with

Voluntary Sector Liaison Committee

Prior to the full meeting of the VSLC, the Voluntary Sector Representatives met on 20th November to discuss the budget proposals in detail.

The Voluntary Sector Liaison Committee met on 5th December 2019 to consider the draft budget proposals for 2020/21. (Draft meeting notes were available at the time of reporting and these can be found in [Annex 3](#)).

Trade Unions

The Trade Unions were consulted on the draft budget proposals through our internal Joint Consultative Committee process.

Special Scrutiny Committees

Each scrutiny committee consists of 16 councillors and has a statutory 'watchdog' role to ensure that the Council carries out its responsibilities properly and where necessary, are accountable for their actions. The following Special Scrutiny Committee meetings were held to consider the draft budget proposals and medium term financial plan for 2020/21:

Social Services - 3rd December 2019

Housing & Regeneration, - 5th December 2019

Education - 9th December 2019

Environment & Sustainability - 10th December 2019

Policy & Resources - 11th December 2019

The details of Scrutiny Committees discussions are recorded outside of this report and are available on the Council's website www.caerphilly.gov.uk .

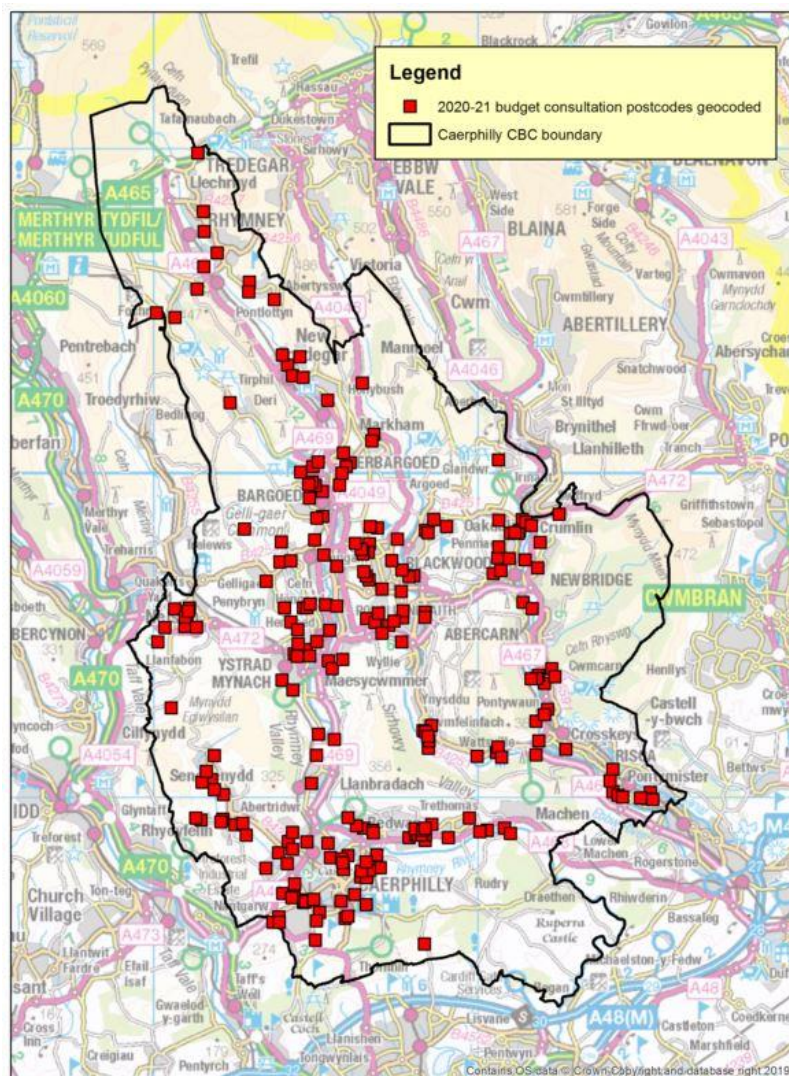
Responses

Survey

The total number of responses received to the survey was 371 (5 were completed in Welsh).

Ninety five percent of respondents were residents of the county borough and as shown in **Map 1**, there was a good geographical distribution from across the area. Fifty two percent of respondents were female, 42% were male and 15% indicated that they have a disability. A full respondent profile can be found in [Annex 4](#). A digest of comments received via the survey can be found in [Annex 5](#).

Map 1: Postcode distribution of survey respondents



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Further responses were received from residents via e-mail, letter and social media. In addition, written responses were received from the following elected representatives/groups/organisations:

Annex 6 - Digest of additional responses received.

- a) Letter from Caerphilly Blaenau Gwent Citizens Advice Bureau
- b) Response from GAVO
- c) Response from Gelligaer Community Council
- d) Response from Llanbradach and Pwll y Pant Community Council
- e) Response from Aber Valley Partnership
- f) Response from Blackwood Town Council
- g) Response from Bedwas, Trethomas and Machen Community Council
- h) Response from Cllr James Pritchard
- i) Response from Croeso Club
- j) Response from Groundwork
- k) Response from Hefin David AM
- l) Response from Nelson Community Council
- m) Response from Voluntary Sector Liaison Committee
- n) Response from Wayne David, MP
- o) Additional written responses and e-mails received

Annex 7 - Summary of Viewpoint Panel meeting discussion

Annex 8 - Feedback from face to face drop in sessions

Annex 9 - A digest of social media response

Petitions

A number of petitions have been received and will be presented and considered alongside the consultation findings:

1. Save our Children, Save our Crossing Patrol – Waunfawr Primary School, Crosskeys. 271 signatories plus 1 letter
2. Save our Crossing Lady – Cwmcarn Primary School – 197 signatories
3. We the undersigned call on Caerphilly County Borough Council, not to go ahead with the proposed decommissioning of CCTV Cameras in the villages of Senghenydd and Abertridwr, as part of its budget proposals for 2020-21.

Key Findings and Themes

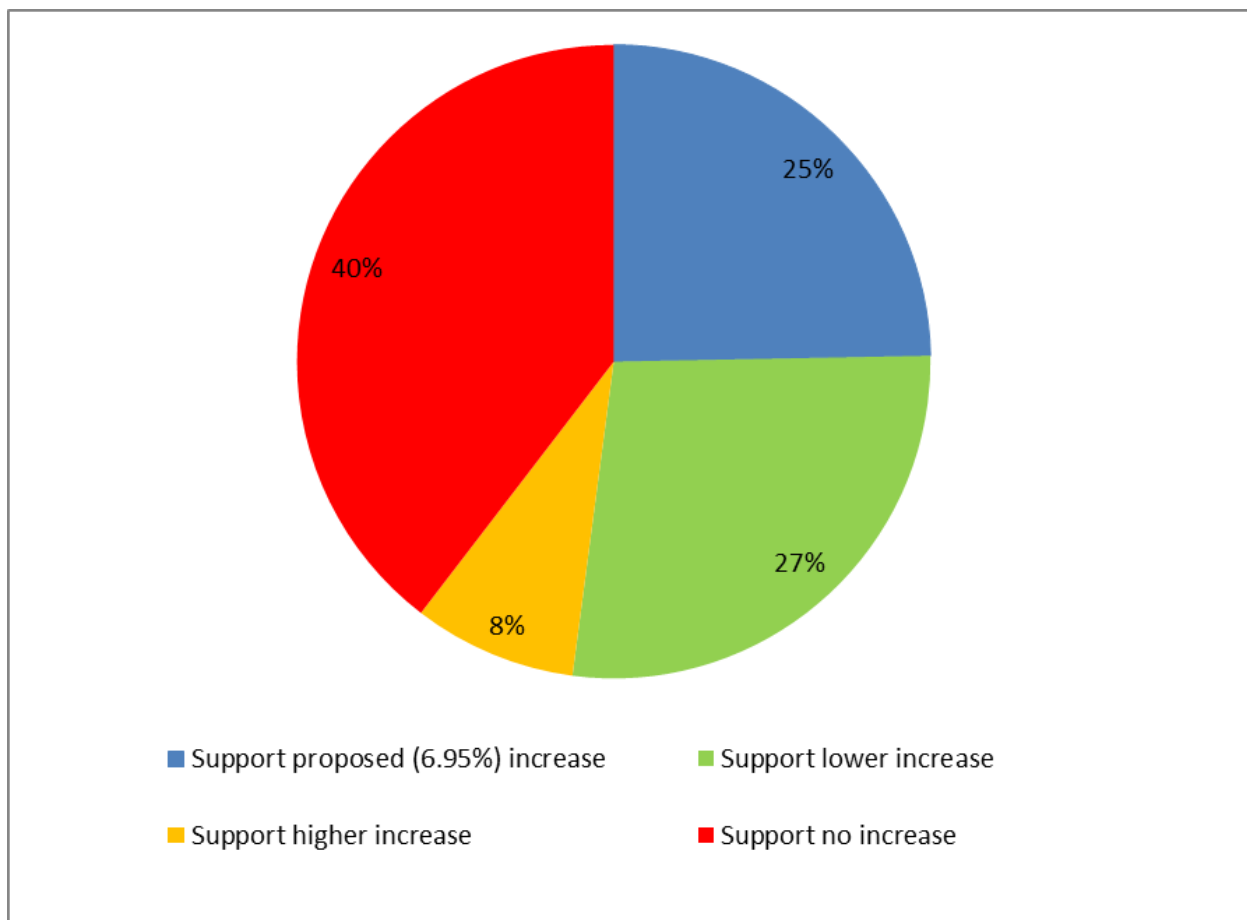
Council Tax Increase (239 responses)

In relation to the proposed increase in Council Tax, survey respondents were asked to choose from 4 options:

1. I support the proposed increase in council tax (6.95%)
2. I do not support the proposed council tax increase – it's too much. However, I'd support a lower increase in council tax
3. I support the proposed increase in council tax and would be prepared to pay an even greater increase if required
4. I do not support any increase in council tax

Graph 1 shows that 25% of respondents would support the proposed increase with a further 8% being prepared to pay an even greater increase and 27% supporting a lower increase. However, 40% do not support any increase in Council Tax.

Graph 1: Preference for Council Tax Increase (n= 336)



An analysis of the text responses highlighted the reasons behind preferences for the proposed Council Tax increases.

If not through an increase in Council Tax, how else do you feel we can achieve the required savings

A number of respondents felt that it is unfair to expect residents to pay more when their services are being reduced and the proposed increase is too great in line with other cost of living rises.

The more favourable settlement from Welsh Government in early December was noted by respondents who felt that an increase in council tax would therefore not be required.

Many of the responses to this question were of a similar nature to those given in relation to “Ideas for delivering services differently to meet the current and future needs of residents” below.

Views on the savings proposals

Areas of specific concern and those where there was a level of agreement with the proposals are outlined below:

Areas of widest concern

- Closure of Trehir Household Waste Recycling Centre
- 2% schools budget reduction
- School crossing patrol
- Highway maintenance budget
- Voluntary sector cuts
- Street lighting maintenance budget (some comments referred to light switch off rather than specifically this proposal)
- Charging for bulky waste
- Cleansing staff reduction
- Youth service
- CCTV
- School meal price increase
- Meals Direct
- Community centres
- Pest control charging

Mixed Views

There were mixed views in relation to merging Community Safety Wardens with the Environmental Health General Enforcement Team.

Library Services – there were mixed views in relation to library services. Some felt cuts were appropriate whilst others felt that libraries are a valuable resource and should be used more.

Areas of agreement

There was a general agreement that the Council should work towards being more efficient, delete vacant posts and wherever possible limit the impact of savings proposals on residents themselves.

Increasing charges: with the exception of charging for meals direct, school meals, pest control and bulky waste (noted above), there was general agreement that charges could be increased for specific services e.g. planning – income from charging for advice and staff meals.

General themes

General themes that emerged from the consultation

- Some proposals were considered counterproductive e.g.
 - closure of Trehir and increase in bulky waste charges leading to more fly tipping
 - removing funding to voluntary sector considered to support the work of the Council
- Concerns over safety (school crossing patrols/street lighting and to a lesser extent CCTV/Community Safety Wardens)
- Concerns over the environmental impact of some proposals e.g.
 - rat treatment fees
 - Trehir Civic Amenity Site closure
 - Bulky waste charges
- Concerns over impact on the most vulnerable (particularly older people, young people and disabled people) and economically disadvantaged
- There were a number of comments about
 - the council wasting money
 - having too many senior officers and Councillors and
 - paying senior staff and Councillors too much

Equalities implications

Respondents highlighted a number of areas where they felt proposals would have a detrimental impact on those who are more vulnerable in our communities on the basis of their protected characteristics, for example:

- School crossing patrols (age, carers)
- School meals and Meals Direct (age)
- CCTV and reduction in street lighting (age, gender and disability)
- Highway and footpath maintenance (disability)
- Libraries (age, disability)

A number also referenced the socio-economic impact of some of the proposals e.g. increase in charges and a reduction in transport would have a more detrimental impact on those on low incomes.

Ideas for delivering services differently to meet the current and future needs of residents

A number of themes and suggestions emerged:

- Review internal working practices and structures
 - Reduce senior management
 - Multi-skill staff
 - Reduce bureaucracy and avoid duplication
- Share resources – collaboration, joined up working, joint procurement
- Focus on priorities – be clear about what they are
- Income generation to fund investment in key services
- Be creative
- Reduce the number of local elected members
- Consider environmental impact and carbon reduction in delivery of services
- Digital but not to the detriment of face to face contact for those who need it – services accessible to all – improved transport
- Longer term planning rather than reactive spending – prevention
- Use data to make informed decisions and in forward planning
- Transparency
- Work with communities – consult more effectively and meaningfully – clearly explained
- Work with businesses
- Prioritise education and youth services – these are key foundations for thriving future communities
- Utilise volunteers

How the wider community can work to support the council to deliver services differently

Key recurring themes in the comments received:

- Improve engagement with communities
 - People feel disengaged. There is a need to reach out and regain the trust of communities – without this, communities will not take ownership and support the Council to help deliver services
 - Be accountable
 - Show that the Council values residents views and has listened
 - Engaging young people through education, schools

- Understanding is key - ensure residents have a clear understanding of the role of the Council and the services it provides
- Support and utilise volunteers and the voluntary sector
 - Many already volunteer
 - Continue to support voluntary organisations
 - Provide incentives for volunteering and recognise and value skills
 - Encouraging and support local community groups (e.g. through advice and legal support) to take more responsibility
- Share resources – between service areas, with partners, local volunteering organisations, local businesses and wider with neighbouring authorities
 - Use existing buildings (e.g. libraries) as Hubs for service delivery by co-locating (to include voluntary organisations)
- Transfer assets to communities e.g. community centres, playing fields – communities to take responsibility
- Asset rationalisation – reduce the number of office buildings etc
- Embrace technology in delivering services more efficiently
- Charge for services – if people want to use them, they will pay

List of Annexes:

- 1 [Consultation Survey](#)
- 2 [Stakeholder list](#)
- 3 [Voluntary Sector Liaison Committee Draft meeting notes](#)
- 4 [Survey respondent profile](#)
- 5 [Survey digest of comments \(redacted\)](#)
- 6 [Additional written responses received](#)
- 7 [Viewpoint Panel Meeting Feedback](#)
- 8 [Feedback from drop-in sessions](#)
- 9 [Digest of Social Media comments](#)