



CABINET

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY, 12TH FEBRUARY 2020 AT 10.30 A.M.

PRESENT:

Councillor P. Marsden - Chair

Councillors:

N. George (Environment and Neighbourhood Services), C.J. Gordon (Corporate Services), Mrs B. Jones (Education and Achievement) S. Morgan (Regeneration, Transportation and Sustainability), L. Phipps (Homes, Places and Tourism) and E. Stenner (Finance, Performance and Planning).

Together with:

C. Harry (Interim Chief Executive), R. Edmunds (Corporate Director – Education and Corporate Services), D. Street (Corporate Director – Social Services and Housing), M.S. Williams (Interim Corporate Director – Communities).

Also in Attendance:

M. Williams (Interim Head of Property Services), A. Dallimore (Regeneration Services Manager), R. Kyte (Head of Regeneration and Planning), D Lucas (Team Leader, Strategic Planning), S. Couzens (Chief Housing Officer), L. Allen (Principal Group Accountant – Housing), S. Harris (Interim Head of Business Improvement Services and Acting S151 Officer), R. Tranter (Head of Legal Services and Monitoring Officer) and C. Evans (Committee Services Officer).

1. APOLOGIES FOR ABSENCE

Apologies for Absence were received from Councillor Carl Cuss.

2. DECLARATIONS OF INTEREST

Councillor B. Jones declared a personal and prejudicial interest in Agenda Item 8 Housing Revenue Account Charges – 2020/2021 as a Council Tenant and left the meeting during its consideration.

Councillor N. George declared a personal and prejudicial interest in Agenda Item 8 Housing Revenue Account Charges 2020/2021 as a tenant of a Council garage, and left the meeting during its consideration.

3. CABINET – 29TH JANUARY 2020

RESOLVED that the minutes of the meeting held on 29th January 2020 were approved as a correct record.

4. CABINET FORWARD WORK PROGRAMME – TO NOTE

Cabinet were provided with the Cabinet Forward Work Programme, which detailed the scheduled reports from 29th January 2020 to 10th June 2020. Members were reminded that the Cabinet Forward Work Programme is a working document and therefore subject to change.

Cabinet discussed the Forward Work Programme and requested that the responsible Cabinet Member be amended to Councillor L. Phipps on the report referring to (16) Community Asset Transfer Policy to be finalised and approved by Cabinet.

Following consideration and discussion, it was moved and seconded that the Forward Work Programme be noted. By a show of hands this was unanimously agreed.

RESOLVED that subject to the aforementioned amendment, the Cabinet Forward Work Programme be noted.

MATTERS ON WHICH EXECUTIVE DECISIONS WERE REQUIRED

5. SALE OF LAND ADJACENT TY DYFFRYN, YSTRAD MYNACH

Cabinet were asked to defer the report, following receipt of an offer from another interested party, and in order to allow for consideration of this offer, were asked to defer the item to a later meeting date.

Following consideration and discussion, it was moved and seconded that the report be deferred. By a show of hands, this was unanimously agreed.

RESOLVED that for the reasons given at the meeting, it was resolved that the item be deferred to a future meeting.

6. ERDF 4.4 FUNDING OPPORTUNITIES – TY DU, NELSON – PHASE 1 EMPLOYMENT UNITS

The report provided Cabinet with an update on the progress towards securing external funding from the European Structural Funds Investment Programme Priority 4 – Specific Objective 4, and identified and sought agreement on the required levels of match funding to allow the full implementation of the Phase 1 Employment Units at Ty Du, Nelson.

It was noted that in October 2019, Cabinet agreed additional Council capital funding of up to £402,234 to attract £1.386m of additional EU funds and up to £212k funding from Welsh Government Department of Economy and Infrastructure for additional units to be built at Ty Du, Nelson and the Lawn Rhymney.

The Council's bid for additional funds was partially successful with a total grant offer of up to £778,000 ERDF from WEFO. This reduced grant offer will allow the full implementation of the scheme at the Lawns Estate; however, an additional contribution from the Council and Welsh Government will be required to implement the preferred construction option for Ty Du.

The report concentrated on taking forward Option 2 (Plots 1-4) at Ty Du, Nelson, which would provide additional floor-space and is the preferred option of officers, Welsh Government and

WEFO. The additional building that Option 2 offers will provide significant added value to the Ty Du project, offering increased employment floor-space and hence increased potential for rental income.

In addition, Cabinet were asked to note confirmation has been received that the Minister has signed off the £730,000 bid and is especially keen for the implementation of Option 2.

Cabinet thanked the Officer for the report and discussion ensued.

Rental was discussed and it was noted that the proposed charge of £6.50 per square foot, would provide a £90,000 a year income, which shared with the Welsh Government would result in £45k for the Local Authority. As a result, it would take 20 years before the funds are paid back. It was noted that using the rental terms, the payback for Option 3 would be similar, in that it would take 25 years. However, there would be a much greater beneficial economic impact of introducing 4 units rather than 3. Members sought clarification on the charging and it was noted that the fees will be subject to inflation, however the exercise was undertaken at the current rate, for prudence and to provide current calculations. It was noted that the payback period would shorten as rental rates increased.

Members were pleased to note the scheme, in particular the employment opportunities and it was noted that the current scheme will occupy 1 hectare, there are an additional 2 available on the site, which it is hoped could be taken by the private sector or later by the Council.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's Report £503,000 from Capital Earmarked Reserves for Ty Du to secure £713,750 WG funding to cover the costs associated with the development and full realisation of Option 2 (4 units) presented within the Officers report be approved.

7. DRAFT HEADS OF THE VALLEYS MASTERPLAN

The attached report, which was considered by Housing and Regeneration Scrutiny Committee on 28 January 2020 provided details of the Draft Heads of the Valleys Masterplan and sought Cabinet endorsement of the Masterplan as the basis for a public consultation exercise commencing 17th February 2020 until 30th March 2020.

It was noted that Caerphilly County Borough and the wider Cardiff Capital Region are entering a period of transformative change. The need for a strategy is paramount to coordinate regeneration initiatives and capitalise upon funding streams as urgent in order to maximise the potential benefits to the County Borough.

Officers outlined how the signing of City Deal and the Cardiff Capital Region Investment Fund has signalled an investment of £1.2 billion to support the region's economic growth. This investment, along with a £100 million commitment detailed by the Ministerial Taskforce for the South Wales Valleys in 'Our Valleys, Our Future', has the potential to make a positive impact in terms of addressing the challenges of social and economic deprivation that are faced in the Heads of the Valleys. Masterplans for Caerphilly Basin and Ystrad Mynach, the first two in a suite of five masterplans designed to complement the 'A Foundation for Success' strategy, were approved by the Council in July 2018 and April 2019 respectively.

It was noted that these funding streams allied to improvements in connectivity to be delivered by Phase 2 of the South Wales Metro and the A465 dualling presented opportunities. Several priorities relevant to the Heads of the Valleys were outlined in the 'Our Valleys, Our Future' publication. These included creating 7,000 new jobs, maximising the potential of the A465 dualling and the creation of a Valleys Regional Park, which would link green spaces and visitor attractions and therefore create tourism opportunities.

Cabinet thanked the Officers for the report and discussion ensued.

Cabinet discussed the current Masterplans being drafted and in noting that 3 out of the 5 have now been completed, sought further information on the completion of the remaining 2. Officers explained that the LDP team have been working on the Masterplans, however, as the LDP is to be implemented, a post has been advertised for 2 years to complete the Masterplans with recruitment underway.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands, this was unanimously agreed.

RESOLVED that for the reasons contained in the Officers report that the resolution detailed in Appendix 2 of the report be adopted by the Authority with immediate effect and that the resolution in Appendix 1 not be adopted for the reasons outlined in paragraph 5.3 of the report.

8. HOUSING REVENUE ACCOUNT CHARGES – 2020/2021

The report, which was considered by the Housing and Regeneration Scrutiny Committee on 28th January 2020 sought Cabinet views on the increased Council Housing rent charges. It was noted that the rent charges predominantly focus on council house rents and are intended to be effective for the Housing Revenue Account (HRA) for the 2020/2021 financial year.

It was noted that in previous years the Welsh Government 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 changed this uplift policy as part of the new Policy for Social Housing Rents in April 2015 and was accepted by Members in the 2015/16 HRA charges report. The policy 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 weekly rent is above the target rent, average rents will increase at a lower rate, to bring the rent back within the target envelope.

However, in April 2019 the Affordable Housing Supply Review was published which recommended that the Welsh Government should implement a five year rent policy from 2020-21, and that landlords should focus on Value for Money alongside affordability.

Cabinet were advised that in light of this Review the Minister for Housing and Local Government published the 2020/21 Rent Policy. It established an annual uplift of up to Consumer Price Index (CPI)+1% each year for 5 years from 2020-21 to 2024-25 using the level of CPI from the previous September each year. This would be the maximum increase allowable. The Rent Policy also outlined how social landlords should make an annual assessment of cost efficiencies, value for money and affordability for tenants.

It was noted that as the previous September's CPI inflation figure was 1.7%, the policy allowed a maximum increase of 2.7% increase on the Council's total rental income. However, the Business Plan had assumed a rent increase of 3% for 2020/21 to 2024/25. Members were therefore asked to recommend to Cabinet the level of increase per property from April 2020 based on the options in the report (2.7%, 1.7% or no increase), and were also asked to support the undertaking of an exercise to consider tenant affordability when setting future rent increases.

Cabinet thanked the Officers for the report and discussion ensued.

Discussions took place around the proposed rent increase and the affordability study, which is to be undertaken next year. Cabinet expressed their thanks to the Tenant Support Officers for their continued support and commitment to supporting and assisting tenants maintain their

tenancies. Officers added that last quarter Tenant Support Officers assisted to make £450k savings for tenants to help sustain tenancies, such as debt management, sourcing cheaper energy suppliers and other financial advice.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officers report:

- i) a rent increase of 2.7% (CPI plus 1%), - (£90.65/52 week) from April 2020 be agreed;
- ii) an exercise be undertaken so that tenants affordability can be considered when setting future rent increases in accordance with the rent policy.

9. BUDGET PROPOSALS FOR 2020/21 AND MEDIUM-TERM FINANCIAL OUTLOOK

The report sought Cabinet endorsement of the 2020/21 budget proposals contained within the report prior to final determination at Council on the 20th February 2020, and provided a brief update on the Medium-Term Financial Outlook.

Cabinet noted that 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.

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%.

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.

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. The report presented details of updated 2020/21 budget proposals reflecting the favourable Financial Settlement and feedback from the budget consultation process. These include a reduction in the proposed Council Tax increase from 6.95% to 4.7%, , a £0.5m budget allocation to improve the local environment, protection of the Education and Social Services budgets and a reduction in proposed savings from £8.485m to £3.047m.

Following receipt of a request to speak, the Leader invited Councillor Colin Mann, Leader of Plaid Cymru to address Cabinet.

Councillor Mann, whilst in support of the budget proposals, suggested that the Council Tax increase could be further reduced from 4.7% to 3.5%.. It was noted that, on page 201 of the report, most respondents to the budget consultation were either not in support of an increase or supported a lower increase.

Cabinet thanked Councillor Mann for his contribution and discussion ensued.

Officers explained that whilst a further reduction in the Council Tax increase is viable, Cabinet would need to consider that additional revenue would be lost year on year going forward.

Further discussions took place around the public feedback on the Council Tax increase and comparisons were made with other Local Authorities and it was noted that Caerphilly remains at the lower quartile, with Band B properties facing a £41.35 annual increase, the equivalent of £0.80 per week. It was noted that 33.67% of the properties within the borough fall into the Band B category, with 21.04% of households in receipt of a full or partial Council Tax Reduction.

Following consideration and discussion, it was moved and seconded that the recommendations in the Officers report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officers report:

- i) the revenue budget proposals for 2020/21 of £356.130m as detailed throughout the report and summarised in Appendix 1 be endorsed;
- ii) the proposed savings for 2020/21 totalling £3.047m as set out in paragraph 5.4.3 and Appendix 2 be endorsed;
- iii) the proposal to allocate £500k from savings in advance to Environmental Projects as set out in paragraphs 5.4.7 and 5.4.8 of the Officers Report be supported;
- iv) 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) be supported;
- v) 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) be supported;
- vi) the proposal to allocate the projected surplus General Fund balance of £2.577m to Capital Earmarked Reserves to support investment in the 'place shaping' agenda (paragraph 5.5.5) be supported;
- vii) the proposed Capital programme for the period 2020/21 to 2022/23 as set out in Appendix 4 of the Officers Report be endorsed.
- viii) the proposal to increase Council Tax by 4.7% for the 2020/21 financial year be supported to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,184.38).
- ix) the updated position on the medium-term financial outlook be noted.

The meeting closed at 11.14am.

Approved and signed as a correct record subject to any corrections made at the meeting held on 26th February 2020.

CHAIR