

Pecyn Dogfennau



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DYDD MAWRTH, 16 CHWEFROR 2021

AT: HOLL AELODAU'R BWRDD GWEITHREDOL

YR WYF DRWY HYN YN EICH GALW I FYNYCHU RHITH-GYFARFOD O'R BWRDD GWEITHREDOL AM 10.00 YB, DYDD LLUN, 22AIN CHWEFROR, 2021 ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD YNGHLWM

Wendy Walters

PRIF WEITHREDWR

Swyddog Democrataidd:	Kevin Thomas
Ffôn (llinell uniongyrchol):	01267 224027
E-bost:	kjthomas@sirgar.gov.uk

Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

Y BWRDD GWEITHREDOL AELODAETH - 10 AELOD

Cynghorydd	Portffolio
Cynghorydd Emlyn Dole	Arweinydd Arweinyddiaeth a Strategaeth Gorfforaethol; Cadeirydd y Bwrdd Gweithredol; Cynrychioli'r Cyngor ar CLILC; Datblygu Economaidd; Yn cynrychioli'r Cyngor ar Ranbarth Dinas Bae Abertawe; Cydweithio; Marchnata a'r Cyfryngau; Penodi Aelodau o'r Bwrdd Gweithredol; Penderfynu ar bortffolios ABG; Cyswllt â'r Prif Weithredwr; Bwrdd Gwasanaethau Cyhoeddus
Cynghorydd Mair Stephens	Dirprwy Arweinydd Rheolwr Busnes y Cyngor; Adnoddau Dynol; Rheoli Perfformiad; Archwilio Cymru; Hyfforddiant; T.G.Ch; T.I.C. Cynllunio strategol
Cynghorydd Glynog Davies	Addysg a Phlant Ysgolion; Gwasanaethau Plant; Anghenion Addysgol Arbennig; Diogelu; Cartrefi Seibiant; Gwasanaeth Gwella Ysgolion Integredig Rhanbarthol; Dysgu Oedolion yn y Gymuned; Gwasanaethau Ieuenctid; Gwasanaethau Arlwyo Ysgolion, Aelod Arweiniol dros Blant a Phobl Ifanc; Llysgennad Ieuenctid
Cynghorydd Cefin Campbell	Cymunedau a Materion Gwledig Materion Gwledig ac Ymgysylltu â'r Gymuned; Diogelwch Cymunedol; Yr Heddlu; Deddf Gwrthderfysgaeth a Diogelwch 2015; Trechu Tlodi; Llesiant Cenedlaethau'r Dyfodol; Cyswllt y Trydydd Sector; Cydraddoldeb, Strategaeth Newid yn yr Hinsawdd.
Cynghorydd Hazel Evans	Amgylchedd Sbwriel; Clanhau Strydoedd; Gwasanaethau Priffyrdd aThrafnidiaeth; Cynnal a Chadw Tiroedd; Gwasanaethau Adeiladu; Gofalu; Clanhau Adeiladau; Cynlluniau Argyfwng; Llifogydd, Hawliau Tramwy Cyhoeddus.
Cynghorydd Linda Evans	Tai Tai - Cyhoeddus; Tai - Preifat; Heneiddio'n dda
Cynghorydd Peter Hughes Griffiths	Diwylliant, Chwaraeon a Thwristiaeth Llysgennad Cynghorau Tref a Chymuned; Datblygu'r Iaith Gymraeg; Theatrau; Chwaraeon; Canolfannau Hamdden; Amgueddfeydd; Llyfrgelloedd; Parciau Gwledig; Twristiaeth.
Cynghorydd Philip Hughes	Diogelu'r Cyhoedd Safonau Masnach; Iechyd yr Amgylchedd. Gorfodaeth Amgylcheddol; Gorfodaeth Cynllunio; Gwastraff Didrwydded; Gwasanaethau Parcio; Bio amrywiaeth
Cynghorydd David Jenkins	Adnoddau Cyllid a'r Gyllideb; Effeithlonrwydd Corfforaethol; Rheoli Eiddo / Asedau; Caffael; Budd-daliadau Tai; Refeniw; Gwasanaethau Statudol (Crwneriaid, Cofrestryddion, Etholiadol, Arglwydd Rhaglaw); Hyrwyddwr y Lluoedd Arfog; Canolfannau Cyswllt a Chanolfannau Gwasanaethau Cwsmeriaid
Cynghorydd Jane Tremlett	Gofal Cymdeithasol ac Iechyd Gwasanaethau Cymdeithasol i Oedolion; Gofal Preswyl; Gofal Cartref; Anableddau Dysgu; Iechyd Meddwl; Cyswllt / Cydweithio / Integreiddio â'r GIG; Gwasanaethau Arlwyo Cartefi Gofal, Pencampwr Gofalwyr; Llysgennad Anabledd; Pencampwr Gofal Dementia

AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB.
2. DATGAN BUDDIANNAU PERSONOL.
3. LLOFNODI FEL COFNOD CYWIR COFNODION CYFARFOD Y BWRDD GWEITHREDOL A GYNHALWYD AR 8FED CHWEFROR 2021 5 - 10
4. CWESTIYNAU A RHYBYDD GAN Y CYHOEDD
5. CWESTIYNAU Â RHYBUDD GAN YR AELODAU
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7. RHAGLEN GYFALAF PUM MLYNEDD (CRONFA'R CYNGOR) - 2021/22 - 2025/26 81 - 124
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10. POLISI RHEOLI'R TRYSORLYS A STRATEGAETH 2021-22 221 - 270
11. UNRHYW FATER ARALL Y GALL Y CADEIRYDD OHERWYDD AMGYLCHIADAU ARBENNIG BENDERFYNU EI YSTYRIED YN FATER BRYN YN UNOL AG ADRAN 100B(4)(B) O DDEDDF LLYWODRAETH LEOL, 1972.
12. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD
NI DDYLID CYHOEDDI'R ADRODDIAD SY'N YMWNEUD Â'R MATER CANLYNOL GAN EI FOD YN CYNWYS GWYBODAETH EITHRIEDIG FEL Y'I DIFFINIWYD YM MHARAGRAFF 14 O RAN 4 O ATODLEN 12A I DDEDDF LLYWODRAETH LEOL 1972 FEL Y'I DIWYGIWYD GAN ORCHYMYN LLYWODRAETH LEOL (MYNEDIAD AT WYBODAETH) (AMRYWIO) (CYMRU) 2007. OS BYDD Y BWRDD, AR ÔL CYNNAL PRAWF LLES Y CYHOEDD YN PENDERFYNU YN UNOL Â'R DDEDDF, I YSTYRIED Y MATER HYN YN BREIFAT, GORCHMYNNIR I'R CYHOEDD ADAEL Y CYFARFOD YN YSTOD TRAFODAETH O'R FATH.
13. TENANTIAID BUSNES - CONSESIWN RHENT 271 - 276

Mae'r dudalen hon yn wag yn fwriadol

Dydd Llun, 8 Chwefror 2021

YN BRESENNOL: Y Cynghorydd E. Dole (Cadeirydd)

Y Cynghorwyr:

C.A. Campbell, G. Davies, H.A.L. Evans, L.D. Evans, P.M. Hughes, P. Hughes-Griffiths, D.M. Jenkins, L.M. Stephens a J. Tremlett

Hefyd yn bresennol:

Y Cynghorwyr: D.M. Cundy, J.S. Edmunds a R. James

Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:

W. Walters, Prif Weithredwr

J. Morgan, Cyfarwyddwr y Gwasanaethau Cymunedau

P.R. Thomas, Prif Weithredwr Cynorthwyol (Rheoli Pobl a Pherfformiad)

R. Mullen, Cyfarwyddwr yr Amgylchedd

L.R. Jones, Pennaeth Gweinyddiaeth a'r Gyfraith

J. Jones, Rheolwr Eiddo a Phrosiectau Mawr

R. Hemingway, Pennaeth Gwasanaethau Ariannol

S. Davies, Pennaeth Mynediad i Addysg

D. Hockenull, Rheolwr y Cyfryngau a Marchnata

M. Evans Thomas, Prif Swyddog Gwasanaethau Democrataidd

S. Rees, Cyfieithydd Ar Y Pryd

J. Corner, Swyddog Technegol

K. Thomas, Swyddog Gwasanaethau Democrataidd

R. Lloyd, Swyddog Gwasanaethau Democrataidd

E. Bryer, Swyddog Gwasanaethau Democrataidd

Rhith-Gyfarfod - 10.00 yb - 10.45 yb

1. YMDDIHEURIADAU AM ABSENOLDEB.

Ni chafwyd ymddiheuriadau am absenoldeb.

2. DATGAN BUDDIANNAU PERSONOL.

Y Cyngorydd	Rhif(au) y Cofnod	Y Math o Fuddiant
Hazel Evans	6 - Cynnig i Newid Natur y Ddarpariaeth yn Ysgol Gynradd Wirfoddol a Gynorthwyir y Model	Yn aelod o'r Bwrdd Gweithredol dros Dyddewi.
Glynog Davies	14 - Adeilad Rhodfa'r Goron, Llanelli	Mae ganddo fuddiant personol a rhagfarnol.

3. LLOFNODI FEL COFNOD CYWIR COFNODION CYFARFOD Y BWRDD GWEITHREDOL A GYNHALWYD AR:

3.1. 18FED IONAWR, 2021

PENDERFYNWYD YN UNFRYDOL Iofnodi bod cofnodion cyfarfod y Bwrdd Gweithredol a gynhaliwyd ar 18 Ionawr 2021 yn gofnod cywir.

3.2. 25AIN IONAWR, 2021

PENDERFYNWYD YN UNFRYDOL Iofnodi bod cofnodion cyfarfod y Bwrdd Gweithredol a gynhaliwyd ar 25 Ionawr 2021 yn gofnod cywir.

4. CWESTIYNAU Â RHYBUDD GAN YR AELODAU

Dywedodd y Cadeirydd nad oedd dim cwestiynau â rhybudd wedi cael eu cyflwyno gan yr Aelodau.

5. CWESTIYNAU A RHYBYDD GAN Y CYHOEDD

Dywedodd y Cadeirydd nad oedd dim cwestiynau wedi dod i law gan y cyhoedd.

6. CYNNIG I NEWID NATUR Y DARPARIAETH YN YSGOL GYNRADD WG MODEL

[SYLWER: Gan i'r Cynghorydd H. Evans ddatgan buddiant yn yr eitem hon yn gynharach, gadawodd y cyfarfod cyn i'r cynnig gael ei ystyried a chyn y gwnaed penderfyniad yn ei gylch.]

Ystyriodd y Bwrdd Gweithredol adroddiad yn nodi ei gynigion y byddai natur darpariaeth y Cyfnod Sylfaen yn Ysgol Gynradd Wirfoddol a Gynorthwyir y Model yn newid i addysg cyfrwng Cymraeg o 1 Medi 2022.

Byddai'r newid ond yn effeithio ar ddisgyblion sy'n dechrau yn y Cyfnod Sylfaen yn yr ysgol o fis Medi 2022 ymlaen ac ni fyddai'n effeithio ar ddisgyblion presennol yr ysgol.

Dywedwyd bod y cynnig yn cefnogi Cynllun Strategol Cymraeg mewn Addysg Sir Gaerfyrddin a pholisïau cenedlaethol wrth symud ysgolion y sir ar hyd y continwmm Cymraeg.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Addysg a Phlant fod cymeradwyaeth yn cael ei cheisio i gychwyn ymgynghori ffurfiol yn unig, a oedd yn unol â rheoliadau Llywodraeth Cymru. Awgrymwyd y dylai'r Awdurdod ysgrifennu at Brif Weinidog Cymru yn gofyn iddo egluro'n gyhoeddus y rheoliad mewn perthynas ag ymgynghoriadau. Cadarnhaodd yr Arweinydd y byddai'n ysgrifennu at Brif Weinidog Cymru ynghylch hynny.

PENDERFYNWYD YN UNFRYDOL GYMERADWYO:

- 6.1 Y cynnig fel yr amlinellir yn yr adroddiad ac yn y ddogfen ymgynghori;**
- 6.2 Bod y swyddogion yn cychwyn ymgynghoriad ffurfiol ynghylch y cynnig;**
- 6.3 Bod adroddiad yn cael ei gyflwyno i'r Bwrdd Gweithredol ar ddiwedd y cyfnod ymgynghori.**

7. CYNNIG I NEWID NATUR Y DARPARIAETH YN YSGOL Y FELIN

Ystyriodd y Bwrdd Gweithredol adroddiad yn nodi ei gynigion y byddai natur darpariaeth y Cyfnod Sylfaen yn Ysgol y Felin yn newid i addysg cyfrwng Cymraeg o 1 Medi 2022.

Byddai'r newid ond yn effeithio ar ddisgyblion sy'n dechrau yn y Cyfnod Sylfaen yn yr ysgol o fis Medi 2022 ymlaen ac ni fyddai'n effeithio ar ddisgyblion presennol yr ysgol.

Dywedwyd bod y cynnig yn cefnogi Cynllun Strategol Cymraeg mewn Addysg Sir Gaerfyrddin a pholisïau cenedlaethol wrth symud ysgolion y sir ar hyd y continwwm Cymraeg.

PENDERFYNWYD YN UNFRYDOL GYMERADWYO:

- 7.1 Y cynnig fel yr amlinellir yn yr adroddiad ac yn y ddogfen ymgynghori;**
- 7.2 Bod y swyddogion yn cychwyn ymgynghoriad ffurfiol ynghylch y cynnig;**
- 7.3 Bod adroddiad yn cael ei gyflwyno i'r Bwrdd Gweithredol ar ddiwedd y cyfnod ymgynghori.**

8. ADRODDIAD BLYNYDDOL CYNLLUN CYDRADDOLDEB STRATEGOL 2019-20

Dywedodd y Cadeirydd wrth y Bwrdd Gweithredol fod yr adroddiad wedi'i dynnu'n ôl.

9. ADRODDIAD BLYNYDDOL AR YR IAITH GYMRAEG 2019-20

Dywedodd y Cadeirydd nad oedd unrhyw eitemau eraill o fater brys.

10. UNRHYW FATER ARALL Y GALL Y CADEIRYDD OHERWYDD AMGYLCHIADAU ARBENNIG BENDERFYNU EI YSTYRIED YN FATER BRYD YN UNOL AG ADRAN 100B(4)(B) O DDEDDF LLYWODRAETH LEOL, 1972.

Dywedodd y Cadeirydd nad oedd unrhyw eitemau eraill o fater brys.

11. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD

PENDERFYNWYD YN UNFRYDOL, yn unol â Deddf Llywodraeth Leol 1972, fel y'i newidiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, orchymyn i'r cyhoedd adael y cyfarfod tra oedd yr eitemau canlynol yn cael eu hystyried, gan fod yr adroddiadau'n cynnwys gwybodaeth eithriedig fel y'i diffiniwyd ym mharagraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf.

12. TIR YM MHENPRYS, LLANELLI

Ar ôl cynnal y prawf budd y cyhoedd **PENDERFYNWYD**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 11 uchod, beidio â chyhoeddi cynnwys yr adroddiad gan ei fod yn cynnwys gwybodaeth eithriedig am faterion ariannol neu faterion busnes unigolyn penodol (gan gynnwys yr Awdurdod oedd yn meddu ar y wybodaeth honno) (Paragraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf). Roedd prawf budd y cyhoedd o ran yr adroddiad hwn yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth, gan y byddai datgelu'r wybodaeth yn rhoi'r awdurdod dan anfantais mewn unrhyw drafodaethau dilynol gyda thrydydd partïon ac o bosibl yn niweidio pwrs y wlad.

Ystyriodd y Bwrdd Gweithredol adroddiad ar gynigion i waredu tir sy'n eiddo i'r cyngor ym Mhenprys, Llanelli.

PENDERFYNWYD YN UNFRYDOL gymeradwyo dirprwyo'r awdurdod hwnnw i'r Pennaeth Adfywio, mewn ymgynghoriad â'r Aelod o'r Bwrdd Gweithredol, i drafod telerau ac ymrwymo i gytundeb opsiynau gyda'r tîrfeddiannwr cyfagos ym Mhenprys, Llanelli.

13. LLAIN 4 PARC ADWERTHU TROSTRE, LLANELLI

Ar ôl cynnal y prawf budd y cyhoedd **PENDERFYNWYD**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 11 uchod, beidio â chyhoeddi cynnwys yr adroddiad gan ei fod yn cynnwys gwybodaeth eithriedig am faterion ariannol neu faterion busnes unigolyn penodol (gan gynnwys yr Awdurdod oedd yn meddu ar y wybodaeth honno) (Paragraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf). Roedd prawf budd y cyhoedd o ran yr adroddiad hwn yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth, gan y byddai datgelu'r wybodaeth yn rhoi'r awdurdod dan anfantais mewn unrhyw drafodaethau dilynol gyda thrydydd partïon ac o bosibl yn niweidio pwrs y wlad.

Ystyriodd y Bwrdd Gweithredol adroddiad ar gynigion i waredu tir sy'n eiddo i'r cyngor yn Llain 4, Parc Manwerthu Trostre, Llanelli.

PENDERFYNWYD YN UNFRYDOL y dylid cymeradwyo'r bwriad i waredu tir yn Llain 4, Parc Manwerthu Trostre, Llanelli ar y telerau a nodir yn yr adroddiad.

14. ADEILAD RHODFA'R GORON, LLANELLI

[SYLWER: Gan i'r Cynghorydd G. Davies ddatgan buddiant yn yr eitem hon yn gynharach, gadawodd y cyfarfod cyn i'r cynnig gael ei ystyried a chyn y gwnaed penderfyniad yn ei gylch.]

Ar ôl cynnal y prawf budd y cyhoedd PENDERFYNWYD, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 11 uchod, beidio â chyhoeddi cynnwys yr adroddiad gan ei fod yn cynnwys gwybodaeth eithriedig am faterion ariannol neu faterion busnes unigolyn penodol (gan gynnwys yr Awdurdod oedd yn meddu ar y wybodaeth honno) (Paragraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf). Roedd prawf budd y cyhoedd o ran yr adroddiad hwn yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth, gan y byddai datgelu'r wybodaeth yn rhoi'r awdurdod dan anfantais mewn unrhyw drafodaethau dilynol gyda thrydydd partïon ac o bosibl yn niweidio pwrs y wlad.

Ystyriodd y Bwrdd Gweithredol adroddiad yn cynnig gwaredu adeilad Rhodfa'r Goron yng nghanol tref Llanelli i gefnogi'r gwaith o adnewyddu / ymestyn Adeilad cyfagos y Goron.

PENDERFYNWYD YN UNFRYDOL gymeradwyo gwaredu Adeilad Rhodfa'r Goron, Llanelli ar y telerau a nodir yn yr adroddiad.

CADEIRYDD

DYDDIAD

Mae'r dudalen hon yn wag yn fwriadol

Bwrdd Gweithredol 22^{ain} Chwefror 2021

Strategaeth Y Gyllideb Refeniw 2021/22 – 2023/24

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Bod y Bwrdd yn ystyried y canlynol ac yn argymhell i'r Cyngor Sir:

- a) Strategaeth y Gyllideb am 2021/22,
- b) Treth y Cyngor am 2021/22 (Band D).
- c) Dyraniad y cyllid rheolaidd o £958k sydd ar gael, gan ystyried yr amrywiaeth o ymatebion a gafwyd yn ystod y broses ymgynghori ac unrhyw bwysau pellach a nodwyd;
- d) Y cynllun ariannol tymor canol a fydd yn sail ar gyfer cynllunio ariannol yn y dyfodol, a
- e) Dirprwyo i'r Cyfarwyddwr Gwasanaethau Corfforaethol, mewn ymgynghoriad â'r Prif Weithredwr, Arweinydd ac Aelod o'r Bwrdd Gweithredol dros Adnoddau, i wneud unrhyw newidiadau sy'n angenrheidiol o ganlyniad i setliad terfynol Llywodraeth Cymru ar 2 Mawrth.

Y Rhesymau:

Galluogi'r Awdurdod i bennu ei Gyllideb Refeniw ar gyfer Cronfa'r Cyngor ac, yn sgil hynny, Treth y Cyngor am 2021/22.

Ymgynghorwyd â'r pwyllgor craffu perthnasol DO

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw : Chris Moore

Swyddi:

Cyfarwyddwr y Gwasanaethau
Corfforaethol

Rhif ffôn: 01267 224120

Cyfeiriadau E-bost:
Cmoore@sirgar.gov.uk

EXECUTIVE SUMMARY
Executive Board
22nd February 2021

Revenue Budget Strategy 2021/22 to 2023/24

This report brings together the latest proposals for the Revenue Budget 2021/22 with indicative figures for the 2022/23 and 2023/24 financial years.

It summarises the latest budgetary position giving an update on the budget validation, spending pressures, the Welsh Government final settlement and the responses from the budget consultation.

Members are required to consider the proposals within this report and make recommendations on the budget to County Council, in accordance with Council Policy.

Documents Attached:

- Report of the Director of Corporate Services
- Table 1 – Council Fund Summary
- Appendix A – Consultation Report
- Appendix B – Budget reduction proposals
- Appendix C – Budget pressures

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	NONE	YES	NONE	NONE	NONE	NONE

1. Policy and Crime & Disorder

The budget has been prepared having regard for the Council's Corporate Strategy, and the Well-being of Future Generations (Wales) Act 2015. Equalities Impact Assessments have been undertaken on the budget proposals in order to consider and assess the potential impact with respect to protected characteristic groups. All budget proposals considered to have an impact on front line services have undergone a period of public consultation. The Equalities Impact Assessments will be further developed following consideration of possible mitigation measures.

3. Finance

Council Fund

Final financial implications will be dependent upon the budget recommended by Executive Board to County Council, however the implications on the latest proposals are as follows:

- Proposed Net County Council Budget of £387.190m
- Proposed Council Tax increase of 4.48% for 2021/22 - Band D tax of £1,375.48

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Services

1. Scrutiny Committee – Not applicable

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Consultation with relevant partners undertaken and results contained within the report.

5. Staff Side Representatives and other Organisations – Consultation undertaken and results contained within the report.

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE / CONSULTED?**

YES

(Include any observations here)

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2021/22 3 year Revenue Budget		Corporate Services Department, County Hall, Carmarthen.
2020/21 3 year Revenue Budget		Corporate Services Department, County Hall, Carmarthen.
WG Provisional Settlement		Corporate Services Department, County Hall, Carmarthen.

REPORT OF DIRECTOR OF CORPORATE SERVICES

Executive Board

22nd February 2021

REVENUE BUDGET STRATEGY 2021/22 to 2023/24

DESIGNATION:	DIRECTORATE	TELEPHONE NO.
C Moore, Director of Corporate Services	Resources	01267 224120
AUTHOR & DESIGNATION	DIRECTORATE	TELEPHONE NO
R Hemingway, Head of Financial Services	Resources	01267 224886

1. INTRODUCTION

1.1. Executive Board in January 2021 considered and endorsed the Revenue Budget Strategy 2021/22 to 2023/24 for consultation. The report indicated, after taking account of the provisional settlement, a council tax increase of 4.89%, which Executive Board in the meeting requested should reduce to 4.48%. The Executive Board in endorsing the report for consultation resolved that

‘the 2021/22 to 2023/24 budget strategy be approved as a basis for consultation, specifically seeking comments from consultees on the efficiency proposals detailed in Appendix A to the report’.

1.2. This report updates members on the latest position for the Revenue Budget including:

- Budget Consultation Results
- The Medium Term Spending Plans
- Implication on Council tax for 2021/2022.

The final proposals have endeavoured to meet the aspirations of the Authority, whilst recognising the continued squeeze on public finances. They address specific pressures in certain service areas whilst seeking to balance the impact on service delivery and local taxpayers.

1.3. There are inherent risks attached to this Budget Strategy and they are detailed within the body of this report, however the Director of Corporate Services confirms that the proposed Budget has been prepared in a robust manner.

- 1.4. The Executive Board needs to consider these detailed proposals and make recommendations to County Council in accordance with Council policy.
- 1.5. The provisional settlement was more favourable than expected, however the scale of uncertainty facing local authorities, as outlined in this report is such that local government financing remains on a precarious footing. Yet again, decisions have had to be made in respect of prioritisation of services and the inclusion of further budget reductions in order to achieve what hopefully is an acceptable Council Tax increase.

2. CONSULTATION

- 2.1. The original proposals have been subjected to a consultation exercise since the Budget Strategy reports were presented to the Executive Board on the 18th January 2021, with the groups and committees being invited to comment in the following manner:-

- Public Consultation
- Town and Community Councils
- School Budget Forum
- Member Seminars
- Scrutiny Committees
- Trade Union Meetings

Whilst consultation has been as broad as possible, the timeline constraints have inevitably impacted upon the level of response. In particular, it has only been possible for the public consultation to be open for responses for some two and a half weeks, versus a normal expectation of at least six weeks.

A detailed report on the consultation results for each of the above is attached at **Appendix A**.

3. BUDGET REQUIREMENT 2021/22

3.1. Current Year Performance (2020/21) and Covid-19 Impact

- 3.1.1. As the Authority's core spending requirements remains constant year on year, a review of current year's performance is important in identifying whether there are any underlying problems within the base budget.
- 3.1.2. The current projection for the Revenue Outturn for 2020/21 (based on the December 2020 monitoring) is as follows:

Service	Approved Budget £'000	Total Expenditure Forecast £'000	Variance Forecast For Year £'000
Chief Executive	13,044	12,342	-702
Communities	102,882	103,415	533
Corporate Services	27,587	27,624	37
Education and Children's Services	178,291	177,656	-635
Environment	59,190	59,724	534
Departmental Expenditure	380,995	380,762	-233
Cont from Dept/Earmarked Reserves			0
Capital Charges	-19,940	-21,640	-1,700
Levies and Contributions	10,538	10,538	0
Transfer to/ from Reserves	0	0	0
Net Expenditure	371,593	369,659	-1,933

The main reasons for the departmental overspends are as follows:

- Communities Department: continued pressure on physical disabilities, learning disabilities and mental health budgets
- Corporate Services: forecast increase in uncollectable Council Tax as a consequence of the pandemic (largely offset by other underspends)
- Environment Department: loss of car parking income and other fees not covered under the WG hardship scheme

The Authority is currently forecasting an underspend of £1.933m, the most favourable variance of £1.7m relates to capital charges not incurred during the year as capital schemes suffered delays due to the pandemic. Capital expenditure is very much project based and generally catches up the following year.

3.1.3. In planning for next year's budget, consideration needs to be given to the ability of departments to address any underlying pressures from the current year, as well as the emerging impact of the post Brexit trading arrangements and the ongoing impact of the Covid-19 pandemic.

- 3.1.4. The impact of the Brexit trading arrangements are now only beginning to be understood, and even now it is not clear which current issues will be resolved or persist. For Local Authority budgets, we expect the greatest uncertainty to be on the Social Care workforce. A report by the King's Fund in January 2021 confirmed that care worker roles are not subject to any immigration rules exemptions unlike the majority of health care professionals.
- 3.1.5. The Covid-19 pandemic has brought previously unimaginable changes to the fabric of our society and our way of life. Across the huge variety of diverse public services which we provide, the impact, and our response to it, has been similarly varied:
- Many critical services have continued throughout, and in some areas expanded to meet excess demand
 - Some have essentially ceased during lockdown periods, enabling full or partial staff redeployment
 - Others have identified either temporary, or in some cases, permanent changes to delivery methods which have enabled them to recover to at least partial operational capacity

Whatever the particular circumstances, it is universally true that departments have prioritised safe delivery of services and adapted accordingly. In financial terms, we forecast that the full year effect will be additional expenditure of around £20 million and lost income of around £10 million. This has overwhelmingly been recompensed through the WG hardship claims scheme. Similarly, although Council tax collection remains approximately £2 million below where it would be expected at this point, WG have likewise sought to provide financial support. Our response has impacted significantly on current year savings delivery, as well as management capacity to develop and plan for future years savings, and this has shaped our Medium Term Financial Plan.

Looking ahead to next year, the vaccination programme is already proceeding at pace, with the UK currently ahead of all countries apart from Israel and UAE in terms of proportion of population vaccinated. However, the path out of lockdown remains highly uncertain, with expectations changing on a seemingly daily basis. On top of recent increases in job losses, commentators have referenced the possible acute impact which the end of the furlough scheme may have.

It seems certain that restrictions will remain in some form, and public behaviour and confidence will take time to return. Based on this outlook, this budget strategy retains the £500k social care contingency and provides the following initial allocations from the £1m general contingency identified:

Schools	£500k
Car parking income	£150k
Leisure & Culture income	£150k
Commercial Estate income	£200k
Total	£1m

These allocations will remain under review during the financial year and will be adjusted accordingly if required.

3.2. Validation

- 3.2.1. Validation reflects the changes in expenditure requirements to deliver the **current level** of services in future years. Primarily this is inflation, but also includes some service specific changes. The key changes from the original strategy are as follows:
- 3.2.2. Recorded CPI inflation dropped through 2020, largely driven by the impact of lockdowns and the wider impact of the pandemic. The Office of Budget Responsibility is forecasting a gradual return to 2.0% over the medium term, though there remains the increased risk of inflation as a result of Brexit. Given the scale of current uncertainty, the inflation factors for 2021/22 have been retained at the same level as reported in the draft budget. This provides departments with an element of protection against price movements.

	<u>2021/22</u> <u>Original</u>	<u>2021/22</u> <u>Proposed</u>	<u>2022/23</u>	<u>2023/24</u>
General inflation	2.0%	2.0%	2.0%	2.0%
Electricity	5.0%	5.0%	5.0%	5.0%
Gas	5.0%	5.0%	5.0%	5.0%
Fuel	5.0%	5.0%	5.0%	5.0%
Pay Inflation - non teaching	2.8%	2.50%	2.50%	2.50%
Pay Inflation - Teaching*	2.0%	2.75%	2.50%	2.50%
Levies	£304k	£351k	2.5%	2.5%
Pension Contributions	nil	nil	nil	nil
Capital Charges	£500k	£200k	£500k	£500k

* 2021/22 is a weighted average between September 2020 and September 2021.

- 3.2.3. When considering changes to the final budget, members should note that the validation is applied not only to expenditure but income.
- 3.2.4. The capital charges estimate reflects the current policy and the 5 year Capital Programme elsewhere on the agenda, including the continued delivery of the Council's Modernising Education Programme as well as significant investment in the coming years as part of the Swansea Bay City Region. The increase allowed for in 2021/22 has been reduced by £300k from the budget strategy papers due to the significant slippage from 2020/21 and consequent delayed call on this budget. Directly linked to this, it is appropriate to reduce the growth allowed for revenue implications of capital schemes down from £400k to £100k. Together, these two items provide £600k of additional budget headroom.
- 3.2.5. The Swansea Bay City Region is responsible for 9 projects and is reliant upon £241m of UK and Welsh Government Funding. During 2018/19 a joint agreement was approved by all four Local Authorities and a Joint Committee was created. The principle behind the funding structure of the City Deal is that each Local Authority will be required to borrow the value of the funding allocated to their project and the UK and Welsh Government will repay this debt over a 15 year period. The County Council is the Accountable Body for the whole City Deal and also has ownership of four projects: Yr Egin; Pentre Awel (Wellness & Life Science Village); Skills and Talent programme; and Digital Infrastructure – the last two being regional projects.

Welsh Government has approved the project business case for Yr Egin and released funding in respect of this project. Pentre Awel business case is currently with both Governments for

approval, this is expected before the end of the current financial year.

The value of CCC City Deal projects and funding has been included within the Capital Programme, as the County Council will be required to borrow against these schemes. Whilst the Government funding is not providing any resources for the interest of the borrowings, the Budget Strategy assumes that there will not be any call on the County Council budgets as the Business Case will provide for such costs in full. It should however be recognised that an agreement has been reached with WG that the Local Authorities will be able to retain 50% of the additional NNDR yield that accrues from the City Deal Projects, the distribution basis is yet to be formally agreed by the Joint Committee.

- 3.2.6. The most significant uncertainty in the budget relates to pay costs for all council staff. In his Autumn Statement, the Chancellor set out proposals for a pay freeze except for the NHS and those earning below £24,000, who would receive “at least £250”. However, this is subject to collective pay bargaining, and therefore the Chancellor is not able to unilaterally determine this. Whilst it seems unlikely that this will be resolved soon, informal indications from other local authorities suggest that our draft budget assumption of 2.75% was at the higher end of expectations. This final budget proposes that this assumption is reduced to 2.50% for all staff over the MTFP. The figures presented in Table 1, which is appended to this report include this assumption, while funding will be retained centrally and released to departments as required when negotiations are resolved. This approach will also be applied to school budgets, factoring in the immediate need to provide for the full year effect of the September 2020 teachers pay award, which equated to 3.1% for Carmarthenshire staff. The change provides £510k of annual budget headroom.
- 3.2.7. The draft budget provided for an increase in the Fire Levy of £300k. This has now been confirmed and incorporated into the budget, with an additional increase to Carmarthenshire based on updated population figures, adding £38k. Additionally, funding is provided for a 10% increase to the Brecon Beacons National Park Authority Levy, an increase of £14k vs 2020/21.
- 3.2.8. There is a clear risk to the Budget Strategy as departments may find it difficult to manage their expenditure within these parameters, especially where service specific inflationary increases may differ to the global validation rates. This risk is something that will require close monitoring during the year.

3.2.9. In total validation adds £10.0m to the current year’s budget.

3.3. Cost Reduction Programme

3.3.1. As detailed in the report to Executive Board on 18th January 2021, in anticipation of the reductions in this settlement round, significant work in identifying further service efficiencies/ rationalisation proposals had been undertaken and a range of proposals were presented.

3.3.2. The current proposals are attached in **Appendix B** and are categorised as follows:

Managerial – cost reductions that result in no perceivable change to the overall level of service delivery or council policy

Policy – Efficiency or service rationalisation proposals that will directly affect service delivery (generally frontline).

3.3.3. Equality Impact Assessments have been conducted on those proposals which could have an impact on service delivery. These are intended to identify whether these savings could have a disproportionate impact on one or more groups. Where this is the case appropriate consultation with representatives of such groups will be conducted and measures to mitigate the impact will be considered where possible.

3.3.4. There are no new ‘policy’ proposals. All ‘existing policy’ proposals have undergone public consultation and Equality Impact Assessments in previous years and Equality Impact Assessments, which can be viewed in previous budget papers.

3.3.5. The cost reductions included in the budget strategy are:

	2021/22 £m	2022/23 £m	2023/24 £m
Managerial	2.438	4.346	2.429
Existing Policy	0.073	0.565	1.115
New Policy	Nil	Nil	Nil
Total	2.511	4.911	3.544
Shortfall against target set	Nil	0.298	1.664

(Detailed in **Appendix B**)

The shortfall on the targets set in years 2 and 3 of the budget strategy brings further financial risk, and further work will need

to be undertaken in 2021/22 to identify additional cost reduction proposals for the following years.

3.4. New Expenditure Pressures

3.4.1. New expenditure pressures are the combination of additional cost to meet existing service needs e.g. increased client base/greater service take up and the costs of meeting change in service provision e.g. policy changes.

3.4.2. The draft budget provided £4.6m of funding towards known and unavoidable service pressures as well as £500k social care contingency and £1m general contingency.

A full list of core funded pressures is provided at **Appendix C**.

In addition, members should note additional grant funding of £600k in respect of Social Services and the extension of the Additional Learning Needs grant, worth a further £400k. In total this provides a further £1m of revenue resources

3.4.3. As proposed in the draft budget plans, the 2021/22 revenue budget also includes £1m of funding towards the proposed new economy recovery capital schemes as outlined in the capital programme.

3.5. Schools Delegated Budgets

3.5.1. The draft budget was constructed on the basis of full funding to schools for known and unavoidable pay, pensions and inflationary increases.

3.5.2. This approach recognises the significant pressure many school budgets are under and an acknowledgement of the time required to effect change. In line with the impact on other areas of the Authority, schools have rightly prioritised their individual response to the pandemic, continuity of learning and ensuring the wellbeing of pupils and staff alike. Consequently, progress made against deficit recovery plans has inevitably been hampered.

3.5.3. The most significant financial risk facing schools funding, as identified in last year's budget, remains the uncertainty over future pay rises, and the funding required by schools to meet them. The previous Chancellor's aspiration was to raise starting teachers' salaries to £30,000 by 2022/23. Given that the current Chancellor's proposed pay freeze would include even the

lowest teacher pay points, it is not clear how this situation will pan out.

The Minister for Finance’s letter which accompanied the provisional settlement was clear that for all staff, WG have not received any pay award funding from Westminster and Local Authorities should make appropriate provision within their MTFP.

4. FUNDING

4.1. Revenue Settlement 2021/22

4.1.1. WG are not due to publish the final local government settlement for 2021/22 until 2 March 2021.

4.1.2. Consequently, this paper is based on information already released (subject to legislative process where applicable) in relating to specific funding elements as well as officers assumptions where appropriate. Our working assumption is that WG will make no material change to the headline level of funding, with the exception possibly of continued support for business rates relief – which will itself be subject to the consequential from Westminster spending decisions.

4.1.3. Our draft budget was based on an assumed increase of 0.3% to the tax base in 2021/22. The actual increase is higher, increasing budgeted council tax receipts by £267k.

4.1.4. When added to the contingency sum in the draft budget, the items highlighted in paragraphs above create additional budget headroom of £958k as set out below:

Pay assumption – change to 2.5%	£510k
Reduce revenue implications of capital	£300k
Reduce Capital charges	£300k
Increased tax base	£267k
Council tax increase - reduction to 4.48%	£(370)k
Increased Levies	£(49)k
Total	£958k

This sum is available to members to respond to views expressed in the budget consultation, or other priorities that may be considered, in the form of:

- Removal of savings proposals
- Allocation of funding to new budget pressures or priorities
- Reduction to proposed Council tax

Taking account of any recommendations made by Executive Board, the Director of Corporate Services will need to make any future changes necessary in consultation with the Chief Executive, the Leader and the Executive Board Member for Resources, following receipt of the Final Settlement information from WG on 2nd March.

4.1.5. Based on the provisional information, the salient points of next year's settlement are noted below:

4.1.6. The draft settlement for 2021/22 gave an increase in Standard Spending Assessment (SSA) for Carmarthenshire of £16.4m (4.4%), SSA on an all Wales basis also increased by 4.4%, un-adjusted for transfers and new responsibilities.

4.1.7. Figures for individual Local Authorities were provided for the one financial year only, 2021/22, with no indicative changes for any future years.

4.1.8. Welsh Government confirmed on 15 December that Business Rate Poundage is to be frozen at the current rate of 53.5p.

4.1.9. The table below provides a summary of the overall position for this authority after the final settlement:

	2020/21 Settlement £m	2021/22 Original Notification £m	2020/21 Final Settlement £m
Standard Spending Assessment	375.549	391.960	Available 2 nd March
Aggregate External Finance	274.110	284.820	Available 2 nd March
Difference	101.439	107.139	

The difference represents the sum which WG estimates councils will need to raise through taxation or charging. Against the WG assessed funding requirement for Carmarthenshire, it is notable that the fund gap has increased by £5.7m (5.6%). The WG figures indicate the need for an average Authority to set Band D council tax at £1,403.57, an increase of 5.1% on the equivalent figure last year.

4.2. Internal Funding

4.2.1. Generally speaking, whilst the use of reserves to support annual budgets should not be summarily discounted, it must be treated with caution. Funding on-going expenditure from such funds merely defers and compounds difficult financial problems to the following year. One-off items of expenditure within any budget proposal lend themselves better for such funding support.

4.2.2. In deliberating this point however, members must bear in mind any **inherent risks** that may be built into the budget strategy. These include:

- Continuing and severe impacts of the pandemic, and our response to it impacting upon normal services
- An unavoidable rebalancing of public sector finances by the UK Government
- The economic impact on Carmarthenshire business and residents of the post Brexit trade deal
- The need to deliver challenging efficiency targets in future years
- Additional pressure on demand lead services, in particular the risk of significant new growth areas such as mental health
- Overestimation of the future settlements.
- Lack of Welsh Government forward indicators for 2022/23 onwards.

4.2.3. Sensitivity impact analysis:

Budget element	Movement	Annual Impact £m
Pay inflation	1%	2.3
General inflation	1% (expenditure only)	2.2
General inflation	1% (income	-1.3

	only)	
WG Settlement	1%	2.8
Specific Grants	1%	1.0
Council Tax	1%	0.9

4.2.4. The following table summarises the main categories of reserves held by the Authority.

	1 st Apr 2020 £'000	31 st Mch 2021 £'000	31 st Mch 2022 £'000	31 st Mch 2023 £'000
Schools Reserves	-2,001	-1,881	-881	119
General Reserves	11,221	13,033	13,033	13,033
Earmarked Reserves	91,617	75,887	37,028	29,369

4.3. School Reserves

4.3.1. Schools have delegated responsibility for the management of their own finances. The level of reserves held by an individual school at any point in time will depend on a number of factors including the level of contingency fund that the school governing body considers appropriate and the particular plans each school has for expenditure. The forward forecast is based on the current year budget monitoring and an expectation of multi-year deficit recovery plans to be finalised.

4.3.2. Legislation allows schools to carry forward reserves from one financial period to another. Current guidance requires schools to limit their carry forward to £50,000 for Primary Schools and £100,000 for Secondary Schools or 5% of their budget dependent on what is greater. School Improvement officers continually work with schools to ensure they comply with the guidance. As at 31st March 2020, 45 primary, 6 secondary and one special school were in deficit.

4.3.3. A combination of reduced capitation expenditure and one-off Accelerated Learning Programme grant funding has led to the forecast of a small improvement in balances this year based on the currently available information.

5. GENERAL RESERVES

5.1.1. In the changeable and challenging environment currently facing Local Government the Authority is committed to maintaining a reasonable level of General Reserves or Balances. Whilst

there is no prescribed minimum level for Balances, Council has previously deemed 3% of net expenditure as being a prudent level, which has been accepted by our Auditors as being reasonable. As at 31st March 2020, General Reserves stood at £11.221m, or 2.9% of the proposed 2021/22 net revenue budget.

5.1.2. The overall level of Balances is taken into consideration each year when the annual budget is set and has on occasion been utilised to augment expenditure/reduce council tax. The 2020/21 budget was set on the basis of a nil transfer from General Reserves.

5.1.3. Given the scale of uncertainty outlined in the report and particularly the ongoing uncertainty around Brexit and pressures linked to the pandemic, where funding from WG into 2021/22 is unclear, it is deemed imprudent at this stage to assume any further support for future years budgets from the current General Reserves.

5.2. Earmarked Reserves

5.2.1. The Authority holds earmarked reserves which have been set up to finance the delivery of specific projects, or in protecting the authority against future liabilities or issues. The reserves can be summarised as follows:

Reserve	31 March 2020 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000
Insurance	12,194	12,944	13,694	14,944
Capital Funds	47,234	41,285	8,449	2,241
Development Fund (inc. Schools)	1,637	440	815	2,090
Corporate Retirement Fund	4,299	4,299	3,299	2,299
Joint Ventures	1,306	418	350	316
Other	24,947	16,501	10,421	7,479
TOTAL	91,617	75,887	37,028	29,369

5.2.2. As can be seen from the table above the level of earmarked reserves fluctuates greatly year on year, and whilst the level in each fund is not an exact science it is based on an informed estimate and past experience of the likely call on the authority in future years in line with the intended purpose of each reserve.

Great care must therefore be taken when considering utilising such funds for purposes other than those which they were created as this could lead to the authority being faced with substantial unfunded liabilities in the future.

5.2.3. Taking account of the proposals within this report, including the use of reserves, the Director of Corporate Services confirms that overall the estimated level of financial reserves (as indicated above) is adequate for the financial year 2021/22, with the General Reserves being at the minimum that could be supported.

6. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

6.1. In considering the budget proposals, members need to take into consideration the requirements of the Wellbeing of Future Generations (Wales) Act 2015. The Act requires that we must carry out sustainable development, improving the economic, social environmental and cultural well-being of Wales.

‘... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’

6.2. In doing so, we must demonstrate the following 5 ways of working:

- Looking at the long-term so that we do not compromise the ability of future generations to meet their own needs
- Understanding the root causes of the issues to prevent them recurring
- Taking an integrated approach so that we look at all well-being goals and objectives of other services and partners
- Collaboration – Working with others in a collaborative way to find shared sustainable solutions
- Involving a diversity of population in decisions that affect them

6.3. Carmarthenshire’s Well Being objectives:

Start Well

1. Help to give every child the best start in life and improve their early life experiences

2. Help children live healthy lifestyles
3. Continue to improve learner attainment for all
4. Reduce the number of young adults that are Not in Education, Employment or Training

Live Well

5. Tackle poverty by doing all we can to prevent it, help people into work and improve the lives of those living in poverty
6. Create more jobs and growth throughout the county
7. Increase the availability of rented and affordable homes
8. Help people live healthy lives (tackling risky behaviour and obesity)
9. Support good connections with friends, family and safer communities

Age Well

10. Support the growing numbers of older people to maintain dignity and independence in their later years
11. A Council wide approach to support Ageing Well in Carmarthenshire

In a Healthy and Safe Environment

12. Look after the environment now and for the future
13. Improve the highway and transport infrastructure and connectivity
14. Promote Welsh Language and Culture
15. Building a better council and making better use of Resources

7. MEDIUM TERM FINANCIAL PLAN AND COUNCIL TAX PROPOSAL 2021/22

- 7.1. The table below provides members with a summary of the latest position which reflects the contents of this report.

Assuming that the Council Tax increase remains at the level proposed by Executive Board on 18th January 2021 of 4.48%, this will give an estimated income from Council Tax of £102.370m which when added to the Welsh Government settlement will provide a net available expenditure budget for the Authority of £387.190m. Once allowances have been made for new responsibilities, and the additional social services funding requirement, the balance available for Executive Board to respond to the budget consultation is £958k:

	2021 - 2022 £'000	2022 - 2023 £'000	2023 - 2024 £'000
Previous Years Budget	371,593	387,190	397,657
Validations/Adjustments	17,150	15,676	16,066
Validated Budget	388,743	402,866	413,723
less			
Efficiency/Service Rationalisation	-2,511	-5,209	-5,208
Projected Budget	386,232	397,657	408,515
Potential sum available	958		
	387,190	397,657	408,515
WG Settlement RSG & NNDR	-284,820	-290,517	-296,327
Call on Council Tax	102,370	107,140	112,188
Tax Base	74,425	74,648	74,872
Council Tax Rate (Band D)	£ 1,375.48	£ 1,435.27	£ 1,498.40
Council Tax Increase	4.48%	4.35%	4.40%

A full summary of the Budget Build up can be seen in **Table 1**.

7.1.1. Years 2 and 3 of the Medium Term Financial Plan assume the identification and delivery of the current shortfall in savings proposals of £298k in 2022/23 and £1.664m in 2023/24.

7.1.2. It must be emphasised that the figures for the outer two years of the plan are indicative only and must therefore be treated with caution as the settlement figures, growth pressures and the inflation assumptions contained therein will all be subject to revision as the year progresses and firmer data becomes available.

7.1.3. As outlined in paragraph 4.1.7, Welsh Government has not provided figures for 2022/23 and beyond. As can be seen from both last and this year's budget process, despite significant increases in funding, the scale of pressures and uncertainty is

such that further savings will still need to be made to deliver a balanced budget. This report assumes a 2.0% increase in the settlement for both 2022/23 and 2023/24. This will continually be reviewed as and when further information becomes available, particularly given the possible impact of a multi-year Westminster Comprehensive Spending Review (now two years overdue). Members will note within paragraph 4.2.2, the overestimation of future settlements is identified as an inherent risk.

Recommendations

7.2. That Executive Board consider and recommend to County Council:

7.2.1. The Budget Strategy for 2021/22;

7.2.2. The Band D Council Tax for 2021/22;

7.2.3. The allocation of the £958k recurrent funding available balance taking into account the range of responses received during the consultation process and any further pressures identified;

7.2.4. The Medium Term Financial Plan which will form the basis for future years financial planning;

And:

7.2.5. Delegate to the Director of Corporate Services, in consultation with the Chief Executive, Leader and Executive Board Member for Resources, to make any amendments necessary as a consequence of the WG final settlement due on 2nd March 2021.

COUNCIL FUND REVENUE ACCOUNT

TABLE 1

SUMMARY STATEMENT

2020/21 Approved Budget £	2020/21 Provisional Outturn £		2021/22 Proposed Budget £	2022/23 Indicative Budget £	2023/24 Indicative Budget £
13,043,575	12,342,000	Chief Executive	16,390,864	16,465,159	16,998,154
178,291,173	177,656,500	Education & Childrens Services	179,610,061	182,576,974	185,423,688
27,587,317	27,624,000	Corporate Services	30,887,550	39,124,243	46,111,778
102,882,198	103,415,500	Communities	107,529,176	107,387,261	108,123,571
59,190,358	59,724,000	Environment Services	61,270,138	61,543,493	62,340,850
		Savings to be identified	958,000	-298,000	-1,664,000
380,994,621	380,762,000	Departmental Expenditure	396,645,788	406,799,130	417,334,042
(19,939,703)	(21,639,703)	Capital Charges/Asset Management Acc	(20,344,596)	(20,344,596)	(20,344,596)
		<u>Levies and Contributions</u>			
10,399,597	10,399,597	Mid & West Wales Fire Authority	10,736,874	11,046,096	11,364,224
138,479	138,479	Brecon Beacons National Park	152,327	156,714	161,228
371,592,994	369,660,373	Net Expenditure	387,190,394	397,657,345	408,514,897
0	0	Contribution from Balances	0	0	0
0	0	Transfer to/from Departmental Balances/Earmarked Reserves	0	0	0
371,592,994	369,660,373	NET BUDGET	387,190,394	397,657,345	408,514,897
		TO BE FINANCED FROM:			
-274,159,437	-274,159,437	Aggregate External Finance	-284,820,457	-290,516,866	-296,327,203
97,433,557	95,500,936	CALL ON TAXPAYERS	102,369,937	107,140,478	112,187,693
1,316.55		Band D Tax Council Tax Increase	1,375.48 4.48%	1,435.26 4.35%	1,498.39 4.40%

Mae'r dudalen hon yn wag yn fwriadol

REVENUE BUDGET 2021 - 2024

CONSULTATION REPORT

FEBRUARY 2021

carmarthenshire.gov.uk

Cyngor **Sir Gâr**
Carmarthenshire
County Council



Tudalen 35

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INTRODUCTION

A mixed-methods approach to ascertaining views on the 2021-24 budget took place during the period from 18th January 2021 to 3rd February 2021.

In making savings, the Council is concerned to minimise the impact upon service delivery. In meeting the challenge of saving a total of £12.9 million, many savings are being made through internal efficiencies and ensuring that the three-year savings which were agreed on in the 2020 budget are delivered. No new saving proposals were put forward this year and therefore local residents, businesses, community and voluntary organisations were asked to have their say on the draft budget so that councillors can consider your feedback before making a final decision in March

We have a legal responsibility to set a balanced budget every year, ensuring that income from sources such as Council Tax, revenue from paid-for services and grants is enough to cover our expenditure. With Covid-19 having had a significant impact on services, this year councillors face the added pressure of funding extra costs incurred and ensuring future contingencies can be met. Pressures are being particularly felt across social care services because of the pandemic, and across the environment department associated with school transport, flood and coastal defences, and enhanced resources to tackle cleansing and fly-tipping in targeted areas.

There are a variety of legal and policy reasons why the Council must undertake full and meaningful consultation, where service changes are under consideration.¹ Ultimately, a flawed approach can be a means whereby decisions can be challenged through the courts, through a process of Judicial Review. A decision against the Council would prevent the saving being delivered, as well as damage the reputation of Council, at a time when it needs to focus on responding to a challenging financial position.

This report:

1. Outlines the **consultation approach** and the different consultation methods deployed;
2. Describes the **demographic characteristics** of those who took part
3. Summarises the **key findings**;
4. Collates **minutes of meeting** in which the budget was discussed

1) OUTLINE OF APPROACH AND CONSULTATION METHODS

Whilst the settlement provided by Welsh Government was much more favourable than expected, inflation, rising costs, demographic pressures and increased statutory obligations have challenged the Council to make significant cost reductions. No new savings proposals are being put forward for consultation this year, however the council's Executive Board has reiterated its commitment to delivering the three-year savings agreed in the 2020 budget. We invited local residents, businesses, and

¹ The 2010 Equality Act and the Council's Strategic Equality Plan require that 'due regard' be given to the views of designated groups in making decisions. In terms of consultation, a body of case law points to the need for public authorities to properly gather and consider the views of the public in reaching decisions.

community and voluntary organisations - to have a say on our draft budget so that councillors can consider your feedback before making a final decision.

Councillor involvement

A series of departmental seminars for all county councillors took place over a 5-day period: 18th January 2021 and 22nd January 2021.² All efficiencies across each department were considered in detail and feedback sought. Bullet points of the key discussion points are provided in appendix a.

Alongside councillor engagement, public consultation took place in the following ways:

Survey

The survey asked respondents on their views on the draft budget. A full draft report was provided alongside saving proposals and pressures in order to inform respondents to ensure that they could express a view on the budget report. Respondents were asked about their overall thoughts of the draft budget, areas to which they disagreed, areas of the report which they supported. Moreover, respondents were asked how much of an increase in Council tax they would be willing to accept.

The survey was administered electronically via the Council's online consultation page on the website. It is important to recognise that last year's consultation produced the highest response over a five-year period which was attributed to a number of changes introduced. Unfortunately, due to restrictions currently in place due to the pandemic, certain aspects of the consultation had to be reconsidered and amended. Whilst it is recognised that we endeavour to maximise engagement with citizens and stakeholders regarding the proposed budget, mechanisms previously utilised would have been difficult to execute under alert level 4 restrictions in Wales.

A total of **75 responses** were received from various sections of the community, including individuals, businesses, town and community councils and groups and organisations. A demographic breakdown is provided in section 2.

Other [Email responses received]

2 emails were submitted to the Council during the budget consultation period. A summary of the contents of the emails are provided below:

- Initiative to reduce waste from sanitary waste (i.e., nappies) – An email indicated that an initiative for new mums to utilise cloth nappies and wipes as opposed to disposable products would be beneficial to reduce waste in the landfill sights.
- Need to ensure that litter left in the countryside is disposed of properly.

Social Media Responses:

A summary of social media comments received on Facebook and Twitter can be seen below:

- Many noted that they pay taxes to be provided with services, many expressed that they are paying increased council tax for less services.

² As democratically elected representatives, councillor views are of central importance. This is of course in addition to their decision making role, as Council, in deciding the budget.

- Some indicated that the rate of Council tax increase exceeds the rate of inflation, which is putting some households into financial difficulty, especially during the Covid-19 pandemic.
- Reduce wages for senior officers and councillors instead of increasing council tax and reduce their large pensions.
- Some indicated that some projects which are 'nice to have' and not essential should be delayed or postponed and channelled into priority areas during the Covi-19 outbreak.

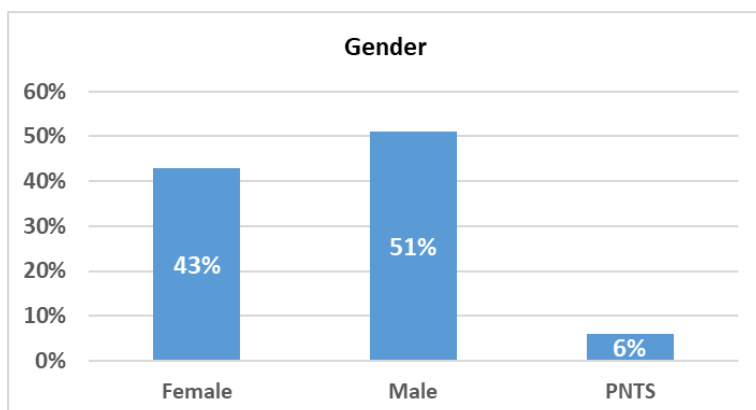
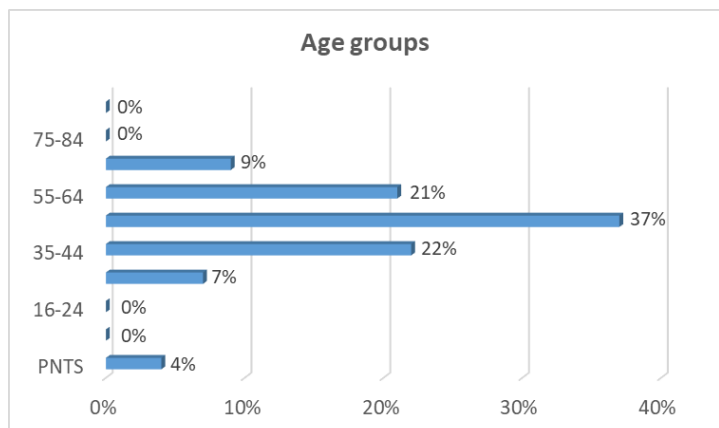
Publicity

Local and regional press and local radio advertisements were used to inform the public how to become involved and obtain further information on the budget consultation. Carmarthenshire County council staff were also encouraged to take part in the Budget consultation via internal newsletter. Information was also highlighted on the council website via a pop-up, and on the newsroom throughout the consultation period which generated 543 and 52 views on the English and Welsh page respectively. Moreover, three brief videos were created to raise awareness of the consultation which included information on how to get involved, information on the differences between revenue and capital budget and information on the Council's wellbeing objectives and how this underpins the budget setting process.

In addition, the consultation was publicised through relevant equality groups, including Equality Carmarthenshire, 50+ Forum and the Carmarthenshire Disability Coalition for Action. The Carmarthenshire Community and Town Council Liaison Forum held a specific meeting to discuss the budget (minutes seen in appendix **) on the 21st January 2021 with the consultation information also circulated to all clerks in the Community and Town Council newsletter. All Town and Community Councils were asked to take part using the online consultation. The public consultation phase ran from 18th January 2021 to 3rd February 2021. In total, 75 responses were received.

2) RESPONDENT PROFILE

Of the 68 respondents who gave completed answers to demographic questions: 96% were from individuals and 4% from Town and Community Councils, organisations or businesses.³



Demographic Characteristic	Overall %
Transgender	0.0%
PNTS	7.4%
Relationship status	
Single	11.9%
Married	70.1%
Separated	3.0%
Divorced	0.0%
Widowed	0.0%
Civil partnership	0.0%
Co-habiting	6.0%
Other	0.0%
PNTS	9.0%
Sexual orientation	
Straight	78.8%
LGB	3.0%
PNTS	11%
Religion	
Yes	35.4%
PNTS	20.0%
Caring responsibilities	
Yes	26.9%
PNTS	11.9%

Demographic Characteristic	Overall %
Ethnicity	
White	92.5%
BME	0.0%
Other	0.0%
PNTS	7.5%
Disability	
Yes	7.5%
No	82.1%
PNTS	10.4%
Preferred language	
Welsh	24.2%
English	75.8%
Other	0%
Income	
<£10,000	0.0%
£10,000 – £19,999	10.4%
£20,000 – £29,999	11.9%
£30,000 – £39,999	13.4%
£40,000 – £49,999	7.5%
£50,000 – £59,999	20.9%
> £60,000	11.9%
PNTS	23.9%

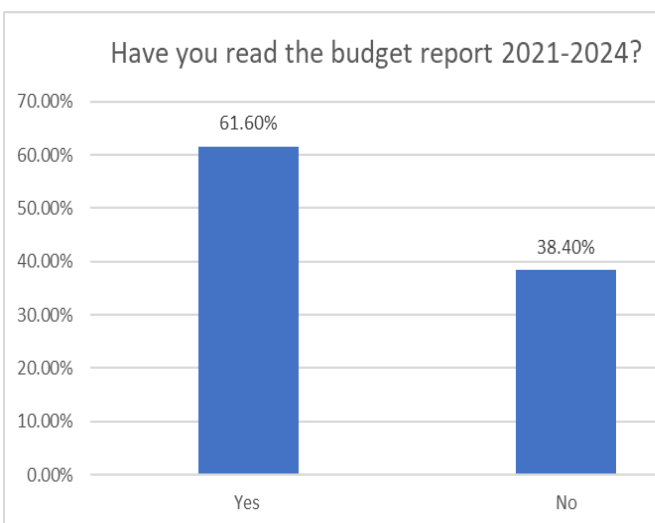
³ Llangadog Community Centre, Cyngor Cymuned Cynwyl Elfed, Carmarthenshire Local Access Forum

A total of 60 respondents included their post codes. These are presented in the table below.

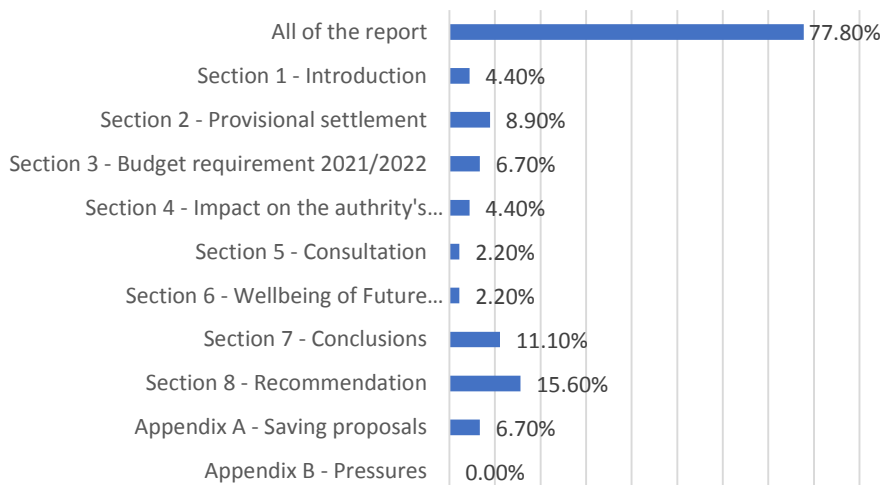
Area	SA4	SA14	SA15	SA16	SA17	SA18	SA19	SA20	SA31	SA32	SA33	SA34	SA39	SA40	SA44
Number of Responses	0	7	13	3	1	9	6	1	8	4	6	0	1	0	1
% Responses	0%	11.6%	21.6%	5.0%	1.6%	15.0%	10.0%	1.6%	13.3%	6.6%	10.0%	0%	1.6%	0%	1.6%

3) CONSULTATION FINDINGS

Each question of the consultation is examined in turn and is presented below. Respondents were asked to provide their overall opinions of the draft budget report, their feedback on what they disagree with and their opinion of what they supported in the draft budget. An inductive thematic analysis was adopted to analyse the free-text responses. This method involves a six-step process of familiarisation, coding, generating themes, reviewing themes, defining and naming themes followed by the writing up stage. Thematic analysis is an effective approach when ascertaining people's views, knowledge, opinions, and experiences. Moreover, an inductive approach has been adopted to determining themes which have emerged from the data.



What section of the report have you read? (n=45)



Q1. What are your thoughts on the proposed budget for 2021-2024?

A total of 32 respondents took the opportunity to provide their overall thoughts on the draft budget. These comments have been categorised into 4 key themes which can be seen below, and examples of comments can be seen for each theme.

- 1) Saving proposals and draft budget sensible – A common theme which emerged from the data relates to respondents appreciation that the efficiency savings proposed seem reasonable and sensible considering the difficult time local authorities are currently facing due to the Covid-19 pandemic.

- *In general the proposed budgets / savings make sense.*
- *Overall the budget seems to be fair, considering the lack of government funding, which can be delivered.*
- *Reasonable assessment of what might be needed, with awareness of the sheer uncertainty of Covid-19 still prevalent.*

2) Negative overall view of the budget – Whilst some respondents perceived the draft budget to be sensible, another common theme which emerged was a negative overall view. The negative views centre around the lack of detail provided and the complexity of the information given. Moreover, some indicated that they disagree with the budget but did not provide further detail on what they disagreed with.

- *A complete joke*
- *Could be room for improvement*
- *Way too complicated to understand! Maybe that's what you want!*

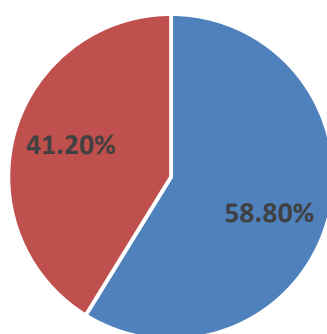
3) Minimise Council tax increase in light of pandemic – A common theme which has derived from the data was that respondents indicated that Council Tax should be kept to a minimum as many households are currently under pressure due to the economic impact of the pandemic.

- *Council tax increase must be kept to a minimum*
- *hard times ahead and the increase in council tax is a little higher than expected*
- *Fair however impacts of COVID on ability of residents to pay council tax without hardship is not taken into account. If rises push households further into hardship it will cost the council more in the long run*

4) Some specific views on services – Some respondents took the opportunity to raise concerns over specific aspects of the budget. Specifically, some residents indicated that some services need to be protected. A list of comments is presented below:

- i. *In general the proposed budgets / savings make sense. It would be good to see an increase in spending on Public Rights of Way as these are very important at the moment. I also have some concerns regarding the reductions in highway spending mainly relating to reducing preventative maintenance and only undertaking reactive maintenance.*
- ii. *The forecast fall in reserves is worrying but in the absence of new income streams the balancing act seems efficiently done, with the exception of the approximately £200k reduction in domiciliary care costs over 3 years, and the £600k fall in surface dressing on roads -- the hoped-for capital sum may not be available, and intense rains do significant damage to road surfaces. The forecast fall in flood defence maintenance is small, but in this time of climate change with heavy sudden rainfall, it seems we should be spending more on flood defence, not less.*
- iii. *Most of it I agree with but the proposed pay increase that schools have is ridiculous considering that most of the school staff have been the backbone with the NHS during the pandemic.*

Q2. Is there any part of the report you disagree with?



■ Yes ■ No

A total 51 responses were received for the question displayed above. As pictured in the pie chart 41.2% (n=21) did not disagree with the draft budget. Whilst the data indicates that 58.8% (n=30) disagreed with an aspect of the draft budget report. Respondents who disagreed were given an opportunity to provide a brief description of which aspect they disagree with and provide an explanation why.

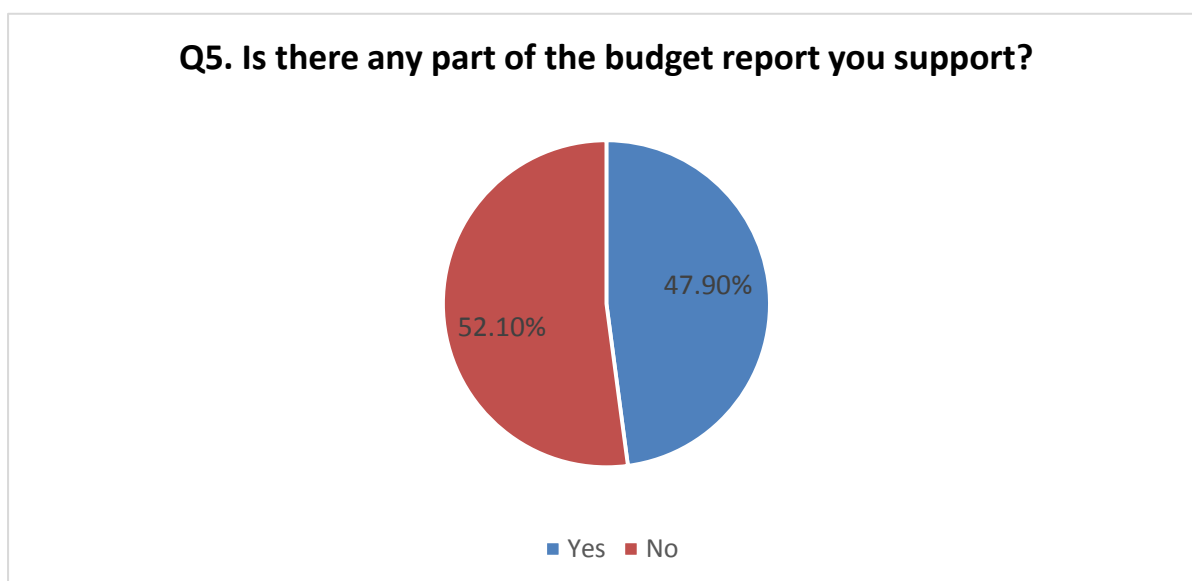
Q3. Please provide a brief description below of what you disagree with and why.

A total of 26 respondents took the opportunity to express disagreement with the draft budget. These comments have been categorised into 4 key themes which are presented below.

- 1) Increasing Council tax when services have been reduced – The majority of the comments related to Council tax increases. Many expressed that there should be no increase in Council tax due to household financial pressures as a consequence of the pandemic. Moreover, some indicated that many council services have been on hold due to restrictions and therefore a minimal increase or no increase in council tax should be considered.
 - *So yet again we are paying more and getting less of a service from the county council*
 - *The council has closed most of the public buildings so how do you need more money if we cant use these facilities then how about a rebate.*
 - *Services are being compromised and cut yet our council tax goes up*
- 2) Education and children services funding – Some respondents indicated that more funding is needed for education and children services. Specifically, respondents indicated that investment should be made in ALN provision, primary and secondary schools.
 - *Cutting child services for the children that fall through the cracks. Not enough staff to pick up on children that need extra tuition, e.g. dyslexia etc. Totally being missed in school.*

- *Yet again not enough funding for schools and ALN*

- 3) Domiciliary care and social care funding – Another key theme to emerge from the data concerned domiciliary and social care funding. Specifically, respondents indicated that they do not want to see other services prioritised over essential care of vulnerable residents of the County.
- 4) Mechanical sweeping and road maintenance – The final theme to emerge from the data concerned the unwillingness to see a reduction in mechanical road sweeping budget, maintenance on highways and gritting. Some respondents suggested that a reduction in this budget would have a negative impact on the environment and increase the risk of drain blockages leading to localised flooding and damage to highway surfaces.



In total, 48 respondents gave a response to the question above. As pictures in the pie chart, over half (52.1%; n= 25) of the respondents did not support any aspects of the draft budget. In contrast, 47.90% (n=23) supported some aspect of the proposed budget. Respondents who agreed were given an opportunity to provide a brief description of which aspect of the budget they support and provide an explanation why.

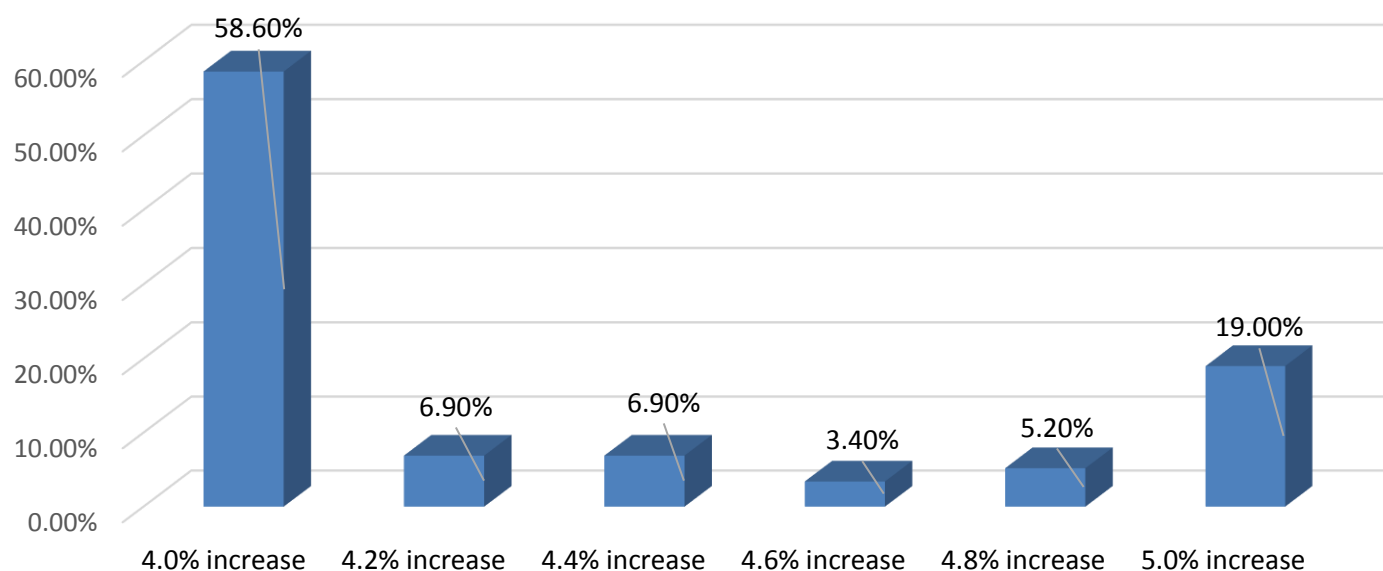
Q6. Please provide a brief description below of the section(s) of the report you support and tell us why.

16 respondents took the opportunity to express their support for the proposed budget which have been categorised into 2 key themes which are presented below.

- 1) Acknowledgement and funding for well-being support for younger and older residents – The majority of respondents support the investment and support of residents’ well-being.
 - *All of the report, particularly the sections on safeguarding and improving the lives and prospects of the young, poor and elderly.*

- *Support for mental health and ageing well*
- 2) Fairness of draft budget considering the ambiguity caused by Brexit and the pandemic – Whilst not directly supporting the proposed budget report, many expressed that the Council tax increases are ‘fair’ or ‘makes sense’ when taking into account the uncertainty caused by Brexit and Covid-19. Many realise that difficult decisions will have to be made in light of the current climate.
- *Not agree exactly but accept that difficult decisions have to be made. Given the continuing problems caused by the pandemic, many households will struggle to afford any increase in council tax. 4.48% is high, but difficult to see how it could be less.*
 - *Council tax increases are fair. Education and well-being support is catered for.*

Q7. Please indicate how much of an increase in Council tax you would be willing to accept? (n=59)



Respondents were informed that Council Tax raises around £86 million a year which represents around a quarter of Carmarthenshire County Council’s total budget. Respondents were also notified that the current budget projections were based on a proposed council tax increase between 4% and 5%. Participants were asked to indicate how much of an increase in Council tax they would be willing to accept between 4% and 5%. As pictured in the bar chart above, over half (58.60%; n=34) of respondents opted for the lowest increase of 4.0% to their Council tax. This supports comments made regarding the impact that the pandemic has had on some households and the economic impact this has had. Interestingly, the second highest percentage increase accepted by respondents was 5% which equated to 19% (n=11) of all responses. Through closer inspection, it can be seen that overall respondents would accept a Council tax increase of 4.29% based on the weighted average.

Schools Strategy Budget Forum – 27th January 2021

RH addressed the Forum and shared a power point presentation with colleagues “Forward Financial Plan – 2021”.

The power point is an extract of which was shared with Members at the recently held Departmental budget seminars

Background

- Since 2008, resources available to public services under pressure.
- Over the last decade CCC has met a funding shortfall of £120m (£90m savings / £30m C Tax)
- Although the settlement is better than expected, the scale of financial risk is unprecedented.

COVID19 Response

- Our current forecast for 2020/21 is of additional expenditure of c.£20m and income loss of c.£10m
- New WG monthly claim, with overwhelming majority of hardship claims funded
- Deferred Income and Council Tax Collection
- Uncertainty next year

Provisional Settlement

- The provisional settlement is better than anticipated, however there is still a budget gap against known pressures.
- All Wales average increase 3.8% (Ceredigion 2% - Newport 5.6%)
- No funding floor
- CCC: published 3.8% increase on the 2020-21 settlement, with part year transfers
- Again this year, 1 year settlement figures only for Local Authorities with no indicative figure for the following year.

Specific Grants

- Majority being maintained at a ‘cash standstill’ position
- £7m Additional Learning Needs grant maintained (throughout Wales)
- Awaiting extra info over coming weeks - final settlement

Current Evaluation Assumptions

- General Inflation: 2.0% per annum
- Pay Awards: 2.75% per annum
- NLW (National Living Wage) 2.2% (lower than OBR estimate)
- No LGPS Employers increase
- Unavoidable Pressures
 - 2021/22 £4.689m
 - 2022/23 £5.5m
 - 2023/24 £5.5m
- Fuel & Energy: 5% per annum
- Fire Levy: +2.4% in 2021/22

NJC and Teachers Pay

- Chancellors Autumn Statement:
- Pay freeze for all except NHS “at least £250 for < £24k”
Vs
- Unions response “a kick in the teeth for key workers”
=
- Uncertainty - maintain current assumption 2.75%
- Ministers Letter Re: Pay Budget

COVID Impact – Savings Deferred (a table was shared with colleagues)

- COVID-19 Impact on:
- Business as Usual
- Transformation
- £3.543m savings impacted – deferred to 2022/23 and 2023/24

Current Validation Assumptions

- 2020/21 savings £0.8m deferred
- 5year Capital Programme Assumptions - £0.4m revenue implications (same as last year)
- School budgets validated for known pressures (no 2021/22 savings target)
- Council Tax modelled @ 4.89% annual increase – 4.48%

Departmental Proposals

Tables outlining these proposals were shared with colleagues

AT guided colleagues through the contents and gave an explanation of our efficiency savings.

Budget Setting

- Feedback of Consultation findings
- Recommendation as to 2021-22 budget
- Recommendation on Council Tax level 2021-22
- Executive Board 22nd February 2020
- County Council 3rd March 2020

Action:

- RH to share his presentation with colleagues
- SN will communicate with schools regarding Formula Funding

AT thanked RH for his valued contribution.

Corporate Employee Relations Forum (CERF) Meeting 26th JANUARY 2021

As AGREED in CERF’s last meeting, RY welcomed RH’s return to update the forum regarding the Budget and to have an opportunity to respond to questions from the TUs.

RH confirmed that all the Member Seminars had been carried out and Scrutiny Committees would be commenced accordingly. RH shared his screen and updated the Forum with a power point presentation on the Forward Financial Plan 2021 in terms of key features of the draft Budget for 2021, in line with the WG settlement.

RH provided a comprehensive explanation on the following topics:-

- Background information
- COVID-19 Response
- Settlement Compared to Pressures
- Provisional Settlement
- Current Validation Assumptions
 - i. RH encouraged TUs to peruse the Appendix in terms of supporting their members ie. core funding for staffing budget, NEP and funding for new posts. (refer to the link which RY had previously circulated to the TUs)
- Unavoidable Pressures
- NJC & Teachers Pay
- COVID-19 Impact – Savings Deferred
- Current Validation Assumptions
 - i. Schools Budget – Proposals in rationalising the number of schools
 - ii. Reduction in Council Tax 4.89% to 4.48% – Decision actioned at the Executive Board meeting dated 18/01/21
- Departmental Proposals
- Medium Term Financial Plan
- Budget Setting

RH highlighted that the Local Authority would be legally obliged to publish the papers before the Authority would know what the final settlement is to be .

Timetable for the process being :-

- 2nd March - Final settlement to be received from WG
- 3rd March - County Council to agree the final Budget
- 10th March - Council Tax setting based on the agreed Budget (last day to legally set the Council Tax) and the Local Authority's intention and breakdown of the process being:-
 - i. Public Consultation
 - ii. To receive feedback
 - iii. Submit Report and to publish the final budget proposals
 - iv. Provide a verbal update during Council on 03/03/21, if required.

RH and the TUs had a question and answer session as follows:-

ME – Details aren't being provided nor explained on how cuts were being made and supported a no cuts budget?

RH clarified, in terms of making "cuts" the Director of Corporate Services and himself had a legal duty to not allow Councillors to set an unbalanced budget as this would be unlawful.

PH – In terms of the total revenue budget, how much of a % does go into staffing costs?

RH responded with a ballpark figure of around 2/3rds.

PH – With reference to the 2.5 million savings for this year, is the 2/3rds going to be staffing costs or alternatively would it be varied?

RH apologised that he did not have the specific details to provide an answer.

PH – Has the staffing % costs of the total budget increased or decreased?

RH stated that his instinct was that it had increased. Reasons being as follows :-

- Some services being brought in-house eg. Allied Healthcare
- 4.5 million had gone into Teachers' Pension
- Recognition that even with external spend, much was on people-centric services eg. commissioning care

PH – In moving forward has there been any budgeting on redundancy costs been incorporated eg. VR / or departmental Restructures?

RH confirmed that this had not been incorporated into budget figures.

AC – Due to a decrease in business rates / council tax as income and the increase in extra payments eg. housing benefits had the excess expenditure been taken into account and what impact will it have on staff ie. redundancies?

RH explained the Business Rates pooling system, Housing Benefits and impact on staffing accordingly.

JJ – Has there been any consideration been implemented in to the figures that have been provided regarding Recruitment Agencies or alternatively would it be cheaper to continue utilising in-house members of staff?

RH explained that use of agency did not form part of any specific budget proposals, but would welcome any information if Union officials believe agencies were being used where inhouse staff might be more appropriate

HMCDyer – Can you please clarify if there will be potential school rationalisation in terms of closures and then cuts to support staff and in which year would this be?

RH explained that school rationalisation programme was about recognising that the larger the estate, the greater proportion we are spending running buildings, reducing this meant a greater proportion going towards teaching and learning. This was also true in terms of the multi different areas of support provided centrally. Savings Proposals are included in 2022/23 and 2023/24

As part of the consultation feedback, It was **AGREED** RH would relay to Councillors the TUs feedback/comments and where they considered potential savings could be made:-

- Budget - Time for a needs led no cuts budget.
- Honesty from the Local Authority to be provided to the tax payers and residents of Carmarthenshire regarding the Local Authority's intentions and to allow the public to decide.
- Council Tax - the implementation of a slight decrease – not acceptable, it should be more.
- Inflation / Council Tax – Oppose above inflation Council Tax for employers and residents of Carmarthenshire.
- Managerial (Cuts) – Does not state, how the savings / cuts were being made.
- Efficiencies – Does not illustrate the detail on how the cuts/savings were being achieved and impacted on the service(s).

- Recruitment Agency Staff
 - i. Domiciliary Care
 - ii. Theatres
 - iii. Waste / Refuse

ACTION: Information to be provided on the length of placements of current Agency Workers. (RY)

TUs notified that they would also liaise directly with their feedback to the Councillors and would continue to campaign.

RH to circulate the powerpoint presentation to the Forum.

RH recommended that the TUs to view the latest Education and Children Scrutiny Report for additional data on Schools.

7) MINUTES OF SCRUTINY COMMITTEE MEETINGS

ENVIRONMENTAL & PUBLIC PROTECTION SCRUTINY COMMITTEE

The following questions/observations were raised on the report:-

- Reference was made to the increase in telephone scams targeting the elderly and vulnerable during lockdown and officers were asked if there was any possibility of additional funding being provided to assist with the purchase of devices for the TrueCall service;
- Reference was made to the total of £60k efficiency savings identified in the Road Safety Unit which it was hoped to recoup via sponsorship and officers were asked if they are reasonably confident that money can be derived from sponsorship. The Head of Transportation & Highways explained that that proposal is in year 2 of the savings programme which allowed officers some time to work on the potential for sponsorship.
- Reference was made to the efficiency savings identified in Fleet Maintenance and the proposal to offset this by expanding the amount of chargeable work through MOTs and officers were asked how sensitive we are to small businesses who offer MOTs as we would not want to compete against them and put them out of business. The Head of Transportation & Highways explained that this is a service which receives many requests from the public and this proposal was purely in response to a demand from the public;
- Reference was made to the reduction in the flood defence budget, whilst acknowledging that £5k was a relatively small amount, concern was expressed at this proposal given the fact that we are facing more severe weather and a changing climate. The Head of Waste and Environmental Services explained that £5k is a relatively small sum and would mean less small scale works, however, more funding is being received from Welsh Government on a scheme basis so there would be no detriment;
- Reference was made to the fact that the Waste Services budget had reduced by £55k due to the fact that grants have stopped and concern was expressed that that could happen to the flood defence grants referred to earlier;
- Reference was made to the proposed savings in Public Rights of Way and officers were asked how they intended to achieve the reduction in expenditure and how the current outstanding issues will be tackled. The Head of Transportation & Highways informed the Committee that the maintenance and

legal teams have just merged and will be looking at the programme of interventions;

- Officers were asked how confident they are that any anticipated Welsh Government grants will be forthcoming. The Head of Financial Services explained that grants figures have been received from Welsh Government on an all Wales level. He added that the uncertainty is how public sector funding will change over the next couple of years;
- Reference was made to the big reduction in funding for winter gritting and whilst acknowledging that we have had very mild winters for the last 5-6 years, officers were asked if there is money available should we have a bad spell of icy/frosty weather. The Head of Transportation & Highways explained that in order to achieve the required efficiencies, the department has to prioritise accordingly. He added that we have had a lot of bad weather recently and the department has responded to that appropriately;
- Reference was made to the reduction in the road sweeping budget and the fact that last year there were 2-3 inches of dead leaves on rural roads which were washed into the gulleys after a period of heavy rain. Road sweepers are only able to do 2 loads in a day and officers were asked if more front end loaders could be used with 2 operatives which would result in far more clearing being achieved in a day. Officers were also asked if it would be possible to take the dead leaves to recycling centres for composting. The Head of Transportation & Highways explained that it is difficult to predict leaf fall every year and consequently officers have to be reactive unfortunately. With regard to the suggestion with regard to loading/picking up, he explained that it was a matter of availability of resources. He added that he would explore the idea of composting, however, he feared that there may be a contamination issue.

RESOLVED TO RECOMMEND TO THE EXECUTIVE BOARD

- 4.1 that the 2021/22–2023/24 Revenue Budget Strategy be received;**
- 4.2 that the Charging Digest for the Environment and Public Protection Services, as detailed in Appendix C to the report, be endorsed;**
- 4.3 that the possibility of allocating additional funding for the TrueCall Service be explored.**

COMMUNITY & REGENERATION SCRUTINY COMMITTEE

The Committee considered the report presented by the Executive Board Member for Resources on the Council's Revenue Budget Strategy 2021/22 to 2023/24, as endorsed by the Executive Board for consultation purposes at its meeting held on the 18th January 2020. The report provided Members with the current view of the Revenue Budget for 2021/2022 together with indicative figures for the 2022/2023 and 2023/2024 financial years based on officers' projections of spending requirements and takes account of the provisional settlement issued by Welsh Government on the 22nd December 2020. It also reflected current departmental submissions for savings proposals after taking account of the impact of the Covid-19 pandemic on the delivery of those savings.

The Executive Board Member advised that whilst the announced provisional settlement represented an average increase of 4.0% across Wales on the 2020/21 settlement, Carmarthenshire's increase had been 3.8% (£10.466m) thereby taking the Aggregate External Finance to £284.820m for 2021/22 which included £244k for teachers pay.

Whilst the budget proposals assumed the full delivery of all savings proposals, together with the identification and delivery of the shortfall in savings proposals for the 2022/23, and 2023/24 financial years, further cost reductions would need to be identified for those latter years to be able to maintain the current Budget Strategy and level of Council tax.

Although the Strategy proposed a 4.89% Council Tax increase for each of the three financial years, the Executive Board had recommended the increase for 2021/22 be reduced to 4.48%, which would be considered by the Council in setting the Council Tax level for 2021/22 at its meeting on the 3rd March 2021. Additionally, the Welsh Government final settlement figure was to be announced on the 2nd March 2021 and any amendments required to be considered to the budget strategy from that announcement would also be considered by Council on the 3rd March

The Committee thereupon considered the following detailed budget information appended to the Strategy relevant to its remit:

- **Appendix A(i)** – Efficiency summary for the Regeneration, Leisure, Planning and Non HRA Housing Services;
- **Appendix A(ii)** – Growth Pressures summary for the Regeneration and Planning Services (none for the Leisure and Non HRA Services);
- **Appendix B** – Budget monitoring report for the Regeneration, Leisure, Planning and Non HRA Housing Services;
- **Appendix C** – Charging Digest for the Regeneration, Leisure, Planning and Non HRA Housing Services;

The following questions/issues were raised on the report:-

- The Executive Board Member in response to a question on the impact of the Covid 19 pandemic on the collection of Council tax, advised that the Council had taken measures in that regard by extending the payment period over 12 months to the end of the 2020/21 financial year, instead of the usual 10 month payment period. The Welsh Government had also announced a 75% grant would be made available to local government in Wales to assist with any shortfall in council tax collection rates arising from the pandemic
- In response to a question on the sufficiency of the £300k pa budget provision for addressing the implications of Ash Die Back disease on council owned land, the Head of Planning confirmed the level to be sufficient to meet the council's requirements but that would be reviewed as time progressed. With regard to infected trees on private owned land, the Council was working with landowners to inform them of their responsibilities and to provide guidance where needed. The Council also had a contingency fund to undertake works in default where necessary, on a rechargeable basis.
- With regard to a question on the impact of the covid pandemic on the economy of Carmarthenshire and the level of job losses, the Head of Regeneration

advised that whilst some job losses had occurred, the Government's furlough scheme had helped support employment and abate that level to date. However, it was anticipated further job losses would occur over the next few months. The Council anticipated up to 3,000 jobs could be lost within Carmarthenshire and it had adopted an action plan to help regenerate the economy by various means that included its capital programme and procurement policy which could help create approximately 2,000 jobs. It was anticipated an additional 1,000 jobs could also be created in conjunction with the Council's partners in the public and private sectors.

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE EXECUTIVE BOARD/COUNCIL THAT:-

- 4.1 The 2021/22 – 2023/24 Revenue Budget Strategy Consultation be received.**
- 4.2 The Charging Digests for the Regeneration, Leisure, Planning and Non HRA Services, as detailed in Appendix C to the report, be endorsed.**

SOCIAL CARE & HEALTH SCRUTINY COMMITTEE

The Committee considered the Revenue Budget Strategy 2021/22 to 2023/24 which had been considered by the Executive Board at its meeting on the 18th January, 2021. It was also noted that members of the Committee had recently attended consultation events on the budget which had provided them with an opportunity to ask questions and seek clarification on various aspects of the budget.

The report provided Members with the current view of the Revenue Budget for 2021/22 together with indicative figures for the 2023/24 financial years.

The Committee considered the following detailed budget information appended to the Strategy relevant to its remit.

- Appendix A – Corporate Budget Strategy 2021/22 to 2023/24
- Appendix A(i) – Efficiency summary for the Social Care & Health Service
- Appendix A(ii) – Growth Pressures summary for the Social Care & Health Service
- Appendix B – Budget monitoring report for the Social Care & Health Service
- Appendix C – Charging Digest for the Social Care & Health Service

The Head of Financial Services provided an overview of the report. He stated that the increase in the provisional settlement was 3.8% and that the Aggregate External Finance (AEF) increased to £284.820 million in 2021/22. This included £244k in respect of Teachers pay.

The social care workforce grant had been increased from £40m to £50 million across Wales. The increase was estimated at £600k for Carmarthenshire.

The Committee was advised that the minister's letter which accompanied the provisional settlement stated that Local Authorities should meet any future pay awards from their budgets. It was also stated that while £500K had been set aside in the budget specifically for Mental Health services, it would be difficult to predict the demand.

Due to delays with settlement figures publication of the final settlement would not be until the 2nd March.

The following questions/issues were raised on the report:

- Due to concerns regarding Mental Health, it was asked if any planning had taken place for post Covid and had discussions been had with other statutory services and the third sector. The Head of Integrated Services advised that the community mental health teams were fully integrated and that throughout the pandemic a clear working infrastructure had been established. Specific working groups were in place looking at the way forward and would inform changes to commissioning services ensuring that the level of needs could be met. It was stated that the transformation in mental health programmes had not stopped but there was recognition that requirements were different due to the pandemic.
- It was asked what impact Brexit would have on the Council. The Head of Financial Services advised that it was too early to quantify but that there would be an impact on free movement of goods and potential further increase in inflationary levels.

UNANIMOUSLY RESOLVED that:

- 4.1 The 2021/22 – 2023/24 Revenue Budget Strategy Consultation be received;**
- 4.2 The Charging Digest for the Social Care & Health Service, as detailed in Appendix C to the report, be endorsed.**

EDUCATION & CHILDREN SCRUTINY COMMITTEE

The following questions/observations were raised on the report:-

- Reference was made to the fact that the departmental overspend was due mainly to the forecast increase in school deficit balances and officers were asked whether the Authority should question the pattern of distributing money to all Local Authorities in Wales. The Chair referred to the fact that the Committee has already requested an analysis of the formula used by the Welsh Government for allocating money throughout Wales;
- It was pointed out that financial accountability rests with governors. All schools can experience falling rolls for a variety of reasons and officers were asked how decisive Governing Bodies are when quick financial decisions are needed to eradicate growing imbalances. The Head of Education & Inclusion Services informed the Committee that officers are totally aware of the financial challenges in our schools. Officers meeting with Headteachers and Governing Bodies to discuss their financial situation. He added that there are also local reasons to take in account and some schools need more support than others to tackle the problems;
- Reference was made to the fact that if the formula for funding was fair it would help counties like Carmarthenshire with a high number of small rural schools and officers were asked what is being done by the WG in relation to the presumption against closure and what discussions have been held with WG

and WLGA in relation to changing the formula and if this was done, would this take the pressure off our smaller schools. The Executive Board Member for Education and Children explained that the funding is allocated to the pupil so as pupils numbers fall then so does the funding allocated to the school. Officers from the Finance and Education Department work hard with schools to address the problems they are experiencing;

- Asked how many schools have a deficit balance, the Head of Financial Services confirmed that 44 out of 112 schools have a deficit balance;
- Reference was made to the fact that we need to put pressure on WG to allocate more money to our schools especially with the new curriculum. The Head of Education and Inclusion Services referred to the fact that there is a presumption against closure, however, WG funds per pupil and not per school which creates problems for the Authority. Representations are made to WG by the Director via the Association of Directors of Education. Any school with less than 92 pupils is considered to be a small school so any small school funding has to be spread among so many schools which fall into this category that it ends up being a very small amount of funding;
- Officers were asked if the outcome of the discussions between the unions and Welsh Government regarding the 2.75% pay increase is known and what the effect will be. The Executive Board Member referred to the fact that this has caused a lot of uncertainty because WG sanctioned the pay increase, however, the cost of this will have to be met by the Local Authority. The Head of Financial Services confirmed that there was sufficient funding in the draft budget to validate this cost for the September 2020 pay award;
- Reference was made to the fact that pupils have missed out on a year of schooling and officers were asked if there was a recognition at government level that in order bring pupils back up to the required level there needs to be some sort of financial boost to address that. The Executive Board Member for Education & Children stated that this was a huge concern and he agreed that additional money should be forthcoming to enable this issue to be addressed, however, he was unaware of any such provision. The Head of Financial Services explained that an announcement had been made the day before regarding an approximate additional £65m to support schools, however, it was not yet known how WG will deploy that funding. The Head of Education and Inclusion Services added that additional Accelerated Learning Programme grants have been made available for secondary school pupils in examination years. However, there was a challenge regarding how late this funding is received by our schools with some grants being received last week which have to be spent completely by the end of the financial year which does not allow any time for forward planning by headteachers. Officers have gone back to WG to implore them to consider this and allow headteachers sufficient time to make prudent use of this additional funding;
- Concern was expressed with regard to grant funding coming in very late and often being withdrawn altogether which makes it difficult for schools to budget. The Head of Education and Inclusion Services agreed that it was highly frustrating for headteachers and some of the terms and conditions also make it increasingly difficult. The Group Accountant added that this was something that officers constantly raise with WG. The Executive Board Member for Resources agreed that the basis for the funding formula is faulted as it does not acknowledge rurality issues and queried whether big urban authorities have the same issues with delegated budgets. If they do not then there are obviously issues with the formula funding which would need to be taken up with WG. The

Chair reminded the Committee that Finance Officers agreed to look into this issue at the last meeting;

- Officers were asked if funding has been made available to WG to provide IT equipment for vulnerable families as there is a real need to ensure that their IT requirements are addressed to ensure that every child in every family has the same opportunities. The Head of Education and Inclusion Services explained that to date over 2000 laptops and dongles have been distributed to families throughout the county;
- With regard to the Education & Child Psychology Services, officers were asked if this service was being delivered remotely and whether that had increased the number of people who can benefit. The Head of Education and Inclusion Services informed the Committee that the service has continued during the pandemic with all services delivered remotely and accessibility to external providers such as therapists has also remained. He added that in many instances in services across the department we are actually responding quicker and more effectively because we are working remotely and are able to get in touch with parents more quickly because they are now more au fait with using the technology available to them. Working remotely was not detrimental in all circumstances.

RESOLVED TO RECOMMEND TO THE EXECUTIVE BOARD

- 4.1 that the 2021/22–2023/24 Revenue Budget Strategy be received;**
- 4.2 that the Charging Digest for the Education & Children’s Services Department, as detailed in Appendix C to the report, be endorsed.**

POLICY & RESOURCES SCRUTINY COMMITTEE

The Executive Board Member for Resources presented the Revenue Budget Strategy 2021/22 to 2023/24 which had been endorsed by the Executive Board for consultation purposes at its meeting on 18th January 2021. The report, which provided Members with the current view of the Revenue Budget for 2021/2022 together with indicative figures for the 2022/2023 and 2023/2024 financial years, was based on officers’ projections of spending requirements and took account of the provisional settlement issued by Welsh Government on 22nd December 2020. It also reflected the current departmental submissions for savings proposals. The impact on departmental spending would be dependent upon the final settlement from Welsh Government and the resultant final Budget adopted by County Council.

The budget proposals, as presented in the report, assumed the full delivery of all of the savings proposals submitted, together with the identification and delivery of the shortfall in savings proposals 2022-23 and 2023-24. Further cost reductions would need to be identified for years 2022/23 and 2023/24 to be able to maintain the current Budget Strategy and level of council tax.

- 1.1.** It was highlighted that the critical importance of minimising the Council Tax increase for residents whilst maintaining a balanced budget in these unprecedented and challenging times was recognised.

- 1.2. Given the scale of the pressures and forecasted budget gap, Council Tax increases had been maintained at the previous MTFP levels of 4.89% in each of the three financial years which, it was considered, provided at least some mitigation to the savings proposals which the council needed to consider.

Amongst the issues raised during consideration of the report were the following:

- In response to a question as to how, when considering the budget proposals, the compromising of the ability of future generations to meet their own needs could be avoided when settlements were received so late the Director of Corporate Services acknowledged that it was a challenge which was why the Council itself formulated a 3-year budget so that the likely situation could be reasonably predicted within available parameters as to how Welsh and national government allocated funds;
- Concern was expressed the effect of the pandemic on school reserves. The Committee was advised that the Authority continued to work with the 30% of schools which were currently in deficit but it was clarified that most of the additional expenditure by schools associated with the pandemic had been funded by the hardship claims made to Welsh Government and it was anticipated that this would continue to be the case for the foreseeable future;
- In terms of general reserves, which provided a 'safety net' for unexpected variations in expenditure in any year [e.g. floods, covid] and enabled the Council to respond, the Committee was advised that it had always been deemed that 3% of net expenditure was a prudent level and it was recommended that this be retained;
- In response to a suggestion that the proposed Council Tax be reduced further than what was being recommended utilising reserves to help ratepayers at this difficult time the Director of Corporate Services advised that this would be an imprudent use of reserves for the reasons outlined earlier - the need to retain them for *unexpected* variations – and also the likely impact on residents the following year in terms of having to recover the lost tax. The Committee was advised that, in line with the budget consultation process, if it did wish to recommend a reduction of the Council Tax which did not impact on reserves it should consider the proposed budget and those areas where it would recommend spending could be reduced. Alternatively, substantial efficiency savings, presented in the report, had already been deferred to the following year and the Committee could express the view that some of these be brought forward.

RESOLVED to accept the report and endorse the Charging Digest.

Questions and Feedback

Corporate Overview – Monday 18th January

- Concern over the need to make savings year on year and the impact on council staff being asked to continually do more with less. Recognition of the impact on staff of Covid-19 response and the need for their own recovery
- Appreciation from members of the local government response to the pandemic. Consideration to be given to whether reserves could be used to fund new capital expenditure for economic recovery
- Suggestion that the council should look to save money through a reduction in its number of buildings
- Concern over description of savings proposals – and clarity which are indeed efficiencies

Communities Department

- Clarity sought over likely opening date for new Llanelli Leisure Centre
- Appreciation from members of adult social care Covid-19 response and all the great work by staff
- Question over proportion of inhouse vs commission domiciliary care staff
- Expression of support / recognition of importance of meals on wheels service and 3rd party providers possibly not known to department
- Assurances sought over additional payments made to commissioned care homes during pandemic
- Question over voids/new lettings for sheltered accommodation
- Update requested on current status of vaccination programme for both care home residents and staff. Concern over pace of rollout locally
- Request to look at potential use of vacant site in Llandovery for care closer to the community
- Assurance sought over sickness absence and vacancy rates for inhouse staff
- Greater understanding sought by members over collaborative funding for joint health packages of care in mental health
- Recognition expressed over huge uncertainty in future growth in demand of mental health services

Education & Children's Department

- Update sought on status of new school developments at Kidwelly (Welsh Medium), Ammanford and Dewi Sant
- Feedback given that parents feel this is a difficult time for consultation. Could consideration be given to longer timescales to mitigate this. Question over how much input into proposals parents have
- Discussion over what WG determine to be a “small school” and minimum size considered under 21st Century schools programme
- Concern expressed over level of ICT equipment provided for remote learning, in particular over 1 device needing to be shared by siblings

- Extended discussion over member concerns over proposals to rationalise primary schools estate and savings proposals linked to this including delegated budgets and departmental centrally provided support services.
- Concern that pupils in small schools may not be receiving the education they deserve
- Examination of the financial structure of schools budgets into fixed and variable costs, including recognition that staffing is always the largest cost, and how a change in pupil numbers can affect funding levels
- Clarity sought over Additional Learning Needs funding
- Query whether outcomes for learners were different if they had moved to larger schools. Also whether is educational evidence to justify closing smaller schools
- Discussion over the pressures faced by small schools and the review of formula funding
- Thanks expressed to the department for the hard work during difficult times
- Concern that rationalisation of schools could mean rural areas may be left with little in terms of community assets
- Challenge whether schools rationalisation could go against council's zero carbon goals
- Recognition of the importance of communication and community involvement in future plans
- Feedback to the department that wraparound care is considered key for school success
- Concern for wellbeing / support for teachers as well as families during pandemic, especially those hard to reach
- Update sought over timescale to review catchment areas and how this links to MEP review

Chief Executives Department

- Clarity sought over the evidence base used to inform the development of the Council's ten towns strategy. Further detail requested on specific funding allocation amongst the ten towns.
- Question in relation to the impact of home working and the impact of any possible future office rationalisation
- Discussion about the positive impact which local procurement could have in supporting the local economy

Corporate Services Department

- Question about support for council tenants in arrears following bereavement
- Discussion around impact of universal credit and questions to understand scale of increase in the county

Environment Department

- Concern that funding for Ash die back may not be sufficient for the scale of the problem
- Clarity sought over the contractual position with the clinical waste collection
- Request to explore possibility to borrow to support services in this department
- Thanks given to department for swift and effective flood responses, and recognition that mitigations put in place over recent years worked during recent adverse weather

- Views expressed that short term gains (savings) in this area could result in long term pain
- Clarity sought over current status of car park gritting savings proposals
- Concern over the financial impact which ash die back was having on Town & Community Councils which had taken over responsibility for playgrounds
- Concern that successive year on year cuts to the department meant services were down to the bone
- Following cuts over 10 years, pleasing to see only small savings in the planning service. Question whether there was a need to consider increase in enforcement officers
- Recognition that many of the services provided by the department are the most visible
- Concern over some areas of maintenance being reactive only
- Concern over the state of rural roads
- Suggestion that investment in improved ditch maintenance could save money in the long run. Question over split of responsibility between council and neighbouring landowner
- Suggestion that efforts be made to promote positive behaviour change, for example around dog fouling
- Recognition that on cleansing and fly tipping, the council was taking a localised approach according to community need
- Concern that possible proposals around schools rationalisation could lead to budget pressures in schools transport in this departments budget
- Clarity sought over who bears the cost if planning appeals lead to overturned decisions
- Question over the difference finances between single use refuse bags vs bins
- Concern over some residents misusing waste collection service
- Concern over difficulties engaging with statutory consultees during planning process
- Suggestion that fast food retailers should take increased responsibility for refuse / cleansing cost which the businesses create
- Suggestion that a re-use shop be considered to reduce landfill waste/improve recycling and offer a benefit to residents
- Clarity sought over the timing of future decisions relating to possible kerbside glass collection
- Concern over covid-19 infection risk from Car park payment machines
- Suggestion that Town & Community Councils could be asked to take over more public conveniences
- Question over the relative incentive for the public of parking season tickets given the small price differential
- Clarity sought over the current position with Lime Grove House

8) APPENDIX B – TOWN AND COMMUNITY COUNCIL MEETING

The Carmarthenshire Community & Town Councils were invited to attend a meeting of the Liaison Forum on 26 January, to discuss the budget consultation. All councils

had received an e-mail detailing the consultation with a link to the video clip prepared by Cllr. David Jenkins, beforehand.

Whilst 35 registered to attend beforehand, 19 people joined the meeting, held via Zoom.

Cllr. Peter Hughes-Griffiths chaired the meeting, whilst the Leader, Cllr. Emlyn Dole gave a brief introduction noting his thanks to the Community & Town Councils for their work in supporting local communities, during the pandemic.

Cllr. David Jenkins encouraged the local councils to disseminate the information on the consultation extensively and for individuals to support the process of setting the Council's budget.

Chris Moore gave a detailed presentation on the budget strategy and noted that no new savings proposals are being put forward for consultation this year, however the council's Executive Board has reiterated its commitment to delivering the three-year savings agreed in the 2020 budget.

CM noted that the provisional settlement was announced on Tuesday 22nd December 2020. Indicative figures for individual Local Authorities were provided for one financial year only, 2021/22, with no further information about future years' settlements. The settlement given to Carmarthenshire is better than expected; however, efficiencies are required to meet constant budgetary pressures. CM also gave information on the impact of Covid-19 on the Council's income and expenditure.

CM outlined the next steps in terms of preparing the budget and the Democratic approval timescales. Once again, the importance of comments from the local councils to support the Executive Board in their decisions.

Following discussion, the following points were raised:

- A specific question regarding the Road Improvement Grant. CM explained that this grant is administered by Welsh Government and is not European funded.
- Several councils noted their sincere thanks to the County Council for their response during the pandemic and the support for local communities.
- A specific question regarding the Education budget and if there is any scope to increase the budget to support schools during these difficult times. CM noted that Welsh Government have not formally declared their hand on Covid-19 related budgetary support for schools. CCC are aware of the challenge that schools face and are constantly monitoring this.
- Members thanked CM for his detailed presentation.

Mae'r dudalen hon yn wag yn fwriadol

	PREVIOUS TARGETS			
	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000
Chief Executive	492	432	432	1,356
Education & Children	1,029	904	904	2,837
Schools Delegated	-	-	-	0
Corporate Services	205	180	180	565
Communities	2,813	2,471	2,470	7,754
Environment	1,391	1,222	1,222	3,835
	5,930	5,209	5,208	16,347

	REVISED TARGETS			
	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000
Chief Executive	451	432	432	1,315
Education & Children	50	904	904	1,858
Schools Delegated	-	-	-	0
Corporate Services	-	180	180	360
Communities	1,318	2,471	2,470	6,259
Environment	692	1,222	1,222	3,136
	2,511	5,209	5,208	12,928

Proposals					EXISTING POLICY PROPOSALS				NEW POLICY PROPOSALS				TOTAL PROPOSALS											
	MANAGERIAL				2021/22	2022/23	2023/24	Total	2021/22	2022/23	2023/24	Total	2021/22	2022/23	2023/24	Total								
	2021/22	2022/23	2023/24	Total													2021/22	2022/23	2023/24	Total	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000													£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	451	434	0	885	0	0	0	0	0	0	0	0	0	0	0	885								
Education	50	350	140	540	0	520	960	1,480	0	0	0	0	0	0	0	2,020								
Schools Delegated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0								
Corporate Services	0	210	212	422	0	0	0	0	0	0	0	0	0	0	0	422								
Communities	1,268	2,304	1,497	5,069	50	45	95	190	0	0	0	0	0	0	0	5,259								
Environment	669	1,049	580	2,298	23	0	60	83	0	0	0	0	0	0	0	2,381								
	2,438	4,346	2,429	9,214	73	565	1,115	1,753	0	0	0	0	2,511	4,911	3,544	10,967								

	SHORTFALL - to be identified			
	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000
Chief Executive	0	-2	432	430
Education & Children	0	34	-196	-162
Schools Delegated	0	0	0	0
Corporate Services	0	-30	-32	-62
Communities	0	122	878	1,000
Environment	0	173	582	755
	0	298	1,664	1,961

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Chief Executive							
Chief Executive	259	Office of the Chief Executive and secretariat	4	4	0	8	Reduction in supplies / postages
Information Technology	3,915	ICT Services underpins and contributes towards all that the Council delivers both internally as an organisation and externally to service users and communities, independently or in partnership. It is a vital function providing innovative opportunities for improving services and achieving our priorities in an efficient and effective way. IT Services is pivotal as an enabler of change and a vehicle for driving forward transformational improvement to all services. As we continually strive to deliver our solutions in an efficient manner and in line with our key Digital Strategies (Digital Transformation Strategy, Digital Technology Strategy, Digital Schools Strategy) our major savings in future years however will have to be found from our staffing budget. The work the service does significantly contribute to financial savings being delivered from revenue budgets held across the Authority by other service areas.	121	155	0	276	2021/22 - £73k This will be delivered by further streamlining the software solutions used and reduction in annual maintenance costs through exploiting the Microsoft Enterprise Agreement. £27k - Further improvements work will be carried out by ICT Services on the Corporate network that should deliver increased revenue savings. £21k - further reduction in operations costs. 2022/23 - At present this can only be delivered by reducing the size of the workforce. Advances in technology through the use of Chatbots, Robotics Automation and Artificial Intelligence may assist here to ensure certain services can continue to be delivered whilst delivering the savings.
Corporate Policy	818	Policy & Partnership team deal with Council policy (in relation to Welsh language, sustainable development, equalities and tackling poverty), consultation & engagement with elected members and public, data & information, and public service collaboration through the Local Service Board (to be a statutory requirement) and related strategic partnerships	39	0	0	39	2021/22 - £20k reduction in grants; £3k reduction in postages; £16k this will be delivered by taking a different approach to the way projects are undertaken within Corporate Policy.
Statutory services / Coroners	384	The Coroner is an independent Judicial Officer and discharges his duties in accordance with the Coroners Act 1988. He has a duty to investigate deaths reported to him where he has reasonable cause to suspect that the death was violent, unnatural or of unknown cause or which occurs in prison.	19	18	0	37	Reduction in staffing costs
People Management division	2,947	Includes Payroll, People Services, Organisational Development, Employee Wellbeing, HR Development Team, Business and Project Support	88	85	0	173	2021/22 - £40k service review/regional working; £20k income generation provision of People Management services; £28k review of training provision (part 1). 2022/23 - £85k review of training provision (part 2)
Regeneration division	3,475	Regeneration is a key priority for the council. The Division provides Business, employability, grant funding and skills support and advice. We also deliver physical regeneration projects throughout the county, including the Swansea Bay City Deal Pentre Awel Life Science and Wellness Village planned for Delta Lakes. The Regeneration Division is responsible for the management of land assets (those within the economic/commercial portfolio) of the Council, taking a strategic commercial view to ensure the portfolio is managed to meet the Council's economic development needs. The Division is also responsible for the delivery of the Council's Net Zero Carbon agenda.	118	113	0	231	2021/22 - Service review. 2022/23 - Continuous review of service / income generation / regional working
Marketing & Media	2,015	Business Unit comprising of translation, marketing and tourism, contact centres, customer services, press and communications.	62	59	0	121	2021/22 - Relocation of Tourist Information Centre from Castle House. Reduction in supplies & services. 2022/23 - Continuous review of service / income generation / partnership working
Chief Executive Total			451	434	0	885	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	

Education & Children

Director & Management Team

Departmental - cross cutting	various across the dept	Cross-departmental support costs including administration, financial processing, & premises management		100		100	Reprofiled to allow implementation of programme due to link with school rationalisation. Root & branch review of support services across the Department in order to realise savings and increase flexibility
Total Director & Management Team			0	100	0	100	

Access to Education

Catering Services	1,643	The school meals service currently has a production kitchen (full kitchen facilities) in almost every school with a few having meals brought in from another school, where the receiving school has a dining centre arrangement.		100	140	240	Reduced number of school kitchens subject to the progress of school rationalisation and review the need for full kitchen facilities at school sites.
Total Access to Education			0	100	140	240	

Education Services & Inclusion

School based Early Voluntary Retirement / redundancy (funded centrally)	233	Schools are currently provided with budget to fund Teaching Assistants (TAs) for pupils with a statement of educational need. If the pupil moves school, the TA can be redundant as they have been employed by a specific school. Development of centrally employed TA's and managed redeployment will reduce pressure on the EVR budget.	50	50	0	100	Currently Teaching Assistants are directly recruited by schools if the Local Authority decides that a child with ALN requires additional support. As these children move from the primary to secondary sector or a specialist provision the staff are no longer required and this results in a redundancy which costs the Education Service. The proposal is to develop a Pool of centrally employed Teaching Assistants to support ALN who would be trained and upskilled. When a child with ALN is identified the school would be provided with the Teaching Assistant rather than be expected to recruit their own. When the support is no longer required the TA will revert to the Pool to be allocated to another school. This should result in a reduction in redundancy costs.
Total Education Services & Inclusion			50	50	0	100	

Children's Services

Children's Services	17,471	Children's Services encompasses the Social Worker teams, Fostering, Adoption, Early Years, Family Support Services and specialist care provision	0	100	0	100	Continual review of services, maximising grant opportunities and managing vacant posts without putting the service at risk of not meeting its statutory function.
Total Children's Services			0	100	0	100	

Education & Children Total

50 350 140 540

Corporate Services

Financial Services

Accountancy	1,237	The provision of a decentralised accounting and financial management service, covering: <ul style="list-style-type: none"> • Technical Accounting (Preparation of final accounts, corporate accounting and taxation), • Management Accounting (Month end close, maintenance of financial records and budgeting) • Strategic Finance functions (projects, planning and financial advice to members) 	0	97	119	216	2022/23 - Increase in SLAs £50k; Restructuring £47k 2023/24 - Receiverships £50k; Restructuring £69k
Total Financial Services			0	97	119	216	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Revenues & Financial Compliance							
Audit & Risk	1,265	The Division's costs are primarily made up of staffing costs: Internal Audit, Risk Management / Insurance, Corporate Procurement Unit and Corporate Services Business Support Unit. Audit Committee have made consistent representations to maintain and strengthen the Internal Audit provision. The Risk Unit maintains the Corporate Risk Register and co-ordinates the approach to Risk Management across the Authority whilst also dealing with the Authority's Insurances (including management of all "live claims" made against the Council by employees and the public). The Corporate Procurement Unit supports Departments in ensuring cost effective legally compliant procurement of the array of goods and services utilised by the Authority's various Services. Finally a small Departmental Business Support Unit supports the whole Corporate Services Department's approach to Performance & Development work and the range of administrative requirements including FOIA and Appraisal Monitoring.	0	20	50	70	Income generation from work undertaken on behalf of external organisations.
Revenues & Benefits	Various cost centres within Division	Revenue Services Unit is responsible for the administration, billing and collection of Council Tax and Non Domestic Rates from householders and businesses, respectively. The unit also undertakes on behalf of all the Authority's departments, the billing, collection and recovery of miscellaneous income (known as Sundry Debts) as well as having responsibility for operating the Council's full time cash offices with the associated back-office income functions. In addition to these income collection functions, the unit is responsible for the administration of Council Tax Reduction scheme (formerly Council Tax Benefit) and Housing Benefit schemes which help low income households meet their rent and /or Council Tax. Although the Housing Benefits Fraud Investigation function formerly undertaken within the unit transferred to the Department for Work & Pensions in 2015/16 the service continues to investigate Council Tax Reduction fraud.	0	43	43	86	Evaluation and potential realignment of division following implementation of Universal Credit.
Rent Allowances recovered		Expenditure, which is subsidised by the Department for Work & Pensions, in respect of reductions in rent, granted to council and private tenants (i.e. tenants of private landlords and Registered Social Landlords) that are on low income	0	50	0	50	Increase income target to reflect the high efficiency of overpayment recovery.
Total, Revenues and Financial Compliance			0	113	93	206	
Corporate Services Total			0	210	212	422	

Communities**Leisure**

Pembrey Country Park	-42	Pembrey Country Park is one of the most visited outdoor facilities in Carmarthenshire and Wales, regularly attracting around half a million users annually. Whilst usage numbers have fluctuated this year with lockdowns and restrictions, the park was busier than ever during August, highlighting the value people put on great and safe outdoor spaces. The park has an 8 mile beach, a 320 pitch caravan and camping site, 550 acres of woodlands, a 130m long dry ski slope and toboggan run in Wales, along with a new Crazy Golf course, 9 hole pitch and putt facility, a miniature model steam railway, a riding centre, and the National Closed Road Cycle circuit and pump track.	15	38	0	53	Increased Income (parking / campsite / café /ski)
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DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Pendine Outdoor Education Centre	174	Pendine Outdoor Education Centre caters for up to 120 residential visitors at any given time, with a particular focus on primary school provision for Carmarthenshire schools. The experience is often the first opportunity for some young children to experience being away from home on a residential basis.	0	17	17	34	Increased income from Pendine Outdoor Education Centre (summer lettings)
Sports - all	530	There are 6 Leisure Centres in Carmarthenshire: Llanelli, Carmarthen, Ammanford, Llandovery, St Clears and Newcastle Emlyn. A variety of activities take place at these centres such as: Swimming, Diving, Canoeing, Fitness, Cycling, Badminton, Tennis, Table Tennis, Squash, Hockey, Netball, Basketball, Football, Rugby, Cricket, Gymnastics, Birthday Parties, Holiday programmes. There were over a million visits to the Leisure facilities in the past 12 months. Typically our Leisure facilities attract over a million per annum, collecting £4m in income. 2020/21 has seen usage numbers and income crippled to around 25% of normal levels as the coronavirus lockdown and restrictions affect trading. A new Actif Anywhere online service has been launched to compliment the physical offer at sites during this unprecedented period.	0	64	44	108	Increased income (more activity)
Llanelli Leisure Centre	195	Llanelli Leisure Centre is one of our largest sites, offering a range of activities including: Swimming, Diving, Canoeing, Water Polo, Fitness, Spin Cycling, Badminton, Tennis, Table Tennis, Squash, Hockey, Netball, Basketball, Football, Rugby, Cricket, Gymnastics, Birthday Parties, Holiday programmes. The current site has an ageing building infrastructure and a new, replacement leisure centre is proposed as part of the Pentre Awel Development at Delta Lakes. It is anticipated that the new centre can operate on an improved commercial basis, with a more efficient building and increased income generating capacity.	0	50	0	50	New Llanelli Leisure Centre improved trading position
St Clears Leisure Centre	110	Salix funding has been secured to invest in more energy efficient lighting at our leisure centres	4	0	0	4	St Clears Energy Efficiency saving from previously implemented project
Llandovery Swimming Pool	104	Salix funding has been secured to invest in more energy efficient lighting and the installation of swimming pool covers to reduce overnight heat loss at our leisure centres	2	0	0	2	Llandovery Pool Energy Efficiency saving from previously implemented project
Theatres	511	Y Ffwrnes, The Miners Welfare Theatre and The Lyric form part of the Theatres portfolio. We are planning to undertake carbon trust energy assessments of all Cultural buildings, with a view to reducing costs through more efficient use and management of energy.	0	5	0	5	Building Energy savings
Theatres	511	Carmarthenshire Theatres manage the Miners' Ammanford, Lyric Carmarthen and Ffwrnes Llanelli and promote a broad range of bi-lingual events and productions throughout the year for all age groups and interests. In previous years, in excess of 100,000 paying customers and participants visited and make use of our facilities, however, during 2020/21 Theatres have been hit harder than most services, not being allowed to open at all due to Covid restrictions. Prior to this financial year, Carmarthenshire's flagship theatre, The Ffwrnes, established itself as one of Wales's leading Cultural and Entertainment venues. Typical annual figures pre 2020/21 would have been as follows: 266 visiting companies and hirers; 400 performances/events; 74,130 attendances; 33,805 participants. Whilst costs and lost income are reclaimed through hardship funding grants for this financial year, the service has also innovated to develop new online products and shows, which will hopefully grow our audience base and income in future years.	7	10	6	23	Increased income - Theatres

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Libraries	2,544	Carmarthenshire libraries provide an extensive choice of books, DVDs, CDs, online services, newspapers and magazines. With over half a million books on offer between 3 regional, 13 branch and mobile libraries, the service offers invaluable support and access to Carmarthenshire residents. Public access computers and Wi-Fi are available at all libraries, and typically, the service issues over 600,000 books per year. The mobile service provides a valuable outreach services to rural parts of the County, linking up with various partners to deliver public information services online.	5	0	0	5	Procurement and cost efficiencies relating to stock and general operational costs
Arts	118	Arts venues include Oriel Myrddin Art Gallery in Carmarthen, Y Gat in St. Clears and the Dylan Thomas Boathouse, Laugharne	10	10	0	20	Arts Development general savings around operational costs
Dylan Thomas Boat House	35	Arts venues include Oriel Myrddin Art Gallery in Carmarthen, Y Gat in St. Clears and the Dylan Thomas Boathouse, Laugharne	0	2	2	4	Increasing income with additional marketing
Total Leisure			43	196	69	308	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Integrated Services							
Residential Placement - increased Extra Care tenancies	774	Extra Care facilities provide supported accommodation as an alternative to a residential care home placement. There are 4 extra care facilities (Cartref Cynnes, Ty Dyffryn, Plas y Môr and Cwm Aur) for older people. A domiciliary care service is provided to those tenants living in the Extra Care facilities who require care and support. The aim of Extra Care is to avoid or delay the need for a residential care placement. Residential care is provided in local authority and private sector care homes for individuals who can no longer live independently in the community. Depending on the nature of their needs, their placement may be made by the local authority or jointly with the health board, or entirely by the health board if they qualify for free continuing health care (CHC).	100	0	0	100	Reduce residential placements by increasing the number of extra care new tenancies
Domiciliary Care	13,329	Domiciliary Care is provided to 1069 individuals in the county in 2019/20 (Older people and people with physical disabilities). On average 11,630 hours per week are delivered by in-house and independent domiciliary care agencies. - Around 251 individuals receive care from two carers (known as "double handed" care). - In 2019/20, there were 174 individuals who receive a large package of care involving 4 calls per day. - Fulfilled Lives is a model of domiciliary care which has been developed for individuals living with dementia which has demonstrated that the service can maintain people living at home for longer than traditional domiciliary care. In 2019/20 there were 63 individuals receiving this service in some parts of the county, and the plan is to expand the service to cover the entire county. - The Reablement Service provides short term domiciliary care. The number of clients who received Reablement in 2019/20 was 530 and 55% leave the service with no long term care package. - Information, Advice and Assistance (IAA) and the Carmarthenshire United Support Project (CUSP) are both preventative services which support individuals to maintain their independence without the need for statutory social services. By increasing the proportion of referrals that go through IAA or CUSP, it reduces the demand on statutory services. - The specialist Continence service has been established within Community Nursing. By providing the right continence products to meet the individual's continence needs, it is possible to reduce the number of visits per day of domiciliary care.	218	912	849	1,979	-To reduce double handed domiciliary care packages to 18% by the end of 2021/22 from 25.4% in 2018/19. -To increase the percentage of clients exiting the Reablement Service with no long term care package from 44% to 55% by the end of 2021/22 To extend the Bridging Service across the 3 Community Resource Teams: 75 service users per quarter would receive this service -To reduce the number of clients receiving 4 or more calls a day by 11 per year - approx. 1% per year -To increase number of people with dementia receiving Fulfilled Lives service from 39 (March 2019) to 115 (March 2022) To reduce the number of clients receiving domiciliary care packages of less than 5 hours a week by 125 people (50%) in line with recommendations of Prof. Bolton -To increase the proportion of referrals receiving an Information, Assistance & Advice outcome to 20%, currently this equates to an additional 74 people per month). Assume this is achieved by increments of 1% from July to March in Year 1; Maintain in Year 2. -To increase the proportion of referrals receiving a preventative service through CUSP by an additional 5 people per month. Assume this is achieved by increments of 5 people from July to March in Year 1; Maintain in Year 2 - To reduce referrals to Brokerage from an average of 95 per month to 90 per month (5 fewer starters) - To provide specialist continence advice for identified service users to reduce the need for the existing level of domiciliary care (i.e. reduce one call per day)
Total Integrated Services			318	912	849	2,079	
Adult Social Care							
Shared Lives	834	Shared Lives provides placements for individuals with Learning Disability or Mental Health issues with families that have been approved as Shared Lives Carers .	82	182	100	364	Stepping down three individuals from residential care to a Shared Lives setting will save approx. £50k to £60k per individual
College Placement	6,525	A number of young people with a Learning Disability are accommodated in residential colleges where they live and undertake learning programmes and day activities.	0	52	52	104	Provision of supported living and community options for learning/development /day opportunities as an alternative to residential college will save approx. £52k per individual

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Financial Investigator	-239	A Financial Investigation Team has been set up to investigate illegal trading activity across the County, including on-line. Where illegal activity has been proved through the Court system we also implement the Proceeds of Crime legislation (POCA) that means we keep any profits that are made from this illegal activity are returned to a variety of statutory agencies. Any individual who has lost out can also be re-imbursed.	50	50	0	100	Additional income as a result of pro-active work carried out by our newly created Financial Investigation Unit.
Financial Investigator - additional saving	-239	A Financial Investigation Team has been set up to investigate illegal trading activity across the County, including on-line. Where illegal activity has been proved through the Court system we also implement the Proceeds of Crime legislation (POCA) that means we keep any profits that are made from this illegal activity are returned to a variety of statutory agencies. Any individual who has lost out can also be re-imbursed.	100	0	0	100	Additional income as a result of pro-active work carried out by our newly created Financial Investigation Unit. Additional £100k saving above original target
Total Homes & Safer Communities			150	50	0	200	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Support Services							
Support Services	2,127	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	34	26	0	60	Rationalisation of staffing structure with the Business Support Unit
Support Services	2,127	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	6	6	0	12	Reduction in Supplies and Services budgets, by reducing postage and printing costs.
Support Services - additional saving	2,127	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	9	0	0	9	Reduction in Supplies and Services budgets, by reducing postage and printing costs. Additional £9k saving above original target
Support Services	1,424	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	18	0	0	18	Review of Transport for service users, making better use of the buses available, and increasing contracted-in work
Support Services - additional saving	1,424	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	25	0	0	25	Review of Transport for service users, making better use of the buses available, and increasing contracted-in work Additional £25k saving above original target
Total Support Services			92	32	0	124	
Communities Total			1,268	2,304	1,497	5,069	

Environment**Business Support and Performance**

Business Support review	1,683	A further review of the departmental business support function will be undertaken during the next 3 years but this is dependent on system developments to enable more efficient processes.	0	22	40	62	Realignment of the Business Support Team delayed - all dependent on system developments to enable more efficient processes.
Total Business Support and Performance division			0	22	40	62	

Highways & Transport

Parking Services	(£1,226)	The County Council provides off street car parking facilities in towns and villages to support the expeditious movement of traffic to enable town centres to function. Parking supports these wider transport policy objectives and enables the authority to maintain highway and public transport services. There are 57 car parks across the county.	0	0	125	125	Parking services increase planned April 2020, but effected January 2021. Parking income is vulnerable due to the economic impact of COVID19, we can anticipate that income will reduce for the next 12 - 24 months. The charges will increase as approved but income will fall overall. It is difficult to predict the long-term impact of covid on town centres and therefore parking income.
Parking Services	(£1,226)	The County Council provides off street car parking facilities in towns and villages to support the expeditious movement of traffic to enable town centres to function. Parking supports these wider transport policy objectives and enables the authority to maintain highway and public transport services. There are 57 car parks across the county.	0	0	63	63	Cease gritting of Car Parks - there is no statutory obligation to grit car parks. Given the constraint on resources the Authority will be unable to continue with this service. However, the Authority will continue to grit in surgery car parks. An efficiency of £100k was approved in 20/21 but only £37k is deliverable therefore the remaining balance of £63k will be found in 23/24 .
Highways - operational	535	Carmarthenshire has the second largest highway network in Wales (3482 Km of highway) and is more than double the Welsh average of 1578km. We have the third highest traffic volume in Wales - in 2018 the wales average was 1.33 billion vehicle km/per year and Carmarthenshire were third at 2.06 billion (Cardiff 3.0 and RCT at 2.15 were highest).	10	0	0	10	Reduce light plant and tool inventory

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Highways - Gulley cleansing	400	The lifespan of our highway network is greatly influenced by having a good system of drainage to take surface water off the road and this also has important highway safety benefit. In the urban areas there will normally be a system of road gullies with connecting carrier pipes taking surface water to the nearest available watercourse. In the rural areas the drainage system will be a combination of road gullies and grips (channels through the highway verge) which are often connected to roadside ditches and again normally discharge to the nearest available watercourse. Around the highway network we currently have over 55,000 road gullies which we clean annually on a scheduled basis. Similarly, our aim is to recut grips on an annual basis prior to the winter season.	70	0	0	70	Rationalise Gulley Cleansing Operation - detailed intelligence on gully performance has been gathered to enable the service to prioritise the cleansing frequency.
Highways - winter gritting	850	Carmarthenshire has the second largest highway network in Wales and when winter conditions are forecast, pre-salting of our primary network is undertaken ahead of freezing temperatures to ensure the County continues to function. Fulfilling our duty (Highways Act 1980 S41 (1A)) to ensure, as far as is reasonably practicable, that safe passage along the highway is not endangered by snow or ice can be challenging when the timeframe for treatment is often limited. Weather conditions across the County are varied due to our location and topography and are not entirely predictable. To achieve this we focus on treating a Primary Network of approximately 1,040km of Carmarthenshire's roads, which equates to around 30% of the entire network including Trunk roads. Approximately 24% (836km) of the County road network is gritted as part of this Primary Network. The Primary Network includes Trunk and Primary Routes, Principal Roads leading to important locations and facilities and key operational routes such as:- Hospitals and Ambulance Stations, Fire Stations, Police Stations, key Bus Routes, Schools & Colleges.	23	23	0	46	Rationalise Winter Maintenance Operation - routes will be reviewed and reduced to achieve the reduction in expenditure.
Highways - Mechanical road sweeping	161	Mechanical road sweeping is a preventative maintenance measure to minimise impact of debris on drainage systems. The maintenance regime was reduced by fifty percent following the budget reduction in 2020/21. A further reduction next year will require the service to move to one of reactive response with no preventative maintenance.	93	0	0	93	Cease routine Mechanical Sweeping - the routine highways sweeping function will cease and only be provided on a reactive basis to cover emergency spills affecting the safety of the highway.
Highways - fallen trees	0	The highway network is extensive covering urban and rural areas. The highway network is bordered by green landscape and trees that have matured over many years.	15	0	0	15	Recharge costs for fallen trees on highway - the proposal is to recover costs from landowners for the costs incurred in clearing trees that have fallen on the highway.
Highways - town centre management	19	General maintenance of town centre highway infrastructure pedestrianised areas. High winds and general decay can cause trees to fall from private land onto the highway. Trees adjacent to the highway on private land are a landowner responsibility. Where trees fall and an emergency response is required it is proposed that a charge will be levied against the landowner.	0	0	19	19	Reduce Town Centre Management Budget (Minor structural works, paved areas, bollards, street furniture) - Savings delivered through reduction in proactive maintenance work by moving to reactive repairs in town centres.
Highways	365	Carmarthenshire has the second largest highway network in Wales (3482 Km of highway) and is more than double the Welsh average of 1578km. We have the third highest traffic volume in Wales - in 2018 the wales average was 1.33 billion vehicle km/per year and Carmarthenshire were third at 2.06 billion (Cardiff 3.0 and RCT at 2.15 were highest).Our 3500km highway network is subject to many external influences which cause the asset to deteriorate such as weather impacts and traffic loading. There is a backlog of carriageway maintenance works in Carmarthenshire equating to £36 million	0	30	0	30	Reduce General Maintenance Budget - subject to the financial position remaining unchanged the service will be forced to further reduce the level of general maintenance work.

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Highways - surface dressing	800	Surface dressing is a highway maintenance treatment used extensively by all highway authorities in Wales, UK and indeed many other countries around the world. Surface Dressing treatments have been used extensively across Carmarthenshire for a number of years with great success. Surface dressing is the prescribed treatment for prolonging the life of the carriageway surface and sub-structure. The authority carries out a large programme of surface dressing works each year. The maintenance procedure which involves the application of a bitumen binder sprayed onto the carriageway surface followed by a dressing of stone seals the carriageway and restores skid resistance. This operation prevents the ingress of water into the surface and sub-structure of the carriageway and prevents degradation and formation of potholes thereby substantially prolonging the life of the carriageway. The treatment also improves the safety of road users by increasing the skid resistance properties of the road surface which assists in reducing wet skidding accidents. Many roads across the whole of Carmarthenshire have benefitted from this treatment over the past 50 years. Carmarthenshire County Council has a large network of roads to maintain and surface dressing provides a cost effective solution for keeping the roads in a safe and serviceable condition ensuring continuity for public and business travel alike.	300	300	0	600	Reduce Surface Dressing & Pre SD Patching (Offset to Capital) . The proposal is to reduce revenue spend on surface dressing and patching through offsetting revenue to capital spend, subject to a sufficient allocation of capital budget or grant.
Public Rights of Way	433	The Countryside Access Team has responsibility for the Definitive Map and Statement of Public Rights of Way in Carmarthenshire which is the conclusive legal record. Public Rights of Way include footpaths, bridleways, restricted byways and byways open to all traffic. There are urban and semi-urban routes in towns and villages but much of the 1,500 mile network is out in the countryside crossing fields, farmland and open country. It's a fantastic leisure and recreational resource for the people of Carmarthenshire and visitors to the County with the Wales Coast Path and numerous other walking/riding and cycling routes on offer. Enforcement and legal issues associated with the implementation of the Rights of way Improvement plan.	0	0	4	4	Reduce PRow vehicles by 1
Public Rights of Way	as above	Carmarthenshire has the 4th largest Public Rights of Way (PRow) network in Wales. Maintaining and improving the network brings significant tourism value to the County. It is a statutory duty to keep the definitive plan for the County updated and to ensure PRow are open, accessible, and signposted.	0	7	14	21	Reduction in expenditure - Public Rights of Way
Highways - stopping up orders	0	Stopping Up Order are made when sections of the existing highway become redundant. This happens for example when a road improvement is undertaken, land within the extent of the original highway limit that has become redundant is then stopped up via a legislative process and reverts to the landowner. Where there is a formal request received from a landowner to Stop Up an area of highway land, the proposal is to charge the respective landowner the associated costs for undertaking this work.	5	0	0	5	Increase charges for Stopping Up Orders
Bridge Maintenance	543	Design, construction, maintenance and management of highway bridges and culverts.	0	24	0	24	Reduce Bridge Maintenance Revenue Budget - subject to the financial position remaining unchanged the service will be forced to reduce the level of maintenance work to reduce expenditure.
Service reconfiguration	net divisional budget of £21M	Highways and Transport Division	0	20	80	100	Divisional Service Reconfiguration - subject to the financial position remaining unchanged the service will be forced to reduce the level of staffing resource with the consequential impact on service.

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Road Safety	154	The Road Safety Unit is responsible for delivery of road safety initiatives to meet road casualty reduction targets. The unit has responsibility for road safety education, training and publicity, the School crossing patrol service, national driver improvement schemes and road safety outside schools.	0	30	30	60	Road Safety Innovation - the service will develop income streams and sponsorship.
Public Rights of Way	as above	The Countryside Access Team has responsibility for the Definitive Map and Statement of Public Rights of Way in Carmarthenshire which is the conclusive legal record. Public Rights of Way include footpaths, bridleways, restricted byways and byways open to all traffic. There are urban and semi-urban routes in towns and villages but much of the 1,500 mile network is out in the countryside crossing fields, farmland and open country. It's a fantastic leisure and recreational resource for the people of Carmarthenshire and visitors to the County with the Wales Coast Path and numerous other walking/riding and cycling routes on offer. Enforcement and legal issues associated with the implementation of the Rights of way Improvement plan.	10	0	0	10	PRoW Increase income from Path Orders - the service has targeted an increase in the number of Path Orders it processes to raise income.
Fleet Maintenance	-37	Provision of maintenance to the Authority's vehicle fleet in accordance with the Authority's Operators licence statutory obligations. Costs are recovered through fixed maintenance rates.	0	20	0	20	Potential additional income from fleet maintenance - the service will look to expand the amount of chargeable work through MOT station for example
Total Highways & Transport division			526	454	335	1,315	

Planning

Development Management	606	<ul style="list-style-type: none"> The Development Management Unit manages the statutory planning application process (including pre-application and also discharge of conditions and variation of conditions post approval). The Unit deals with between 1700 and 1900 applications on average each year (roughly 150 cases per annum per Officer). The unit is also responsible for planning enforcement matters including enforcement of planning conditions and unauthorised development and built conservation matters, dealing with roughly 500 cases per annum. 	0	10	0	10	Additional predicted income from new statutory pre-application service.
Divisional review	net divisional budget of £2.3M	Planning division	0	35	35	70	Review of divisional management arrangements
Total Planning division			0	45	35	80	

Property

Property Maintenance	2,587	This division is responsible for the day-to-day and long term repairs & maintenance of the council's estates including schools, administrative buildings, depots etc.	56	54	0	110	Over 98% of the budget for the Property Division comprises the Revenue Maintenance Budget. Efficiencies are proposed to be met through reducing expenditure on revenue maintenance across the Council's buildings following disposal of some properties and previous capital improvements undertaken to others. We are also aiming to make savings through new procurement arrangements and seeking to in-source areas of work where it is more cost effective than using external contractors or consultants.
Divisional review	-284	This division is responsible for the day-to-day and long term repairs & maintenance of the council's estates including schools, administrative buildings, depots etc.	50	50	0	100	Additional income generation based on in-house expertise available to public sector partners and other markets as appropriate.
Total Property division			106	104	0	210	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Waste & Environmental Services							
Reduction Black bag waste	7,365	Targeted campaigns to reduce waste and increase the awareness and use of all recycling schemes/initiatives. It is anticipated that this will result in the diversion of waste from the residual waste stream to the recycling waste stream, thereby realising savings due to the differential in the treatment costs as set out.	0	35	35	70	Anticipated savings due to differential in gate fee between blue bag and black bag treatment as a result of proposed kerbside black bag restrictions.
Bring sites - Operational	410	Bring sites are located across the County to provide recycling facilities within communities.. They currently cater for glass, paper and cans in the main.	0	74	0	74	Potential to reduce the number of service vehicles due to fewer Community Bring Sites being operated. This will be dependent on outcome of Waste Collection methodology review.
Waste Services - operational	2,852	The operational budget includes for the provision of resources, including vehicles and premises to effect the kerbside waste collection service.	0	200	0	200	Review of waste rounds and depot utilisation, subject to the conclusions of the kerbside collection methodology review.
Cleansing	2,273	The County Council maintain over 3,500km of roads throughout the County. The Cleansing Service provides for the sweeping and de-littering of streets and footways. The service includes mechanical sweeping of highways, footways and pedestrianised town centre areas, hand litter picking and emptying bins, chewing gum removal, graffiti and illegal poster removal, clearing up illegal dumping of rubbish and dog mess. On average the County Council removes around 40 tonnes of litter every week, the equivalent of 5 elephants.	0	55	90	145	Phased rationalisation of plant (sweepers) and labour (agency), dependent of outcome of cleansing review.
Playground maintenance	1,200 (total grounds maintenance)	The Grounds Maintenance Section incorporates the direct responsibility of managing and maintaining parks and playgrounds, inland water areas and a large number of public open spaces within Carmarthenshire. It also maintains grounds for many other departments of the County Council such as Social Care and Housing, Cultural Services, Education and many individual schools. The Section also has numerous external clients such as Town and Community Councils and private sports clubs.	27	0	0	27	Redistribution of work internally due to reduction in playground service requirements and therefore making less use of agency resource.
Flood defence	336	Design, construction, maintenance and management of flood defence works. Investigation of causes of flooding.	0	5	0	5	Reduction in maintenance work on flood defence assets.
Income - charge for sustainable drainage advice.	6	In January 2019, under the requirements of the Flood and Water Management Act 2010 (Schedule 3) Carmarthenshire County Council became a Sustainable Drainage Approved Body (SABs). The SAB will be required to review and approve applications for all development that have 'drainage implications' and adopt these systems once the SAB is satisfied that, if constructed, the drainage system is compliant with the sustainable drainage (SuDs) National Standards.	10	0	0	10	There are already set charges for receiving and approving SuDs applications. However, there is an opportunity to charge for advice on SuDs at the pre-application stage and recover costs already expended in officer time in giving such information to external developers on sustainable drainage options - it is currently estimated that 30% of one officer's time is spent on this.
Environmental Enforcement	534	The Environmental Enforcement section is responsible for providing enforcement activity in relation to environmental crime. This includes matters relating to dog fouling, litter, fly tipping, waste carrier offences, domestic and business waste offences, abandoned vehicles, anti-social behaviour for example graffiti, highways offences and skips and scaffolding. Enforcement is effected by means of formal notices, fixed penalty fines and prosecutions.	0	0	30	30	Potential income generation and / or SLA agreements with neighbouring authorities
Grounds maintenance - Reduced sub-contractor work	1,200	The Grounds Maintenance Section incorporates the direct responsibility of managing and maintaining parks and playgrounds, inland water areas and a large number of public open spaces within Carmarthenshire. It also maintains grounds for many other departments of the County Council such as Social Care and Housing, Cultural Services, Education and many individual schools. The Section also has numerous external clients such as Town and Community Councils and private sports clubs.	0	0	15	15	Reduce the reliance on sub-contractors through greater internal efficiencies.
Review of staffing	net divisional budget of £21M	The budgets that make up the management structure of the Waste and Environmental Services staffing structure.	0	55	0	55	Review management structure.
Total Waste & Environmental Services			37	424	170	631	
Environment Total			669	1,049	580	2,298	

DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	

Education & Children

School Improvement	1,261	The Council is obliged to employ a notional number of officers to provide a School Improvement Service to meet the needs of our schools. With a reduced number of schools it is possible to review this notional figure.		0	130	130	Reprofiled to post election to allow implementation of programme. Reduction in School Challenge Advisor levels equivalent to 1 FTE on the basis that the school rationalisation programme has progressed.
Education Otherwise than at School	1,866	This service meets the needs of learners who, due to a wide range of often complex behaviour and engagement issues, cannot access education in mainstream schools. These learners require a bespoke and specialist package of support.	0	50	0	50	Under this proposal, the council will increase the partial recoupment from schools (to consider more elements of the placement e.g. officer time, administration, monitoring, progress reviews etc). Currently, the Council only recoups the pupil funding element from the pupil's main school.
Children's Services- Education and Child Psychology	894	The Educational and Child Psychology Service use the psychology of how people learn, behave, think and feel to help support children and young people to reach their potential. They work mostly in schools but also in preschool settings, at home, in foster homes and in respite care settings.		100	0	100	This has been delayed from 2020-21 due to covid pressures and will now be actioned from April 2022. Reduce the number of Education and Child Psychologists and reconsider structure utilising grant funding where possible to maintain sufficient support.
Catering Services - primary school breakfasts	827	The Catering Service delivers the Welsh Government's free primary breakfast initiative to all those primary schools in Carmarthenshire that request it. Savings have been delivered in the last 2 financial years by remodelling the staffing level.	0	50	0	50	This has been delayed from 2020-21 due to the implications of Covid and reprofiled allowing time for schools to get back to normal. Review Breakfast Club provision to distinguish between catering and care element of the service & introduce a voluntary parental contribution towards the care element (20 families paying £1 per day in 30 schools would be £114k per annum). The LA is responsible for providing a free breakfast for which supervision is required for approximately 20-30 minutes on average. However, the catering service currently provides the supervision for an extra 15-40 minutes, for which a voluntary contribution has just been introduced to help sustain this facility, which allows for earlier pupil drop off in the mornings. Parents / Guardians in receipt of Free School Meals or struggling financially need not make a voluntary contribution.
Additional Learning Needs	650	A review of all specialist settings and provision in light of the impending ALN Transformation and our Behaviour Services Review with the aim of upskilling school staff to deal with a range of ALN and implement our Inclusion Policy	0	70	30	100	This has been reprofiled from 2021-22 to allow for implementation post covid recovery with an intended commencement of Sept 2020. Maintain the Teaching complement to work on an outreach basis so that the pupils attend their local school and benefit from the additional support which could therefore become more widespread. It is expected that the TAs could be redeployed as part of the development of the centrally coordinated SEN support pool releasing part of this specific budget area.
Departmental - across Education Services	14,596	The majority of the Services' budgets are for the support, administration and management of the schools - School improvement, Grant support, Data, Admissions, School Meals, Music Service, ALN, safeguarding to name a few	0	0	300	300	Reprofiled to post election to allow implementation of programme. Rationalising of Primary Schools will enable a reduced level of support to function appropriately with fewer sites. The savings would actually be managerial as service provision would not be reduced, however it is a policy decision that would enable this efficiency to be delivered

Education & Children Total			0	270	460	730	
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Schools Delegated Budget

Primary School Delegated Budget	61,222	<ul style="list-style-type: none"> This is the budget delegated to every school under the Fair Funding formula. The budget is to meet all the costs associated with running a school e.g. staff costs, premises costs, SEN specialist support, Service Level Agreements for specific services such as HR, IT, Legal, Grounds Maintenance, Music. 		250	500	750	Reprofiled to post election to allow implementation of programme. It is proposed that we review our primary schools footprint identifying schools that are disproportionately expensive to operate and finding it challenging to sustain educationally effective teaching and learning structures due to low pupil numbers. Through carefully selected decommissioning and strategically driven school federations the primary school estate could be reduced. Rationalising the number of schools will improve the financial stability of the remaining schools and reduce demands on a range of County Council services e.g. Finance, HR, catering, cleaning.
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Schools Delegated Budget Total			0	250	500	750	
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Communities

Day Services	3,667	LD & MH day services currently provide support for approximately 300 individuals across the county utilising 9 different sites. The services provide opportunities for individuals to receive therapy, maintain their health and wellbeing, gain skills, socialise whilst also providing respite for carers. The review of day services has highlighted the need to develop community options and specialist services which will see a decline in the use of building based services. This will provide opportunities for us to develop intergenerational services in partnership with adult services within Coleshill and Manor Road and vacate the premises at Cross Hands.	50	0	35	85	Reduction of one building and more efficient use of current estate in community inclusion
Y Gât (St Clears)	57	Arts venues include Oriol Myrddin Art Gallery in Carmarthen, Y Gât in St. Clears and the Dylan Thomas Boathouse, Laugharne Y Gât (formerly known as St. Clears Craft Centre) is an arts facility that also hosts the local library and an in-house catering facility. The facility has an open gallery / shop area along with conference rooms facilities and studio spaces for local artists to hire.	0	45	0	45	The Council will consult on a new purpose for the site, and explore the possibility of partnership working and alternative delivery models with St Clears Town Council and other interested parties. A review undertaken has found that the facility is unlikely to be viable in its current operational format.
Residential placements - self funding administration fee	0	Under the Social Services and Well Being Act, people are entitled to have their residential placement commissioned through the local authority. The local authority is entitled to make a reasonable charge for the work required to commission the placement. To date Carmarthenshire County Council has not charged for this work although neighbouring authorities already do charge.	0	0	60	60	To make a charge of £1,000 to individuals who are self-funding their placement, per annum. The proposal would need to be approved by Council.

Communities Total			50	45	95	190	
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DEPARTMENT	2020/21 Budget	FACT FILE	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
Environment							
Waste & Environmental Services							
Household Waste Recycling Centres (HWRC)	total budget for Waste is £16M	There are currently four HWRCs located across the County that serve all communities. The HWRCs are open 7 days a week. The waste recycled at the sites account for a significant proportion of Carmarthenshire's overall recycling performance.	0	0	50	50	Reduce opening days of Household Waste Recycling Centres - exact days and sites to be based on data-driven useage.
Public Conveniences	367	Operation and daily servicing of 16 public convenience facilities located throughout the County. The main aspect of the service relates to the stock of 9 facilities that are operated by an external service provider, Danfo Ltd. These 9 facilities are termed "superloos" for which there is a charge for use. These are spread across our three main towns (Ammanford (1), Llanelli (2) and Carmarthen (2)) and four rural towns (Laugharne, St Clears, Llandeilo and Llandovery). The remaining facilities are in the main related to tourist areas. This service does not include facilities provided by other departments as part of their specific service assets e.g. Pembrey Country Park.	23	0	0	23	Increase charge from 20p to 40p for Superloos.
Commercial opportunity - income from Japanese Knotweed Treatment (net)	total budget for Grounds £1.2m	The grounds maintenance team arranges the treatment of Japanese Knotweed with respect to its own assets and other landownership across the Council.	0	0	10	10	Potential to treat knotweed for external clients, subject to wider corporate consideration on commercial activity that service departments can undertake.
Total Waste & Environmental Services			23	0	60	83	
Environment Total			23	0	60	83	

Demographic, Legislative or continuing pressures

APPENDIX C

	Description	2021-2022 £'000
Legal staffing	Additional Assistant Solicitor to support additional social care caseload	62
ICT	Laptop replacement scheme	200
Total for the Chief Executives Department		262
Modernising Education Team	Provide core funding for team which has been reserve funded historically	50
Transforming 14-16 Learning pathways & Young Apprentices	Continuing work previously grant funded - partnership working, curriculum choice, developing links, helping to reduce NEETs.	100
WESP Strategy implementation	Revenue funding to staff 4 Welsh language immersion centres (WG capital grant) - 3 on line Sept 2020, 4th from Sept 2021 (£100k). Training & development if Welsh within schools moving along the continuum (£50k)	150
Total for the Education & Childrens Department		300
Demographic Pressure 3.6% population growth 75+	Based on Welsh Government forecasts on population growth for over 75 age group and anticipation of increased intensity of care needs	1,410
National Living Wage pressure on Commissioned care	Actual increase to £8.91/hour (below OBR previous forecast)	1,000
Increase in Mental Health referrals	Substantial increase in Mental Health referrals - data under review currently	500
Total for the Communities Department		2,910
Community Benefits officer	To ensure suppliers comply with community benefits commitments	43
Total for the Corporate Services Department		43
AHP Collection	Balance of pressure which received part year funding in previous budget	90
Cleansing	Enhanced resource targetted to areas of additional need for cleansing/fly tipping removal - to improve the Local Environment Quality	38
SWMG Grant reduction	£1m reduction in Sustainable Waste Management Grant which funds core service	55
Reservoir maintenance	Reservoir maintenance	60
Ash die back	To enable continued work in response to Ash Dieback	169
Planning service	Additional funding for planning officers following service realignment - including increased resource for landscape, built heritage and training	166
School transport	Above inflation increases in contractor pricing following competitive tendering as well as demographic growth	400
Flooding / Drainage	Additional investment into Flood and Coastal Defences combined with Enhanced drainage cleansing / repairs to mitigate adverse weather impact	93
Highways	Investment into Hotbox, improved resourcing to coordinate adverse weather events and investigative works	103
Total for the Environment Department		1,174
Sub Total - Departmental Allocations		4,689
Social care - Covid & Brexit contingency		500
Corporate Pressures Contingency - initial allocation		
- Schools	500	
- Parking	150	
- Leisure & Culture	150	
- Commercial Estate	200	
		1,000
TOTAL		10,000

Tudalen 79

Mae'r dudalen hon yn wag yn fwriadol

Y BWRDD GWEITHREDOL
22^{ain} CHWEFROR 2021

**RHAGLEN GYFALAF PUM MLYNEDD (CRONFA'R CYNGOR) -
 2021/22 - 2025/26**

ARGYMHELLION Y BWRDD GWEITHREDOL:

Bod y Bwrdd Gweithredol yn ystyried ac yn argymhell i'r Cyngor Sir:

1. Y rhaglen gyfalaf pum mlynedd a'i ariannu yn unol ag Atodiad A, gyda chyllideb 2021/22 yn un bendant a chyllidebau 2022/23 i 2025/26 yn rhai mynegiannol.
2. Bod y rhaglen yn cael ei hadolygu, fel sy'n arferol, os na cheir y cyllid allanol neu o'r cyngor sir a ragwelwyd.
3. Cymeradwyo'r strategaeth gyfalaf (Atodiad D), a
4. Dirprwyo i'r Cyfarwyddwr Gwasanaethau Corfforaethol, mewn ymgynghoriad â'r Prif Weithredwr, Arweinydd ac Aelod o'r Bwrdd Gweithredol dros Adnoddau, i wneud unrhyw newidiadau sy'n angenrheidiol o ganlyniad i setliad terfynol Llywodraeth Cymru ar 2 Mawrth.

Y RHESYMAU:

Galluogi'r Awdurdod i gytuno Rhaglen Gyfalaf Pum Mlynedd 2021/22 i 2025/26.

Ymgynghorwyd â'r pwyllgor craffu perthnasol - DO

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES
Angen i'r Cyngor wneud penderfyniad OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO: Cyng. David Jenkins

Y Gyfarwyddiaeth:

Enw Cyfarwyddwr y
Gwasanaethau Corfforaethol:

Randal Hemingway
Awdur yr Adroddiad:
Adrian Armstrong

Swydd:

Pennaeth Gwasanaethau
Ariannol

Rhif ffôn: 01267 224886

Cyfeiriad E-bost:

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maarmstrong@sirgar.gov.uk

EXECUTIVE SUMMARY
Executive Board
22nd February 2021

**FIVE YEAR CAPITAL PROGRAMME (COUNCIL FUND) – 2021/22
TO 2025/26**

The report brings together the latest proposals for the five-year capital programme 2021/22 to 2025/26, taking account of the consultation exercise undertaken and the revenue implications arising from the programme.

The proposed gross expenditure on the capital programme for 2021/22 is £133.347m with the projected funding being £63.854m from the county council's own resources through the use of borrowing, capital receipts, reserves and general capital grant and, the balance of funding of £69.493m coming from external sources. These figures include projects delayed in 2020/21, mainly because of Covid-19 restrictions, that have been carried over and build into the budgets of future years.

The capital programme is projected to be fully funded over the five years.

It includes projected expenditure on the Swansea Bay City Region Deal projects against which the authority will borrow, with the funding being returned from both Welsh and UK governments over a fifteen-year period (from 2018/19).

The authority's capital strategy, required by the prudential code for capital finance in local authorities, has been updated and sets out the long-term context in which capital expenditure and investment decisions are made. It gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The capital strategy covers expenditure on both Council Fund and HRA capital and is included as Appendix D.

DETAILED REPORT ATTACHED?

YES

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore** **Director of Corporate Services**

(Please specify the outcomes of consultations undertaken where they arise against the following headings)

1. Scrutiny Committee

Policy & Resources Scrutiny Committee has been consulted.

2. Local Member(s) N/A

3. Community / Town Council N/A

4. Relevant Partners N/A

5. Staff Side Representatives and other Organisations N/A

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

YES

Include any observations here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2020/21 – 2024/25 Capital Programme		Corporate Service Department, County Hall, Carmarthen. On-line via corporate website – Minutes of County Council Meeting 3 rd March 2020.
2021/22 – 2025/26 Capital Programme		Corporate Service Department, County Hall, Carmarthen.

REPORT OF DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD

22nd February 2021

FIVE-YEAR CAPITAL PROGRAMME – 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26

DIRECTOR & DESIGNATION	DIRECTORATE	TELEPHONE NO.
C Moore, Director of Corporate Services	Corporate Services	01267 224120
AUTHOR & DESIGNATION	DIRECTORATE	TELEPHONE NO.
R Hemingway, Head of Financial Services	Corporate Services	01267 224886

1. INTRODUCTION

- 1.1. This report provides members with a view of the five-year Capital Programme 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26.
- 1.2. This report reflects the position following consultation and sets out the proposals for the authority's capital programme for the next five years.
- 1.3. Since consultation this report has been updated to reflect additional external funding available, some of which are subject to final approval from the relevant funding bodies.
- 1.4. The authority is required to approve a rolling capital programme each year as part of its budget setting process. This facilitates forward planning and is consistent with the requirements of the Prudential Code in terms of financial planning and funding while assisting officers in bidding for external funding.
- 1.5. The Executive Board needs to consider the detailed proposals within the report and approve the recommendations in accordance with council policy.

2. CONSULTATION

- 2.1. The detailed provisional capital programme (**Appendix A**) was presented to the Policy and Resources Scrutiny Committee on 3rd February 2021 to seek their views on the proposals. An extract from the relevant Committee meeting minutes is appended (**Appendix C**) for information.

3. BACKGROUND

- 3.1. Last year the authority agreed a fully funded five-year capital programme 2020/21 to 2024/25 which was approved at County Council on 3rd March 2020.
- 3.2. 2020 was an unprecedented year. The response to the Covid-19 pandemic has given rise to the need to reprioritise our capital strategy and capital programme to reflect the desire to boost local businesses and local economies. Given the significant pressures on budgets it has been necessary to make capacity in the current five-year capital programme to enable any new priorities to be accommodated and for new projects to go ahead. The capital programme was revisited by the Strategic Assets Steering Group (SASG) and the Corporate Management Team. Departments also submitted proposals for new urgent projects for the programme. Projects have been assessed and prioritised with only the highest priorities being included in the programme (due to available funds). Officers in analysing the capital programme have flagged projects that are not contractually committed and which could be stopped, re-phased or down-sized.
- 3.3. The proposed capital programme is attached in Appendix A and shows the anticipated expenditure and sources of funding over the five year period.
- 3.4. The proposed Capital Programme and Funding is based on Welsh Government's (WG) Provisional Settlement. The Final Settlement is particularly late this year, mainly due to the timing of the Comprehensive Spending Review. The Final Settlement is due on 2nd March and it should be noted that whilst no changes are expected, should there be any amendments in the funding figures issued by Welsh Government (WG), that Executive Board is asked to delegate to the Director of Corporate Services to adjust the programme accordingly, in liaison with the Chief Executive, Leader and Executive Board member for Resources. Similarly, delegated authority to update the programme is sought should any other award of grant funding be received at the same time, for example, transport grants, again in consultation with the same.

4. PRIORITIES

- 4.1. The current Corporate Strategy sets out the Authority's strategic priorities, aspirations, overarching themes and core values, and the programme has been developed in line with these, whilst also recognising the priorities that have come forward as a consequence of the pandemic.
- 4.2. The proposed capital programme of £258m over the five years is aimed at delivering a number of key projects that will create jobs and improve the quality of life for the people of Carmarthenshire.

As part of the response to the Covid-19 pandemic, officers have developed a programme of business initiatives to help regenerate local towns and boost their economies. These are accommodated in year 1 of the proposed programme.

The key investments within the programme are:

	£m
Schools	87
Housing (Non HRA)	11
Leisure & Culture	3
Regeneration	93
Regeneration Covid Response	4
ICT	4
Environment & Property	56

5. FUNDING

The provisional settlement received from the Welsh Government (WG) allocated capital funding of £11.866m for the Authority in 2021/22. This is made up of Unhypothecated Supported Borrowing of £5.925m and General Capital Grant of £5.941m. In 2020/21 the General Capital Grant included an additional award of £1.3m which was not guaranteed to continue. The additional amount has now been consolidated into the annual award. The main capital allocation for the County has increased by £32k on 2020/21.

Recognising the experience of recent years WG capital funding, as well as indications from Westminster of increases in capital investment (which would likely lead to WG Barnett consequential), our assumption on general capital funding has been maintained for future years.

- 5.1. The level of capital receipts funding included within the programme has been revised in line with latest estimates. General capital receipts of £5.2m will be applied over the five year period. It should be noted that there may be a need to amend future capital programmes if there is a shortfall in expected receipts.
- 5.2. The use of earmarked reserves was approved as part of previous year's reports and were included as funding for the current capital programme. In total some £47m of reserve funding is included over the five years of the programme. £1m of this reserve funding is from the Resetting Services (Post Covid 19) Reserve.
- 5.3. Within the Modernising Education Programme (MEP) additional resources have been approved in recent years for the Band A 21st Century Schools projects. (This was in response to a request by

the WG to bring forward their Band A projects for completion by 2018/19.) This investment includes supported borrowing, earmarked reserves and capital receipts and is part of the County Council's 50% contribution towards the Band A projects with the balance in funding coming from the WG.

The Band B programme runs from 2019 to 2026, with an estimated programme value of £129.5m for Carmarthenshire. This will require LA contribution in the region of £36.5m capital funding of which, £23m has been allocated in the programme to 2025. WG introduced a contribution level of 65% towards Band B projects, with the County Council's contribution now being 35%. Special Schools have a 75% WG contribution rate. The £129.5m allocation includes £25m for the Mutual Investment Model (MIM) projects for which the LA is required to contribute 19% from revenue funding. The Mutual Investment Model is an alternative funding model developed by Welsh Government, which takes account of the whole life costs of the education building and is funded through a revenue contribution of 19% and WG grant funding of 81%. The Authority will need to monitor closely the development of this programme in order to ensure that funding is available to cover the projects as they are committed.

- 5.4. Funding from external parties in the form of grants for the whole of the capital programme is currently expected to be in the region of £73m. There is also £46m of funding for the City Deal Projects
- 5.5. As part of the provisional annual settlement from Welsh Government, funding was made available on an all Wales basis for the following areas:
 - Public highway refurbishment grant - £20m. We have assumed an award of £1.498m based on last year's allocation.
 - Local Transport Fund and Resilient Roads Funds – Carmarthenshire will bid for funding from these grants and any successful awards will be added to the capital programme in due course.
 - Ultra-low Emissions Vehicles Transformation - £28m. Carmarthenshire will be bidding for projects under this funding.
- 5.6. As per the Medium Term Financial Plan it is proposed that £1m in the form of direct revenue funding will be put towards the Covid-19 response package, which is deemed essential to assist with economic regeneration.

6. CAPITAL PROGRAMME 2021/22 TO 2025/26

- 6.1. When the capital programme was approved at County Council on 3rd March 2020 it was fully funded. The new capital programme again remains fully funded, however, it should be noted that cumulatively years 4 and year 5 have additional funding capacity of £4m to be allocated. This will be reviewed and prioritised as future programmes are developed.

Community Services

- 6.2. Within Community Services the capital programme material investments have been made in leisure in recent years. This year there is an ongoing commitment to cultural services.
- 6.3. The most significant of these is a £1.9m investment into Oriel Mryddin. This will deliver a gallery of national importance, aligned with the Arts Council of Wales dispersed model of galleries across Wales. It is envisaged that the completed gallery could display national collections. This will broaden access to the arts and contribute to Carmarthenshire as a tourist destination.
- 6.4. In 2025/26 within Private Sector Housing, further funding is provided for Disabled Facility Grants £2m.

Environment

- 6.5. For 2025/26 further allocations to existing rolling programmes of work are included such as Highway Improvements £600k, Bridge Maintenance £400k and Road Safety Improvement £250k.
- 6.6. Council funding on Highway Maintenance will continue to be bolstered in 2021/22 through a Road Refurbishment Grant provided by WG of £1.498m.
- 6.7. £1m is allocated for urgent works to the Trebeddrod reservoir in Llanelli in recognition of our responsibilities under the Reservoir's Act 1975.
- 6.8. £300k is made available to realign the coastal path at Morfa Bacas because of erosion. This ensures that the path will continue to be available for residents to enjoy.
- 6.9. £800k is committed to the upgrade of public highway lighting columns. £400k in 2024/25 and £400k in 2025/26, this will be the start of a longer term rolling programme.
- 6.10. £300k is made available for the upgrade of farm slurry infrastructure on Council owned sites in year 4, following new Welsh Government regulations.
- 6.11. Significant investment, over £2m, has already been made in the Towy Valley Path with the council's resources being match funded by approximately £1.6m from the Welsh Government. Whilst the

Authority remain firmly committed to this project, external funding, which is required for this project, has been difficult to secure, as such it is suggested that the council reduce its own funding commitment until such time as further Welsh Government support becomes available.

- 6.12. Significant investment has also been made in road safety. Funding at £250k per year will continue in this area, although this is some £225k lower over the five years than in previous programmes. This funding will be diverted to support the economic stimulus package.
- 6.13. Recognising the backlog of works across the council's operational estate, it has been possible to make the following additional allocations:
- £2.5m was provided across the five years of the previous programme to complete essential works to County Hall, including upgrades to alarm systems and other mechanical and electrical works, a further £500k is awarded and the works accelerated to years 1 and 2 of the programme.
 - An additional £700k is provided for health and safety works to Ty Elwyn bringing the total investment to £1.2m.
 - The provision for capital maintenance across our wider estate has been revisited. It is proposed to continue investment in Capitalised Maintenance at £15.4m across the programme instead of the £16.5m in the previous programme. The funding being repurposed to provide investment in a regeneration package to help the local economy in response to the Covid-19 pandemic.
- 6.14. A five-year Fleet Replacement Programme for £11.5m is included to ensure that vehicles and plant machinery assets are replaced when they reach the end of their viable economic life. The funding for this capital spend will be provided directly from revenue budgets of the service users via prudential borrowing.

Education and Children

- 6.15. In the Education and Children Services capital programme, the MEP includes the continuation of the 21st Century Schools improvement programme. Schemes are funded jointly by Welsh Government grant and the Authority. Owing to known and likely external factors some schemes have been interchanged between Bands A and B of the programme to ensure external funding is fully utilised.
- 6.16. The MEP programme continues to include schemes to a total value of £25m which will be supported through the MIM funding approach.

Chief Executive

- 6.17. ICT services are crucial to our future ways of working, therefore, the £3.7m allocated across the programme is maintained . This includes annual funding of £200k to support digital transformational projects across council services, aligned with the council's TIC work programme. The County Council will also see the benefit of the Swansea Bay City region Digital Project across the County.

Regeneration

- 6.18. The Transformation Strategy Project Fund has been allocated a further £1.5m of County Council funding for 2025/26, with the expectation that this will lever in a further £3m in external monies.
- 6.19. In recognition of the Climate Emergency declared in 2019/20 £500k was allocated to decarbonisation projects in the previous programme. This funding will now be utilised to provide a fund for third party grants to businesses, throughout the county, to support renewable energy initiatives to reduce their carbon footprints. It is hoped that this will act as a catalyst for further private sector investment in this area.
- 6.20. Included within Regeneration (City Deal) is the budget for the Llanelli Area Review. Including funding allocated in previous years, the total budget for this scheme stands at £7.0m and will form part of the council's contribution to the Pentre Awel Wellness Project.
- 6.21. An economic stimulus package of £3.7m to support local business in response to the Covid-19 pandemic has also been identified as a priority as the County moves forward and recovers from the Pandemic, this has been included in the provisional programme and is designed to support the local economies throughout the county, it includes:
- £1.2m Targeting Regeneration investment.
 - £1m Commercial Property Development Fund.
 - £1m Ten Towns Growth Plan – Supporting businesses in the counties satellite towns.
 - £500k towards the Rural Enterprise fund.

This has been accommodated by reprioritising other projects within the capital programme, as mentioned above, and repurposing the funding and from the additional funding from the Welsh Government. A comprehensive breakdown of the economic stimulus package is detailed in Appendix B.

Also included within the Regeneration (City Deal) is the budget for Llanelli Leisure Centre. This budget includes funding from a trust

(£1m), towards a Hydrotherapy Pool and links in the with Joint Venture support from the Llanelli Coast JV project.

The Capital Programme includes the proposed expenditure on the two capital City Deal Projects. This expenditure, whilst being incurred by the Authority will be repaid to the Authority over a 15 year period by both Welsh and UK governments. The structure of the City Deal projects is that WG expects the Authority to deliver the projects and raise the funding through borrowing which will then be repaid by grant over the next 15 years. The projects or the Authority will need to accommodate the interest payments on this borrowing. The two capital projects the Authority will deliver are Pentre Awel and Yr Egin.

Development of Pentre Awel will require upfront investment for site infrastructure costs, to be financed from borrowing. Funding will be subject to income flows from different elements of the project, with borrowing not to take place until these are secured. This mechanism will be part of the wider business case, which will be subject to member approval at the appropriate time.

The County Council will also have an input into the Regional Projects of the Swansea Bay City Region.

Reserve Projects

6.22. There remains a large number of schemes on the reserve list, which were presented as part of the previous budget setting process, which it has again not been possible to provide funding for at this time. Projects on this list include:

- Additional investment into highways maintenance & infrastructure.
- Investment in waste treatment infrastructure changes to facilitate future service changes
- Additional funding required to complete the Tywi Valley Path
- Additional Disabled Facilities Grants annual allocations
- Wider investment into Leisure and culture facilities.
- Covering the current shortfall on overall council funding required to complete the 21st Century Schools Band B programme.

Unless and until further funding sources are identified, it is only possible to consider such additions to the capital programme if current schemes are removed or reduced.

7. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

7.1. In considering the capital programme, members need to take into consideration the requirements of the Wellbeing of Future Generations (Wales) Act 2015. The Act requires the public bodies to carry out development sustainably, improving the economic, social, environmental and cultural well-being of Wales.

‘... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’

7.2. In doing so, we must demonstrate the following five ways of working:

- i. Looking at the long-term so that we do not compromise the ability of future generations to meet their own needs
- ii. Understanding the root causes of issues to prevent them recurring
- iii. Taking an integrated approach so that we look at all well-being goals and objectives of other services and partners
- iv. Working with others in a collaborative way to find shared sustainable solutions
- v. Involving a diversity of population in decisions that affect them

7.3. The Act identifies seven well-being goals and provide a shared vision for public bodies to work towards. We must work towards achieving all of them.

- i. A prosperous Wales
 - ii. A resilient Wales
 - iii. A healthier Wales
 - iv. A more equal Wales
 - v. A Wales of cohesive communities
 - vi. A Wales of vibrant culture and thriving Welsh Language
 - vii. A globally responsible Wales
- 7.4. Our well-being objectives are designed to maximise our contribution to achieving the seven well-being goals of the Act.
- 7.5. All projects within the programme have been assessed and scored with the five ways of working, the seven goals and our corporate well-being statement in mind.

8. SUMMARY

The table below gives a breakdown of the expenditure by departments and the sources of funding.

CAPITAL PROGRAMME SUMMARY					
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>					
Community Services	6,675	2,000	2,000	2,000	2,000
Environment	28,593	8,181	5,376	5,776	5,776
Education & Children	30,559	34,380	18,477	3,020	280
Chief Executive	2,451	465	465	1,657	200
Regeneration	65,069	18,600	4,500	4,500	4,500
Total Expenditure	133,347	63,626	30,818	16,953	12,756
<u>Grants and Contributions</u>					
External Funding	69,493	40,430	17,040	5,035	3,000
Net Expenditure Funded by CCC	63,854	23,196	13,778	11,918	9,756
<u>CCC Funding</u>					
Non-hypothecated Supported Borrowing	5,925	5,925	5,925	5,925	5,925
Unsupported Borrowing	500	0	0	0	0
Prudential Borrowing - Fleet	6,534	1,980	1,000	1,000	1,000
General Capital Grant	5,941	5,941	5,941	5,941	5,941
Capital Receipts	1,717	0	0	0	0
Capital Reserves	36,799	9,334	896	0	0
Joint Venture Funding Llanelli Leisure Centre	3,500	0	0	0	0
Direct Revenue Funding	1,616	16	16	16	16
Economic Stimulus Grant	1,322	0	0	0	0
Overall Net Position: Surplus + / Deficit (-)	0	0	0	964	3,126

- 8.1. To summarise the overall position, the capital programme is fully funded for the 5 years from 2021/22 to 2025/26, with a potential funding surplus in Years 4 and 5 of the proposed programme.
- 8.2. The total cost of the programme is £258m of which £135m is funded from external grants and contributions.
- 8.3. The full detail of the proposed five-year capital programme is attached in Appendix A.

9. REVENUE IMPLICATIONS

- 9.1. Whilst in recent years (up to 2019/20), no revenue implications have been validated within the revenue budget, this approach is now considered not sustainable indefinitely into the future. The

current Revenue Budget Strategy for 2020/21 allowed £400k and proposed Strategy for 2021/22 allows a further £100k. For 2022/23 and 2023/24 the current strategy allows £400k increase in each year.

10. RECOMMENDATIONS

10.1 That Executive Board consider and recommend to County Council:

10.1.1 The five-year Capital Programme and funding as detailed in Appendix A be approved, with 2021/22 being a hard budget and 2022/23 to 2025/26 soft/indicative budgets.

10.1.2. That the programme be reviewed, as is usual, if anticipated external or county council funding does not materialise.

10.1.3 That the Capital Strategy in Appendix D be approved.

10.1.4 Delegate to the Director of Corporate Services, in consultation with the Chief Executive, Leader and Executive Board Member for Resources, authority to make any amendments to the five-year programme necessary following receipt of the WG final settlement due on 2nd March 2021.

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26			
	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	
COUNCIL FUND	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
COMMUNITIES																			
Private Sector Housing																			
Disabled Facility Grants	3,200		3,200	2,000		2,000	2,000		2,000	2,000		2,000	2,000		2,000		11,200	0	11,200
Enable - Adaptation to assist independent living			0			0			0			0			0		0	0	0
Empty Properties Initiatives - Western Valleys	235		235			0			0			0			0		235	0	235
Empty Properties Initiatives - Valleys Taskforce	125		125			0			0			0			0		125	0	125
Sports & Leisure																			
Amman Valley Leisure Centre Masterplan	1,000		1,000			0			0			0			0		1,000	0	1,000
Culture																			
Oriel Myrddin	860	1,000	1,860			0			0			0			0		860	1,000	1,860
Towy Gateway - Contribution to Tywi Gateway Trust for Bishop's Park (Reffcus)	179		179			0			0			0			0		179	0	179
Ports																			
Burry Port Harbour Walls	76		76			0			0			0			0		76	0	76
Total Communities	5,675	1,000	6,675	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	13,675	1,000	14,675	

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26		
	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total
COUNCIL FUND	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ENVIRONMENT																		
Countryside																		
Byways	16		16	16		16	16		16	16		16	16		16	80	0	80
Morfa Bacas Path	300		300						0			0			0	300	0	300
Rights of Way Improvement Programme	50		50	50		50	50		50	50		50	50		50	250	0	250
Access Improvement Programme			0			0			0			0			0	0	0	0
Coastal and Flood Defence																		
Trebeddrod Reservoir	1,000		1,000			0			0			0			0	1,000	0	1,000
Coastal Defence	49		49			0			0			0			0	49	0	49
Fleet Management																		
Fleet Replacement - Prudential Borrowing	6,534		6,534	1,980		1,980	1,000		1,000	1,000		1,000	1,000		1,000	11,514	0	11,514
Infrastructure																		
Multi Storey Car Park, Llanelli	120		120	60		60	60		60	60		60	60		60	360	0	360
Electric Vehicle Charging Infrastructure		254	254			0			0			0			0	0	254	254
Highways	600	1,498	2,098	600		600	600		600	600		600	600		600	3,000	1,498	4,498
Bridges and Structures	400		400	400		400	400		400	400		400	400		400	2,000	0	2,000
Street Lighting Replacement & Upgrade			0			0			0	400		400	400		400	800	0	800
Transportation																		
Road Safety Improvement Schemes	250		250	250		250	250		250	250		250	250		250	1,250	0	1,250
Road Safety Grants		693	693			0			0			0			0	0	693	693
Resilient Roads		2,029	2,029			0			0			0			0	0	2,029	2,029
A4138 Hendy Link Road			0	50		50			0			0			0	50	0	50
Highway Junction Improvements/Signals Upgrade	25		25	25		25			0			0			0	50	0	50
Llanelli Coast Junction Improvements		1,973	1,973			0			0			0			0	0	1,973	1,973
Ammanford Economic Highway Infrastructure		0	0			0			0			0			0	0	0	0
Active Travel - Walking & Cycling Linkages	100	3,611	3,711	100		100			0			0			0	200	3,611	3,811
Cross Hands Economic Link Road Phase 2	750	300	1,050	750		750			0			0			0	1,500	300	1,800
Public Transport Infrastructure																		
Strategic Public Transport Corridors & Infrastructure		1,025	1,025			0			0			0			0	0	1,025	1,025
Tywi Valley Path	175	405	580			0			0			0			0	175	405	580
Safe Routes in the Communities		486	486			0			0			0			0	0	486	486
Property																		
Capital Maintenance	3,500		3,500	2,900		2,900	3,000		3,000	3,000		3,000	3,000		3,000	15,400	0	15,400
Agile Working			0			0			0			0			0	0	0	0
County Hall	1,250		1,250	1,000		1,000			0			0			0	2,250	0	2,250
Tŷ Elwyn	1,200		1,200	0		0			0			0			0	1,200	0	1,200
Total Environment	16,319	12,274	28,593	8,181	0	8,181	5,376	0	5,376	5,776	0	5,776	5,776	0	5,776	41,428	12,274	53,702

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26			
	COUNCIL FUND	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total
	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EDUCATION & CHILDREN																			
Llandeilo	575	150	725	765	4,000	4,765	1,252	3,000	4,252	300		300			0	2,892	7,150	10,042	
Gorslas	1,960	548	2,508			0			0			0			0	1,960	548	2,508	
Rhydygors	447	0	447	58	0	58			0			0			0	505	0	505	
Laugharne	611	0	611	420	1,012	1,432		1,020	1,020			0			0	1,031	2,032	3,063	
Pontyberem	233		233			0			0			0			0	233	0	233	
Rhys Prichard	832		832	23		23			0			0			0	855	0	855	
Dewi Sant	202		202	1,278	2,000	3,278	1,592	2,550	4,142			0			0	3,072	4,550	7,622	
St John Lloyd	79		79			0			0			0			0	79	0	79	
Llangadog	579	548	1,127			0			0			0			0	579	548	1,127	
Ammanford Primary Welsh Medium	300	0	300	645	2,755	3,400	465	2,535	3,000	185	235	420	130	130	130	1,725	5,525	7,250	
Ammanford Primary Dual Stream	200	0	200	1,500	0	1,500	525	3,725	4,250	500	1,800	2,300	150	150	150	2,875	5,525	8,400	
Gwenllian / Ysgol Gymraeg Cydwell	1,000	3,800	4,800	1,008	750	1,758	143		143			0			0	2,151	4,550	6,701	
Y Castell	536	1,760	2,296		1,155	1,155		60	60			0			0	536	2,975	3,511	
Pum Heol	2,512		2,512			0			0			0			0	2,512	0	2,512	
Pembrey	500	3,310	3,810	2,771	1,000	3,771	110		110			0			0	3,381	4,310	7,691	
Cross Hands Area	30		30			0			0			0			0	30	0	30	
Penygaer	11		11			0			0			0			0	11	0	11	
Hendy	1,085	1,075	2,160	495	2,500	2,995		650	650			0			0	1,580	4,225	5,805	
Heol Goffa New School	1,456	5,500	6,956	2,087	7,500	9,587	350	500	850			0			0	3,893	13,500	17,393	
Flying Start		410	410			0			0			0			0	0	410	410	
Childcare Places Offer Grant		310	310		658	658			0			0			0	0	968	968	
Total Education & Children	13,148	17,411	30,559	11,050	23,330	34,380	4,437	14,040	18,477	985	2,035	3,020	280	0	280	29,900	56,816	86,716	

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26				
	COUNCIL FUND	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	
	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CHIEF EXECUTIVE																				
<i>Property</i>																				
Grillo	414		414			0			0			0			0			414	0	414
Rural Estate Infrastructure			0			0			0	300		300			0			300	0	300
Glanaman Industrial Estate	818		818			0			0			0			0			818	0	818
<i>IT Strategy Developments</i>																				
Digital Transformation	380		380	200		200	200		200	200		200	200		200		1,180	0	1,180	
PSBA Network	86		86	75		75	75		75	75		75		200	0		311	0	311	
Strategic Digital Initiatives	100		100	100		100	100		100	100		100			0		400	0	400	
WLGA Schools Grant (Funded by Dev Fund)	21		21			0			0			0			0		21	0	21	
Corporate Wifi Environment/Meraki Broadband Hardware	224		224			0			0			0			0		224	0	224	
Information Security and Governance	50		50	50		50	50		50	50		50			0		200	0	200	
Virtualised Server & Storage Environment Replacement			0			0			0	400		400			0		400	0	400	
Disaster Recovery			0			0			0			0			0		0	0	0	
Legacy Network & Telephony Equipment Replacement	120		120			0			0			0			0		120	0	120	
UPS 15KVA	14		14	15		15	15		15			0			0		44	0	44	
Voice Infrastructure	19		19	25		25	25		25	20		20			0		89	0	89	
HWB for Schools Infrastructure Grant	205		205			0			0			0			0		205	0	205	
Business Critical Infrastructure & Strategic ICT Development			0			0			0	512		512			0		512	0	512	
Total Chief Executive	2,451	0	2,451	465	0	465	465	0	465	1,657	0	1,657	200	0	200	5,238	0	5,238		

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26		
COUNCIL FUND	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total
	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
REGENERATION																		
Transformational Strategy Project Fund	601	3,000	3,601	1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500	6,601	15,000	21,601
Rural Enterprise Fund	1,139		1,139			0			0			0			0	1,139	0	1,139
Transformation Commercial Property Development Fund	2,310		2,310			0			0			0			0	2,310	0	2,310
Business Support for Renewable Energy Initiatives (3rd Party Grants)	500		500			0			0			0			0	500	0	500
Covid-19 Response - Business Support						0			0			0			0	0	0	0
Targeted Regeneration Investment (TRI) County Wide	1,200	2,500	3,700			0			0			0			0	1,200	2,500	3,700
Commercial Property Development Fund	1,000		1,000			0			0			0			0	1,000	0	1,000
Ten Town Growth Plan	1,000		1,000			0			0			0			0	1,000	0	1,000
Rural Enterprise Fund	500		500			0			0			0			0	500	0	500
Llanelli, Cross Hands & Coastal Belt Area						0			0			0			0			0
TRI Projects Match Funding (Formerly Opportunity Street)	494		494			0			0			0			0	494	0	494
Ammanford, Carmarthen & Rural Area						0			0			0			0			0
Ammanford Town Centre Regeneration	21		21			0			0			0			0	21	0	21
Carmarthen Old Town Quarter Regeneration (Formerly Jackson's Lane)	738	10	748			0			0			0			0	738	10	748
Pendine Iconic International Visitors Destination		625	625			0			0			0			0	0	625	625
Ammanford Regeneration Development	280		280			0			0			0			0	280	0	280
Llandeilo Market Hall	2,355	700	3,055			0			0			0			0	2,355	700	3,055
Swansea Bay City Region Projects						0			0			0			0			0
City Deal - Pentre Awel Wellness Project		25,473	25,473		14,100	14,100			0			0			0	0	39,573	39,573
City Deal - Llanelli Leisure Centre	13,965	4,500	18,465			0			0			0			0	13,965	4,500	18,465
City Deal - Llanelli Area Review	158		158			0			0			0			0	158	0	158
City Deal - Yr Egin Phase II		2,000	2,000			0			0			0			0	0	2,000	2,000
Total Regeneration	26,261	38,808	65,069	1,500	17,100	18,600	1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500	32,261	64,908	97,169
Total Council Fund Excluding HRA	63,854	69,493	133,347	23,196	40,430	63,626	13,778	17,040	30,818	11,918	5,035	16,953	9,756	3,000	12,756	122,502	134,998	257,500

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26		
COUNCIL FUND	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total
	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
County Council Funding																		
Borrowing																		
Borrowing - Supported	5,925		5,925	5,925		5,925	5,925		5,925	5,925		5,925	5,925		5,925	29,625		29,625
Borrowing - Unsupported	500		500			0			0			0			0	500		500
Borrowing - Unsupported for Loan to CWM			0			0			0			0			0	0		0
Borrowing - MEP			0			0			0			0			0	0		0
Borrowing - Salix (Refit Cymru)			0			0			0			0			0	0		0
Borrowing - Fleet Replacement	6,534		6,534	1,980		1,980	1,000		1,000	1,000		1,000	1,000		1,000	11,514		11,514
GCG			0			0			0			0			0			0
General Capital Grant	5,941		5,941	5,941		5,941	5,941		5,941	5,941		5,941	5,941		5,941	29,705		29,705
Reserves			0			0			0			0			0			0
Departmental Reserve	414		414			0			0			0			0	414		414
Reserves - MDF	26,119		26,119	302		302	646		646			0			0	27,067		27,067
City Deal Reserve			0			0			0			0			0	0		0
Resetting Services (Post C-19) Reserve	1,000		1,000			0			0			0			0	1,000		1,000
CGU Reserve			0	2,166		2,166			0			0			0	2,166		2,166
Reserves - MEP	9,266		9,266	6,866		6,866	250		250			0			0	16,382		16,382
Revenue Contributions			0			0			0			0			0			0
Direct Revenue Financing	616		616	16		16	16		16	16		16	16		16	680		680
DRF from Covid 19 Response (As Per Medium Term Financial Plan)	1,000		1,000			0			0			0			0	1,000		1,000
Capital Receipts			0			0			0			0			0			0
Capital Receipts	1,350		1,350			0			0			0			0	1,350		1,350
Capital Receipts-Additional			0			0			0			0			0	0		0
Capital Receipts - MEP	367		367			0			0			0			0	367		367
Cross Hands JV			0			0			0			0			0	0		0
Joint Venture Funding Llanelli Leisure Centre	3,500		3,500			0			0			0			0	3,500		3,500
Education Capital Receipts			0			0			0			0			0	0		0
Other			0			0			0			0			0			0
Economic Stimulus Grant (CGU)	1,322		1,322			0			0			0			0	1,322		1,322
External Grants			0			0			0			0			0			0
External Grants		69,493	69,493		40,430	40,430		17,040	17,040		5,035	5,035		3,000	3,000	0	134,998	134,998
Total County Council Funding	63,854	69,493	133,347	23,196	40,430	63,626	13,778	17,040	30,818	12,882	5,035	17,917	12,882	3,000	15,882	126,592	134,998	261,590
		*															*	
Net Funding Position - Surplus / (Shortfall)	0	0	0	0	0	0	0	0	0	964	0	964	3,126	0	3,126	4,090	0	4,090

Capital Programme 2021/22 - 2025/26

Capital Project	Year 1			Year 2			Year 3			Year 4			Year 5			Five Year Total 2021/22:2025/26		
	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total Scheme	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total	County Council Funding	External Funding	Total
COUNCIL FUND	2021/22			2022/23			2023/24			2024/25			2025/26			Five Year Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sources of Funding																		
Borrowing	12,959		12,959	7,905		7,905	6,925		6,925	6,925		6,925	6,925		6,925	41,639		41,639
Capital Receipts	5,217		5,217	0		0	0		0	0		0	0		0	5,217		5,217
Reserves / Revenue	38,415		38,415	9,350		9,350	912		912	16		16	16		16	48,709		48,709
Highways & Transport Grants		12,274	12,274		0	0		0	0		0	0		0	0		12,274	12,274
Economic Development Grants		38,808	38,808		17,100	17,100		3,000	3,000		3,000	3,000		3,000	3,000		64,908	64,908
Education Grants		17,411	17,411		23,330	23,330		14,040	14,040		2,035	2,035		0	0		56,816	56,816
Other Grants & Funding	7,263	1,000	8,263	5,941	0	5,941	5,941	0	5,941	5,941	0	5,941	5,941	0	5,941	31,027	1,000	32,027
Total Capital Programme Funding	63,854	69,493	133,347	23,196	40,430	63,626	13,778	17,040	30,818	12,882	5,035	17,917	12,882	3,000	15,882	126,592	134,998	261,590
Summary of Expenditure by Services																		
Private Housing	3,560	0	3,560	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	11,560	0	11,560
Culture & Leisure	2,115	1,000	3,115	0	0	0	0	0	0	0	0	0	0	0	0	2,115	1,000	3,115
Transportation, Infrastructure & Municipal	10,369	12,274	22,643	4,281	0	4,281	2,376	0	2,376	2,776	0	2,776	2,776	0	2,776	22,578	12,274	34,852
Economic Development	26,261	38,808	65,069	1,500	17,100	18,600	1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500	32,261	64,908	97,169
Education & Children	13,148	17,411	30,559	11,050	23,330	34,380	4,437	14,040	18,477	985	2,035	3,020	280	0	280	29,900	56,816	86,716
Property	7,182	0	7,182	3,900	0	3,900	3,000	0	3,000	3,300	0	3,300	3,000	0	3,000	20,382	0	20,382
ICT	1,219	0	1,219	465	0	465	465	0	465	1,357	0	1,357	200	0	200	3,706	0	3,706
Total Capital Expenditure by Service	63,854	69,493	133,347	23,196	40,430	63,626	13,778	17,040	30,818	11,918	5,035	16,953	9,756	3,000	12,756	122,502	134,998	257,500

* N.B. Some external funding shown may be subject to final approval from the relevant funding body.

Mae'r dudalen hon yn wag yn fwriadol

COVID-19 ECONOMIC IMPACT AND RECOVERY

FINANCIAL RESOURCE REQUIREMENT

Background Information

At its meeting on 29th June 2020, The Executive Board considered a report which provided an assessment of the impact that Covid-19 was having on Carmarthenshire businesses and identified what was important to them in the short, medium and long-term, so that going forward the Authority could provide them with the assistance they most needed.

As a platform to the development and delivery of the County's Economic Recovery Plan, an internal Business, Economy and Community recovery group has been established to coordinate development and delivery. That group has identified several draft potential action strands and proposals for further consideration. In order to move forward Carmarthenshire County Council was seeking to employ external economic advice to assist with bringing this information together and map out a plan for future projects and tasks in order to provide the right support for local businesses and communities. An overarching advisory group, comprising key private sector industry leaders, would be established to assist with the development and refinement of the draft plan and provide leadership through the current crisis. The group would set the vision and direction for recovery.

Members welcomed the strategy set out in the report and commented on the important contribution local procurement and buying local would make towards the recovery of the Carmarthenshire economy both in rural areas and the major towns and unanimously resolved to receive the report and approve the proposed draft recovery strategy.

The business advisory group has since met and agreed the council's economic recovery plan and 11 key themes, summarised below:

The Draft Economic Recovery Plan

Carmarthenshire's Economic Recovery Plan is focused on 11 key areas:

1. *Capital Infrastructure*

- Continue with significant regeneration capital infrastructure investments to boost demand in the construction sector and stimulate confidence.

2. *Business Support*

- Review of current priorities is required with greater emphasis on engagement. Focus on sector specific as necessary. Greater staff resource required through re-modelling of service. Financial support to assist with recovery. Re-prioritise the Business engagement strategy.
- Set up a business support hotline to support and provide guidance to Carmarthenshire businesses on funding, recovery and general advice.
- Investigate possibility of negotiating bulk purchase / subsidised deals for businesses.
- Refocus Communities for Work to provide training and work experience to people who have become unemployed as a result of Covid 19.
- Workways + provide assistance for the unemployed as a consequence of Covid 19 - ref Short Term Unemployed.
- Investigate possibility of reinvention of Future Jobs Fund to provide guaranteed, paid employment for young people.

3. Town Centre Economy

- Reviewing and refocusing primary town centre regeneration master and recovery plans.
- Develop safe town centre environment plans.
- Supporting BIDs in Carmarthen & Llanelli (3-year cash contribution mirroring levy take to enable BID groups to assist with delivery of town centre recovery initiatives).
- Review current parking initiatives/provisions throughout the County.
- Acquisition of empty retail premises to revive economic buoyancy/footfall through innovation.
- Consider county-wide development order for town centres.
- Put in place arrangements for resumption of trading at our indoor and outdoor Markets – ensuring compliance with regulations and staff and shopper safety.

4. Procurement

- Explore if we can increase the value and volume of procurement from locally based SME's, compliantly within the Procurement Regulations.
- Investigate possibility of sub £25k (3 quotes) through an update of our Council's Contract Procedure Rules to stipulate of the 3 quotes sought one should be from a supplier within the County.
- Opportunity to strengthen our Community Benefits approach.

5. Planning

- Consider relaxation of the emerging LDP for the creation of additional employment areas particularly for B2 uses and small business startups. Consider also any interim options.
- Consider the emerging LDP in terms of home working and the concept of live / work. Consider also any interim options.
- Consider feasibility of reallocating S.106 monies where possible to economic development activity.
- Consider whether there should, or could be, a prioritisation approach for applications that will generate job opportunities/economic benefits.
- Review and simplify planning support for key economic development applications (small and large).

6. Rural Economy

- Review and prioritise Council's Moving Rural Carmarthenshire Forward recommendations and projects.
- Foundational Economy Fund - develop a local food strategy.
- Review 10 town growth plans.
- Investigate feasibility of developing co-operation led milk processing facilities within Carmarthenshire.
- Review Arfor rural business support.

7. Communities

- Support local communities to become more self-resilient with sustainable local supply chains.
- Review the Authorities poverty support measures and priorities.
- Third sector support.
- Deliver community led projects – Leader.
- Reprioritise and grow grant funding to Covid-19 community resilience projects.

8. Digital Connectivity

- Deliver Digital infrastructure regional City Deal project being led by the Council.
- Deliver LEADER funded project to support digital infrastructure in rural areas of Carmarthenshire.

9. Skills

- Skills and Talent Swansea Bay City Deal project - identify new ways of working and the new skills and technology required in order to deliver this across the region.
- Develop local skills action plan.

10. Tourism & Events

- Review current Marketing Destination plans. Ail-ddarganfod Sir Gar / Re-discover Carmarthenshire – assist promotion and marketing of local businesses.
- Road Cycling Marketing Campaign - Work with accommodation providers as to what ride and stay packages can be offered and when
- Cultural Heritage Campaign - Celtic Routes - opportunity to continue this project with a further £1million budget into 2021 will deliver tangible visitors to Carmarthenshire.
- Maximising Signature & Major Events - Major events such as the Tour of Britain can contribute £750k economic impact over a weekend, and a smaller event like Llandovery Grit Fest £50k.

11. Land and assets

- Review accommodation programme considering changing working practice and agile working.
- Reprofile capital receipts and potentially target certain sectors.
- Focus in the short term on invest to save refit scheme, WG funded project.
- Review land availability and reprofile as necessary to ensure that best use of council owned land is being made to support the local economy.
- Development of incubator/commercial accommodation and medium sized food based and production units.

Financial Implications

The report referred to above, and approved by Executive Board, identified that there would be a need for some financial resource to be made available to support some activities and initiatives to respond to the identified challenges. The financial support that has been identified as being required to support the Council's recovery proposals is summarised below:

- **Capital Projects** - TRI Year 4 - **£1.2m** CCC match to draw down £2.5m WG funding 21/22.

The Targeted Regeneration Investment Programme Has been focused on Llanelli and Ammanford. There is an opportunity now, following discussions with WG, for this future funding to be made available county wide. The main objective of the funding is to bring vacant commercial space back into use. The year 4 request 2021/22 for funding will allow strategic direct delivery of projects throughout the County, leveraging in significant WG funding.

- **Commercial Property Development Fund - £1m**

The Commercial Property Development Fund provides financial assistance for developers and owner occupiers for the construction, expansion or refurbishment of buildings for industrial / commercial use with the primary aim of creating capacity for employment in Carmarthenshire by funding the financial gap between the construction costs and the completed market value of the property. This scheme is key to raising confidence with developers in the region and to stimulate economic activity. This scheme will support the local supply chain and provide necessary employment space for future business growth. The scheme will support the local economy in terms of quantity and quality of jobs accommodated/jobs created, the area of floor space created, the amount of land developed, the number of SME's accommodated, the impact of the development on the Welsh Language & the number of enterprises adopting or improving equality strategies & monitoring systems.

A number of enquiries have been received in recent months and placed onto a waiting list, this demonstrates the need for additional funding (as does the intelligence gathered to support the Council's recovery plan) in order to help stimulate growth and support the economy. The fund offers developers up to a maximum of 45% of eligible costs meaning that at least £1.22m private sector funding will be secured from this intervention.

- **Ten Towns Growth Plan Capital Project fund – £1m**

The Authority has secured funding to develop bespoke economic growth plans to support Llanybydder, St Clears, Laugharne, Whitland and Newcastle Emlyn, Llandovery, Cwmaman and Llandeilo. Additional funding has been secured to deliver growth plans in the remaining two towns, namely Cross Hands and Kidwelly. To assist the area based growth plan teams to develop innovative solutions to meet both their immediate needs and future growth ambitions, a fund of £10k per town seed funding will be made available via the RDP Leader Programme to take these ideas forward (£100k total). Applications will be sought from the Town Council and/or Chamber in the respective areas. This fund will be made available during the Autumn.

In addition, Growth Plan Capital Project Funding of £100k per market town is required and will be key to allow project ideas identified and enable locally based solutions to be developed to meet both their immediate recovery and longer-term growth needs. It will also assist with drawing down of delivery of external funding, potential match available via WG.

- **Business Recovery Fund - £500,000 (450k to be reallocated from**

There is an identified need for business support to be made available for new and existing businesses in the form of grant aid to safeguard and create jobs within Carmarthenshire. A budget of £500,000 is identified (this could in the main be made available from remaining budget of circa £450k from the CCC non council tenant rent relief fund). It is proposed that a maximum of £1,000 per job be offered per job safeguarded and a maximum of £5,000 per job created up to a maximum of £10,000 per business on a 50% grant intervention rate. As such at least £500,000 private sector match funding would be levered through this programme.

- **Business Support Fund - £200,000**

The recovery report identifies that businesses foresee that they will experience skills challenges as a result of the pandemic, with the majority stating that these skills deficits will relate to digital and IT skills. With the vast majority of respondents indicating that they would benefit from training in the fields of IT/digital skills, marketing and diversification there is scope to offer subsidised/free training through provision that is already in existence as an alternative to cash grants. In addition, this funding would enable the council to buy in specialist support to:

1. Engage with business to identified in more detail the current position and concerns and development of action plans establishing underlying health of business and business ambition.
2. Identify opportunity to re strategise, e.g. reconsider product or service offer, consider alternative routes to market - Digital marketing and remote delivery / tendering where appropriate (linked to local procurement opportunities), efficiency measures
3. Managing threats – cash flow / debt management, health and safety sector specific measures, Managing staff costs and redundancy

Key project aims would be to safeguard jobs, assist business to diversify and develop Innovative approaches.

- **Carmarthenshire Rural Enterprise Fund - £500K**

The Carmarthenshire Rural Enterprise Fund is central to Moving Forward in Rural Carmarthenshire Strategy in helping rural businesses to grow. Will be more important than ever to support rural economy which is at high risk of failure. Short term confidence boost to local construction industry. The additional funds proposed will help aid rural enterprises and sole traders for the development of new and existing business premises, where new jobs are created as a result of the project. The fund can support much needed job creation in rural areas and lever in at least £611,000 match funding from the private sector. A number of enquiries have been received in recent months and placed onto a waiting list, this demonstrates the need for additional funding in order to help stimulate growth and support the economy.

In total, the request is for **£3.95m** of CCC funding support (£4.4m less £450k reallocated from surplus Business Rent Relief Fund. It is appreciated that this is a significant ask and if supported will inevitably mean that other corporate projects might not currently be able to progress. There are difficult decisions to be made. If, however, Carmarthenshire's economic recovery is a strategic priority then this level of funding would need to be made available if the actions identified as being required are to be progressed. If this level of funding can be made available, it will draw down significant private sector and WG match funding. Some of the recovery actions can proceed without funding support by challenging the norm and reprofiling current ways of working and regulations to maximise opportunities for local businesses and to make it as simple as possible for business to open and expand in Carmarthenshire. If we are to truly make a difference, however, this will not be possible without additional funds being made available.

The Swansea Bay City deal also provides a significant opportunity to support several of our proposed recovery themes, for the benefit of the region and Carmarthenshire, via:

- Digital Infrastructure project that will boost digital connectivity in rural and urban communities.
- Pentre Awel life science and well-being Llanelli development.
- Skills and Talent initiative currently being developed to enable local people to access jobs being generated by City Deal projects.

Mae'r dudalen hon yn wag yn fwriadol

EXTRACT**POLICY & RESOURCES SCRUTINY COMMITTEE**

Wednesday, 3 February 2021

5. FIVE YEAR CAPITAL PROGRAMME - 2021/22 TO 2025/26

The Executive Board Member for Resources presented the 5-year capital programme which provided an initial view of the 5-year Capital Programme from 2021/22 to 2025/26. The report formed the basis of the budget consultation process with Scrutiny Committee and other relevant parties and any feedback, along with the final settlement, would inform the final budget report which would be presented to members in March 2021. The proposed capital programme was a capital spend of some £242m over the next 5 years and current funding proposals included external funding of £119m. The report highlighted the provisional settlement received from the Welsh Government which indicated capital funding of £11.866m for the Authority in 2021-22. The funding was made up of Unhypothecated Supported Borrowing of £5.925m and General Capital Grant of £5.941m. In summary, the overall position of the capital programme was funded for the 5 years from 2021/22 to 2025/26.

Amongst the issues raised during consideration of the report were the following:

- In response to a query relating to the availability of expenditure to address road repairs the Committee was advised that £600k was available in the capital programme for highways and Welsh Government had allocated a further £1.5m from its road refurbishment fund set up last year. In addition the Council could also bid for road resilience funding from the Welsh Government;
- In response to a concern over the delay in respect of the proposed new Ammanford School as part of the 21st Century Schools programme it was understood that the delay related to issues relating to the proposed site but an assurance was given that it remained in the capital programme;
- In response to a question it was stated that works in connection with County Hall, Carmarthen, and Ty Elwyn, Llanelli, could not be delayed due to health and safety and property maintenance issues. This included updating the fire alarm systems;
- In respect of the Tywi Valley Path it was considered that Welsh Government support would be required to secure its completion due to the likely substantial cost of the land acquisition necessary. However, at present the Welsh Government was focussing on its active travel initiative and therefore any further progress on the path was likely to be delayed;
- With regard to spending allocated in 2021/22 for the new Llanelli Leisure Centre it was pointed out that this was dependent on the commencement of work on the new Wellness Village, Pentre Awel;
- It was noted that borrowing limits were set out in the Treasury Management Policy. The Authority worked on the basis of managing internal borrowing to keep the limit down [Minute 7 below]. The Director of Corporate Services advised that there was a duty on him to report that any borrowing was

affordable, sustainable and prudent before the Council made a decision on its budget.

RESOLVED that the Five-Year Capital Programme 2021/22 – 2025/26 be endorsed.

CAPITAL STRATEGY

2021 - 2022

carmarthenshire.gov.wales

Cyngor **Sir Gâr**
Carmarthenshire
County Council



Tudalen 113

CAPITAL STRATEGY 2021-22

PURPOSE AND AIMS

The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2017.

This Code dictates that “authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.”

The Capital Strategy shows how this Council makes capital expenditure and investment decisions in line with service objectives and properly takes account of:

- Stewardship / good professional practice
- Value for money
- Prudence / risks considered
- Sustainability
- Affordability

It sets out a framework for the self-management of capital finance and examines the following areas:

- Capital expenditure and investment plans
- Treasury Management
- Prudential Indicators
- Commercial activity
- Knowledge and skills

The above considerations help to support local strategic planning, local asset management planning and effective option appraisal.

Through this Capital Strategy elected members and other stakeholders will see how future capital expenditure, capital financing and treasury management activities will contribute to the provision of services, together with a summary of how associated risks are managed

and the implications for future financial sustainability. It also highlights the governance framework required to ensure the Strategy is delivered.

ECONOMIC BACKGROUND

It is important to set out the external environment in which Carmarthenshire County Council is currently operating. One of the key factors that impact directly on the capital programme is the reduced revenue funding for local government. Owing to the pressure on public finances, the funds allocated from the Welsh Government to this council to run its services is substantially lower than in recent years. Carmarthenshire will continue to identify, plan, fund and invest longer term in non-current assets in order to help the council deliver departmental strategies and wider plans. 2020 was an unprecedented year. The response to the Covid-19 pandemic has given rise the need to reprioritise our capital strategy and capital programme to reflect the desire to boost local businesses and local economies.

CARMARTHENSHIRE'S STRATEGIC RESPONSE

In considering capital implications, the authority takes into consideration the requirements of the Wellbeing of Future Generations (Wales) Act 2015. The Act requires that we must carry out sustainable development, improving the economic, social environmental and cultural well-being of Wales. The Act requires us to look at the long-term prevention of recurring problems, integrating our approach, collaborating with others and involving stakeholders. Carmarthenshire's Well Being objectives have a direct impact on the Council Capital Strategy. Some of these include:

- Start Well - help to give every child the best start in life and improve their early life experience
- Live Well - increase the availability of rented and affordable homes

- Age Well - support the growing numbers of older people to maintain dignity and independence in their later years
- In a Healthy and Safe Environment - improve the highway and transport infrastructure and connectivity

This Capital Strategy supports Carmarthenshire's Well-being Objectives. Consideration is also increasingly given to the authority's *Net Zero Carbon Plan*.

WHAT IS CAPITAL EXPENDITURE?

Capital expenditure is expenditure on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the acquisition or construction of new assets, together with any subsequent expenditure on major upgrades or development work to those assets.

Expenditure which adds to and does not merely maintain the value of an existing asset, should be treated as capital, if it yields benefits to the authority and the services it provides for a period of more than one year.

Capital expenditure is defined by legislation as:

- the acquisition, reclamation, enhancement or laying out of land,
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures,
- the acquisition, installation or replacement of moveable or immovable plant,
- machinery, apparatus, vehicles and vessels.

An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of

capital, there may be opportunities to finance the outlay from capital receipts (funds raised from the sale of surplus assets e.g. a former school site) or by spreading the cost over future years' revenues (i.e. through Minimum Revenue Provision).

CARMARTHENSHIRE'S APPROACH TO CAPITAL INVESTMENT

A [Managing Capital](#) procedure document has been adopted as a policy for the Authority. Within this document Carmarthenshire's approach to capital investment is conveyed. A sub-strategy that feeds into the Authority's overall Corporate Strategy is the Capital Programme. The Programme is closely linked to various other sub-strategies such as the Corporate Asset Management Plan, Local Transport Plan, Digital Transformation Strategy and the Service Departments' Business Plans. The 'Managing Capital' document explains that the aim is to deliver projects and outputs that meet the set objectives. The Capital Programme is prepared and approved on a five-year forward plan basis in order to:

- Provide a detailed implementation plan to enable the high-level objectives to be realised,
- Provide a financial commitment to allow enough time to adequately plan,
- design and implement future schemes and projects,
- Provide an overview of the likely future commitments arising from current schemes.

Carmarthenshire's Capital Strategy defines and outlines its approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- Capital expenditure contributes to the achievement of the Council's strategic plan,
- An affordable and sustainable capital programme is delivered,

- Use of resources and value for money is maximised,
- A clear framework for making capital expenditure decisions is provided,
- A corporate approach to generating capital resources is established,
- Access to enough long-term assets to provide services are acquired and retained,
- Invest to Save initiatives to make efficiencies within the Council's revenue budget are encouraged,
- An appraisal and prioritisation process for new schemes is robust.

GOVERNANCE FRAMEWORK

It is important given the risks surrounding Capital Projects that the appropriate Governance framework is in place:

All capital expenditure must be carried out in accordance with the financial regulations. The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards. The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme. All schemes are formally approved into the capital programme by following a process as set out in the financial regulations. Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations. Each scheme must be under the control of a responsible person/project manager.

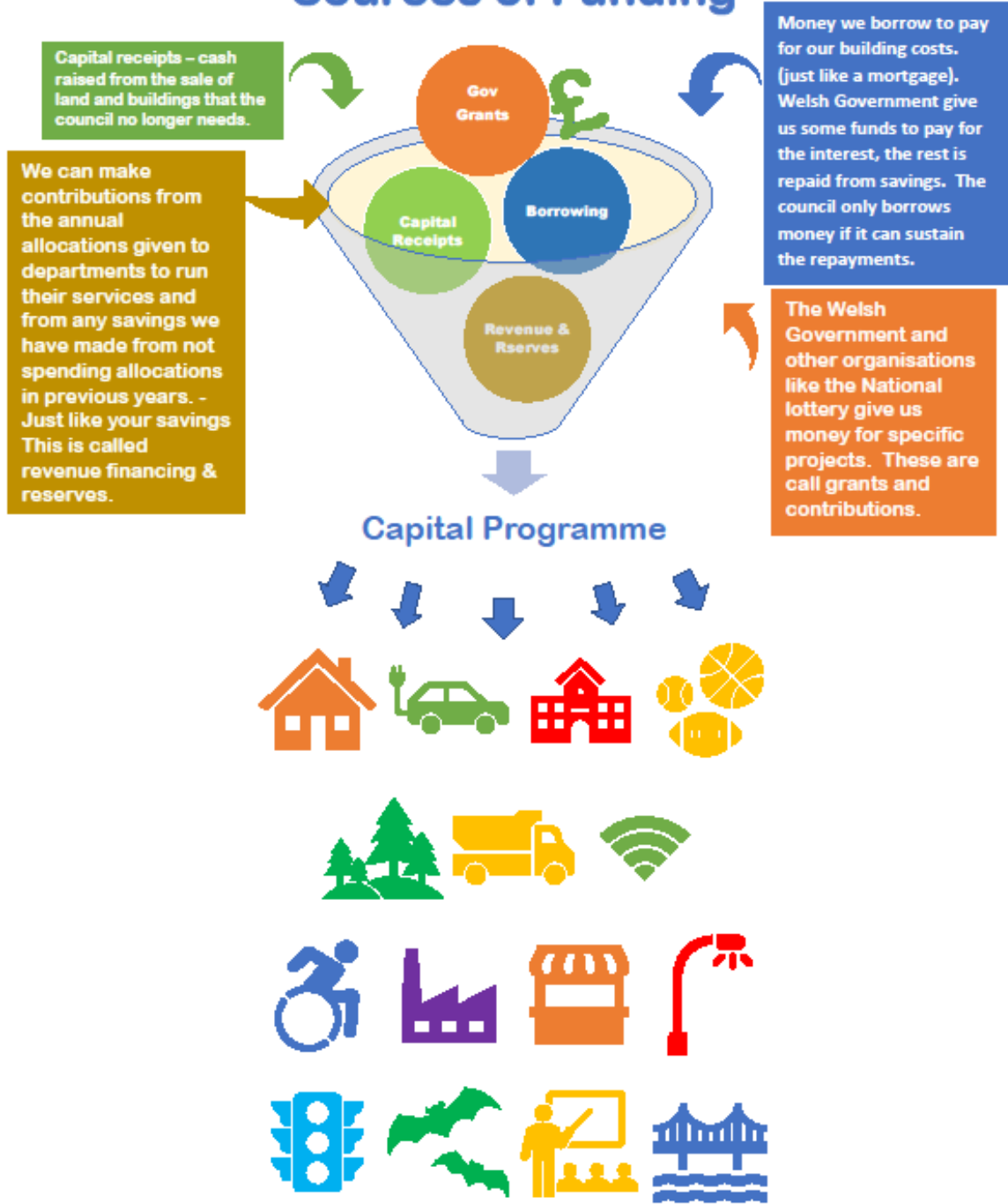
Capital Programme Approvals





This Strategy is intended to maximise the financial resources available for investment in service provision and improvement within the framework of the Medium-Term Financial Plan. Whilst at the same time ensuring that each business case has a robust self-sustaining financial model that delivers on the wider outcomes of the strategy.

Sources of Funding



Overview of General Fund Capital Programme

Capital Budgets by Department:	2021/22 £'000	2022/23 £'000	2023/24 £'000
Communities	6,675	2,000	2,000
Environment	28,593	8,181	5,376
Education & Children	30,559	34,380	18,477
Chief Executive	2,451	465	465
Regeneration	18,973	4,500	4,500
City Deal Projects	46,096	14,100	0
Total Budget	133,347	63,626	30,818

Financed by:	2021/22 £'000	2022/23 £'000	2023/24 £'000
Borrowing	12,959	7,905	6,925
Unhypothecated General Capital Grants	5,941	5,941	5,941
External Grants & Contributions	69,493	40,430	17,040
Reserves	38,121	9,334	896
Direct Revenue Financing	1,616	16	16
Capital Receipts	5,217	0	0
Total Funding	133,347	63,626	30,818

OUR

Executive

PRIORITIES

Board have set

out their aspirations for Carmarthenshire in the document “Moving forward in Carmarthenshire: the next 5 years”. The capital programme has been developed and approved to support this vision for the future to become a reality. In addition, we have revised our priorities to include an economic stimulus package for local businesses as a direct response to the Covid-19 pandemic.

Modernising Education

A modernising education programme is the flagship policy which has seen over £200million invested to date, in the building of new schools and upgrading others, with a further commitment to fund future investments of £129million.

Health & Wellbeing

Improving the health and wellbeing of residents is a key aspiration and to this end we are committed to delivering:

- A new leisure centre for Llanelli as part of the Swansea Bay City Deal Pentre Awel Wellness Project,
- Developing Carmarthenshire as a national hub for cycling. To this end we have already seen investments in a new BMX track and a closed road circuit in Pembrey, which have

complemented the existing facilities at the Brechfa Forest and the velodrome in Carmarthen.

Agile Working / New ways of Working

An agile working approach across the authority coupled with a desire to embrace and compound new ways of working, fast-tracked in 2020 as a consequence of the pandemic, will enable us to make the best use of resources and identify any redundant assets that could be sold; raising income from capital receipts to fund strategic capital projects.

Helping Local Businesses

Many businesses have seen a downturn in fortunes because of the pandemic. A dedicated economic stimulus and business support package together with wider regeneration funding, will boost local economies. It includes specific investment in a growth plan for our smaller ten satellite towns.

Cultural Heritage

Building on our transformation plan for the museum provision. Major refurbishments at the county museum at Abergwili, Parc Howard, and a new Museum of Speed at Pendine, together with a new county archive and storage facility at “Y Stordy” will ensure that our valuable cultural learning and tourism resource is improved for residents and visitors and maintained for future generations. Further investment in culture will see the redevelopment of the Oriel Myrddin Gallery in Carmarthen. This will also build on our commitment to see the wider regeneration of the “Old Town Quarter” within the County Town.

Decarbonisation

In a commitment to future generations, we have repurposed funding of £500k for grants to businesses to embrace renewable energy initiatives and decarbonisation projects, to act as a catalyst for wider investments from the private sector in this area.

We will also see growing investments in electric car charging infrastructure across the county.

Highways

The economic prosperity of our towns is enhanced by improvements to road infrastructure.

The new Carmarthen western link road has provided much needed improvements to traffic flows, access to the new S4C headquarters at “Yr Egin” and the planned Phase 2 of that development and created development opportunities for new housing and retail.

The Cross Hands economic distributor road coupled with associated developments at the Cross Hands strategic employment site will boost the economy in the Gwendraeth Valley. The development of the Ammanford distributor road will improve traffic flows and enhance retail investment opportunities.

Digital Transformation

A commitment to continued investment in ICT coupled with a digital transformation programme aims to ensure that Carmarthenshire services are fit for purpose in the digital age. The county will also benefit from the rollout of enhanced regional connectivity as part of investments by the Swansea Bay City Region.

Housing

The Carmarthenshire Home Standards Plus (CHS+) Business Plan 2021-2024 details the Council’s priorities, plans and actions for council housing in Carmarthenshire for the future years. The plan covers all housing services and assets in the Housing Revenue Account (HRA). It sets out the objectives of the CHS+ and what this means for tenants and leaseholders across a range of housing activities. The CHS+ is 100% compliant with the Welsh Government’s own standard of social housing quality, the ‘Welsh Housing Quality Standard’ (WHQS). Against a background of the

borrowing cap being lifted by central government for local authority HRA borrowing, Carmarthenshire has delivered 1000 Affordable Homes by March 2020, a year ahead of the scheduled target of 1000 by 2021. We are working with research partners to inform our decarbonisation strategy, which will be embedded in future investment programmes. The Council is implementing a 10-year Housing Transformation Master Plan which will “play a pivotal role in not only developing additional affordable homes but will allow us to significantly contribute to key Council developments and regeneration initiatives to grow the economy across the County.”

In addition, the Council plans to continue to invest over £56m in maintaining tenants’ homes over the next three years.

A local housing company, Cartrefi Croeso, was established in 2018 with the aim of realising

new opportunities, to offer families an alternative to social housing by delivering a mix of new affordable homes for sale or rent, and to take advantage of the commercial skills of local organisations.

- The Council recognises the importance of strategic asset management in providing the foundation for its investment plans so within the CHS+ Business Plan has highlighted four key themes for future investment which will include developing plans in relation to decarbonisation. These themes are:
 - Supporting tenants & residents
 - Investing in our homes & the environment.
 - Providing more homes.
 - Community Benefits & procurement.

HRA CAPITAL SPENDING AND FUNDING

HRA Capital Budgets:	2021/22 £'000	2022/23 £'000	2023/24 £'000
Maintain the standard	13,592	11,950	12,071
Support Tenant and Residents	4,123	3,569	2,530
Provide more affordable homes	17,793	18,840	12,850
Decarbonisation	200	1,380	1,500
Support the delivery of CHS+	1,925	1,686	1,639
TOTAL	37,633	37,425	30,590

Financed by:	2021/22 £'000	2022/23 £'000	2023/24 £'000
Welsh Government Grant-MRA	6,228	6,228	6,228

Welsh Government Grant-IHP & Other	1,600	1,700	1,700
Direct Revenue Financing	11,333	9,882	10,347
Borrowing	18,472	19,615	12,315
TOTAL	37,633	37,425	30,590

TREASURY MANAGEMENT

The Council produces a Treasury Management Policy and Strategy which is approved by full Council annually as part of the budget setting process. There are close links between the Capital Strategy and Treasury Management Strategy.

The capital programme determines the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

PRUDENTIAL INDICATORS

Under the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities (revised in 2017), local authority capital spending and its borrowing to fund that spending is limited by what is affordable, prudent and sustainable. The Prudential Code sets out several indicators that enables the authority to assess affordability and prudence.

These indicators are included in the annual Treasury Management Policy and Strategy.

COMMERCIAL ACTIVITY

Our commercial portfolio consists of a variety of asset types, namely: Retail Units, Industrial

Estates, Farms, Ground leases and Provision & livestock Markets. The portfolio generates revenue through rental receipts with opportunities to enhance income through rent reviews and renewals depending on the terms of each agreement. The Council has 20 Industrial estates located around the County with a total of around 400 units, together with 26 farms, 2 Provisions markets and 3 Livestock Markets. There are 104 Ground leases and Retail units (other than those forming part of the provisions markets).

In addition to generating a commercial return the portfolios meet corporate objectives of encouraging and supporting business and employment development, rural initiatives and town centre regeneration. In many instances the support of these broader aims is as important and income generation, and it's the Council's role to balance commercial returns with economic development objectives and corporate priorities.

Each portfolio will be managed uniquely considering its objectives, however, the underlying principle is that the Council makes the best use of its resources by increasing returns wherever possible, taking on board wider corporate priorities.

RISK APPETITE

Risk appetite can be thought of as the amount of risk an organisation is willing to accept, tolerate or be exposed to, in pursuit of its strategic and organisational objectives. The Council recognises that its appetite for

different types of risks will vary and needs to reflect both its capability and its ability to exercise control.

By virtue of its statutory responsibilities for public services and associated functions, the Council often has limited choice in whether to accept or tolerate risk. Clearly there are some types of risks where the Council's tolerance will be extremely low, or risk averse, for example, those that could:

- Endanger the safety of service users, employees, members or the general public
- Damage the Council's reputation or financial standing
- Lead to breaches of laws and/or regulations
- Threaten the future operations of the Council.

In some circumstances, the Council is willing to accept a different level or type of risk in pursuit of its strategic objectives. For example, capital schemes typically invoke risks such as achievement of timescales and financial targets, management of contractors and satisfaction of service requirements.

In other areas, the Council's appetite for risk has evolved in response to the changing and challenging environment in which local government now operates. For example, in response to reductions in central government funding, the Council has been willing to consider commercial income generating ventures and invest to save proposals in addition to service reductions and efficiencies to secure financial stability.

It is not possible to articulate the Council's appetite for every form of risk it may encounter or to predetermine which risks are acceptable or not acceptable. Instead, this strategy aims to inform and strengthen the decision-making process, to ensure that:

- Risks, as well as benefits and opportunities, are always considered, identified and reported

- Risks are assessed and recorded consistently, in accordance with the Council's risk management methodology
- Proposals which are likely to involve higher or more challenging levels of risk, such as creation of new partnerships, investments in major projects, or commercial activities, are subject to a robust and detailed risk appraisal process
- Risks which are likely to impact the achievement of one or more corporate objectives or to carry significant financial implications are escalated to the senior management team and the Executive Board for review and approval.
- Exposure to risks for which the Council's tolerance is low, such as the examples given above, is minimised.

REVENUE IMPLICATIONS

Serious consideration is given to the implications a project will have on the revenue budget, both in the short and long term. It may be that a scheme may produce savings in terms of ongoing maintenance in some instances. In other cases, the scheme may enhance the level of service to our customers but could add to the maintenance requirements of the service in the long term, particularly in the case of additional assets. There may be a need to provide additional resources such as finance, personnel, property, or ITC equipment, or there may be efficiency savings.

KNOWLEDGE AND SKILLS

The Capital and Treasury Management functions are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

The Council's Section 151 Officer is the officer with overall responsibility for Capital and

Treasury activities and views the strategy to be prudent and affordable and fully integrated with the Council's Medium-Term Financial Plan, Treasury Management Strategy and other Strategic Plans.

All the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required external professional advice is taken. The Council Members are involved at a very early stage of a project's life cycle and internal and external training is offered to members on an annual basis to ensure they have up to date skills to make capital and treasury decisions. A register is also kept on member attendance.

**Y BWRDD GWEITHREDOL
22^{AIN} CHWEFROR 2021**

**Cyfrif Cyllideb Refeniw Tai 2021/22 – 2023/24 a Lefelau
Rhenti Tai 2021/22
Refeniw a Chyfalaf**

Argymhellion/Penderfyniadau allweddol sydd eu hangen:

Bod y Bwrdd Gweithredol yn ystyried y canlynol ac yn eu hargymell i'r Cyngor Sir:

1. Cynyddu'r rhent yn unol â chanllawiau Polisi Rhenti Tai Cymdeithasol Llywodraeth Cymru :-
 - Bydd eiddo ar rhenti targed yn cynyddu 1.27% (Mynegai Prisiau Defnyddwyr) a
 - Eiddo lle mae rhent yn is na'r rhent targed, bydd y rhent yn cynyddu 1.27% yn ogystal a dilyniant uchafswm o £1.00
 - Y rhenti sydd yn uwch na'r targed yn cael eu rhewi nes eu bod yn cyrraedd y targed
 - Bydd hyn yn cynhyrchu cynydd ar y rhent tai cyfartalog o 1.5% neu £1.35

A bydd yn cynhyrchu Cynllun Busnes cynaliadwy, cynnal STSG+ ac ariannu'r rhaglen Cartrefi Fforddiadwy. ac fe'i gefnogir gan y grŵp llywio i gyflwyno'r STSG+.

2. Parhau gyda dilyniant uchafswm o £1.00, ar gyfer rhenti sy'n is na'r targed, nes bydd y rhenti targed yn cael eu cyflawni.
3. Parhau gyda rhenti garejys yn cael eu gosod ar £9.00 yr wythnos a sylfaen garejys i £2.25 yr wythnos.
4. Cymhwyso'r polisi tâl am wasanaeth i sicrhau bod y tenantiaid sy'n derbyn y budd o wasanaethau penodol yn talu am y gwasanaethau hynny.
5. Cynyddu'r taliadau am ddefnyddio ein gweithfeydd carthion yn unol â chynnydd rhent.
6. Cymeradwyo Cyllideb Cyfrif Refeniw Tai 2021/22 (2022/23 & 2023/24 bod yn cyllideb meddal) a nodir yn Atodiad A.
7. Cymeradwyo Rhaglen Gyfalaf arfaethedig a chyllid cymwysiadol 2021/22 ynghyd â'r gwariant dangosol ar gyfer 2022/23 i 2023/24 a nodir yn Atodiad B.

Y RHESYMAU:

Galluogi'r Awdurdod i osod Cyllideb ei Cyfrif Refeniw Tai a'r lefelau Rhenti Tai am 2021/22

Ymgynghorwyd â'r pwyllgor craffu perthnasol -OES

Angen i'r Bwrdd Gweithredol wneud penderfyniad -OES

Angen i'r Cyngor wneud penderfyniad -OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Cyng. David Jenkins (Adnoddau)
Cyng. Linda Evans (Tai)

Y Gyfarwyddiaeth: Enw Cyfarwyddwr: Chris Moore Awdur yr Adroddiad: Andrea Thomas	Swydd: Cyfarwyddwr Gwasanaethau Corfforaethol Cyfrifydd-Grwp	Rhifau ffôn /Cyfeiriadau E- bost: 01267 224160 CMoore@sirgar.gov.uk 01267 228742 AndThomas@sirgar.gov.uk
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**EXECUTIVE SUMMARY
EXECUTIVE BOARD
22ND FEBRUARY 2021**

**Housing Revenue Account Budget and Housing Rent
Setting for 2021/22**

This report has been prepared in conjunction with officers from the Communities Department and brings together the latest proposals for the Revenue and Capital Budgets for the Housing Revenue Account 2021/22 to 2023/24. The report has been presented to the Community Scrutiny Committee on the 2nd February 2021 as part of the budget consultation process and the Executive Board will consider any views expressed by that Committee when setting the Budget and Housing Rents for 2021/22.

The report has been prepared reflecting the latest proposals contained in the Housing Revenue Account (HRA) Business Plan, which is the primary financial planning tool for delivering the Carmarthenshire Homes Standard *Plus* (CHS+) for the future. The proposed investment within the current business plan delivered the CHS by 2015 (to those homes where tenants agreed to have work undertaken), provides investment to maintain CHS+ and continues investment for our Affordable Housing Commitment. The report also details how rents will increase for 2021/22.

Appendix A of this report provides the proposed Revenue Account Budget for 2021/24.

Appendix B provides the proposed Capital Programme for 2021/24.

Appendix C provides the minutes of Community Scrutiny held 2nd February 2021

The HRA budget for 2021/24 is being set to reflect:

- Social Housing Rent Policy set by Welsh Government (WG)
- Proposals contained in the Carmarthenshire Homes Standard *Plus* (CHS+)
- Affordable Homes Delivery Plan

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Chris Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

FINANCE

The report details the HRA proposals to be considered by Executive Board. If the proposals are agreed the budget for the HRA will be set for 2021/22 with an expenditure level of £51M. The average rent will increase from £90.11 to £91.46 (1.5% or £1.35).

The proposed Capital Programme will be £37.6M for 2021/22 £37.4M for 2022/23 and £30.6M for 2023/24.

Physical Assets

The capital programme continues the works to bring the housing properties up to/maintain the Carmarthenshire Home Standard+ as per the 30 year business plan.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Services

1. Local Member(s) - Not applicable
2. Community / Town Council – Not applicable
3. Relevant Partners - Not applicable
4. Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Social Housing Rents Policy		Financial Services, County Hall, Carmarthen
30 year Housing Business Plan		Financial Services , County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol

REPORT OF THE DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD

22nd FEBRUARY 2021

HOUSING REVENUE ACCOUNT AND HOUSING RENT SETTING 2021/22

- REVENUE AND CAPITAL

DIRECTOR & DESIGNATION.	DIRECTORATE	TELEPHONE NO.
C Moore Director of Corporate Services	Corporate Services	01267 224120
AUTHOR & DESIGNATION	DIRECTORATE	TELEPHONE NO
A Thomas Group Accountant	Corporate Services	01267 228742

1. INTRODUCTION

1.1. This report explains the proposed 2021/22 Housing Revenue Account (HRA) budget for both revenue and capital. It has been prepared in conjunction with officers from the Communities Department. The Community Scrutiny Committee considered the HRA budget on 2nd February 2021 as part of the budget consultation process. The views expressed by Community Scrutiny are attached to this report (Appendix C) for Executive Board's consideration when they set the 2021/22 HRA budget and Housing Rents.

1.2. The HRA budget for 2021/22 is being set to reflect:

- Welsh Government's Policy for Social Housing Rents (Rent Policy) issued 30/11/2020, incorporating the recommendations of the Independent Affordable Housing Review Panel.
- Proposals contained in the Carmarthenshire Homes Standard *Plus* (CHS+)
- Affordable Homes Delivery Plan

1.3. The HRA budget is prepared to maintain the CHS(+) Business Plan, deliver our affordable homes aspirations and manage and maintain our homes on a daily basis. As a ring-fenced account this expenditure is balanced by income primarily generated through rents charged to tenants. Supporting the CHS(+) Business Plan is a 30 years financial model which is submitted to and scrutinised/approved by WG annually (as part of the Major Repairs Allowance application).

Carmarthenshire County Council along with the other 10 local authorities (LAs) in Wales who retained their Housing Stock, exited the Housing Revenue Account Subsidy (HRAS) system on 1/4/15, which allows Local Authorities more flexibility in the management of their stock going forward.

Part of the agreement to exit included LAs with retained stock were required to adopt the new Social Housing Rents Policy set by the Welsh Government (WG). It aimed to develop a coherent and consistent rent policy framework that would apply to all social landlords, reflect local variations in affordability and housing market values, providing for a more equitable distribution of rents for social sector tenants across Wales, while at the same time ensuring the viability of individual social landlords. County Council approved the implementation of the policy on 24/02/15. This policy provided consistency for 4 years from 2015/16 to 2018/19. WG provided an interim policy for 2019/20 while they await the results of the Affordable Housing Supply Review. The result of this review was to retain the existing policy for a further 5 years which was implemented in 2020/21 with some additional/amended requirements. Below are the main points detailed in WG letter:-

- An annual rent uplift (total rent envelope) of up to CPI+1%, each year for 5 years from 2020-21 to 2024-25 using the level of CPI from the previous September each year. September 2020 was 0.5%.
- CPI+1% will be the maximum increase allowable in any one year but CPI+1% must not be regarded as an automatic uplift to be applied by social landlords. Landlords decisions on rent should take into account the affordability of rents for tenants as set out below.
- The level of rents for individual tenants can be reduced or frozen or can rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1%. This provision is designed to enable social landlords to restructure rents payable where necessary.
- Should CPI fall outside the range of 0% to 3%, the Minister with responsibility for housing will determine the appropriate change to rent levels to be applied for that year only.

- Social landlords should advise the Welsh Government where they have concerns about the impact that rent policy has upon their business plan or financial viability, or on their ability to meet their obligations to tenants and lenders.
- As an intrinsic part of the five year rent policy, social landlords will be expected to set a rent and service charge policy which ensures that social housing remains affordable for current and future tenants. As part of their annual decision on the level of rent uplift/reduction to be applied they should make an assessment of cost efficiencies, value for money and affordability for tenants which should be discussed at the Board/Cabinet/Council.
- During the pandemic, governmental resources have been re-prioritised meaning this year's rent data-set collection was suspended at the start of the COVID 19 crisis, therefore there is no up to date, robust data available to generate Target Rent Bands for the year ahead. WG have therefore considered the role of the Target Rent Bands in conjunction with representative bodies and individual stakeholders. Discussions revealed that whilst Target Rent Bands played a valuable role when they were introduced, the landscape today is very different and for most landlords they do not play a significant role in local rent setting. WG have therefore taken the decision to *suspend* them *for this year*. The impact of this decision in next year's rent setting, if there are any unexpected and unintended matters arising from this decision, will be re-considered for future years. This results in setting the 2021/22 rents without target rent bands.

The letter also refers to shortage of social housing and the need to build homes near carbon zero and decarbonisation of existing stock. WG want LA's to consider the "whole cost of living in a property", looking at not only rent and service charges but energy costs also in order to reduce the financial burden on tenants. In recognition of the greater stability and certainty due to the rent policy WG also want to strengthen joint working with LA's in a wider rental agreement. WG also want LA's to produce annual assessments of affordability, value for money and demonstrate finding efficiencies as part of monitoring compliance.

1.4 Capital investment

A capital investment of £231m has been undertaken to deliver the CHS+ by 2015. This included £117million of unsupported borrowing. This investment was being funded by Major Repairs Allowance received from the WG, capital receipts from the sales of land and dwellings, HRA revenue funding, external grants and borrowing. This ensured the delivery of work programmes to all our tenants' homes (with the exception of where the

work was declined by tenants). Since achieving the CHS, a further £64M will have been spent on maintaining the standard and £45M on providing additional affordable homes in the HRA by the end of 2020/21.

The (CHS+) Business Plan 2021-24 highlights the approach that will be taken over the next three years and will be presented by the Head of Homes and Safer Communities in this meeting. It includes further investment over the next 3 years of £56million to maintain the CHS+ and £49million for our Affordable Homes programme. This will be supported by an on-going cost certainty exercise to ensure our investment is targeted to maintain the CHS+ and deliver our Affordable Homes targets.

The timing and method of sale of HRA land is being kept under review to ensure that receipts are maximised to support the Business Plan however there are no anticipated sales in current plan. Land sales are scrutinised on an individual basis, decisions on sale/retention depend on housing demand within that area.

The profile of capital expenditure required to maintain the CHS+ and invest in affordable homes is detailed in appendix B. The plan is extremely sensitive to change and is currently being fully reviewed every 6 months, with ongoing monthly monitoring to identify any potential issues.

1.5 Decarbonisation

WG ministers commissioned a report “Better Homes, Better Wales, Better World”. The report recommended that “Political parties in Wales should make a strategic commitment to national residential decarbonisation and stick to it.”

This included “setting ambitious energy targets for homes to achieve net zero carbon by 2050”

This will have a significant impact on future investment plans.

The CHS+ business plan details our proposed approach to decarbonisation of our HRA stock headlines include :-

- Make Fabric Energy Efficient
- Monitoring, Evaluation, Development, Training, Skills through using research, smart technologies etc.
- Reduce Demand through working with tenants
- Off Grid Solutions – Decarbonise Supply by harnessing the natural environment.

2. BUSINESS PLAN ASSUMPTIONS

2.1. There are many assumptions within the Business Plan, including future rental levels, interest rates, inflation, pay awards etc. Business Plan guidance from the WG (received 30/11/2020 for 2021/22) requires submission of a viable plan by 31/03/2020.

Underpinning the CHS(+) Business Plan is the 30 year financial model which has many assumptions including:

- **Rents** The WG Social Housing rents policy allows local authorities to increase rent by CPI plus 1% (the County Council is currently within the target rent band for 2020/21). The increase in rent for 2021/22 has been notified as a maximum of 1.5%. It is proposed in this report that the rent envelope is increased by 1.5%
- **Major Repairs Allowance (MRA)** is a grant from WG which is provided to support our works in maintaining the standard and is audited annually. This has not been increased for future years, but has been varied for changing stock numbers. Our MRA is estimated to be £6.2million for 2021/22.
- **Capital Receipts** We have suspended our Right to Buy for tenants (WG has also subsequently suspended RTBs) so there are no planned receipts from sales of houses. There are no intentions for any land sales in current plan.
- **Void Loss** incurred on dwellings currently set on long term basis at 2%. Current performance, partly due to covid is higher at 4.18% due to restricted activity in 2020/21. We have allowed for voids at 4.18% for 21/22.
- **Central Support Costs** are based on services received by departments, these have been validated accordingly.
- **Stock Numbers** have been updated based on affordable homes delivery plan.
- **Interest on Balances** is estimated to be £8k based on an interest rate of 0.15% (average interest earned).

2.2.

Members will be aware that as part of the HRAS exit agreement in 2015, Local Authorities were required to agree a Borrowing Cap, which was a requirement put in place by the UK Government. This restricted what a Local Authority could borrow in respect of the HRA, for this Authority the limit was set at £228M. The minister for Housing and Regeneration wrote to LA's 29/10/2018 detailing that the Chancellor of the Exchequer had confirmed that the removal of HRA borrowing caps applied to Wales as well as England. This was a significant change in policy designed to encourage LA's to build at pace and scale and to deliver their affordable homes ambitions. This places a responsibility on LA's to develop Business Plans which are financially sustainable as well as ambitious. This has led to a review of how we fund our capital investment programme to release additional resources in a prudent manner. We are therefore now

developing the New Build programme with a greater number of schemes being commissioned and developed by the Council internally, e.g. Glanmor Terrace, Burry Port and Dylan, Bynea.

However, although the borrowing cap has been released, it should be noted that there is a significant responsibility on the County Council to ensure any borrowing for the HRA is sustainable, prudent and affordable within the HRA financial business plan. An officer working group has been developed with WG to establish some key ratios to help manage these plans. Work is currently ongoing.

As most of the schemes delivering Housing projects have a significant lead in time, there will be an ongoing review of what is needed to maintain CHS+ and deliver our Affordable Housing ambitions, which will utilise the borrowing available as we develop our plans.

3. EXPENDITURE

The expenditure levels in the Business Plan have been set in line with the Business Planning guidance.

Maintenance and Stock Improvement

Revenue repairs and maintenance expenditure is forecast to be £11.8million in 2021/22. This is an increase on the 2020/21 budget (£11.3million) which reflects local building costs, forecast outturn for 2020/21 changes in stock numbers and additional revenue costs relating to void properties.

The capital programme provides resources to:-

- maintain our stock to the CHS+ (including carrying out improvements to previously declined properties)
- deliver our Affordable Homes commitment

Maintain our Stock

For 2021/22 the capital programme to maintain the CHS (+) is £19.8million. This gives an overall spend of £31.6million on stock improvement and maintenance (the total for 2020/21 was £29.7million). This will be further informed by stock condition data which will be gathered in 2021/22.

Affordable Housing Commitment

Housing Finance Grant (HFG2) funding for new affordable housing ended in 2019/20. This funding was provided as a revenue source, requiring the authority to borrow the money and WG repaying the capital charges. It

effectively supported £4.6million of capital expenditure, the revenue consequence of this is generating £246k annually.

We will be bidding for any other additional resources available to support our Affordable Homes delivery. WG are yet to confirm the details of additional/alternative funding for delivering more Affordable homes. Current year ICF grants are due to support £4M of capital expenditure.

We have set aside £49million over the next three years as part of the capital programme to increase the supply of affordable homes. Within 2021/22 £18million has been identified for the Delivery Plan (including development costs).

The capital programme and funding sources for this programme up to 2023/24 are detailed in Appendix B.

Validation

The proposed Business Plan includes the following validations for 2021/22, which is in line with the proposed budget strategy:

- general payroll costs are +2.50% (average). It is recognised that the Chancellor of Exchequer has expressed a view regarding a pay freeze but currently impact of this is unclear and therefore not to allow for pay-award would be imprudent.
- general inflation has been accommodated at +2%
- Electricity, gas & oil +5%.

Capital Financing and Subsidy

The capital financing costs reflect the borrowing requirement inclusive of the exit from HRAS.

Details of the budget for Housing Revenue Account for the period up to 2023/24 is shown in Appendix A.

4. INCOME

4.1. As outlined in Paragraph 1.3 above, WG have now re-confirmed the original policy that was in place up to 18/19 with increases in rent being CPI plus 1% for the next 5 years (subject to certain parameters). Setting at a lower level than CPI + 1% rent increase, will impact on the current proposed Business Plan.

Carmarthenshire's current average rent for 2020/21 is £90.11 average rents per week. In the private sector median rents for 2 bedrooms are £114, 3 bedrooms are £132 and 4 bedrooms are £167 as at October 2020. At the present time there are 2 homes above target rent, 1700 homes below this level with the remainder at target rent.

When setting rents for 2021/22 the WG policy will need to be applied.

4.2. Target Rents for Carmarthenshire

Target rents bands have been removed for 2021/22 (as detailed in 1.3), actual rents including a 1.5% increase are detailed below:-

	Houses and Bungalows (£)					Flats (£)				Bedsits (£)
	1Bed	2Bed	3Bed	4Bed	5+Bed	1Bed	2Bed	3Bed	4+Bed	
Actual Rent 2021/22 with 1.5% increase	82.46	91.63	100.78	109.94	119.11	74.60	82.91	91.18	99.49	66.31

This produces average of £91.46 for 2021/22

Carmarthenshire's 2020/21 actual rent is the 2nd lowest of eleven stock retaining authorities at £90.11

WG have advised LA's that a 1.5% increase should be the maximum applied in 2021/22.

4.3.

Implementing the 1.5% overall increase for Carmarthenshire and implementing rental progression of £1, has the following impact :

For those properties at target rent the increase will be:-

Consumer Price Index(CPI for Sept 2020) @0.5%+0.77% = 1.27%

For those properties where rent is below target rent, the increase can be:

Consumer Price Index (CPI for Sept 2020 @+0.5%)+0.77% = 1.27%

plus a maximum of £1 progression in order to achieve an average rent increase of 1.5%.

Those rents above target are frozen until such time that they meet the target, there are only 2 of these properties remaining. When a property becomes empty it is placed in the target rent band.

Based on applying the above for 2021/22 at 1.5% rent increase this would produce an average rent of £91.46 (increase of £1.35)

Details of the rent increases on individual households are below :-

Receive an increase of :-	1.5% increase
No increase	2
up to £1.00	19
£1.00 to £1.99	7,434
£2.00 to £2.99	1,681
	9,136

Table : No .of Householders affected by average increases.

There are just under 1900 tenants who are now in receipt of universal credit (21% of our tenants). 31% of tenants are on full Housing Benefit (HB), 20% are on partial HB and 28% receive no HB.

The proportion of dwellings below target rents is 19% as a result of the £1 progression implemented last year and the target rent being charged as a result of properties becoming vacant. This was over 85% when we began the harmonisation process.

4.4. Garage Rental Income

The HRA currently receives a net rental income of £125k per annum. This equates to a weekly charge of £9.00 per week. It is proposed that garage rents are maintained at £9.00 per week. Garage bases will similarly remain at £2.25 per week.

4.5. Service and Heating charges

Service charges are calculated in line with the policy adopted in 2011. These charges are made to cover the additional services we provide as a landlord that are not covered within the rent and to ensure that all communal areas are kept in a good condition.

These charges will vary annually as they are based on actual expenditure from the previous financial year. By implementing the Service Charge Policy we are ensuring that tenants who receive additional services pay for them in a fair and transparent way.

4.6. Sewerage Treatment Works

We have 15 pumping stations serving approx. 154 properties, the cost of running and maintaining the stations falls on the HRA. We also have 8 cesspits. It is proposed for 2021/22 that current charges are increased as per our rent increase.

4.7. Commission on Collection of Water Rates

In addition to the rent collection process we act as an agent on behalf of Dwr Cymru/Welsh Water, which generates an income of £400k in the form of commission. The implementation of the HelpU scheme for tenants has reduced this commission receivable by approximately £100k. The HelpU tariff assists tenants with low household income (less than £15,300 per annum) by reducing their water bills by nearly £200 per annum. The value of support also depends on number of residents per dwelling.

4.8. Universal Credit

Universal Credit (UC) is a new monthly payment for people who are either unemployed, or working, but on a low income. It will eventually replace six legacy benefits, including Housing Benefit. For Carmarthenshire, it was introduced in December 2018. We currently have nearly 1,900 tenants on Universal Credit.

We anticipate, unless things change, that a further 4,000 tenants could transfer over the next two to three years. From a business point of view, evidence from other social housing providers has shown that rent arrears will increase in the short to medium term and we have allowed for this within this plan in terms of our bad debt provision.

To date, there has only been a slight increase in rent arrears overall. This is lower than we had been expecting and certainly compares very favourably with the experience of other social housing providers.

The CHS+ Business Plan presents more detail on this, including the actions that are being undertaken to mitigate the impact for Council tenants.

5. BALANCES

5.1. If a rental increase is set at 1.5%, the overall proposed budget will result in a deficit on the Housing Revenue Account of £6.5million for the year, however this has been accommodated in the long term plan leaving £12million in balances at the end of 2021/22. It should also be noted in Appendix A that balances are required to support the current strategy of funding our capital expenditure and continue to make our business plan affordable over a 30 year period.

6. PROPOSED RECOMMENDATIONS TO EXECUTIVE BOARD

- **To increase average housing rent as per WG Social Housing Rents Policy.**
 - Properties at target rents will increase by 1.27% and
 - Properties where rent is below target rent, rent will increase by 1.27% plus a maximum progression of £1 per week
 - Those rents above target are frozen until such time that they meet the target.
 - This will produce an increase on the average housing rent of 1.5% (CPI +1%) or £1.35
- **This will produce a sustainable Business Plan, maintain CHS+, resource our Affordable Homes programme and is supported by DCHS Steering Group**
- **To maintain garage rents at £9.00 per week and garage bases at £2.25 per week**
- **Apply the service charge policy to ensure tenants who receive the benefit from specific services pay for those services**
- **To increase charges for using our sewerage treatment works in line with rent increase.**
- **To approve the Housing Revenue Account Budget for 2021/24 (2022/23 & 2023/24 being soft budgets) as set out in Appendix A.**
- **To approve the proposed Capital Programme and applicable funding for 2021/22 and the indicative spends for 2022/23 to 2023/24 as set out in Appendix B.**

Mae'r dudalen hon yn wag yn fwriadol

Department for Communities
Homes & Safer Communities
Housing Revenue Account 2021/22 - 2023/24
Appendix A

	Budget 2021/22 (£000s)	Budget 2022/23 (£000s)	Budget 2023/24 (£000s)
REVENUE SPENDING TO:			
Repair and maintain homes	11,833	11,890	12,149
Supervision and management	10,473	10,703	10,993
Support services e.g. legal and finance	1,714	1,749	1,784
Provision for Bad debts	594	648	666
Direct Revenue financing	11,333	9,882	10,347
Capital charges	15,068	15,984	16,694
TOTAL	51,015	50,856	52,634
	Budget 2021/22 (£000s)	Budget 2022/23 (£000s)	Budget 2023/24 (£000s)
REVENUE FUNDING FROM:			
Tenant rents	42,025	44,473	46,138
Service charges	816	837	863
Interest received	23	15	10
Housing Finance Grant 2	246	246	246
Water rates commission	315	319	323
Grants / Other	1,136	1,150	1,164
TOTAL	44,560	47,040	48,744
Surplus/(Deficit in year)	-6,456	-3,816	-3,889
HRA END OF YEAR POSITION:	Budget 2021/22	Budget 2022/23	Budget 2023/24
Balance brought forward from last year	18,624	12,168	8,353
HRA budgeted surplus (-)/ deficit (+)	-6,456	-3,816	-3,889
BALANCE CARRIED FOWARD	12,168	8,353	4,464

Mae'r dudalen hon yn wag yn fwriadol

Department for Communities
Homes & Safer Communities
Housing Revenue Account 2021/22 - 2023/24
Appendix B

CAPITAL SPENDING TO: -	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Maintain the standard:			
All Internal works	3,592	3,500	3,400
All External Works	4,000	4,000	4,000
Voids and Major Works to homes	5,250	3,000	3,000
Structural works - Estates and boundary walls (inc. identified structural works)	600	1,300	1,521
Decants	150	150	150
Support Tenant and Residents:			
Sheltered Scheme Investment	1,294	664	650
Assisted Living Projects	949	1,025	500
Adaptations	1,500	1,500	1,000
Environmental works	380	380	380
Provide more affordable homes:			
Housing Development Programme	17,793	18,840	12,850
Decarbonisation:			
Works to deliver decarbonisation	200	1,380	1,500
Support the delivery of CHS+:			
Programme management	656	669	682
Stock condition information	240	240	240
Risk Reduction Measures	845	557	557
Sewerage treatment works & associated costs	184	220	160
TOTAL	37,633	37,425	30,590

CAPITAL FUNDING FROM: -	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Welsh Government Grant - MRA	6,228	6,228	6,228
Welsh Government Grant - IHP & other	1,600	1,700	1,700
Direct Revenue Financing	11,333	9,882	10,347
External Borrowing	18,472	19,615	12,315
TOTAL	37,633	37,425	30,590

Mae'r dudalen hon yn wag yn fwriadol

COMMUNITY AND REGENERATION SCRUTINY COMMITTEE

Tuesday, 2 February 2021

EXTRACT FROM THE MINUTES OF THE COMMUNITY AND REGENERATION SCRUTINY COMMITTEE HELD ON THE 2ND FEBRUARY 2021

MINUTE

5. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING RENT SETTING FOR 2021/22

(NOTE: Councillor J Gilasbey having earlier declared an interest in this item left the meeting during its consideration)

The Committee considered the report presented by the Executive Board Member for Resources on the Housing Revenue Account (HRA) Budget and Housing Rent Setting for 2021/22, being presented as part of the budget consultation process that brought together the latest proposals for the Revenue and Capital budgets for the Housing Revenue Account 2021/24 to be presented to the Executive Board and Council for determination.

The Executive Board Member advised that the report had been prepared reflecting the latest proposals contained within the Housing Revenue Account (HRA) Business Plan, being the primary financial planning tool for delivering and maintaining the Carmarthenshire Homes Standard *Plus* (CHS+) for the future. The proposed investment within the current business plan delivered the CHS by 2015 (to those homes where the tenants agreed to have work undertaken) provided investment to maintain CHS+ and continued investment for the Authority's Affordable Homes Commitment.

The Executive Board Member reminded the Committee that with regard to the setting of the Housing Rents, the Authority had, on the 24th February 2015, adopted the Welsh Government's Social Housing Rent Policy for the four year period ending in 2018/19. For 2019/20, the Welsh Government had provided an interim policy while it awaited the results of the Affordable Housing Supply Review.

Following that review, the Welsh Government had decided to retain the policy for a further 5 year period from 2020/21 – 2024/25 with some additional/amended requirements, as detailed within the report. The annual rent uplift (total rent envelope) would be up to the Consumer Price Index (CPI) + 1% for each of the 5 years, using the level of CPI from September of the previous year. CPI + 1% would be the maximum increase allowable in any one year but must not be regarded as an automatic uplift to be applied by social landlords and their decisions on rent should have regard to the affordability for tenants.

In applying that policy for 2021/22, the Welsh Government had notified the level of rents for individual tenants could be reduced or frozen or rise by up to an additional £2 over and above the CPI+1% on condition the total rental income collected increased by no more than CPI +1%

If the budget proposals were to be endorsed, the 2021/22 Housing Revenue Account would have an expenditure level of £51m, with the capital programme being £37.6m for 2021/22, £37.4m for 2022/23 and £30.6m for 2023/24

The following issues were raised in relation to the report:-

- In response to a question on the percentage of Council Tenants in receipt of Housing Benefit, the Committee was advised one third were paying full rent, one third partial rent and the remaining third were received full benefit. The Head of Homes and Safer Communities advised that setting rent levels represented a difficult balancing act between ensuring rises did not adversely impact on tenants' ability to pay, whilst providing funding for the capital programme to improve the condition of the housing stock and the building of additional affordable homes
- Reference was made to the numbers of council tenants who had transferred from housing benefit to Universal Credit and to what impact that may have had on rent arrears and how that transfer was being managed.

The Executive Board Member for Housing confirmed that currently 1904 tenants had transferred to Universal Credit to date, increasing by 100 per month on average, with it being anticipated approximately 3,500 would transfer over time. Whilst current rent arrears were £1.5m, representing a £50k increase on the same time last year, it was less than anticipated and better than within other local authorities. The Council also worked with tenants on managing their transfer which included encouraging rent payment by direct debit.

- In response to a question on the decarbonisation proposals for Council homes, the Executive Board Member for Housing advised that the type and nature of work to be undertaken would vary from property to property depending on age and design and it was anticipated those works could save tenants between 60%-70% on their energy bills. While the cost of the proposals would be funded by the Council, via borrowing on capital, it was hoped the Welsh Government would provide grant aid towards those costs.
- The Head of Homes and Safer Communities confirmed that the rent increases proposed within the report only applied to council owned homes. For those homes managed by the Council, on behalf of other landlords, rental levels would be higher.

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE EXECUTIVE BOARD/COUNCIL:-

- 5.1 to increase the average housing rent as per the Welsh Government's Social Housing Rents Policy i.e.:-**
- **Properties at target rents to increase by 1.27%**
 - **Properties where rent was below target rent to increase by 1.27% plus a maximum progression of £1 per week**
 - **Properties above target rent be frozen until such time as they met the target**

thereby producing an average housing rent increase of 1.5% (CPI + 1%) or £1.35, producing a sustainable Business Plan, maintain CHS+ and resourcing the Affordable Homes Programme, as supported by the Carmarthenshire Home Standards Steering Group;

- 5.2 To maintain garage rents at £9.00 per week and garage bases at £2.25 per week;**
- 5.3 To apply the service charge policy to ensure tenants who received the benefit from specific services paid for those services;**
- 5.4 To increase charges for using the Council's sewerage treatment works in line with the rent increase;**
- 5.5 To approve the Housing Revenue Account Budget for 2021/24 (2022/23 & 2023/24 being soft budgets) as set out in Appendix A to the report;**
- 5.6 To approve the proposed Capital Programme and applicable funding for 2021/22 and the indicative spends for 2022/23 to 2023/24, as set out in Appendix B to the report.**

Mae'r dudalen hon yn wag yn fwriadol

Y BWRDD GWEITHREDOL 22 CHWEFROR 2021

Y PWNC: CYNLLUN BUSNES SAFON TAI SIR GAERFYRDDIN A MWY (STSG+) 2021-24

Y Pwrpas:

- Egluro gweledigaeth a manylion Safon Tai Sir Gaerfyrddin a Mwy dros y tair blynedd nesaf, a'r hyn y mae'r Safon yn ei olygu i'r tenantiaid
- Mae'r incwm a gawn gan renti tenantiaid a ffynonellau ariannu eraill yn rhoi rhaglen gyfalaf o £107m i ni dros y tair blynedd nesaf i:
 - adeiladu dros 400 o dai fforddiadwy
 - gwella a chynnal ein stoc bresennol
 - datblygu safonau newydd ar gyfer effeithlonrwydd ynni a symud tuag at gartrefi carbon niwtral
- Dangos sut y gall y rhaglenni buddsoddi mewn tai helpu i ysgogi'r economi leol a'i hadfer yn dilyn Covid-19
- Llunio cynllun busnes ar gyfer y cais blynyddol i Lywodraeth Cymru am y Grant Lwfans Gwaith Atgyweiriadau Mawr (MRA) ar gyfer 2021/22, sy'n cyfateb i £6.2 miliwn.

Yr argymhellion / penderfyniadau allweddol sydd eu hangen:

- Cadarnhau gweledigaeth STSG+, y rhaglen adeiladu newydd y Cyngor, a chadarnhau'r rhaglen ariannol a'r rhaglen gyflawni dros y tair blynedd nesaf
- Cytuno y gellir cyflwyno Cynllun Busnes 2021/22 i Lywodraeth Cymru
- Nodi'r egwyddorion sydd wrth wraidd symud tuag at gartrefi carbon niwtral a datblygu strategaeth datgarboneiddio i gefnogi hyn
- Nodi pwysigrwydd y buddsoddiad sydd wedi'i gynnwys yn y cynllun hwn a'i rôl o ran ysgogi'r economi leol a'i hadfer yn dilyn pandemig Covid-19.

Y rhesymau:

- Er mwyn parhau â'n gweledigaeth ar gyfer STSG+ i gyflawni'r hyn sydd o wir bwys i denantiaid
- Parhau i gefnogi tenantiaid drwy gynnal y safon a chyflymu'r broses o ran sut rydym yn ymdrin â'r agenda ddatgarboneiddio. Bydd hyn yn caniatáu i STSG+ ddatblygu ymhellach i fod yn addas ar gyfer y dyfodol. Cynllunnir buddsoddiad cyffredinol o £56m dros y tair blynedd nesaf;
- Adeiladu ar ein Cynllun Tai Fforddiadwy llwyddiannus er mwyn darparu rhagor o dai cost isel o safon dda. Bydd y buddsoddiad, sydd eisoes wedi'i gadarnhau, yn targedu'r

aelwydydd hynny sydd fwyaf mewn angen, a dros dair blynedd y cynllun hwn, bydd bron £49 miliwn yn cael ei fuddsoddi

- Cysylltu ein rhaglen buddsoddiadau tai â mentrau adfywio ehangach gan roi pwyslais gwirioneddol ar ddatblygiadau yn ward Tŷ-isa, Pentre Awel, Canol Trefi a threfi gwledig allweddol
- Er mwyn sicrhau bod yr Aelodau'n ymwybodol bod cyflawni'r Cynllun yn dibynnu ar godi rhenti gan 1.5% ar gyfartaledd yn 2021/22; a
- Cael mynediad at grant Lwfans Atgyweiriadau Mawr gan Lywodraeth Cymru (£6.2m) ar gyfer 2021/22 i helpu i gynnal ein tai presennol.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol : OES - Y Pwyllgor Craffu - Cymunedau ac Adfywio - 2 Chwefror

**Y BWRDD GWEITHREDOL / CYNGOR / PWYLLGOR:
Argymhellion / Sylwadau'r Pwyllgor Craffu:**

- Penderfynwyd argymell i'r Bwrdd Gweithredol i gymeradwyo'r Cynllun Busnes 2021-24 Safon Tai Sir Gaerfyrddin a Mwy (STSG+).

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES – 22 Chwefror, 2021

Angen i'r Cyngor wneud penderfyniad OES - 3 Mawrth, 2021

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Y Cyng. Linda Evans (Deiliad y Portffolio Tai)

Y Cyng. Hazel Evans (Deiliad Portffolio yr Amgylchedd)

Y Cyng. David Jenkins (Deiliad y Portffolio Adnoddau)

Y Gyfarwyddiaeth:

Cymunedau

Enw Pennaeth y Gwasanaeth:

Jonathan Morgan

Awdur yr Adroddiad:

Gareth Williams

Rachel M Davies

Swydd:

Pennaeth Cartrefi a
Chymunedau Mwy Diogel

Arweinydd Buddsoddi mewn
Tai

Rheolwr Strategol Darparu Tai

**Rhifau Ffôn /
Cyfeiriadau E-bost:**

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EXECUTIVE SUMMARY
EXECUTIVE BOARD
22ND FEBRUARY, 2021

SUBJECT:
THE CARMARTHENSHIRE HOMES STANDARD PLUS (CHS+)-
BUSINESS PLAN 2021-24

1. Purpose

- 1.1. At the start of each we develop a business plan which explains our vision and the three-year housing investment programmes to maintain the Carmarthenshire Homes Standard Plus (CHS +) and deliver more affordable homes.
- 1.2. It is important that the plan is clear and that all readers, including our tenants, understand its contents. Meeting our tenant's expectations is a key priority within the plan.
- 1.3. The income that we receive from tenants rents and other funding sources affords us an investment programme of over £260m (Capital - £107m and Revenue - £155m) to run our services, build more affordable homes, improve and maintain our existing stock as well as develop new standards for energy efficiency over the next three years.
- 1.4. The plan also reflects on previous years achievements and through careful consideration confirms the financial profile, based on current assumptions, for the delivery of the CHS+ and delivery of more affordable homes, over the next three years.
- 1.5. To help maintain the investment programme, each year we apply for WG Major Repair Allowance (MRA) grant. We access this funding by having a detailed business plan and compliance policy. The MRA application for 2021/22 will equate to £6.2m.

2. Context

- 2.1. The Business Plan sets out our priorities, plans and activities for 2021- 2024 for new and existing homes.
- 2.2. In comparison with previous years this year's business plan is different as we try to understand the effects of Covid 19 on our investment programme and how this plan will help with the Councils economic recovery from the pandemic.

- 2.3. The plan also seeks to acknowledge the effects that the pandemic has had on our tenants. It shows how we have developed new ways of communicating with tenants, that has ensured that we have continued engage with them and support some most vulnerable household's in our communities.
- 2.4. A comprehensive investment programme has been developed within the plan to ensure that we carryout the work that we unable to complete in 2020 and accelerate other work programmes such as the new build programme and decarbonisation strategy.
- 2.5. Through careful consideration and planning the plan looks to continually improve the standards within our existing stock, build more homes using innovative technology and ensure that current and future tenants have decent, affordable homes to live in.
- 2.6. As of 31st March 2021, the Council was fully WHQS Compliant having met the standard during 2015 utilising a whole house delivery approach. Some of our housing stock does not meet the CHS+ standards and the main reason was due to resident's choice (95%). A small number of properties (5%) were not improved because of physical constraints or the cost of reedy.
- 2.7. The Council has over 9000 homes and our approach goes beyond general repair and maintenance, it is based on looking at the whole life of the homes. Adopting this approach means that we can guarantee that what we do today, will be fit for purpose and sustainable for years to come.
- 2.8. Over the next three years we plan to deliver a comprehensive work programme that will see an investment of £56m in our existing homes and £49m in building new Council homes.
- 2.9. To maintain this level of investment we have considered a rent increase within the plan. Care has been taken to ensure that this is fair and proportional to the current circumstances and that our tenants do not suffer financial hardship as a result of this decision.
- 2.10. The rental increase included in this plan for 2021/22 has been limited to 1.5%
- 2.11. The plan has been divided into **four** key themes that will drive our business for the next three years. They are as follows:

Theme 1- Supporting Tenants & Residents

The commitment and support of our tenants' and Members' continues to be important to us to ensure that we maintain and improve on the CHS+ in the future. Our tenants are generally pleased with the services they receive with 82% satisfaction overall. We do however understand that there is

more that we can do to engage with our tenants. We will explore new innovative ways to engage with our tenants and give each and everyone an opportunity to have their say

**Theme 2- Investing
in Homes & the
Environment**

This year WG will develop a new WHQS that will build on what has already been achieved through the CHS+. It will feature an increased standard for energy efficiency performance in our homes. To address this we will develop a new decarbonisation strategy which will introduce new technology and improve the fabric performance of our homes. These measures will conserve heat and reduce fuel bill for tenants.

Tenants tell us that getting repairs done on time and maintaining homes to a good standard is important to them. Maintaining the standard is a statutory duty, and the Council has made a commitment to achieve and maintain the CHS. We will also make sure that our homes are safe by reviewing risk reduction measures, particularly around fire safety and radon. In addition, we will try to anticipate other opportunities whereby we can help improve the services we offer or contribute to the wider Council objectives around regeneration including Tyisha, Pentre Awel, town centres and rural areas.

Theme 3- Providing More Homes

Providing more affordable homes has been a key a strategic priority for the Council for a number of years. Our affordable housing plans will also play a key part in economic recovery following the Covid19 pandemic.

During 2020, we exceeded our target of delivering 1000 affordable homes a year ahead of schedule. Plans are also already underway to invest of £60m and develop over 500 new Council homes over the next 4 years. This investment is currently made up of HRA capital funding and external grant funding which is likely to increase as more funding becomes available from WG.

Due to the huge success of the Affordable Homes Delivery Plan and the Council New Build Programme we plan to develop a new 10 Year Affordable Housing and Regeneration Master Plan by Autumn 2021.

Our approach and delivery will be based on expanding the innovative affordable housing solutions already developed. It will also include maximising all funding opportunities to support wider regeneration initiatives, including rural areas, town centres and being part of and contributing to the Swansea Bay City Region Deal- Homes as Power Stations programme.

Theme 4- Foundational Economy, Community Benefits & Procurement

As an Authority we fully understand the importance of this Plan and its role across the wider capital investment programme to stimulate, support and develop the foundational economy. As part of our COVID-19 economic recovery plans, we will be looking to further develop the Council's approach to procurement in order to ensure we maximise our contribution to local economic prosperity and enhance our focus on social value and community wealth. Our aim is that the different local foundational economy sectors benefit and thrive. We look forward to combining this investment programme with the findings and recommendation of the Centre for Local Economies and Strategies (CLES) when it is available.

As we move forward with our recovery plans the CHS+ and Council new build programmes will provide sustained periods of trade. They will benefit local contractors and builders, creating more jobs, training opportunities and other community benefits. The decarbonisation of our homes will

also become a fundamental part of our future CHS+ programmes. Rolling this out across our entire housing stock will result in increased job opportunities and further training opportunities as we explore new ways of providing low carbon, energy efficient homes for our tenants.

Procuring services whether through the framework or competitive tender must be equitable for us as the Council, the contractors and for our tenants. Ensuring that we have value for money is our upmost priority, but if we have the chance to support local suppliers through our investment programme, we will do that.

- 2.12 Annually the Council reviews the Housing Revenue Account (HRA) Business Plan which sets out the investment needed to maintain the CHS+ investment programmes. The Council has a robust 30-year business plan in place and since April 2015 has become self-financing having exited the Housing Revenue Account Subsidy System (HRAS).
- 2.13 We will also pursue, where possible, other funding streams and grants to maximise our income that will support and complement the work programmes and/ or services outlined in the Business Plan.
- 2.14 Also included in the plan is how we measure and verify compliance. We believe that we report compliance accurately in achieving and maintaining the CHS+, and we will continue to do so.

3. Conclusion

- 3.1. In concluding, we believe the Business Plan sets out a clear intent to improve our housing stock, look to the future with the decarbonisation strategy that will help our environment and lower tenants fuel bills as well as building more affordable homes to meet an ever increasing need for social housing.
- 3.2. Whilst these are exciting times, we know that this is also a time of uncertainty and anguish for our tenants. As a result, we have been able to keep the rent increase for 2021/22 at its lowest possible, with an average increase of 1.5%.
- 3.3. In light of the Pandemic, the Council, more so now than ever, is committed to stimulating our foundational economy through our housing investment programmes and we trust that this will help our communities to recover and build resilience for the future

- 3.4. Finally, we set out what the key assumptions are to make sure the Business Plan remains viable, what we will spend the money on and how it is funded.
- 3.5. Over the next year we must ensure clarity from Welsh Government on their future financial priorities in terms of maintaining existing standards, introducing new standards to support the decarbonisation agenda and building much needed affordable homes for those in need.

4. Recommendations

- 4.1. To confirm the vision of the CHS+, the Councils new build programme, the financial and delivery programme over the next three years
- 4.2. To agree that the 2021/22 Business Plan can be submitted to Welsh Government
- 4.3. To note the principles behind moving towards carbon neutral homes and developing a decarbonisation strategy to support this
- 4.4. To note the importance of the investment included in this plan and its role in stimulating the local economy and recovery from the Covid 19 pandemic.

DETAILED REPORT ATTACHED ?	YES – Carmarthenshire Homes Standard PLUS (CHS+) Business Plan 2021/2024
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Jonathan Morgan

Head of Homes and Safer Communities

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	YES	NONE	YES

1. Policy, Crime & Disorder and Equalities

The CHS+ will act as the framework for policy development across Homes and Safer Communities and will contribute to wider agendas and programmes.

2. Legal

The Housing (Wales) Act 2014 sets out our statutory duty to maintain the Welsh Housing Quality Standard (our version is the Carmarthenshire Homes Standard *PLUS*) in our existing stock.

3. Finance

Delivering the CHS+ will continue to present significant financial challenges and risks to the County Council.

A capital investment of £231m has been undertaken to deliver the CHS+ by 2015. This included £117million of unsupported borrowing. Since achieving the CHS, a further £64M will have been spent on maintaining the standard and £45M on providing additional affordable homes in the HRA by the end of 2020/21.

Through careful management, the financial model remains viable to not only maintain the CHS+ and evolve the current standard but also deliver more affordable homes. A summary of costs over the next three years is included in the plan.

A general rent increase of 1.5% for 2021/22 is also assumed in the plan.

4. Risk Management

The CHS+ programme is identified as moderate risk in the Council's Risk Management Plan. A risk management plan has been developed to mitigate and review all risks associated with the programme.

Failure to deliver a viable Business Plan to Welsh Government by the end of March 2021 will mean the MRA of £6.2m for 2021/22 being withdrawn.

5. Physical Assets

The CHS+ will involve the management, maintenance and improvement of the Council's housing stock. This will be carried out within the context of our asset management principles which are defined within the plan. Any decision to acquire, convert or dispose of homes, land and/or garage areas will be considered in line with these principles.

This plan will also result in an increase in the number of homes in the Council's housing stock through the Council new build and purchasing private sector homes programmes.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jonathan Morgan

Head of Homes and Safer Communities

1. Scrutiny Committee –

Community & Regeneration Scrutiny Committed was consulted on 2nd February, 2021.

2. Local Member(s) - N/A

3. Community / Town Council - N/A

4. Relevant Partners

Engagement with stakeholders and partners has taken place in order to develop this Plan through digital interaction.

5. Staff Side Representatives and other Organisations

Engagement with tenants, has taken place in order to develop this Plan, however this has been limited because of the pandemic and stakeholder events, 1-2-1 interviews, visits and events in communities, and various meetings have not been included.

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED:**

YES

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Carmarthenshire Homes Standard PLUS (CHS+) Business Plan 2021/2024	Housing General Files	Council website- Democratic Services

Mae'r dudalen hon yn wag yn fwriadol

Carmarthenshire Homes Standard Plus (CHS+)

Business Plan

March 2021



carmarthenshire.gov.uk/housing

Cyngor **Sir Gâr**
Carmarthenshire
County Council



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Foreword by our Executive Board Members

We are pleased to introduce our Carmarthenshire Homes Standard *PLUS* (CHS+) Business Plan 2021-2024, which sets out our priorities, plans and activities for new and existing council housing for the coming years.

With careful consideration and understanding the effects of Covid on the business over the past year, this Plan seeks not only to maintain the standard, but will also provide a catalyst to stimulate our local economy. As we look to build more affordable homes and other innovative ways to improve our housing stock, we trust that this plan will help the County in its recovery.

Through the income we receive from tenants' rents and other funding sources we have been able to develop an investment programme of over £260m (Capital £107m and Revenue £155m) over the next three years. This will be used to run our services, improvement and maintenance programmes, make our tenants homes more energy efficient, as well as developing over 400 new council homes

The demand for affordable homes across the County remains high. The pandemic has also increased demand to provide suitable housing options to combat homelessness in the county. But even in these challenging times, through the continuous hard work of officers, we have maintained the high standards of performance and delivered on our promises.

We are extremely pleased to confirm that during last year (2020/21) we surpassed our affordable homes target of a thousand homes, almost a year ahead of schedule. Individual households, that were in housing need, have benefitted from good quality, affordable homes in their area of choice. We are confident that giving people a choice of where they would like to live, in areas that are local to them, will build stronger, more resilient communities.

It is with great optimism, that we look forward to developing our new Affordable Housing and Regeneration Master Plan by the autumn, with sites like Dylan, Garreglwyd, Maespiode and Glanmor Terrace nearing completion. We will build more housing and expand this to rural areas, that will fit in with our Ten Towns Initiative. The new houses achieve extremely high energy performance levels and we intend to introduce new technology and fabrics into our existing housing stock. This will make all of our homes more affordable to run for our tenants and lessen the impact on the environment through a reduction in carbon emissions. We will also be linking our housing investment programme to wider regeneration initiatives and focus on Tyisha, Pentre Awel and our Town Centres.

Last year was an exceptionally difficult year, particularly for our tenants. Many are vulnerable or families that have struggled to come to terms with the effects of the pandemic. Interacting with our tenants has remained one of our key priorities. We have found new ways to communicate with them through technology, as face to face meetings

are not at this time possible. This has enabled us to continue to provide the support and reassurance they require to live healthy and happy lives.

The pandemic has caused uncertainty and anguish for many of our tenants. We have therefore ensured that the rental levels for 2021/22 will be kept as low as possible. The rent increase for this year is the lowest it has been for the past 20 years.

Finally, we know that there is a lot more to do and that Covid has temporarily delayed some of our programmes. However, the details within the plan clearly lay out our priorities and realise the opportunities that lie ahead. The plan provides confidence that we will continue to invest in new and existing homes, improve our tenants' lives, the communities and environment they live in and help build a sustainable, prosperous local economy.

Thank you,



Linda Davies Evans
Executive Board Member
for Housing



Cllr Hazel Evans
Executive Board Member for
Environment



Cllr David Jenkins
Executive Board Member
for Resources

Introduction

Purpose of the CHS+ Plan

The purpose of this Plan is to explain the vision and detail of the Carmarthenshire Home Standard (CHS+), and what it means for tenants. The CHS+ is an enhanced version of the Welsh Housing Quality Standard (WHQS) which we delivered in 2015, well in advance of the Welsh Government (WG) timescales. This plan also includes a £107m capital investment programme, over the next three years. This will allow us to build 400 new Council homes, meet our ambition to improve the energy efficiency of our existing homes and meet our net zero carbon target by 2030.

The approved Plan enables us to submit our annual application to WG for Major Repairs Allowance (MRA) for 2021/22, which amounts to £6.2m. Previous years' business plans and forecasting of our spend profile have allowed us to draw down the full MRA allocation each year. In 2020/21, despite the interrupted works programme because of Covid, we still delivered a works programme large enough to draw down the full amount.

Advancing the CHS+ Plan

This Plan is updated annually considering the views of tenants and stakeholders, the latest stock condition information, updated financial information, WG guidance and any revised Council policies.

Progress against the actions within the plan and the associated budgets will be monitored regularly by the CHS+ Working Group. It also provides strategic direction that will be reported to the Housing & Regeneration Strategic Team. The plan also acknowledges the link between good quality housing and estate management with the seven goals in the Well-being of Future Generations Act. A copy of the Governance structure and the well-being goals are provided in Appendix A.

2020/2021 Achievements

2020 proved to be an exceptionally difficult year and many housing-related activities had to be delayed because of local and national restrictions. However, it would be remiss not to acknowledge some of last year's achievements in this plan.

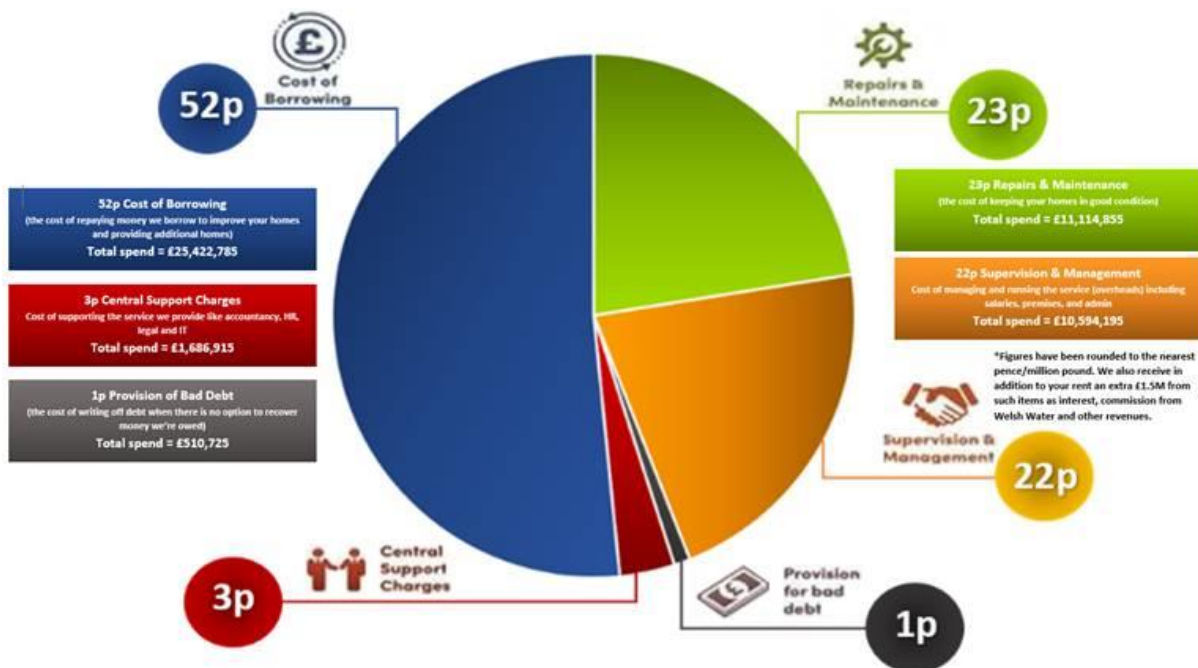
We have:

- Delivered over 1,000 affordable homes, nearly a year ahead of schedule
- Let over 30 new build Council homes, with a further 120 new build Council homes on site

- Designed a further 21 new development sites which will be delivered through a range of delivery vehicles
- Prevented 90 families from becoming homeless
- Made additional temporary accommodation available to vulnerable individuals
- Provided additional support and well-being services to vulnerable households
- Mitigated the impact of Covid on rent arrears and maintained our income
- Continued with our voids, maintenance and adaptations programmes
- Continued with our servicing programmes for boilers and smoke detectors
- Reviewed the first year of 'Canfod Cartref', our choice-based lettings system
- Submitted successful grant bids for the Optimised Retrofit Programme to decarbonise our homes
- Worked with Cardiff University to model and develop our Decarbonisation Strategy
- Maximised our income through successful grant funding bids including Integrated Care Fund, Land Release Fund and IHP Optimised Retrofit Grant
- Continued to respond and take appropriate action to deal with anti-social behaviour

The following sections will provide the context and detail of what we plan to deliver over the next three years. This includes how we intend paying for it and the wider benefits of the investment programme. We will cover FOUR key themes that have been identified that will drive our business for the next three years.

What your rent was used for in 2020/2021



Context

The CHS+ Business Plan

This Plan covers all housing services and assets in the Housing Revenue Account (HRA). It sets out the objectives of the CHS+ and what this means for tenants and leaseholders across a range of housing activities. The Council has:

- Over 9,000 homes;
- Over 1,400 garages (including bases); and
- Housing portfolio land

Further details of our housing assets and the profile of our tenants and applicants are set out in Appendix B.

Outlined in this Plan are the delivery programmes for CHS+ that will enable us to maintain full compliance with WG's Quality Standard (WHQS). We will focus on:

- Demonstrating sustained commitment and investment in repairs and maintenance
- Appraising options for some of our more uneconomic housing stock
- Our ambition to develop a new affordable housing and regeneration master plan
- Getting value for money through capital and revenue spend, ensuring value for money

We will invest nearly £56m in our existing homes over the next three years. £3m will be allocated to affordable warmth and decarbonisation initiatives. The plan has a revenue provision of £36m for repairs and maintenance and over £49m will be invested in building new Council homes.

Approach to managing assets

Our approach goes beyond repair and maintenance. It is based on looking at the whole life of the homes and the tenants that will live there. It also makes sure that these homes are in the right location, are affordable and of the high quality. Applying an effective asset management strategy will help us achieve this. It will go beyond general compliance, ensuring value for money, and providing confidence that this is a well-managed service.

Underpinning this are the following principles:

- Engage with tenants, stakeholders and Members and as far as is possible, meet aspirations and priorities
- Assess the condition of our stock regularly to inform our cyclical work programmes and review/ revisit any homes that do not meet the CHS+
- Respond to and carry out work in line with legislative changes e.g. health and safety

- Respond to unplanned failures in homes to avoid further deterioration or disrepair
- Bringing voids back into use quickly and efficiently without compromising standards
- A programme of environmental estate improvements that is strategically targeted, that will improve our neighbourhoods and communities
- Check on all homes annually and increase their frequency where issues are identified
- Continue to invest in adapting homes to suit the needs of tenants
- Understand the future investment required for sheltered housing and developing our offer to older people that is attractive and meets their needs
- Delivering more affordable homes through new build and utilising the private housing sector
- Procure services properly and where possible use local suppliers or contractors to encourage the local economy, develop skills and talents for future years

The Compliance Policy (Appendix E) shows how we will achieve this, through allocating adequate resources to maintain the standard, a robust asset management system, verification of the data and validation to ensure cost certainty over the 30 year financial model.

Ensuring our assets are economical to maintain and meet our strategic objectives

Homes Every year there are a small number of homes that need major work where the previous tenants have declined the CHS+ works, or where structural works are identified. We will monitor these and intervene appropriately.

Before committing to do the work, we need to ensure that the cost of work is proportional to the value of the property and demand for housing. For consistency, extensive work programmes, for one or many houses, will be assessed based on the Most Satisfactory Course of Action (MSCA). This will allow us to establish the net value of the homes over a 30-year period and whether it is worth investing in them.

Garages We have been gathering information on the types of agreements used and the condition of garages, by establishing who uses the garages and bases. Our intention is to standardise agreements and charges and consult owners and leaseholders on future options for garage sites including repairs or even demolition if they are unsafe or unused.

Land We own areas of land across the County. As part of our commitment to affordable housing, we have identified areas of land that could be used for development, prioritising those in areas of greatest need and meeting the Councils wider strategic regeneration priorities.

We may sell land which we have no use for it and costs us to maintain. The receipts from sales will contribute to maintaining the CHS+.

**Sewage
Treatment
Works**

We currently have 15 treatment works serving 154 homes and 8 septic tanks. Covid restrictions delayed the options appraisal in 20/21. However, we will revisit the charging arrangements and monitor the ongoing maintenance of these facilities and further consider a programme of remedial works that will comply with licence discharge conditions

We will develop a programme and consult with residents on the future strategy for maintaining and charging for sewage treatment works.

Theme 1 – Supporting Tenants and Residents

The commitment and support of our tenants and Members continues to be important to us, to ensure that we maintain and improve on the CHS+ in the future.

Tenant and resident engagement and communication

Tenant and community engagement have always underpinned the delivery of the CHS+, but we want to do more. We want to get better by engaging as widely as possible and with those that don't usually take part, to maximise opportunities and help build stronger communities.

We also believe we should give our tenants the opportunity to influence decisions about their homes, the area where they live and ensure the services they receive are value for money. Our vision is: -

“To make it easy and inviting for tenants to get involved in shaping strategic decisions and improve services through meaningful involvement by ensuring residents have the relevant skills”.

Impact of Coronavirus.

Covid 19 has impacted significantly on a many of our activities and the way we engage with our tenants. Events and projects had to be postponed during the lockdown periods last year until a time that they were safe to resume. Tenants have previously told us of the importance of communication and keeping in touch. We ensured that vulnerable tenants weren't left isolated during this time and found new ways to communicate with them through technology and other digital platforms such as WhatsApp.

TPAS Cymru¹ is an independent body that represents tenants' interests. We asked them to conduct a gap analysis on our communication platforms with tenants, gaps in tenant feedback and best practice and future requirements under a revised WHQS. The results will be incorporating in our future engagement plans.

What are our tenants telling us?

We have previously undertaken tenant satisfaction surveys. In total, 2,087 tenants took part in the survey, which represented a 29% response rate overall. A quarter of the total number of responses were collected online (513), and 82 surveys were completed in Welsh (4%).



¹TPAS Cymru- Tenant Advisory Participation Service



Tenants aged under 25 or over 65 were the most satisfied;



Satisfaction rates were lower for 35-54-year-olds;



Satisfaction rates did vary by wards; and



There were clusters of below average satisfaction in more urban wards.

Generally, our satisfaction rates were greater than the national average for other stock retaining authorities but slightly lower than other registered social landlords. Satisfaction in responding to repairs and carrying out works was comparable. However, listening and acting on tenants' views was lower and requires further work.

What happens next?

- Gain a better understanding of differences in satisfaction rates by ward from the STAR survey
- Revamp of our approach to the way we listen and act on tenant's views
- Give tenants a say through single-issue meetings, digital participation and challenge panel and ensure they have the skills and support to take part
- Engage with tenants on our plans to decarbonise their homes
- Continue with the roll out of time-banking platform "Connect to Carmarthenshire"

Responding to Universal Credit & Covid 19

Universal Credit (UC) was introduced in Carmarthenshire in 2018 and replaced six legacy benefits including Housing Benefit. We currently have 1855 tenants on Universal Credit and a further 3693 that could transfer across. How tenants on UC currently pay their rent is shown in Appendix B.

We anticipated a significant increase in rent arrears in the short to medium term based on other Local Authority experiences. The pandemic will have also affected the way working families or individuals pay and we have allowed for this within this plan through bad debt provision. However, we are pleased to say that, to date, there has only been a slight increase in rent arrears overall compared same time last year – about £300K. We will continue to monitor this and take appropriate measures to mitigate the impact of UC and Covid in 2021/22.

Continuing with our pre-tenancy service will also help new tenants understand what is expected from them and that they are 'set up' well from the start. We ensure that tenants are financially stable whether that's helping them with applications, setting up a direct debit and/ or providing furniture or white goods will help lower debt and maintain income.

Theme 2 – Investing in Homes and the Environment

In 2015 we completed the CHS+ programme of works to all homes where tenants had agreed to the work- well before WG’s target of December 2020. This is in line with our agreed assumptions that the standard of our homes will be to the CHS+ and replacement programmes will be based on condition, not time.

This year WG will develop a new WHQS that will build on what has already been achieved through the CHS+. It will feature an increased standard for energy efficiency performance. Our new homes have been designed to be highly efficient and highly affordable for our tenants. To address any inequality where affordable warmth is concerned, we will develop a new standard where new technology is introduced into our existing homes. We will improve the fabric of the building to conserve heat.

We acknowledge that housing will play a significant part in contributing to the Councils overall ambitions to become a ‘net zero carbon’ Authority by 2030, lessen the impact on our environment and contribute to tackling the climate emergency. We will achieve this by:

Research & Modelling

Following two successful grant funding bids to WG, Carmarthenshire will work with Cardiff University’s Welsh School of Architecture to model housing stock data and research the different retrofit models that could be applied to different housing types. We will also look at the cost of each solution, how they work together and how they can be applied to our cyclical programme as well as the impact on health, living conditions and fuel poverty. This will complement previous research - SPECIFIC 2 LCBE (European Regional Development Fund)

Robust Decarbonisation Strategy

The research programme will inform our decarbonisation strategy which will:

- Address the challenges and increase the impact of the Optimised Retrofit Programme by moving at scale and pace
- Provide a pathway for retrofitting tenants homes to the expected new WHQS SAP level of 92
- Adopt appropriate standards that will reduce cost and waste
- Accelerate the retrofit programme to stimulate the foundational economy and recovery through local supply chains
- Meet our decarbonisation goals

Monitoring, Evaluation and Training

We will ensure that our officers are trained to the appropriate standard (PAS2035) to survey, design and coordinate retrofit schemes in line with the Decarbonisation Strategy. Funding has been awarded through the research grant. Also, we will need to engage and train tenants to use technologies and heat their homes effectively, so that they have maximum benefit from their high-performing homes

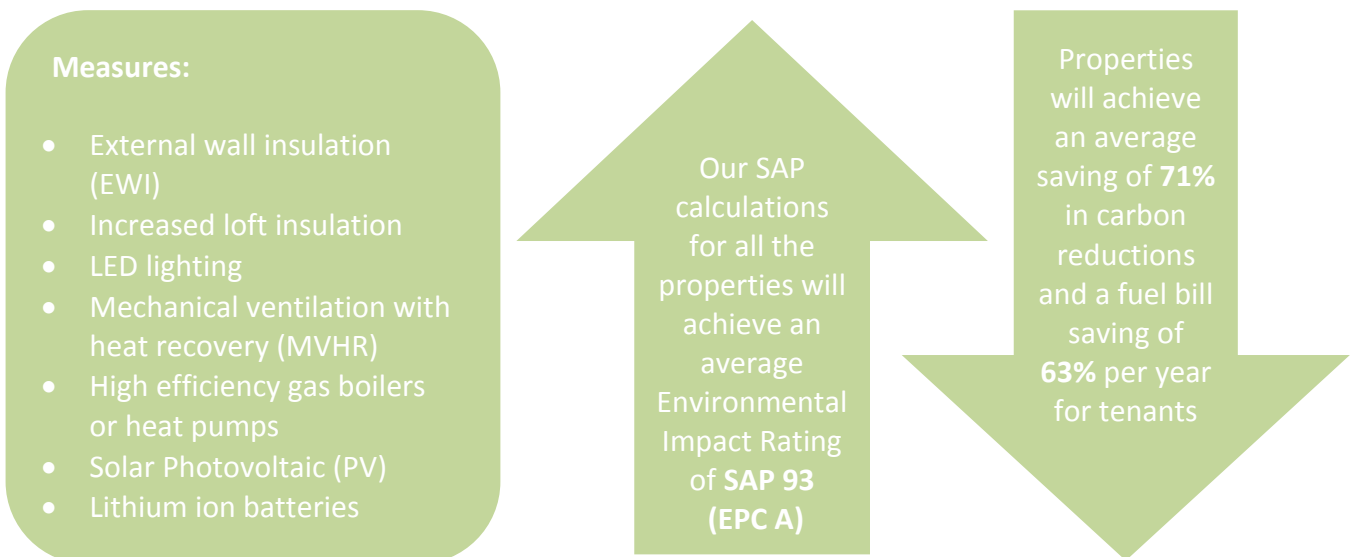
Homes as Power Stations	Aligned with the above, we also want to maximise the impact of the Swansea Bay City Region Deal 'Delivering Homes as Power Stations' project which may provide additional funding streams and supply chains. Also, it will identify the skills gaps within the market, and we will work with Coleg Sir Gar, the Universities and local businesses to develop these skills and plug the gap
Off Grid Solutions	Explore the natural environment and harness off grid energy sources such as wind and water to help to generate sustainable and affordable energy

Our Vision

“Develop a new Carmarthenshire Standard by continuing to move towards carbon neutral homes, both existing and new, ensuring that new supply chains, jobs and training opportunities are delivered”

Our approach & findings so far

We have already undertaken some research and modelling and applied this to some of our new schemes, such as Coleshill Terrace and to seven void retrofit projects. The Coleshill project offers a solution for shared housing and flats, which WG have found it difficult to find a solution for. The void properties represent a quarter of our typical archetypes. One of those properties offers an off-grid energy solution where an air source heat pump will be installed. We anticipate the following results by installing the measures listed:



The true cost of decarbonisation will become apparent as we model and develop our decarbonisation strategy. We also know that different models will be required for different homes, in different locations – multiple solutions.

Maintaining the Carmarthenshire Homes Standard Plus (CHS+)

Tenants tell us that getting repairs done on time and maintaining homes to a good standard is important to them. Maintaining the standard is a statutory duty, and the Council has made a commitment to achieve and maintain the CHS. The standard is laid out in the Compliance Policy (Appendix E).

Our on-going consultation has identified six key areas of work:

Work Area	Context	Action(s)
Repairs and Maintenance	Proper and timely maintenance, consistent service, maintaining homes to a high standard and continue to improve the housing stock	<ul style="list-style-type: none"> • Advising tenants how quickly we can carry out the works when they report minor repairs • Carrying out repairs in the timescales we have agreed or at a time that is more convenient for the tenant • Introducing an appointments system for our urgent responsive repairs service, using mobile technology • Introducing an automatic scheduling of repairs system
Internal Works	For internal components such as kitchens, bathrooms, electrical upgrading and central heating, we replace components nearer to the time of failing	<ul style="list-style-type: none"> • Contacting tenants who have previously declined CHS+ works to discuss having the works undertaken • Ensuring homes have the appropriate smoke alarms, heat detectors or carbon monoxide detectors, and discuss with tenants how we can upgrade these for their safety
Servicing	The aim is to assess the condition of our gas, oil, electric and solid fuel appliances and meeting our statutory servicing obligations. Protecting the health and well-being of our tenants by ensuring that all homes are fitted with compliant electrical systems, including hard-wired smoke and Carbon Monoxide (CO) detectors	<ul style="list-style-type: none"> • Continuing our annual programme of safety checks on gas fires, and gas or oil boilers, and replacing or upgrading where necessary with energy-efficient appliances • Inspecting homes for appropriate smoke, heat and carbon monoxide detectors. Installing/upgrading where necessary • Gaining access to ensure that the necessary works are completed • Installing servicing timers when we gain access (where a tenant repeatedly refuses access), to help protect lives

External Works and Environment	Our homes are generally in good condition and meet the CHS+. The aim is to achieve economies of scale by only replacing components nearer to the time of failing; including rendering and roofing upgrading/replacement programmes and improving the estate environment around our tenants homes	<ul style="list-style-type: none"> • Continuing to review and update our annual roof and rendering programme to include external wall insulation (EWI) • Working with a range of partners to identify opportunities to install low carbon technologies to our homes • Continue our programme of replacing structural boundary and retaining walls • Ensuring sheds/ outhouses, gardens, paths and fencing meet the CHS+ standard where reasonably practicable
Empty Council Homes (Voids)	Our aim is to let empty Council homes as quickly as possible, striving to meet customers' expectations, reduce rent loss and reduce the pressure on front line homelessness services particularly over the past 12 months	<ul style="list-style-type: none"> • Completing individual options appraisals if homes are no longer fit for purpose • Making sure that homes are maintained and repaired to our standards, together with making sure gardens are clear of rubbish • Make empty properties available for letting as quickly as possible • Ensuring every new tenant receives relevant information and certification about their new home
Improving Standards	Tenants have told us they want a standard that continues to evolve	<ul style="list-style-type: none"> • Engaging with tenants on our Decarbonisation Strategy and ensure they become fully involved • Giving tenants a say through single-issue meetings, digital participation and challenge panel • Developing an energy savings programme and ensure we have robust Energy Performance Certificate (EPC) data to better inform future workstreams • Providing adaptations for our tenants to meet their needs and maintain their independence • Meet the needs of households on the Accessible Housing Register (AHR) through conversion or where an empty Council property with existing adaptations is matched to a new household

- Evaluating the results of the pilot study on the treatment of lichen and algae growth on affected homes and determining a suitable remedy
- Investigating the costs of external works such as gutter clearance and external high-level cleaning on homes

“In a recent tenant survey 75% of tenants were satisfied with repairs and maintenance overall; and 79% of tenants were satisfied with last completed repair”.

The detail of the type of work to be completed in 2021/22 can be found in Appendix D. This includes works (capital & revenue) that weren't completed in 2020/21 because of the pandemic and have subsequently been rolled forward to future years.

Risk Reduction Measures

Approach to fire management - Following a review of fire risk assessments to our purpose-built blocks of flats and sheltered schemes, we have identified improvements to be made and an action plan has been developed. This provides a record of present risks, defects identified and the remedial action to be taken in a defined period. The risk assessments are monitored by the CHS+ Working Group, as set out in our governance structure.

Radon Testing Programme - Following guidance issued by the Welsh Government and Public Health Wales, we have started a programme of radon testing in all our homes located in areas where there is a greater probability of high radon levels. Officers from the Council will contact tenants and arrange to place radon detectors in specific, discreet locations within the house and will be left there for 3 months to gather data. We will contact tenants with the results and let them know if we need to take remedial action if levels are higher than recommended.

Anticipated Development, Initiatives and Opportunities

Older people's future housing - The evidence of what is needed to meet older people's future housing and accommodation requirements suggests that mix of housing models and approaches will be required over the next 10-20 years. This range covers general needs housing, specialist housing (i.e. housing specifically for older people) and care-based provision (residential/ nursing care, hospital-based care). Within our sheltered schemes we will also consider the communal facilities and living arrangements to manage public health and infection transmission.

Investing in Sheltered Housing – It is important that the right type of support and facilities are in the right schemes, in areas where older people wish to live and where it is convenient

to access local amenities. As part of our programme we continue to challenge whether schemes will meet the expectations of future residents. We will also continue our annual sheltered housing programme of:

- Communal boiler replacement/upgrades making boilers more energy efficient
- Maintaining and servicing lifts
- Transferring lifelines from non-scheme sites to our Telecare service (Delta Wellbeing)
- Introduce broadband to all our schemes so that all tenants are connected

Developing assisted living options for older people - We will consider the requirements and options to develop independent and supported living at Pentre Awel. This will include options for general needs and specialist housing.

Regeneration plans for Tyisha (Llanelli) - We have developed a transformational plan for the area. The main elements involve developing the area around the railway station to create a gateway into the town centre to include new housing, environmental and street scene enhancements. The aim is to improve the Station Road area that will link the town centre to the Pentre Awel and provide new housing solutions including options for key workers. Our plans involve working with the community to help regenerate the area and bring prosperity to the most deprived ward in the county.

Supported Housing (Mental Health & Learning Disabilities) – Projects are usually commissioned for accommodation and support for individuals or groups of people that have learning difficulties or mental health needs. Through a planned approach and understanding the medium to long term need, we will make available housing that can be used for this purpose and provide an option for transitional care arrangements. By bringing the landlord function ‘in house’, and commissioning the care separately, we can lower the cost and liability to other services and provide safe, decent and affordable accommodation for our most vulnerable clients. This is not intended for crisis management. We will redesignate houses within the current stock or purchase additional homes for this purpose where a need is identified. We want to offer tenants a choice over where they would like to live and who the support provider is.

Theme 3 – Providing more homes

Providing more affordable homes has been a key a strategic priority for the Council for several years:

- In 2015, we published our five-year vision¹ to increasing the supply of affordable homes.
- In 2016, we set out our first ambitious programme to deliver over 1000 affordable homes² by April 2021, a target we achieved nearly a year ahead of programme
- In September 2019 we published our transformational plan to build over 900 new Council homes, investing nearly £150m across the county by 2029³

Our affordable housing plans will play a key part in economic recovery following the Covid19 pandemic. The investment will help stimulate the foundation economy and the local supply chain. It will also help regenerate town centres and rural communities as we provide more homes in these areas to meet housing need.

Our commitment to increasing the supply of affordable housing will also ensure that we deliver the greatest increase in the number of Council homes in the County since the 1970's. Returning our housing stock levels to those last seen in the 1990's meeting housing need across the county.

Affordable Housing Performance

The first five years have been very successful with over 1,150 additional affordable homes delivered by the end of 2020, exceeding our original target of 1,000 homes nearly a year early. This includes the completion of our first Council new build development at Garreglwyd in Pembrey and the completion of phase 1 at Dylan in Bynea.

Our overall performance for the first five years (2016/17 - 2020/21) is shown in the graph below:



¹ Our Commitment to Affordable Homes – Agreed by Council in October 2015

² Affordable Homes Delivery Plan – Agreed by Council in March 2016

³ Building More Council Homes – Our ambition and plan of action – Agreed by Council in September 2019

The delivery of these affordable homes has been achieved by using a variety of innovative solutions including:

- building new Council homes
- buying private sector homes
- supporting landlords in the private rented sector with our Social Lettings Agency
- bringing empty homes back into use
- supporting our housing association partners to build new homes through the social housing grant programme
- Section 106 developer contributions through the planning system.

It was always anticipated that over time, we would need to provide even more affordable homes to meet the actual housing need in the County. Our ambitious new build programme was developed to help us achieve this.

Our Council New Build Programme

In September 2019, we published our first ambitious Council new build programme. This programme will deliver over 900 new Council homes with a 10-year investment programme of nearly £150m and is in addition to the Affordable Homes Delivery Plan that has already delivered over 1,150 homes.

Plans are already underway to develop over **400 homes** with a total investment exceeding £49m during the first three years of this programme. This investment is currently made up of HRA capital funding and external grant funding which is likely to increase as more funding becomes available from WG. The new build programme was developed by:

- Prudent financial management
- Maximising external funding opportunities, including Affordable Housing Grant and Innovative Housing Programme Funding
- Identifying a range of delivery vehicles including working with private sector development partners and the local housing associations to deliver more homes
- Following the four affordable housing action areas developed as part of the Affordable Homes Delivery Plan, linking wards geographically and culturally

The delivery of our new build programme begun in September 2019 with works starting on two sites (Garreglwyd in Pembrey and Dylan in Bynea) and creating 46 homes. Garreglwyd and Dylan (Phase 1) are now fully occupied.

Between January 2020 and March 2021 works began on a further seven sites, creating a further 99 homes, including:

Glanmor Terrace, Burry Port	This development will create 32 highly energy efficient homes that will lower fuel bills as well as carbon emissions. This development attracted £4.7m of Innovative Housing Programme Grant in 2019/20.
Gwynfryn, Ammanford	This development will create 28 homes, am mix of 2, 3 and 4-bedroom homes meeting local housing need. This development attracted £3m of Affordable Housing Grant in 2019/20
Maespiode, Llandybie	This is a small development of 8 two-bedroom homes that will help meet housing need in the area
Market Street North, Llanelli Town Centre	This development will create 10 apartments in Llanelli Town Centre. It is part of a wider development to regenerate Llanelli Town Centre and also attracted Target Regeneration Investment Funding (TRI) to demolish the existing building and develop 4 commercial spaces on the ground floor.
YMCA Building, Llanelli Town Centre	This site is also part of a wider development to regenerate Llanelli Town Centre and also attracted Target Regeneration Investment Funding (TRI) for the development of new commercial spaces in this historic building. The development will create 8 new apartments in Llanelli Town Centre.
Coleshill Terrace, Llanelli	This development will create 8 highly energy efficient apartments that will help mitigate fuel poverty as well as reducing carbon emissions. This development forms part of our assisted living project that creates homes specialist accommodation
Heol Aman, Glanamau	This development also forms part of our assisted living project. This development will create 5 assisted living apartments

Our new build programme is fully underway, 30 new homes have already been let and a further 8 new build developments are on site that will create a further 120 homes. Works are currently on-going on the development of a further 21 sites.

The Future- Creating a 10 Year Affordable Housing and Regeneration Master Plan

Following the success of the Affordable Homes Delivery Plan and the New Build Programme we plan to develop a new 10 Year Affordable Housing and Regeneration Master Plan by the autumn.

The plan will provide even more opportunities for investment and regeneration that will shape the construction industry and create local jobs and training prospects. Not only will the plan boost our supply of much needed social housing, it will also have a pivotal role in delivering the wider Council priorities to grow the local economy and recover from the economic devastation caused by Covid 19. Our approach and delivery will be based on expanding the innovative solutions listed above and by maximising every funding opportunity to support wider regeneration initiatives. This includes rural areas, town

centres and being part of and contributing to the Swansea Bay City Region Deal- Homes as Power Stations programme.

Theme 4 – Foundational Economy, Community Benefits and Procurement

As an Authority we fully understand the importance of this Plan and its role across the wider capital investment programme to stimulate, support and develop the foundational economy. As part of our COVID-19 economic recovery plans, we will be looking to further develop the Council's approach to procurement in order to ensure we maximise our contribution to local economic prosperity and enhance our focus on social value and community wealth. Our aim is that the different local foundational economy sectors benefit and thrive. It is therefore important that our investment plans:

- contribute to the immediate recovery from the Covid 19 pandemic
- are sustainable in future years as we continue to invest and maintain our homes
- enable local businesses and industries to develop, grow and lay down strong roots
- keep the pound local, benefiting our economy and contribute directly to the prosperity of our County and its residents
- create new jobs and training opportunities for local people

As we move forward with our recovery plans the CHS+ and Council new build programmes will provide sustained periods of trade and benefit local contractors and builders. This will create more jobs, training opportunities and other community benefits. Whilst local and national restrictions have made it difficult to work in tenants' homes, our new build schemes have been able to carry on at 'scale and pace'. Our future new build programmes will have greater focus on providing more homes in town centres and rural areas, having a direct impact on business and commerce in these areas.

The decarbonisation of our homes will also become a fundamental part of our future CHS+ programmes. Rolling this out across our entire housing stock will result in increased job opportunities and further training opportunities as we explore new ways of providing low carbon, energy efficient homes for our tenants. A significant proportion of the council housing stock is in rural market towns and in rural areas. Encouraging small to medium enterprises (SMEs) to participate in those areas will help with local employment and allow young people to stay in the community where they want to live.

Our procurement strategy aims to develop our programmes using local contractors and suppliers to stimulate the local economy. Where this is not possible initially, because of limitations on the supply and availability of local skills (e.g. homes built using Modern Methods of Construction (MMC)), we will learn from these projects and put measures in place (close the gaps) to ensure that the skills and work force needed is available locally. We will also influence this through the Regional Skills and Partnerships workstream.

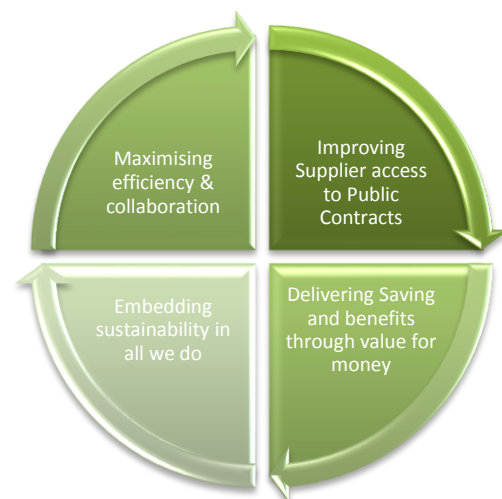


- £333,011 of work carried out via the framework
- Every £1 spent, £1.58 was reinvested into the local economy
- 50% was spent on local businesses
- £31,888 were cash contributions or sponsorships
- £930 was for in kind donations (labour, goods and services)
- 4 new job created directly through our investment
- 135 weeks of training was provided
- 5 Apprenticeships started
- 2 work experience / internship opportunities
- 16 non-accredited training opportunities were completed

During construction, contractors will contribute to the wider local economy by increasing footfall into the town centre and spending money in rural market towns/ villages by accessing local amenities such as shops, supermarkets, restaurants and cafés. This increased footfall in town centres will help compensate for the reduced use of the town centre commerce during the pandemic as local offices remain empty.

It is however, extremely important that all contracts demonstrate good value for money and through the Regional Contractors and the Minor Works Framework we will challenge their costs and the principles of construction to make sure that we achieve this.

Procuring services whether through the framework or competitive tender must be equitable for us as the Council, the contractor and for our tenants. Ensuring that we have value for money is our upmost priority, but if we have the chance to support local suppliers through our investment programme, we will do so. The local supply chain will become even more important in the years to come as is helping smaller enterprises to competitively tender for contracts or join a framework. This will increase the quality and standard of workmanship, improve skills and lower cost without making it unprofitable for smaller companies.



Funding and Risk Management

Major Repairs Allowance

Every year we receive over £6 million from WG to support our capital investment. The grant comes with clear guidance on what it can and cannot be used for. The main condition is that it must be spent on property within the HRA. It cannot be used for revenue repairs or maintenance, demolition costs, repayment of borrowing etc. A full breakdown can be found in our MRA acceptance letter issued by Welsh Government.

The MRA makes a significant contribution towards achieving and maintaining the CHS. A reduction or ending the MRA could be detrimental to future investment plans.

Planning Assumptions

To help us plan our investments, we must make certain assumptions. Changes to our assumptions may mean re-visiting the objectives included in this plan.

INCOME

Major Repairs Allowance (MRA) <i>i.e. the amount of capital funding we get from the Welsh Government</i>	£6.2m each year. This is on the basis that we receive an average £682 for each home.
Rent increase 2020/21	1.5% average (with a maximum progression of £1 per household)
Future rent increase levels <i>Based on Welsh Government Policy</i>	Consumer Price Index plus 1% from 2021/22 for 5 financial years
Borrowing and direct revenue financing (DRF)	Borrowing £51m and utilising £32m DRF over next 3 years to Maintain the CHS+ And deliver our Affordable Homes ambitions.

OTHER

Expenditure/income inflation	Employees' pay at 2.75% for 2021/22 as per the council fund, general inflation at 2%
Right to Buy receipts <i>i.e. Money we get from tenants' buying their home</i>	No receipts from 1 st April 2015 following suspension of Right to Buy
Balances on the revenue account <i>i.e. the amount of money we need to keep in reserve</i>	Minimum of £4.5m (based on £150 per property)

SPENDING

Assumed Borrowing costs <i>i.e. the amount it costs to borrow money</i>	Cost of existing and new debt: 2021/22: 3.93% And future years	Cost of exiting HRAS: Average of 4.57%
Provision for Bad debt <i>i.e. debt that we will be unable to recover</i>	2021/22: £594k 2022/23: £648K 2023/24: £666K	

CAPITAL SPENDING TO: -	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Maintain the standard:			
All Internal works	3,592	3,500	3,400
All External Works	4,000	4,000	4,000
Voids and Major Works to homes	5,250	3,000	3,000
Structural works - Estates and boundary walls (inc. identified structural works)	600	1,300	1,521
Decants	150	150	150
Support Tenant and Residents:			
Sheltered Scheme Investment	1,294	664	650
Assisted Living Projects	949	1,025	500
Adaptations	1,500	1,500	1,000
Environmental works	380	380	380
Provide more affordable homes:			
Housing Development Programme	17,793	18,840	12,850
Decarbonisation:			
Works to deliver decarbonisation	200	1,380	1,500
Support the delivery of CHS+:			
Programme management	656	669	682
Stock condition information	240	240	240
Risk Reduction Measures	845	557	557
Sewerage treatment works & associated costs	184	220	160
TOTAL	37,633	37,425	30,590

CAPITAL FUNDING FROM: -	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Welsh Government Grant - MRA	6,228	6,228	6,228
Welsh Government Grant - IHP & other	1,600	1,700	1,700
Direct Revenue Financing	11,333	9,882	10,347
External Borrowing	18,472	19,615	12,315
TOTAL	37,633	37,425	30,590

REVENUE SPENDING TO:	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Repair and maintain homes	11,833	11,890	12,149
Supervision and management	10,458	10,693	10,986
Support services e.g. legal and finance	1,714	1,749	1,784
Provision for Bad debts	594	648	666
Direct Revenue financing	11,333	9,882	10,347
Capital charges	15,068	15,984	16,694
TOTAL	51,000	50,846	52,627

REVENUE FUNDING FROM:	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Tenant rents	42,025	44,473	46,138
Service charges	816	837	863
Interest received	8	5	3
Housing Finance Grant 2	246	246	246
Water rates commission	315	319	323
Grants / Other	1,136	1,150	1,164
TOTAL	44,545	47,030	48,737
Difference between 'Revenue Funding' and 'Revenue Spending'*	-6,456	-3,816	-3,889

HRA END OF YEAR POSITION:	Budget 2021/22	Budget 2022/23	Budget 2023/24
	(£000s)	(£000s)	(£000s)
Balance brought forward from last year	18,624	12,168	8,353
HRA budgeted difference *	-6,456	-3,816	-3,889
BALANCE CARRIED FOWARD	12,168	8,353	4,464

*N.B. + is a surplus in revenue funding over spending and – is a deficit/ shortfall in revenue funding over spending

Risk Management

Each year, as part of the HRA business planning process, we identify, assess and prioritise potential risks and consider the likelihood and impact of each. This exercise is carried out by each service delivery area. Once this has been done, we identify ways in which we can reduce or manage the potential risk and impact. These are recorded corporately and monitored regularly.

The greatest risks identified in delivering this plan are:

- Maintaining up to date asset information about our stock;
- Uncertainty of the impact of market conditions about inflation, pricing and availability of workforce (Covid 19 and Brexit), to inform the 30-year cost certainty exercise
- The impact of balancing investment in maintaining the existing standard, introducing new measures to support decarbonisation and continuing to deliver our ambitious housing and regeneration development programme.

All risks are monitored by the CHS+ Working Group.

Compliance, Verification and Monitoring

Compliance and Acceptable Fails

Recording compliance and acceptable fails is not a simple collection of condition information for things like kitchens, bathrooms, electrics and so on. It is a combination of occupancy and property condition information. Surveying of homes, collating of information, how we manage our data, and the ability to report 100% accurate information, are all data-hungry activities.

An acceptable failure occurs when an individual component e.g. a kitchen or bathroom, has not been completed for one or more of the following reasons:

- Cost of remedy
- Timing of remedy
- Resident's choice
- Physical constraint

The details of our acceptable fails and compliance are set out in Appendix D, and our full CHS+ compliance document is set out in Appendix E.

Energy Efficiency

We have had several different programmes running to improve the energy efficiency of homes. These programmes have helped save tenants money on their heating costs and improve the SAP rating of our homes. The average SAP across our stock is 65 out of 100 which meets the current requirements of the WHQS. The new WHQS is likely to require our housing stock to reach a SAP rating of 92.

Independent Verification

We believe that we report compliance accurately in achieving and maintaining the CHS+, and we will continue to do so. We will also back this up with further verification by:

- Demonstrating compliance by ensuring there is a clear separation of duties between CCC staff reporting compliance and those staff responsible for delivering the CHS+
- Using internal staff in conjunction with external support, where necessary to undertake desktop reviews
- Commencing a sample programme of stock condition visits every year
- Asking tenants how they would like to be part of the process of verification
- Continuing to use a range of methods to assess compliance. Some data is already independently collected, e.g. boiler inspections, EPCs and electrical tests
- Providing Home Information packs for all new tenants, informing them of boiler inspections, asbestos advice, Energy Performance Certificates, electrical tests and when any outstanding CHS+ work will be carried out.

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Carmarthenshire Homes Standard Plus (CHS+)

Business Plan - Appendices A-D

March 2021



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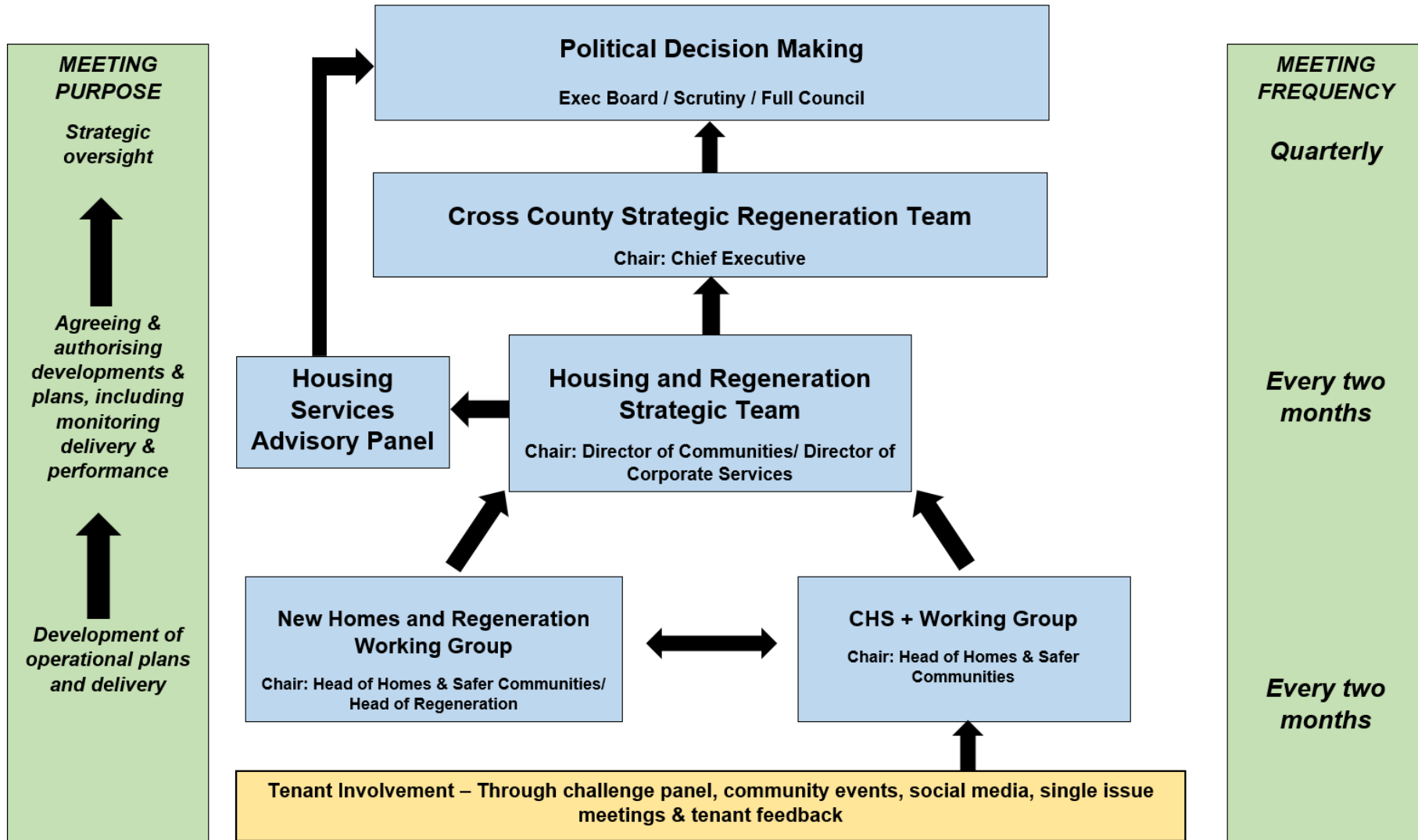
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Appendix A: Well-being Priorities & Governance Structure

<p>A more prosperous Wales</p>	<p>We will focus on:</p> <ul style="list-style-type: none"> • Ensuring long-term economic and social benefits for Carmarthenshire through the Swansea Bay City Region and future European and external funding avenues. <p>We are committed to:</p> <ul style="list-style-type: none"> • Contributing to the social, economic and environmental well-being of the wider community
<p>1</p>	
<p>A resilient Wales</p>	
<p>2</p>	
<p>A healthier Wales</p>	<p>We will focus on:</p> <ul style="list-style-type: none"> • Asking tenderers to deliver community benefits in our tendering activities through the delivery of the contracts or frameworks awarded • Maximising the value for every pound we spend, applying a community benefits approach to any tender valued over £1million; and • Capturing and recording community benefits utilising WG’s community benefits measurement tool. <p>We will focus on:</p> <ul style="list-style-type: none"> • Increasing the availability of rented and affordable homes to support the needs of local people by building new homes, bringing empty homes back into use and ensuring an allocation of affordable homes on new developments • Mitigating the local impacts of welfare reform by supporting affected residents through the changes • Providing homes better suited to tenants needs by investing in adapting homes and understanding the future investment needs for our sheltered housing stock.
<p>3</p>	
<p>A more equal Wales</p>	
<p>4</p>	
<p>A Wales of cohesive communities</p>	<p>We will focus on:</p> <ul style="list-style-type: none"> • Reducing anti-social behaviour by working in partnership with other agencies and communities to tackle local problems. • We want to get better by engaging as widely as possible and maximising opportunities to help build stronger communities. <p>We believe we should:</p> <ul style="list-style-type: none"> • Give our tenants the opportunity to influence decisions about their homes, the area they live and ensure the services they receive achieve value for money. Our vision is: -
<p>5</p>	
<p>A Wales of vibrant culture and thriving Welsh language</p>	<p><i>“To make it easy and inviting for tenants to get involved in shaping strategic decisions and improve services through meaningful involvement by ensuring residents have the relevant skills”.</i></p> <p>We will focus on what our tenants are telling us:</p> <ul style="list-style-type: none"> • During the summer months we undertook a tenant satisfaction survey. In total, 2,087 tenants took part in the survey. This represented a 29% response rate overall. 82 surveys were completed in Welsh (4%). • We will carry out an in-depth analyse of results to get a better understanding of the differences in satisfaction rates by age, by ward and property type; and revamp our approach to the way we listen and act on tenant’s views.
<p>6</p>	
<p>responsible Wales</p>	
<p>7</p>	<p>We will ensure that:</p> <ul style="list-style-type: none"> • Our new build activities and retrofits of renewable energy technology to our tenants’ homes are cost effective and meet our ambitions and obligations related to climate emergency (in particular its commitment to becoming a net zero carbon local authority by 2030) • We meet our ambitions to save tenants money on their energy costs, support the vulnerable and stimulate a sustainable local economy.

Governance Structure

All actions in this Plan will be monitored on a bi-monthly basis by the Housing and Regeneration Strategic Team. This group provides strategic direction and corporate leadership to ensure appropriate progression on the initiatives included.

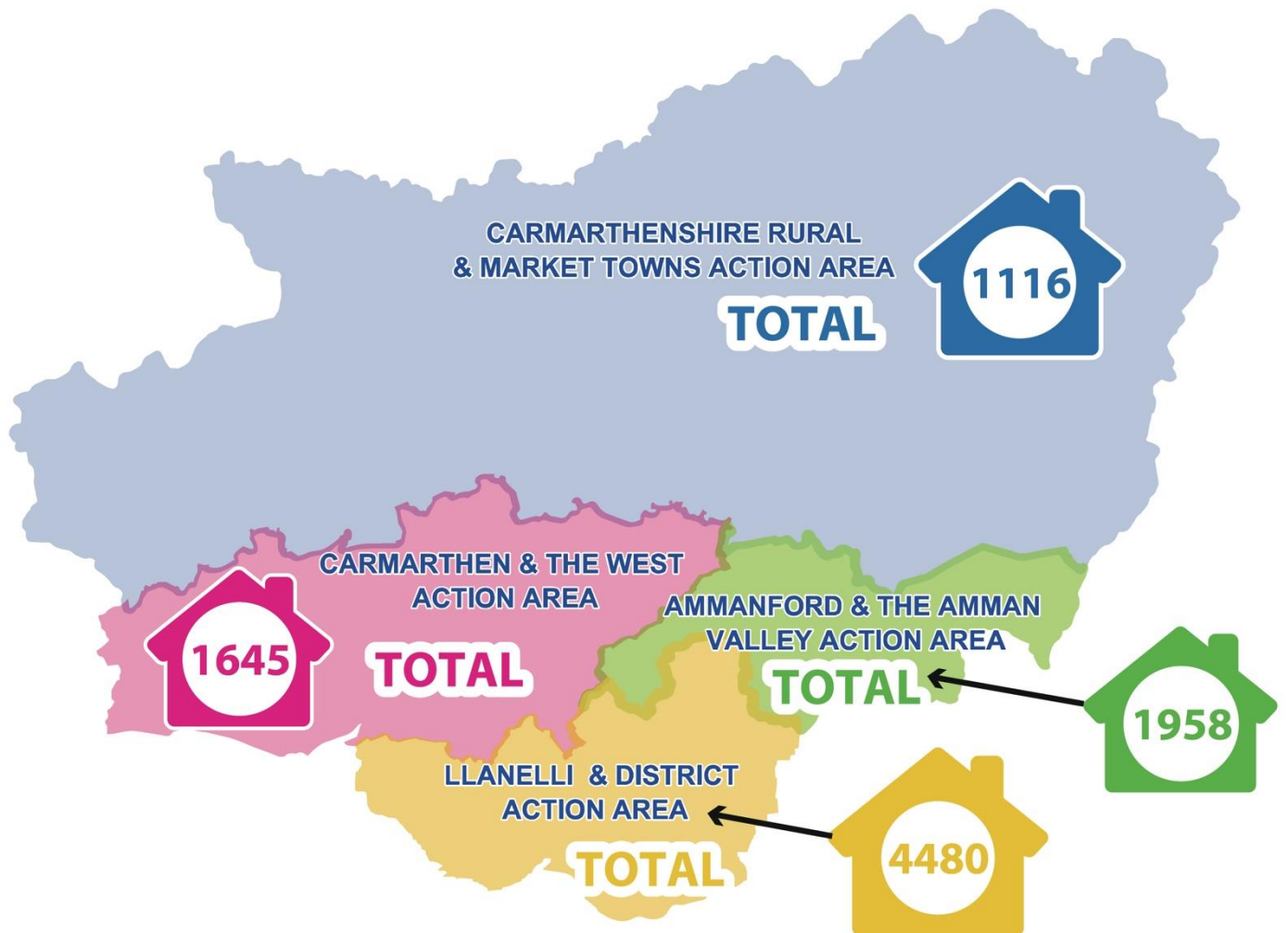


Appendix B: Stock, Tenant and Housing Choice Register Profile

Stock Make Up

Carmarthenshire County Council's HRA stock (as set out below) comprises 9,199 homes, including 519 sheltered homes, and an additional 220 leasehold homes.

The housing stock comprises 5,036 houses and 2,183 bungalows, with the remainder made up of 1,980 flats (including sheltered), bedsits and maisonettes. The majority of the stock is 2- and 3-bedroom homes.

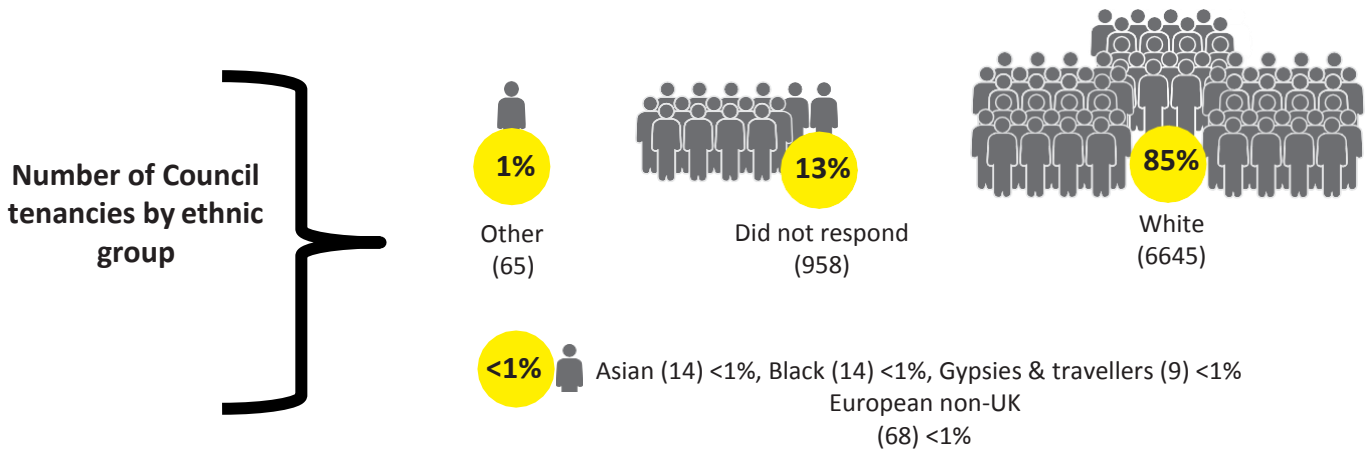
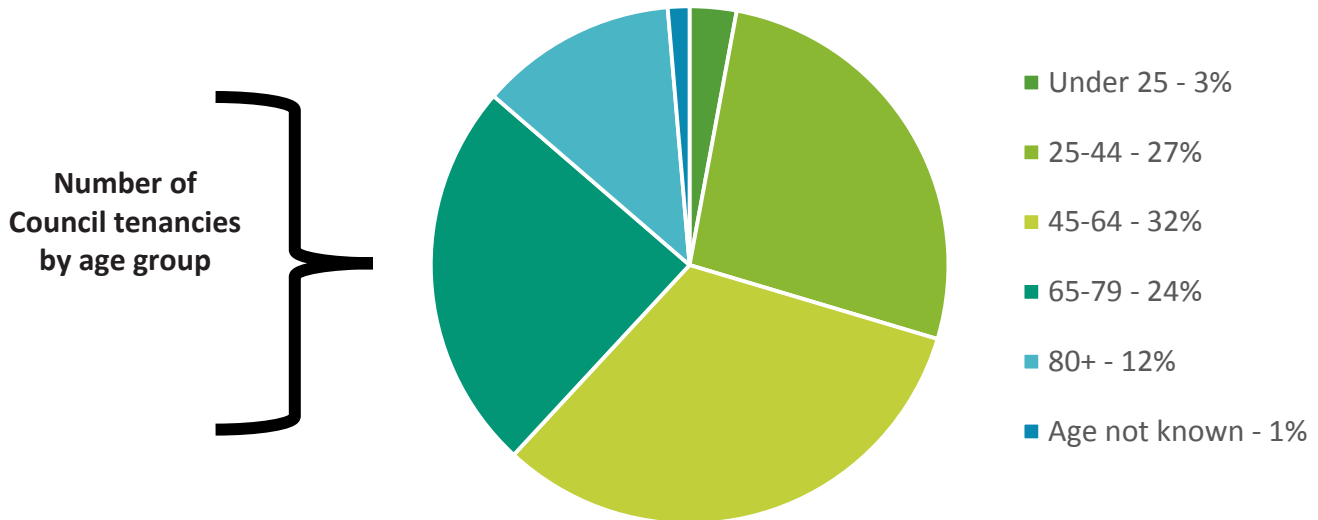


Property Type	Carmarthenshire Rural & MKT Town	Carmarthen & The West	Ammanford & the Amman Valley	Llanelli & District
Bedsit	0	19	0	3
Bungalow	540	497	502	644
Flats (Inc Sheltered)	182	330	509	897
House	394	781	946	2915
Maisonette	0	18	1	21

Tenant Profile

We know that 12% of our lead tenants are aged 80 or over and a further 24% are aged 65 to 79. As a result, 36% of our lead tenants are 65 or above. Only 3% of our lead tenants are under 25, the remaining 61% are aged 25 to 65.

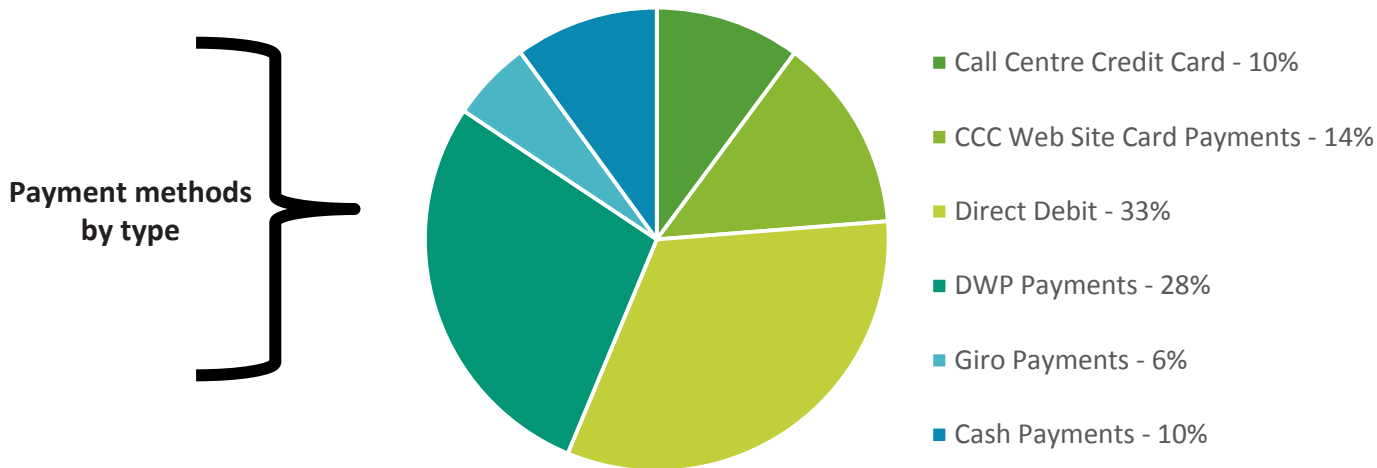
We know that 85% of our lead tenants are white British. A further 13% did not provide information about their ethnic group.



Universal Credit Tenant Payment Profile

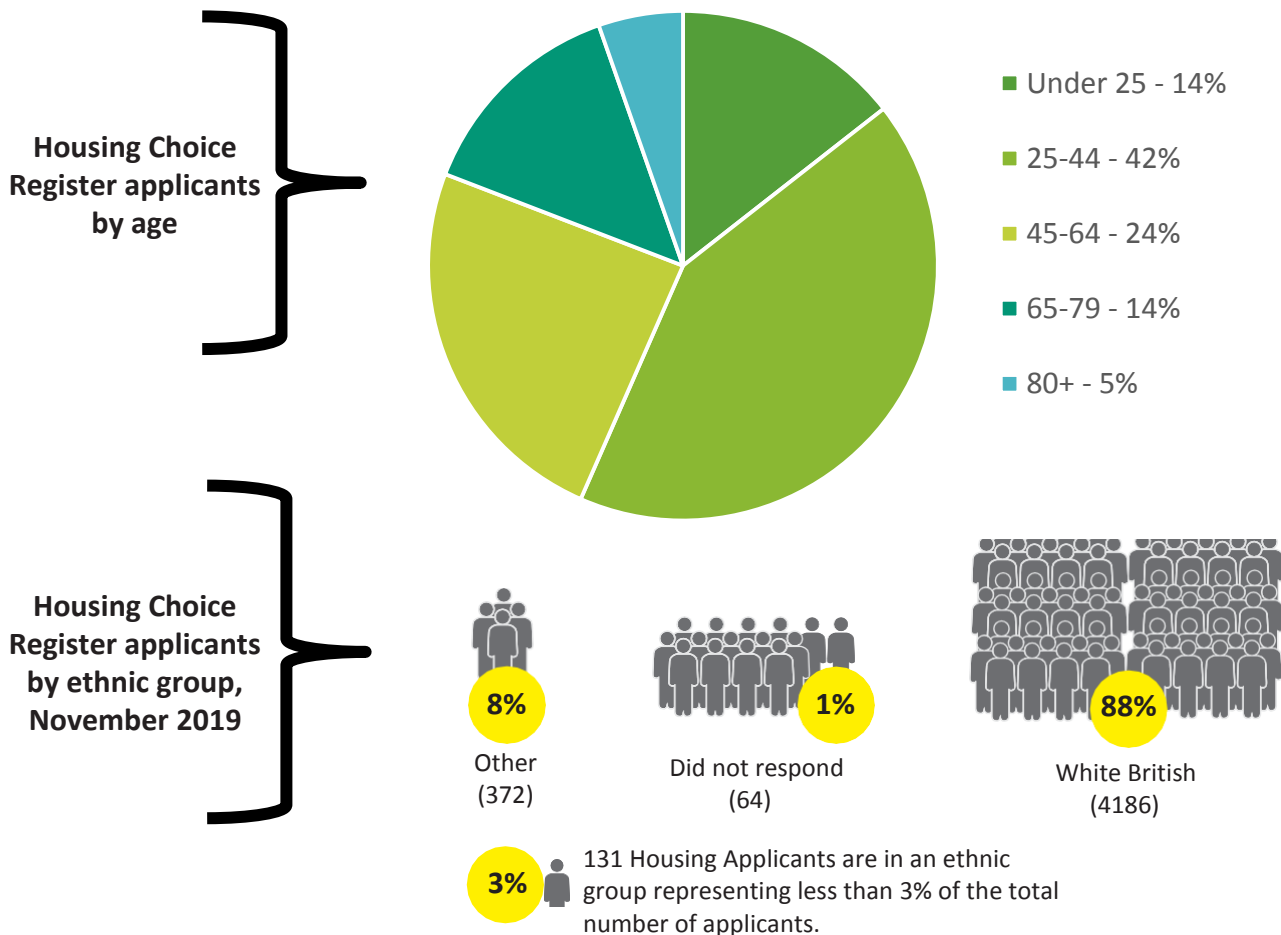
For tenants currently claiming Universal Credit, we know that 33% are paying their rent by direct debit. A further 16% are receiving Universal Credit Payments direct to CCC.

Tenant Payment methods

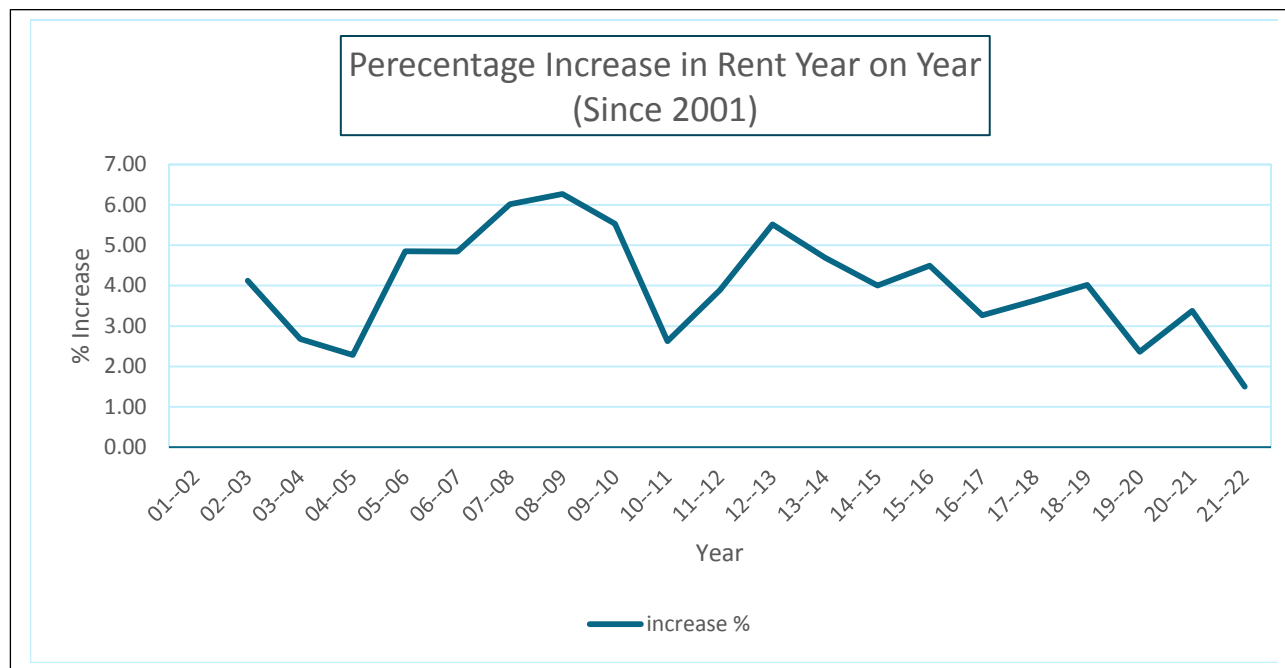


Housing Choice Applicants

We know that 42% of our lead applicants are aged 25 to 44 with a further 14% aged under 25. 5% are aged 80+ and the remaining 39% are aged 45 to 79. We know that 88% of applicants are white British and a further 1% of our lead applicants did not provide information about their ethnic group.



Rent Increase Profile (Since 2001)



Appendix C: How Happy Tenants are with the Services we Provide

During 2019 we have continued to engage with tenants and other stakeholders in a number of ways. We have recently received feedback from a STAR Resident Satisfaction Survey that provided us with an overall summary for how satisfied tenants are with the overall services we provide as a Council.

The results are provided below:



Neighbourhood Services

85%

Satisfied with neighbourhood as a place to live

66%

Satisfied with the grounds maintenance service

Communication

58%

Satisfied with the way the Council deals with ASB

Rural areas such as Cynwyl Elfed, St Ishmael and Gorslas has almost unanimous satisfaction

Satisfaction was significantly lower in urban areas of North and West Carmarthen, Eastern Llanelli and Ammanford

Ground maintenance satisfaction was on par with other landlords

Dealing with ASB was a secondary key driver of satisfaction

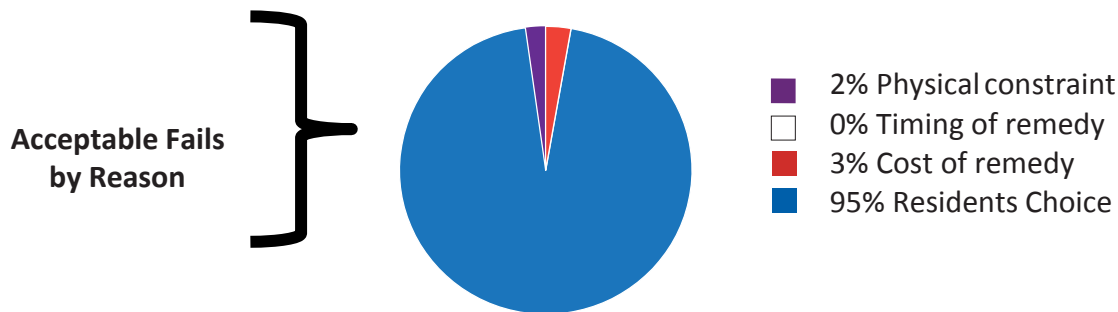
Satisfaction was lowest for 35-49-year olds

Some correlation between ASB satisfaction and rating for the neighbourhood overall

Appendix D: Acceptable Fails

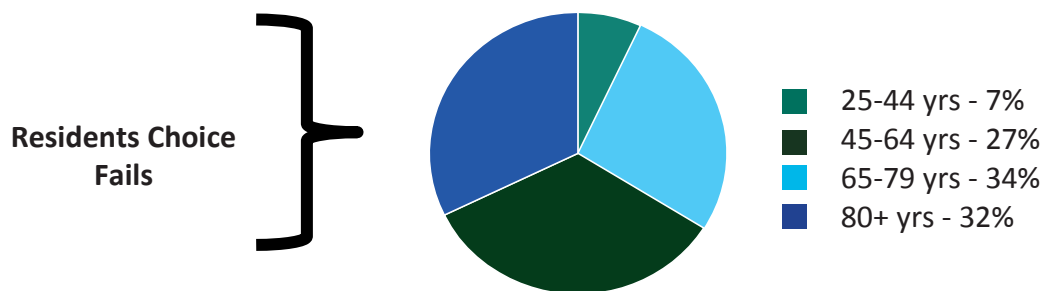
The Welsh Government Outlines ‘acceptable fails’ as a home which meets the standard but has not had all works carried out to make it full compliant. There are different reasons for why these acceptable fails would occur.

Some tenants have chosen not to have the work done (Residents’ choice) because they were happy with their homes, have made their own improvements or some, particularly older tenants, do not want the disruption. This is, by far, the main reason why homes do not currently meet the standard.



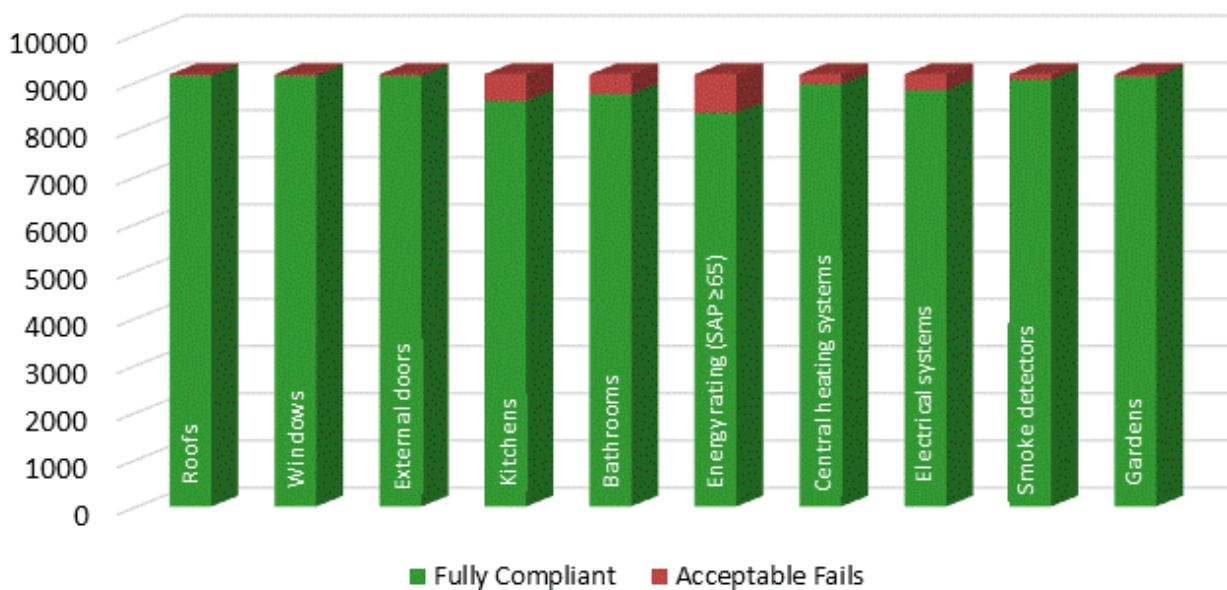
We know that 95% of our acceptable fails are as a result of residents’ choice. The remaining 5% being the cost of the remedy or physical constraints.

We also know that 32% of the residents who chose not to have the CHS+ works completed are aged 80 or over and a further 34% are between the age of 65 and 79.



WHQS Compliance

The following tables set out our achievement of meeting the CHS+ in 2015 by components, together with the annual programme to maintain compliance of the CHS+.



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Achieving and Maintaining the Carmarthenshire Homes' Standard Plus

Appendix E – CHS+ Compliance Policy

March 2021



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1. The purpose....

- 1.1. The purpose of this document is to confirm our approach to achieving and maintaining (and further improving) the Carmarthenshire Homes' Standard (CHS). It takes account of the guidance produced by the Welsh Government in 2015 in terms of compliance and verification.

2. The context....

- 2.1. Carmarthenshire has been committed to achieving the CHS by providing homes for council tenants that are modern, safe, fuel efficient, situated in well maintained neighbourhoods and are well managed.
- 2.2. The CHS is an amended version of the Welsh Housing Quality Standard that has been defined by the tenants themselves. In 2006, the Council started its ambitious programme to achieve the CHS by the end of 2015.
- 2.3. We are pleased to say that we have delivered this programme, on time, to homes where tenants have agreed to have the work carried out. Even though these programmes have been delivered, this does not mean the end of the CHS. There remains much more to do.
- 2.4. During 2015, we introduced the concept of the Carmarthenshire Homes Standard Plus (CHS+), building on the success of the CHS and extending to ensure we maintain and improve on what has been achieved.
- 2.5. We have acknowledged the importance of strategic asset management in providing the foundation for our investment plans, as well as the central role of supporting tenants and residents in everything we do, is critical to the delivery of the plan. The 2021/24 business plan covers four key themes that have been identified in terms of future investment. These are:

THEME 1 - Supporting tenants and residents

THEME 2 - Investing in our Homes' and the Environment

THEME 3 - Providing more homes

THEME 4 – Foundational Economy, Community Benefits and Procurement

3. Policy Statement....

- 3.1. In 2015 we achieved the CHS+ to homes where tenants have agreed to have work completed - well before WG's target of December 2020. This is in line with our agreed assumptions that the standard of our homes will be to the CHS+; and replacement programmes will be based on condition, not time.

3.2. Tenants tell us that getting repairs done on time and maintaining homes to a good standard is important to them. Maintaining the standard is a statutory duty, and the Council has made a commitment to achieve and maintain the CHS, which states that all homes will be:

- in a good state of repair
- free from damp
- free from significant condensation
- structurally stable
- in safe and attractive environments
- suitable for the household
- managed to the CHS+

4. Tenants Views...

4.1. The commitment and support of our tenants’ and Members’ continues to be important to us to ensure that we maintain and improve on the CHS+ in the future

4.2. Tenant and community engagement have always underpinned the delivery of the CHS+, but we want to do more. We want to get better by engaging as widely as possible and maximising opportunities to help build stronger communities.

4.3. We also believe we should give our tenants the opportunity to influence decisions about their homes, the area they live and ensure the services they receive achieve value for money.

4.4. A recent tenant satisfaction survey showed the following:

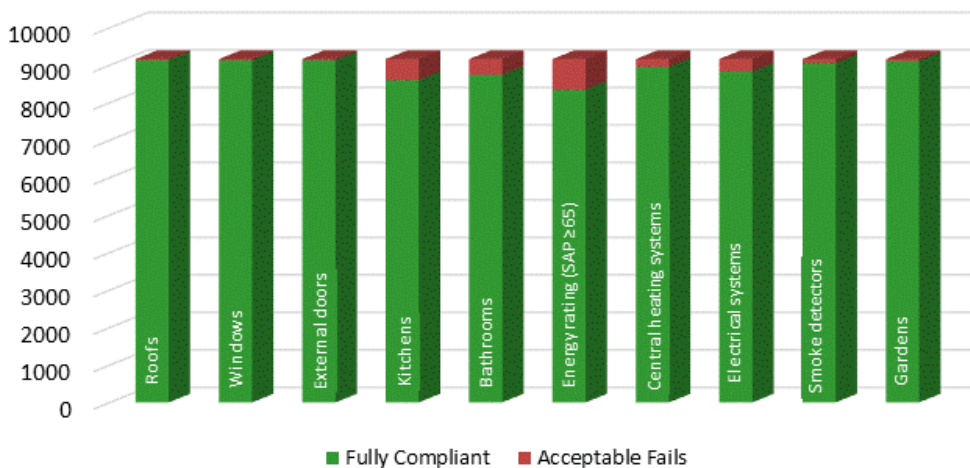
Tenant Satisfaction across the housing sector in Wales ¹				
2,087 tenants took part in the survey- 29% response rate overall. A quarter of the total number of responses was collected online (513), and 82 surveys were completed in Welsh (4%)				
	Housing Assoc.	Voluntary Transfer	Retained Councils	CCC
service	90%	83%	78%	82%
repairs and maintenance	81%	78%	71%	75%
listening and acting on tenants’ views	76%	73%	61%	64%

4.5. We will evaluate our approach to the way we listen and act on tenant’s views and try to understand the reasons for differences in the satisfaction rates. This process will be repeated time and time again, so that we continue to improve the service in line with tenants’ expectations.

5. CHS+ Progress and Reporting...

5.1. As of 31st March 2020, the Council was fully WHQS Compliant having met the standard during 2015 utilising a whole house delivery approach. Some of our housing stock does not meet the CHS+ standards and the main reason was due to resident's choice (95%). A small number of properties (5%) were not improved because of physical constraints or the cost of remedy.

5.2. The following table sets out our achievement of meeting the CHS+ in 2015 by components, together with the annual programme to maintain compliance of the CHS+.



5.3. Tenant refusals will be improved by having a rescheduling programme which targets properties when they either become void or whereby an existing tenant who previously refused the works decides to have the work completed.

•

5.4. A small number of properties have fallen out of compliance due to the 'Cost of Remedy' of repairs. An options appraisal will be done on these properties and the Most Satisfactory Course of Action (MSCA) and Net Present Value (NPV) considered.

5.5. Future work programmes will be considered in line with the life cycles of components previously upgraded through the CHS+. However, we will be developing a further programme for the following:

- Continuing with our roofing & rendering programme
- Boiler replacements and servicing
- Maintaining the CHS+
- Developing our decarbonisation strategy (SAP 92+)
- Improving 'our offer' to older people
- Building more homes through a new affordable Homes Delivery Plan

5.6. We have a robust Governance structure in place which can be found in the Business Plan (Appendix A-D). We report regularly to local members, scrutiny committees, full Council and the Housing Services Advisory Panel (made up of tenants, local members and Council Officers). Progress, good news stories and information is provided to tenants in a quarterly 'Tenant 2 Tenant' newsletter/ magazine and we often engage with TPAS Cymru.

6. Data Collection, Storage and Updating ...

- 6.1. Before implementing the CHS an internal asset management database was developed to produce the programme of works. This was populated through an 80% stock condition survey and information received from major works programmes at the time. The remaining property data was modelled giving a high level of accuracy to achieve the CHS.
- 6.2. We believe that managing housing assets goes beyond just investing in good repair and improvements. Asset management is also about reviewing and potentially changing the asset base to end up with the right accommodation in the right location, supported by excellent, flexible services for our tenants. It must consider quality and value for money, particularly the whole life of a home and how running costs will affect tenants.
- 6.3. By applying an effective asset management strategy to our 9,000 plus homes, it will also enable us to meet our legal requirement of maintaining the CHS+ in the future.
- 6.4. We fully recognise that in order to achieve the above we must ensure that:
 - The right structures, skills, resources, and capacity are in place and are regularly reviewed
 - Robust stock condition information, data and analysis is in place to drive investment
 - Our data is further enhanced and regularly validated by feedback from all programmed and cyclical repairs, and maintenance activities
 - We complete our cost certainty exercise for our overarching 30-year financial plan
- 6.5. We use two software systems for CHS+ data purposes. TOTALmobile, is used for job ordering of programmed works, contractor payment and store completion dates. We use the data to forecast future investment requirements as well as our overall 30-year business plan. Also, we use our Housing Management System (OHMS) to collate and store stock compliancy and other asset data such as adaptations. Both systems are legacy systems and we are currently in the process of reviewing them both and possibly procure two other systems that will complement each other. This will improve functionality and facilitate more efficient analysis and scenario modelling to inform future investment programmes.

7. Current Compliance Position...

- 7.1. Annually, Carmarthenshire County Council completes a WHQS return for the Welsh Government which indicates the CHS+ status of the stock at the end of each financial year. Subject to acceptable fails, Carmarthenshire is 100% WHQS compliant.
- 7.2. The table below indicates the most up to date stock compliance status:

CCC CHS+ Status	Total Stock (March 2020)	Total Stock %
Assets	9,130	-
Total Fully Compliant	8171	89.5
Total Acceptable Fails	959	10.5

Our SAP data is a combination of cloned data for similar properties or archetypes and surveyed data. We are currently reviewing this data as part of a Research programme with Cardiff University's Welsh School of Architecture

8. Interpretation and current recording of 'Acceptable Fails'...

- 8.1. We will assess elements of the CHS+ as pass, fail or not applicable. The Council accepts four main reasons for an acceptable fail and follows Welsh Government guidance:

In Line with Welsh Government Guidance, certain aspects for categorising an 'acceptable fail' are open to officer interpretation and therefore each case is reviewed by the responsible officer who will then decide if a property fails to meet the criteria	
Tenants' choice or refusal	Where a tenant chooses or refuses works that prevents the council from achieving CHS+ this is recorded as an acceptable fail. All such acceptable fails are reviewed and/ or rescheduled. The asset will be fully refurbished to the CHS+ standard at the next available opportunity (void works or through tenants' change of mind). Tenants do not have a choice whether or not to have smoke or carbon monoxide detectors installed in their homes or to have their boilers serviced.
Physical Constraint	Physical constraint only accounts for a small percentage (2%) of our acceptable fails whilst this doesn't present a significant problem at this stage it could prevent us from maintaining the standard in future. These properties are clearly identified and measures have been put in place to mitigate this at the earliest possible opportunity.
Timing of Remedy	Although this currently does not present a problem for the council, we may in the future defer works to ensure our investment programmes remain efficient, we may also consider combining works to reduce disruption levels for our tenants.
Cost of Remedy	Future investment to sustain the standard will be based on an assessment of the building(s) and whether it is lettable. Consideration will be given to future lifecycle costs to maintain CHS+ compliance. Where it is uneconomical to repair, we will carry out an MSCA assessment to determine its long-term viability.

9. Risk Reduction Measures

- 9.1. We will continue to respond to changes in legislation, regulations or other statutory guidance that will make our tenants homes safer. Ensuring that our tenants are safe and healthy within their homes and the environments that they live in is an utmost priority for the Council and we will adopt new, better standards in timely manner. Risk reduction measures that we have recently put in place are:

- Approach to Fire Safety management

- Radon Testing Programme

10. Independent Verification....

10.1. We believe that we report compliance accurately in achieving and maintaining the CHS+, and we will continue to do so.

10.2. We will also back this up with further verification by:

- Demonstrate a clear separation of duties between those reporting compliances and those delivering the CHS+
- Using internal staff in conjunction with external support to undertake desktop reviews
- Commencing a sample programme of stock condition visits every year
- Asking tenants how they would like to be part of the process of verification
- Use a range of methods to assess compliance including independent collection of data
- Complying with internal and external audit requirements

11. Annual Financial Statement....

11.1. Annually the Council reviews the Housing Revenue Account (HRA) Business Plan which sets out the investment needed to maintain the CHS+ investment programmes. The Council has a robust 30-year business plan in place and since April 2015 has become self-financing having exited the Housing Revenue Account Subsidy System (HRAS).

11.2. Our capital investment programme is supported by funding from the Welsh Governments Major Repairs Allowance (MRA), contributions from revenue, capital receipts as well as prudential borrowing. All of these income streams are used to facilitate the capital investment required to sustain our stock as part of our 30-year business plan.

11.3. We will also pursue, where possible, other funding streams and grants to maximise our income that will support and complement the work programmes and/ or services outlined in the Business Plan.

12. Recording Community Benefits....

12.1. In light of the Pandemic, the Council is committed to stimulating our foundational economy through our housing investment programme and how this will benefit local communities to recover.

12.2. Where possible, we will use local contractors from the South West Wales Regional Contract Framework (SWWRF). Not only will this provide value for money, as part of the framework agreement our contractors will provide:

- Employment including apprenticeship schemes
- Training
- Working with local school and colleges

- Non-core community benefits including regeneration schemes

12.3. We are also committed to developing the skills, training and job opportunities within the Council Services. This includes providing apprenticeships and graduate trainee programmes through Coleg Sir Gar and University of Wales Trinity Saint David.

12.4. We will measure all contracts awarded through CHS+ programme against the Value Wales Measurement Toolkit (or similar).

Mae'r dudalen hon yn wag yn fwriadol

Carmarthenshire County Council

Equalities Impact Assessment

Department: Communities Department	Completed by (lead): Gareth Williams	Date of initial assessment: January 2021 Revision Dates:
Area to be assessed: (i.e. name of policy, function, procedure, practice or a financial decision)	Carmarthenshire Homes Standard PLUS (CHS+) Business Plan 2021/2024	
Is this existing or new function/policy, procedure, practice or decision?	New delivery plan to explain the vision and detail of the Carmarthenshire Homes Standard Plus over the next three years, and what it means for tenants. To confirm the financial profile, based on current assumptions, for the delivery of the CHS+ over the next three years. The Plan enables us to submit the annual application to Welsh Government (WG) for Major Repairs Allowance (MRA) for 2021/22, equating to £6.2m	
What evidence has been used to inform the assessment and policy? (please list only)		
<ul style="list-style-type: none"> • Tenant Profile • Housing Register Applicant Profile – Canfod Cartref • Universal Credit Tenant Payment Profile • Resident Choice acceptable fail Profile • Details of our Housing Assets • Analysis of the delivery programmes of repair, maintenance and improvement, as well as potential redevelopment of some of the most uneconomic stock. Set in the context of maintaining 100% compliance against WG's, Welsh Housing Quality Standard (WHQS), which we will continue to do through the CHS+ Latest stock condition information 		

- Updated financial information
- Welsh Government Guidance
- STAR Tenant Satisfaction Survey June-July 2019

<p>1. Describe the aims, objectives or purpose of the proposed function/policy, practice, procedure or decision and who is intended to benefit.</p>	<p>This equality impact assessment covers our Carmarthenshire Homes Standard PLUS (CHS+) Business Plan 2021/2024. The WHQS is the WG's standard of social housing quality. The WHQS was first introduced in 2002 and aimed to ensure that all homes are of good quality and suitable for the needs of existing and future residents. WG set a target for all social landlords to improve their housing stock to meet the WHQS as soon as possible, but in any event by 2020.</p> <p>The plan is intended to benefit Carmarthenshire Councils tenants, who developed their own standard, called the CHS+. This was successfully delivered in 2015, well in advance of the WG timescales.</p> <p>The purpose of the Plan is to explain the vision and detail of the CHS+, and what it means for tenants. It also confirms the financial profile, based on current assumptions, for the delivery of the CHS+ over the next three years. The approved Plan enables us to submit our annual application to WG for Major Repairs Allowance (MRA) for 2021/22, which amounts to £6.2m.</p> <p>Whilst engaging with tenants and stakeholders in the lead up to developing this business plan has been difficult because of the pandemic we have considered their views and included these within the plan. The Plan is updated annually taking into account these views, the latest stock condition information, updated financial information, WG Guidance and any revised Council policies.</p> <p>All actions in the Plan will be monitored on a bi-monthly basis by the CHS+ Working Group. This group provides strategic direction and corporate leadership to ensure appropriate progression on the initiatives included. The CHS+ Working Group is also responsible for monitoring progress, reviewing and managing the overall 30-year financial plan that supports our planned investment.</p> <p>The Plan will affect all tenants regardless of the type of accommodation they live in, their age, disability, gender, transgender, relationship arrangements, race, religion and sexual orientation.</p>		
<p>The Public Sector Equality Duty requires the Council to have “due regard” to the need to:-</p> <p>(1) eliminate unlawful discrimination, harassment</p>	<p>2. What is the level of impact on each group/ protected characteristics in terms of the three aims of the duty?</p> <p>Please indicate high (H) medium (M),</p>	<p>3. Identify the risk or positive effect that could result for each of the group/protected characteristics?</p>	<p>4. If there is a disproportionately negative impact what mitigating factors have you considered?</p>

and victimisation; (2) advance equality of opportunity between different groups; and (3) foster good relations between different groups (see guidance notes)		low (L), no effect (N) for each.	Risks	Positive effects	
Protected characteristics Tudalen 215	Age	Medium	From the current data available all the groups will be affected by Priorities in the Plan to some extent. No one age group will be disproportionately affected or singled out. Our plan makes provision for young people who have previously been marginalised through national policy changes.	STAR survey results show that residents aged 65+ had significantly higher level of satisfaction (90%). Unlike most other STAR surveys, the very youngest respondents aged 25 and under were also very satisfied (91%).	The Plan sets out how we have been able to keep the rent increase to the minimum allowed under the current WG recommendations. At the same time, we have also been able to maintain our significant investment in existing homes as well as providing much needed, additional affordable homes. We will continue to engage with our tenants and consult on improvements to their homes, their rents and communities.
	Disability	Medium	Ensuring that we support our most vulnerable tenants and allowing them to remain independent through adapting their homes is a high priority and this is reflected within the plan.	The Plan commits £4m to deliver adaptations to support people with disabilities over 3 years. Adaptations will be prioritised based on individual's needs. The Plan also sets out how we will continue to utilise our stock through the Accessible Housing	We are continuing our programme of providing adaptations for our tenants to ensure that our homes meet their needs. We continually monitor the AHR to ensure that adaptations are delivered in a timely manner or alternative housing is sourced in the area of choice. We may also decide to build or buy

			Register (AHR), where a void property with existing adaptations is matched to a client on the AHR whose needs will be met.	properties that are suitably adapted to meet our tenants needs.
Gender reassignment	Low	No risks have been identified within the plan that would negatively impact this group	The Plan will not discriminate against people individuals within this group and their needs assessed on an individual basis and appropriate measures put in place.	We will continually review the Plan so that it is reflective of individuals needs. This will be done through tenant engagement.
Race	As previous	As previous	As previous	As previous
Religion/Belief	As previous	As previous	As previous	As previous
Pregnancy and maternity	As previous	As previous	As previous	As previous
Sexual Orientation	As previous	As previous	As previous	As previous
Sex	As previous	As previous	As previous	As previous
Welsh language	Medium	Of those that responded to the STAR survey results only 4% of surveys completed in Welsh.	Increasing the supply of affordable homes in the County will provide community benefits. Employment and training opportunities may encourage people to stay in their local communities. Helping people stay in the county will have a positive impact on the Welsh	Providing affordable homes and supporting the local economy may promote and encourage the Welsh language and Welsh culture across the County particularly in rural areas.

Tudalen 217				language.	
	Rent Setting Policy (Affordability)	Medium	<p>The proposed Rent Policy may affect tenants that make a Universal Credit claim, are in deprived Wards and/ or those that currently paying below the target rent where the £1 progression will apply.</p> <p>Since we became a full- service UC County December 2018 Carmarthenshire 1855 households have migrated to UC with a further 3693 that could if their circumstances changed. However, the impact of Covid on unemployment is unknown and this number could increase.</p> <p>Based on current information, 13% of our tenants who will be affected by our current rent progression Policy receive Universal Credit and 35% receive full Housing</p>	<p>The Plan sets out how we have been able to keep the rent increase (an average of 1.5% i.e. CPI plus 1%) to the minimum allowed under the current WG’s social housing rents policy. Considering the circumstances and the effects of Covid this is the lowest it has been for the past 20 years.</p> <p>Applying the £1 progression means that for the majority of our tenants will receive an increase of 1.3%</p> <p>We anticipate that in the short to medium term arrears will rise and to ensure sustainability we have allowed for this within this plan in terms of our bad debt provision and prevention fund to mitigate the impact on the affected household, prevent homelessness and preserve the budget.</p> <p>Increasing the rent in line with WG Policy will help</p>	<p>To mitigate the impact we will:</p> <p>Continually monitor tenants’ arrears and take appropriate action to mitigate any risk so that they are able to maintain the tenancy.</p> <p>For those where the £1 progression applies (approximately 19% of our tenants) we will isolate those that are likely to be adversely affected and ensure that the Housing Officers contact them to offer support and assistance to ensure they continue to pay their rent. All reasonable measures will be taken to mitigate the risk of homelessness.</p> <p>Supporting tenants to pay their rent will ensure that the income consistent and to delivering the CHS+ programme is maintained.</p> <p>Through our capital monitoring programme we will continually monitor the spending against the budget to maintain the CHS+ programme and deliver more affordable homes.</p>

			Benefit.	maintain the CHS investment programme and bring with it other community benefits.	
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5. Has there been any consultation/engagement with the appropriate protected characteristics?	<p>Yes</p> <p>Tenant and community engagement have always underpinned the delivery of the CHS+, but we want to do more. We want to get better by engaging as widely as possible and maximising opportunities to help build stronger communities.</p>
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<p>6. What action(s) will you take to reduce any disproportionately negative impact, if any?</p> <p>We have reviewed the participation techniques we currently use, and it showed that newsletters are by far the most popular means of communication for tenants. There are three further methods of participation that we can use to improve the way we communicate with tenants. These are:</p> <ul style="list-style-type: none"> • More use single issue meetings • Increased use of digital participation • Strengthening challenge and responsibility <p>We aim to deliver on these principles by introducing the following new activities:</p> <ul style="list-style-type: none"> • Changing the current structures of tenant involvement to encourage more involvement from under-represented groups • Improving systems for gathering and acting on tenant feedback • Using 'Planning for Real' as a method of engagement and consultation on estate issues • Increasing the use of digital services to reach out to under-represented groups and to those who do not want to attend meetings • Putting forward proposals for a Challenge Panel for our tenants • Holding single issue meetings • Using the baseline data established from the 2019 STAR survey results to identify areas of improvement and further increase tenant involvement in how we shape our service. Re-survey every three years and periodically on single issues that have been identified.

<p>7. Procurement</p> <p>Following collation of evidence for this assessment, are there any procurement implications for the activity, proposal or service.</p>
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Please take the findings of this assessment into your procurement plan. Contact the corporate procurement unit for further advice.

Many of the projects which form part of the Plan e.g. building new homes and upgrading homes to the CHS+ will have implications for the building and construction industry. All building and construction works are currently carried out through the Council's contractor partnering frameworks which are procured through the Council procurement policies and procedures. This will continue to be the case for all projects relating to this Plan. The Council is committed to ensuring Community benefits are delivered through this programme by:

- Contributing to the social, economic and environmental well-being of the wider community
- Asking tenderers to deliver community benefits in our tendering activities through the delivery of the contracts or frameworks awarded
- Maximising the value for every pound we spend, applying a community benefits approach to any tender valued over £1million
- Capturing and recording community benefits utilising Value Wales Measurement Toolkit

8. Human resources

Following collation of evidence for this assessment, are there any human resource implications for the activity, proposal or service?

The delivery of this Plan considers the additional staffing resources required for meeting the decarbonisation agenda and developing a new standard.

The impact of Universal Credit on our tenants and on us as a Business will be closely monitored by the CHS+ Working Group on a regular basis to identify any potential resource issues.

9. Based on the information in sections 2 and 6, should this function/policy/procedure/practice or a decision proceed to Detailed Impact Assessment? (recommended if one or more H under section 2)

YES

NO

Approved by:

Head of Service

Jonathan Morgan

Date:

Mae'r dudalen hon yn wag yn fwiadol

Y Bwrdd Gweithredol

22 CHWEFROR 2021

Y Pwnc**Pwrpas: Polisi Rheoli'r Trysorlys a Strategaeth 2021-22****Yr Argymhellion / Penderfyniadau Allweddol Sydd eu Hangen:**

- 1. Bod y Cyngor yn mynd ati'n ffurfiol i gymeradwyo Polisi a Strategaeth Rheoli'r Trysorlys 2021-22 a'r argymhellion sydd ynddynt .**
- 2. Bod y Cyngor yn mynd ati'n ffurfiol i gymeradwyo Dangosyddion Rheoli'r Trysorlys, Dangosyddion Darbodus, y Datganiad MRP, y Strategaeth Fuddsoddi a'r argymhellion sydd ynddynt.**

Y Rhesymau:

Er mwyn cydymffurfio ag adolygiad Cod Darbodaeth CIPFA ac adolygiad Cod Ymarfer CIPFA o ran Rheoli'r Trysorlys 2017.

Rhag-gyfarfod y BG:

**Ymgynghorwyd â'r pwyllgor craffu perthnasol
DO**

Y pwyllgor craffu a'r dyddiad

Pwllgor Craffu Polisi ac Adnoddau 3 Chwefror 2021

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Cllr. D.M. Jenkins (Adnoddau)

**Y Gyfarwyddiaeth: Gwasanaeth
Corfforaethol**

Cyfarwyddwr: Chris Moore

**Awdur yr Adroddiad: Anthony
Parnell**

Swyddi:

**Cyfarwyddwr Gwasanaethau
Corfforaethol**

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EXECUTIVE SUMMARY
Executive Board
22nd February 2021

SUBJECT

Treasury Management Policy and Strategy 2021-22

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

It is a requirement of the revised CIPFA Code of Practice on Treasury Management, which Council have adopted, that

a. The Council maintains a Treasury Management Policy which states the policies and objectives of the Authority's treasury management activities

and

b. The Council approves a Treasury Management Strategy annually before the start of the financial year to which it relates.

In addition, under the Local Government Act 2003 the Council approves the Treasury Management Indicators for the coming year.

DETAILED REPORT ATTACHED ?

YES

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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore** **Director of Corporate Services**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	NONE	NONE	NONE

1. Policy, Crime & Disorder and Equalities

Council has adopted the revised CIPFA Code of Practice on Treasury Management, one of the requirements is that an annual Treasury Management Policy and Strategy be approved by Council before the commencement of the year to which it relates.

2. Legal

Under the Local Government Act 2003 and the revised CIPFA Code of Practice on Treasury Management, local authorities must set out their Treasury Management Indicators that relate to the Authority's capital spending and its borrowing.

3. Finance

The Treasury Management Policy and Strategy details the procedures that the Authority adheres to in managing its treasury management function.

Interest paid and earned has a direct impact on the Authority's Revenue Budget. The estimated projections are included in the Budget which is to be presented to Council on 3rd March 2021.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore Director of Corporate Services

(Please specify the outcomes of consultations undertaken where they arise against the following headings)

1. Scrutiny Committee

Policy and Resources Scrutiny Committee will be consulted on the 3rd February 2021.

2. Local Member(s)

Not Applicable

3. Community / Town Council

Not Applicable

4. Relevant Partners

Not Applicable

5. Staff Side Representatives and other Organisations

Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
The Local Government Act 2003		County Hall, Carmarthen
Guidance issued by Welsh Government		County Hall, Carmarthen
Revised CIPFA Treasury Management Code of Practice and Cross-Sectoral Guidance Notes		County Hall, Carmarthen
Revised CIPFA Prudential Code for Capital Finance in Local Authorities		County Hall, Carmarthen

MEETING OF THE EXECUTIVE BOARD
DATE: 3rd FEBRUARY 2021

REPORT OF THE DIRECTOR OF CORPORATE SERVICES

TREASURY MANAGEMENT POLICY AND STRATEGY 2021-2022

A. INTRODUCTION

This Council carries out its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

The revised Code identifies three key principles:

1. The Council should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
2. The Council's policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their Council. The Council's appetite for risk should form part of its annual strategy and should ensure that priority is given to security and liquidity when investing funds.
3. The Council should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible Councils to employ in support of their business and service objectives; and that within the context of effective risk management, the Council's treasury management policies and practices should reflect this.

B. CIPFA PRUDENTIAL CODE AND CIPFA TREASURY MANAGEMENT CODE OF PRACTICE

1. This Council has adopted the Revised CIPFA Prudential Code 2017 and the Revised CIPFA Treasury Management Code of Practice 2017.

This Revised CIPFA Treasury Management Code of Practice 2017 stipulates that there should be Member scrutiny of the treasury policies, Member training and awareness and regular reporting.

The objectives of the Revised Prudential Code 2017 are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

The Council has adopted the four clauses shown in 1.1 as part of its financial procedure rules and the Policy and Resources Scrutiny Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies, before making recommendations to Council.

The policies and parameters within this report provide an approved framework within which the officers undertake the day-to-day treasury activities.

- 1.1 The four clauses adopted are:

- (1) This Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

- (2) The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

This Council will therefore receive reports on its treasury management policies, practices and activities, including an annual strategy in advance of the year, a mid year review report and a year end annual report, in the form prescribed in its TMPs. This treasury management policy and strategy report includes the prudential indicators (Appendix D) and the minimum revenue provision (MRP) policy (Appendix E).

- (3) This Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices, and the quarter 1 and quarter 3 monitoring reports to the Executive Board, and for the execution and administration of treasury management decisions.

to the Director of Corporate Services, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

- (4) The Council nominates the Policy and Resources Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

1.2 **Treasury Management Practices (TMPs)**

The Schedule of TMPs is shown in Appendix A.

C. TREASURY MANAGEMENT POLICY

1. This Council defines its Treasury Management activities as:

The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions and the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

'Investments' in the definition above covers all the financial assets of the organisation, as well as other non-financial assets (including loans and other non-specified investments) which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require consideration of appropriate investment management and the risk management framework under this Revised CIPFA Treasury Management Code of Practice 2017.

2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The key principle of control of risk and optimising returns consistent with the organisation's risk appetite should be applied across all investment activities, including more commercially based investments.

3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

This policy holds indefinitely until circumstances dictate that a change is necessary. Any changes must be done before the beginning of the financial year to which it relates, or in exceptional circumstances within the year if approved by Council.

It is the Director of Corporate Services responsibility to implement and monitor the Treasury Management Policy, revising and re-submitting the Policy for consideration to the Executive Board and the Council if changes are required.

D. TREASURY MANAGEMENT STRATEGY 2021-2022

1. INTRODUCTION

- 1.1 The Treasury Management Strategy provides details of the expected activities of the Treasury Management function in the financial year 2021-22.
- 1.2 The Council's financial procedure rules require an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming year. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further treasury reports will be produced during the year if the strategy needs updating and a year-end annual report on actual activity for the year.
- 1.3 The strategy covers:
 - Treasury Indicators and Limits on Activity
 - Prospects for interest rates
 - Borrowing Strategy
 - Investment Strategy
 - Debt Rescheduling and Premature Repayment of Debt
 - Performance Indicators
 - Treasury Management Advisers
 - Member and Officer Training

2. TREASURY INDICATORS AND LIMITS ON ACTIVITY

- 2.1 Under the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities (revised in 2017), local authority capital spending and its borrowing to fund that spending is limited by what is affordable, prudent and sustainable. The Prudential Code sets out a number of indicators that enables the authority to assess affordability and prudence. The Prudential Indicators that related to Treasury Management were reclassified as Treasury Indicators in recent revisions of the Codes and are:
 - Upper Limit for Fixed Rate Exposure
 - Upper Limit for Variable Rate Exposure
 - Limits on the Maturity Structure of Borrowing
 - Limits on Total Principal Sums Invested Long Term

The Prudential Code also requires that the total external debt does not exceed the Authorised Limit for external debt and only exceeds the Operational Boundary for external debt temporarily on occasions due to variation in cash flow. Full Council when approving the Budget sets the Authorised Limit and the Operational Boundary.

2.2 The Treasury Management Indicators for 2021-22 are:

2.2.1 Interest rate exposure limits for 2021-22 are estimated as follows:

Estimated Average Position for 2021-22			
	Fixed Interest Rate	Variable Interest Rate	Total
	£m	£m	£m
Borrowed	+460	+3	+463
Invested	(20)	(30)	(50)
Net Debt	+440	(27)	+413
Proportion of Total Net Debt	+107%	(7%)	+100%

It is recommended that the following maximum exposure limits are adopted:

	Fixed Interest Rate	Variable Interest Rate
Proportion of Total Net Debt	+125%	+5%

2.2.2 It is recommended that the following exposure limits for 2021-22, 2022-23 and 2023-24 are adopted:

Interest Rate Exposures	2021-22	2022-23	2023-24
	Upper	Upper	Upper
	£m	£m	£m
Limits on fixed interest rates based on net debt	516	543	544
Limits on variable interest rates based on net debt	52	54	54

2.2.3 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

	Upper Limit	Lower Limit
Under 12 months	15%	0%
12 months to 2 years	15%	0%
2 years to 5 years	50%	0%
5 years to 10 years	50%	0%
10 years to 20 years	50%	0%
20 years to 30 years	50%	0%
30 years to 40 years	50%	0%
40 years and above	50%	0%

2.2.4 Maximum principal sums invested longer than 365 days:

	2021-22	2022-23	2023-24
	£m	£m	£m
Maximum principal sums invested longer than 365 days	10	10	10

3. PROSPECTS FOR INTEREST RATES

Based on the average projection from a number of sources we can expect the trend in the Bank Rate, set by the Monetary Policy Committee, over the next three years to be as follows:

	Current	2021-22	2022-23	2023-24
	%	%	%	%
Average Bank Rate	0.10	0.10	0.10	0.10

4. BORROWING STRATEGY 2021-22 – 2023-24

4.1 There is expected to be little upward movement in PWLB rates over the next few years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down periods. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geopolitical, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will continue to take a cautious approach to its treasury management strategy.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021-22 treasury operations. The Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The Director of Corporate Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

The option of delaying borrowing and utilising investment balances is likely to continue for the time being. However, this will be carefully reviewed to avoid incurring higher borrowing costs in later years due to an overall current trend of rising rates. This strategy reduces counterparty risk and hedges against any expected fall in investment returns.

The Council continues to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk should still be considered.

The timing of any action is important, and the Director of Corporate Services and treasury advisers will monitor prevailing rates for any opportunities during the year.

The Council will be expected to borrow £26m for the Carmarthenshire led projects within the Swansea Bay City Deal partnership from 2021-22 to 2023-24.

4.2 The Council's agreed policy is to raise funding only from the following:

Public Works Loan Board (PWLB)
Market Long-Term
Market Temporary
Local Authorities
Overdraft
Internal Capital Receipts and Revenue Balances
Leasing
Welsh Government and Central Government

The recent HM Treasury decision to reduce PWLB interest rates by 1% will likely mean that PWLB will be the preferred borrowing option for council led projects.

4.3 Borrowing in advance of need

The Council has some flexibility to borrow funds in advance of future years.

The Director of Corporate Services may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Director of Corporate Services will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing needed (CFR) over the three year planning period; and
- Not to borrow more than 12 months in advance of need.

Risks associated with any advance borrowing activity will be appraised in advance and subsequently reported through the quarterly reporting mechanism.

5. **INVESTMENT STRATEGY 2021-22 – 2023-24**

5.1 **INTRODUCTION**

5.1.1 The Investment Strategy has been prepared with due regard to:

The Local Government Act 2003

Regulations made under the Local Government Act 2003 (as amended)

2017 Revised Prudential Code for Capital Finance in Local Authorities

The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008

2017 Revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes

CIPFA Treasury Management Guidance Notes 2018

Welsh Government's Guidance on Local Government Investments 2019 ("the Guidance")

5.1.2 **Key Objectives**

The Council's investment strategy primary objectives are:

- safeguarding the repayment of the principal and interest of its investments on time
- ensuring adequate liquidity
- the investment return

The coronavirus outbreak has caused significant economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December 2020. As shown in the forecast table (3) above, no increase or decrease in the Bank Rate is expected in the near-term as economic recovery will be only gradual and therefore prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31 December 2020, as this has now occurred, these forecasts do not need to be revised. We continue to have robust procedures and controls in place to manage and monitor our investment strategy.

5.1.3 **Risk Benchmarking**

A development in the revised Codes and the WG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. The approach taken is attached at Appendix B.

5.2 **DEFINITIONS**

5.2.1 A credit rating agency is one of the following three companies: Fitch Ratings Limited (Fitch), Moody's Investors Service Limited (Moody's) and Standard and Poors (S&P).

5.2.2 An investment is something held or a transaction which relies upon the power in section 12 of the 2003 Act. That is for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs. This covers all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property. As such this may include investments that are not managed as part of normal treasury management processes or under treasury management delegations (such as loans to third parties or other non specified investments).

5.3 **INVESTMENT COUNTERPARTIES**

The Director of Corporate Services maintains a counterparty list in compliance with the following criteria and revises the criteria and submits them to Council for approval as necessary. This criteria is separate to that which approves Specified and Non-Specified investments as it selects which counterparties the Council will approve rather than defining what its investments are. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by all three agencies, two meet the Council's criteria, the other does not, the institution will fall outside the lending criteria.

5.3.1 **Investment Counterparty Selection Criteria**

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. To meet this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.3.2 **UK Banks 1 (Upper Limit)** – This Council will use banks which have at least the following Fitch, Moody's and Standard & Poors ratings:

Short Term – F1, P-1, A-1

Long Term – AA-, Aa3, AA-

UK Banks 2 & UK Building Societies (Middle Limit) – This Council will use all UK Banks and Building Societies which have at least the following Fitch, Moody's and Standard & Poors ratings:

Short Term – F1, P-1, A-1

Long Term – A, A2, A

UK Banks Part Nationalised – Royal Bank of Scotland Group plc (Royal Bank of Scotland and National Westminster Bank). These banks will be included if they continue to be part nationalised or they meet the ratings above.

The UK Government (HM Treasury) holds 62.4% stake within Royal Bank of Scotland Group.

UK part nationalised banks which are significantly owned by the UK Government will be included as investment counterparties, as long as they continue to have appropriate UK Government support. UK Government backing provides a credit quality overlay above that provided by the credit rating agencies. The Royal Bank of Scotland Group plc will be monitored for any material reduction in state ownership or deterioration of the credit rating which suggests a reduction of its use or suspension from the counterparty list.

UK Banks 3 – The Council's banker for transactional purposes if it falls below the above criteria. Balances will be minimised in both monetary size and time.

Money Market Funds – The Council will use AAA rated money market funds (MMFs) that are credit rated by at least two of the three credit rating agencies. These are pooled investment funds whose primary aims are liquidity and security and allow daily access to funds when required. Their operations are strictly regulated by the credit rating agencies and are operated by a financial institution but do not form part of that institution's assets, should the sponsoring institution fail the MMF is entirely separate, effectively owned by the investors. These types of funds invest in a range of instruments and institutions and therefore provide a low risk spread of investments.

The Money Market Fund reforms in Europe came into force during 2018 and provide the Council the opportunity to invest into Public Debt Constant Net Asset Value ("CNAV") MMFs and Low Volatility NAV ("LVNAV") MMFs. This is consistent with our current strategic approach. The exceptional economic environment and low interest rate position has seen some MMFs changing operating procedures whilst keeping very low risk. The Director of Corporate Services will continue to utilise and monitor these instruments.

UK Government (including gilts and the DMADF)

Local Authorities (including Police & Fire Authorities)

5.3.3 Use of additional information other than credit ratings

Under the Revised CIPFA Treasury Management Code of Practice 2017 the Council is still required to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. The market information (for

example, negative rating watches/outlooks, individual/viability and support ratings) will be applied to compare the relative security of differing investment counterparties.

The UK Government, like other Western governments, have initiated market regulations which mean they may not bail out financial institutions in the future. This process included ring-fencing part of each bank and requiring greater capital buffers are held on the balance sheets. The current Covid issues have demonstrated that these procedures have helped reduce risk. Whilst this is not a cause for concern, officers will continue to monitor the situation and changes to future investment strategies are likely.

5.3.4 The time and monetary limits for institutions on the Council's Counterparty List are shown below: (Specified and Non-Specified Investments)

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
Upper Limit Category - Short Term and Long Term	F1 AA-	P-1 Aa3	A-1 AA-	£10m	3 years
Middle Limit Category - Short Term and Long Term	F1 A	P-1 A2	A-1 A	£7m	1 year
Part Nationalised	-	-	-	£7m	1 year
Council's Banker (not meeting criteria above)	-	-	-	£3m	1 day
Other Institution Limits (per institution):					
- Any One Local Authority (including Police & Fire authorities)	-	-	-	£5m	1 year
- Any AAA Rated Money Market Fund CNAV	-	-	-	£5m	Daily Liquidity
- Any AAA Rated Money Market Fund LVNAV	-	-	-	£5m	Daily Liquidity
- Debt Management Account Deposit Facility (DMO)	-	-	-	£70m*	6 months (max term specified by DMO)

*Note: the increase in the DMO money limit from £40m to £70m was approved in April 2020 and reported in the 1st April 2020 – 30th June 2020 treasury management report

5.3.5 There are two types of investments – Specified and Non Specified

5.3.5.1 Specified Investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- (1) The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- (2) A local authority, police authority and fire authority.
- (3) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
- (4) A body that has high credit quality (which may include a high credit rating by a credit rating agency) such as a bank or building society. For this purpose a body with a short term rating of F1, P-1 or A-1 will be considered high quality.

5.3.5.2 Non Specified Investments

These investments are any other type of investment (i.e. not defined as Specified in 5.3.5.1 above).

The maximum sum and time limit for non specified investments is £5m per counterparty with a limit of 3 years.

Non specified investments will only be made in local authorities, bodies with a minimum long-term credit rating of AA– and in AAA rated money market funds.

Note: Barclays Bank plc are the Council's current bankers. If the bank's credit rating falls and it no longer meets the criteria for a specified investment no deposits will be made with the exception of the bank's overnight (Moneymaster) account. The average day to day operational balance on the account will not exceed £3m in these circumstances. See 5.3.4 above.

In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded.

5.3.6 The Monitoring of Investment Counterparties

The credit ratings of counterparties are monitored regularly. The officers receive credit rating information (changes, rating watches and rating outlooks) from the treasury management advisers as and when ratings change, and counterparties are checked promptly. Occasionally ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest.

Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Corporate Services, and if required new counterparties which meet the criteria will be added to the list.

The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst Members are asked to approve this base criteria above, under exceptional current market conditions the Director of Corporate Services will temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly the time periods for investments will be restricted.

This would potentially necessitate greater use of the Debt Management Account Deposit Facility (DMADF – an account within the Government Debt Management Office (DMO) which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.

The present Schedule of Approved Counterparties for Lending 2021-22 is shown in Appendix C.

5.4 **LIQUIDITY OF INVESTMENTS**

Investments are made for periods which coincide with the Council’s cash flow requirements.

When investing (within the risk criteria mentioned above), the aim is to achieve a level of return greater than would be secured by internal investments. The “7 day LIBID rate” is the recognised rate which the Council aims to exceed when lending money. The LIBID regime is changing to a new format which is currently being finalised. This new regime will be reported to members once it has been clarified.

5.5 **INVESTMENTS THAT ARE NOT PART OF TREASURY MANAGEMENT ACTIVITY**

This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

This Council will ensure that all the organisation’s investments are covered in the investment strategy or equivalent, and will set out, where relevant, the organisation’s risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

Prior to making these investments, appropriate financial review procedures will be undertaken, including due diligence covering Profit and Loss, Balance Sheet, cash flow monitoring, etc, as appropriate.

This Council acknowledges that it is critical that due diligence processes and procedures reflect the additional risk an organisation is taking on. Due diligence procedures should ensure effective scrutiny of proposed investments, identification of risk to both capital and returns, any external underwriting of those risks, and the potential impact on the financial sustainability of the organisation if those risks come to pass. Where necessary independent and expert advice should be sought to ensure due diligence is suitably robust.

5.6 **CLIMATE CHANGE**

Where possible, consideration will be given to the disclosure of long term climate risks associated with investments, though in regard to treasury investments, any tangible information will be limited. Greater disclosure for non specified investments and loans to third parties may be appropriate depending on the type of activity.

6. **DEBT RESCHEDULING AND PREMATURE REPAYMENT OF DEBT**

As short term borrowing rates are likely to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by utilising current investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

7. **PERFORMANCE INDICATORS**

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators used for the treasury function are:

- Debt (Borrowing) – New borrowing rate to outperform the average PWLB rate for the year
- Debt – Average weighted debt rate movement year on year
- Investments – Return on Investments to outperform the average “7 day LIBID rate”

The results of these indicators will be reported in the Treasury Management Annual Report for 2021-22.

8. **TREASURY MANAGEMENT ADVISERS**

The Council has a contract with Link Group as its external treasury management advisor.

Link provides a range of services which include:

- Technical support on treasury matters, capital finance issues including IFRS 16 leases and the drafting of Member reports
- Economic and interest rate analysis
- Debt advisory services which includes advice on the timing of borrowing
- Debt rescheduling advice surrounding the existing portfolio
- Generic investment advice on interest rates, timing and investment instruments
- Credit ratings/market information service comprising the three main credit rating agencies

Under current market rules and the Revised CIPFA Treasury Management Code of Practice 2017 the responsibility for treasury management decisions remains with the Council at all times ensuring that undue reliance is not placed upon the external service providers.

The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9. **MEMBER & OFFICER TRAINING**

The increased member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for members and officers. This Council has addressed this important issue by:

- Reviewing the treasury management function and ensuring officers are suitably qualified
- Arranging external training for officers
- Arranging training for those members charged with governance of the treasury management function

RECOMMENDATIONS

1. That Council formally approves the Treasury Management Policy and Strategy for 2021-2022 and recommendations therein.
2. That Council formally approves the Treasury Management Indicators, Prudential Indicators, the MRP Statement, the Investment Strategy and recommendations therein.

TREASURY MANAGEMENT PRACTICES (TMPs)

TMP1 RISK MANAGEMENT

General Statement

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The Director of Corporate Services or those persons to which delegation has been made will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP 6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out below.

1.1 Credit and Counterparty Risk Management

Explanation

The risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

Council Action

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the Annual Treasury Management Policy and Strategy Statement. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

A detailed list of counterparties to which the Council will lend is appended to the Annual Treasury Management Policy and Strategy Statement.

1.2

Liquidity Risk Management

Explanation

The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional budgeted costs, and that the organisation's business/service objectives will therefore be compromised.

Council Action

The Council through its Treasury Management officers will ensure that at all times there will be a surplus of cash available which can be called upon at a moment's notice. Through its investments the Council holds cash on call account(s) which is available at any time. By the use of an effective projected cash flow exercise the likelihood of cash being not readily available when required would be rare. Robust daily, weekly, monthly and annual cash flow forecasting is in place. Call accounts and fixed term investments are utilised to their full potential. This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.3

Interest Rate Risk Management

Explanation

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

Council Action

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4

Exchange Rate Risk Management

Explanation

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. The Council is awarded grant from specific programmes in Euro currency and consequently receives grant income in this currency. Where the Council is a joint beneficiary and not a lead beneficiary, payments are received from the lead beneficiary in Euros into the Council's Sterling bank account.

There is a negligible risk where the Council is a joint beneficiary.

Where the Council is a lead beneficiary for a grant and is receiving income in Euro currency on behalf of other beneficiaries, the income is received into and payments made in Euros from the Euro bank account.

Council Action

Currently the Council only invests in sterling products. Hence, there is no exchange rate risk with regard these investments. For grants where the Council is lead beneficiary, receiving income in Euro currency on behalf of other beneficiaries and reimbursing them, exchange risk is mitigated by using a Euro bank account.

1.5

Inflation Risk Management

Explanation

Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

Council Action

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole Council's inflation exposures.

1.6

Refinancing Risk Management

Explanation

The risk that maturing borrowings, capital project or partnership financing cannot be refinanced on terms that reflect the provisions made by the organisation or those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

Council Action

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.7

Legal and Regulatory Risk Management

Explanation

The risk that an organisation itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Council Action

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 credit and counterparty risk management it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimize the risk of these impacting adversely on the Council.

1.8

Fraud, Error and Corruption, and Contingency Management

Explanation

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

Council Action

This Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

1.9

Price Risk Management

Explanation

The risk that, through adverse market fluctuations in the value of the principal sums the organisation invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

Council Action

This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2

PERFORMANCE MEASUREMENT

Explanation

Performance measurement is a process designed to calculate the effectiveness of a portfolio's or manager's investment returns or borrowing costs and the application of the resulting data for the purposes of comparison with the performance of other portfolios or managers, or with recognised industry standards or market indices.

Council Action

This Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope of other potential improvements.

TMP3

DECISION MAKING AND ANALYSIS

Explanation

It is vital that the treasury management decisions of organisations in the public service should be subjected to prior scrutiny. The treasury management strategy is approved annually by full council and supplemented by the provision of monitoring information and regular review by councillors in both executive and scrutiny functions. In addition, all records should be kept of the processes and the rationale behind those decisions. In respect of each decision made the Council should:

- 3.1 ensure that its results are within the limits set in the Prudential Indicators.
- 3.2 be clear about the nature and extent of the risks to which the Council may become exposed.
- 3.3 be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- 3.4 be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interest, and to deliver good housekeeping.
- 3.5 ensure that third parties are judged satisfactorily in the context of the Council's credit worthiness policies, and that limits have not been exceeded.
- 3.6 be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.
- 3.7 in respect of borrowing the Council should evaluate the economic and market factors that influence the manner and timing of any decision to fund.

- 3.8 consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- 3.9 consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
- 3.10 consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.
- 3.11 in respect of investment decisions, the Council should consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- 3.12 consider the alternative investment products and techniques available, especially the implications of any which may expose the Council to changes in the value of its capital.

Council Action

This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP4

APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Explanation

It is important that the Council is clear about the treasury management instruments, methods and techniques used as one of the main issues to be taken into account when reaching decisions in the need to protect public funds. This treasury management practice requires that the Council is equipped with the skills and experience to evaluate and control the risks and advantages associated with using the instruments available to it before including them in the approved list. Only instruments that the organisation has the skills and experience to evaluate should be included in their approved list, even if they are legally permitted to do so. This principle applies to investment, borrowing and other means of raising capital and project finance, and to the use of one off-market or financial derivative instruments such as interest rate swaps. The consideration of skills and experience is particularly critical where organisations request to be treated as professional clients under MIFID II. Designation under MIFID II should be endorsed by the treasury management strategy and regularly reviewed to ensure that designation remains appropriate.

Council Action

This Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the policy, and within the limits and parameters defined in Treasury Management Practice 1 Risk Management.

This Council has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TMP5

ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

Explanation

It is considered vital that there should be a clear division of responsibilities, included in a written statement of the duties of each post engaged in Treasury Management. It is especially important that staff responsible for negotiating and closing deals are not responsible for recording them, or for maintaining the cash book. This is in order to create a framework for internal check and reflects both the variety of activities in treasury management and the very often large sums involved.

Council Action

This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with Treasury Management Practice 6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Director of Corporate Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.

The Director of Corporate Services will ensure there is a proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

TMP6

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Explanation

It is recommended that the Council's treasury management policy statement should specify formal reporting arrangements by the Director of Corporate Services to full Council, to include at a minimum, annual reports both before, mid-year and after the year-end.

Council Action

This Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies, on the effects of decisions taken and transactions executed in pursuit of those policies, on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities and on the performance of the treasury management function.

The following reporting process has been agreed by the Council:

6.1 Annual Reporting Requirements before the start of the year:

- Review of the Council's approved clauses, treasury management policy statement and practices
- Strategy report on proposed treasury management activities for the year, including the MRP and Investment policies
- Proposed Treasury Management and Prudential Indicators

6.2 Quarter 1 and Quarter 3 Reporting Requirements during the year which will be presented to both Executive Board and Policy and Resources Scrutiny Committee:

- Activities undertaken
- Variations (if any) from agreed policies/practices

- Performance report
 - Performance against Treasury Management and Prudential Indicators
- 6.3 Mid-Year Reporting Requirements during the year which will be presented to Council, Executive Board and Policy and Resources Scrutiny Committee:
- Activities undertaken
 - Variations (if any) from agreed policies/practices
 - Performance report
 - Performance against Treasury Management and Prudential Indicators
- 6.3 Annual Reporting Requirements after the year end
- Transactions executed and their revenue (current) effects
 - Report on risk implications of decisions taken and transactions executed
 - Compliance report on agreed policies/practices, and on statutory/regulatory requirements
 - Performance report
 - Report on compliance with Revised CIPFA Treasury Management Code of Practice 2017 recommendations
 - Performance against Treasury Management and Prudential Indicators

By undertaking the above it will ensure, as a minimum, that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

Explanation

It is recommended that the Council brings together for budgeting and management control purposes, all of the costs and revenues associated with the Council's treasury management activities, regardless of how the Council has actually

organised the treasury management function. In this context the Council's treasury management budgets and accounts should clearly identify.

- Manpower numbers and related costs
- Premises and other administrative costs
- Interest and other investment income
- Debt and other financing costs (or charges for the use of assets)
- Bank and overdraft charges
- Brokerages, commissions and other transaction-related costs
- External advisers' and consultants' charges

It is normal practice for the external auditor to have access to all papers supporting and explaining the operation and activities of the treasury management function. The auditor will be expected to enquire as to whether the Revised CIPFA Treasury Management Code of Practice 2017 has been adopted, and whether its principles and recommendations have been implemented and adhered to. Any serious breach of the recommendations of the Revised CIPFA Treasury Management Code of Practice 2017 should be brought to the external auditor's attention.

Council Action

The Director of Corporate Services will prepare, and this Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance Measurement, and TMP4 Approved instruments, methods and techniques. The Director of Corporate Services will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The calculation and compliance of Treasury Management and Prudential Indicators will be examined by Audit Wales.

This Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. This Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP8 CASH AND CASH FLOW MANAGEMENT

Explanation

The preparation of cash flow projections on a regular and timely basis provides a sound framework for effective cash management. Procedures for their preparation and review/modification, the periods to be covered, sources of data etc. should be an integral part of the schedules to the Council's approved treasury management practices.

Council Action

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Director of Corporate Services and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Director of Corporate Services will ensure that these are adequate for the purposes of monitoring compliance with Treasury Management Practice 1 (2) liquidity risk management.

TMP9 ANTI-MONEY LAUNDERING

Explanation

Money Laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. Also, organisations such as Councils that undertake business under the Financial Services Act, or engage in certain specified activities, are required to set up procedures to comply with Anti-Money Laundering Regulations . These require Councils:

- To set up procedures for verifying the identity of clients
- To set up record-keeping procedures for evidence of identity and transactions
- To set up internal reporting procedures for suspicions, including the appointment of a money laundering reporting officer
- To train relevant employees in their legal obligations
- To train those employees in the procedures for recognising and reporting suspicions of money laundering

The Council should establish whether the Money Laundering Regulations apply to them. And it is for individual organisations to evaluate the prospect of laundered monies being handled by them, and to determine the appropriate safeguards to be put in place. It is the legal responsibility of every person engaged in treasury management, and indeed the Council, to make themselves aware of their personal responsibilities, but the Revised CIPFA Treasury Management Code of Practice 2017 recommends that Councils bring them to their staff's attention and consider the appointment of a member of staff to whom they can report any suspicions.

Council's Action

This Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

TMP10 TRAINING AND QUALIFICATIONS

Explanation

All Councils should be aware of the growing complexity of treasury management. Modern treasury management demands appropriate skills, including a knowledge of money and capital market operations, an awareness of available sources of funds and investment opportunities, an ability to assess and control risk, and an appreciation of the implications of legal and regulatory requirements.

Every Council should provide the necessary training, having assessed the professional competence of both those involved in the treasury management function, and those with a policy, management or supervisory role. If necessary, they should ensure that access exists to the necessary expertise and skills from external sources. Arrangements to ensure the availability of suitable skills and resources should recognize the prospect that staff absences may, at times, demand that others step in who do not normally have involvement on a day-to-day basis with the treasury management function.

When feasible in the context of the size of a particular organisation and its treasury management function, career progression opportunities should be made available and succession issues should be properly addressed. Secondments of senior management to the treasury management function for appropriate periods may benefit the effectiveness of the function as a whole.

Council Action

This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Corporate Services will recommend and implement the necessary arrangements.

The Director of Corporate Services will ensure that council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

There are a number of service providers available to support the treasury management activities of public service organisations.

Perhaps the most active and long-standing of these have been the money-broking companies, whose role it is to act as intermediaries, making introductions between the prospective parties to transactions.

It is not the role of brokers to provide advice on the creditworthiness of those organisations to which public service organisations may lend. They may provide information already in the public domain but may not interpret it. The use of brokers is a matter for local decision. But it is considered good practice, if their services are used, to ensure that business is spread between a reasonable number of them, and certainly no fewer than two.

Direct dealing with principals is a not uncommon feature of treasury management in the public services which, if nothing else, can provide a useful check on brokers' performance.

An issue that causes some debate is whether it is necessary or desirable for public service organisations to tape conversations with brokers and principals. This is a matter for local discretion, particularly in the context of the costs involved, but brokers are required to maintain taped recordings which the Council can ask for copies if needed.

Most public service organisations require the services of clearing bankers, and a growing number make use of the services of a wider group of banks, particularly to meet their need for private finance and partnership funding. The principles of competition need to be recognised here, too. Certainly, it is highly desirable to subject clearing banking services to competition, perhaps as frequently as every three or four years.

There has also been a growing tendency for public service organisations to employ external advisers and consultants, often for the purposes of a general treasury management advisory service, but also for specific purposes, such as the securing and structuring of funding and for partnership arrangements. These, too, should be the subject of regular competitive tendering.

Further, many public service organisations employ the services of external investment managers to help manage their surplus cash and, where relevant, their pension fund, trust fund or endowment fund assets.

CIPFA advises all organisations using the services of external service providers to document comprehensively the arrangements made with them.

Council Action

The Council recognises that responsibility for treasury management decisions remain with the Council at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies.

TMP12 CORPORATE GOVERNANCE

The Revised CIPFA Treasury Management Code of Practice 2017 recommends that public service organisations state their commitment to embracing the principles of corporate governance in their treasury management activities, notably openness and transparency.

It is CIPFA's view that:

- adoption of the principles and policies promoted in the Revised CIPFA Treasury Management Code of Practice 2017 and in these guidance notes will in itself deliver the framework for demonstrating openness and transparency in an organisation's treasury management function
- publication of and free access to information about an organisation's treasury management transactions and other public documents connected with its treasury management activities will further assist in achieving this end
- establishing clear treasury management policies, the separation of roles in treasury management and the proper management of relationships both within and outside the organisation will establish the integrity of the function

- robust treasury management organisational structures, together with well-defined treasury management responsibilities and job specifications, will enhance accountability
- equality in treasury management dealings, absence of business favouritism and the creation of keen competition in treasury management will lay the groundwork for fairness.

The following paragraphs further emphasise the practices that CIPFA believes an organisation should employ to ensure the principles of corporate governance are successfully implemented.

Procedural responses

The policies, strategies of treasury management should link clearly to the organisation's other key policies and strategies. In the management of risk, in particular, treasury risk management should be an integral part of its overall risk management processes, culminating in a well-defined, organisation-wide strategy for the control of risk and contingency planning.

The management and administration of treasury management should be robust, rigorous and disciplined. Over the years, some of the most significant examples of treasury mismanagement, in both the public services and the private sector, have resulted from procedural indiscipline. This has frequently been as a result of a failure to apply otherwise well-documented management and administration systems, or through failures in transmission, documentation or deal recording processes.

Reporting arrangements should be applied so as to ensure that those charged with responsibility for the treasury management policy have all the information necessary to enable them to fulfil openly their obligations; and that all stakeholders are fully appraised of and consulted on the organisation's treasury management activities on a regular basis.

The procedures for monitoring treasury management activities through audit, scrutiny and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change.

The application and interpretation of performance data should be clear, concise and relevant to the organisation's treasury management activities.

Stewardship responsibilities

The Director of Corporate Services should ensure that systems exist to deliver proper financial administration and control, and a framework for overseeing and reviewing the treasury management function.

As regards a control framework, an organisation's formal policy documents should define clearly procedures for monitoring, control and internal check.

With regard to delegation it is vitally important that those involved in the implementation of treasury management policies and the execution of transactions are unambiguously empowered to undertake their tasks, and that reporting lines are well-defined.

An organisation's adoption of and adherence to the Revised CIPFA Treasury Management Code of Practice 2017 should be widely broadcast, as should the principles of the Revised CIPFA Treasury Management Code of Practice 2017 and the method of its application in the organisation.

The organisation's procedures for reviewing the value of the treasury management function, and the implementation of opportunities for improvement, should be both continuous and open to examination.

The governance of others

In respect of the organisation's dealings with counterparties, external service providers and other interested parties, clear procedures should exist to enable the organisation, as far as is practicable, to monitor their adherence to the legal or regulatory regimes under which they operate.

Council Action

This Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

In respect of external service providers appropriate financial review procedures will be undertaken, including Profit and Loss, Balance Sheet and cash flow monitoring.

This Council has adopted and has implemented the key recommendations of the Revised CIPFA Treasury Management Code of Practice 2017. This is considered vital to the achievement of proper corporate governance in treasury management, and the Director of Corporate Services will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Mae'r dudalen hon yn wag yn fwriadol

SECURITY, LIQUIDITY AND YIELD BENCHMARKING

Member reporting on the consideration and approval of security and liquidity benchmarks will continue. These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Management Report.

1. **Security**

In context of benchmarking, assessing security is a subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy.

The table below shows average defaults for differing periods of investment grade products for each Fitch/Moody's and Standard & Poor's long term rating category.

Long term rating	1 year	2 years	3 years
AAA	0.04%	0.10%	0.17%
AA (includes AA- and AA+)	0.02%	0.04%	0.09%
A	0.05%	0.15%	0.27%
BBB	0.15%	0.40%	0.70%
BB	0.65%	1.84%	3.22%
B	2.76%	6.66%	10.26%
CCC	18.96%	26.64%	31.60%

The Council's minimum long term rating criteria is currently "AA-" for any investment greater than one year and "A" for any investment up to one year. The average expectation of default for a one, two or three year investment in a counterparty with a "AA-" long term rating would be approximately 0.02% of the total investment and the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.05% of the total investment. This is only an average, any specific counterparty loss is likely to be higher, but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.17% historic risk of default when compared to the whole portfolio.**

In addition, the security benchmark for each individual year is:

	1 year	2 years	3 years
Maximum	0.04%	0.10%	0.17%

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Annual Treasury Management Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied in conjunction with our advisers, considering the regulatory environment and financial standing of an organisation.

2. **Liquidity**

This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (Revised CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft facility - £0.5m
- Liquid short term deposits of at least £10m available immediately on call

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less liquidity risk. In this respect the proposed benchmark is to be used:

- **WAL benchmark is expected to be 0.5 years, with a maximum of 1 year.**

3. **Yield**

Benchmarks are currently widely used to assess investment performance. The local measure of the yield benchmark is:

- Investments – Return on Investments to outperform the average 7 day LIBID rate

Security and liquidity benchmarks are intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. Proposed benchmarks for the cash type investments are shown above and form the basis of reporting in this area.

**Schedule of Approved Counterparties for Lending 2021-2022
(as at 12th January 2021)**

	<u>Fitch</u>		<u>Moody's</u>		<u>Standard and Poors</u>		<u>Money</u>	<u>Time</u>
	<u>Short Term</u>	<u>Long Term</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Limit £'m</u>	<u>Limit years</u>
<u>Upper Limit</u>	<u>F1</u>	<u>AA-</u>	<u>P-1</u>	<u>Aa3</u>	<u>A-1</u>	<u>AA-</u>	<u>10</u>	<u>3</u>
UK Banks								
<u>Middle Limit</u>	<u>F1</u>	<u>A</u>	<u>P-1</u>	<u>A2</u>	<u>A-1</u>	<u>A</u>	<u>7</u>	<u>1</u>
UK Banks								
Banco Santander Central Hispano Group - Santander UK Plc	F1	A+	P-1	A1	A-1	A	7	1
Barclays Bank	F1	A+	P-1	A1	A-1	A	7	1
HSBC Bank Plc	F1+	AA-	P-1	A1	A-1	A+	7	1
Lloyds Banking Group - Bank of Scotland Plc - Lloyds Bank	F1 F1	A+ A+	P-1 P-1	A1 A1	A-1 A-1	A+ A+	7 7	1 1
Standard Chartered Bank	F1	A+	P-1	A1	A-1	A	7	1
UK Building Societies								
Nationwide	F1	A	P-1	A1	A-1	A	7	1
<u>UK Banks Part Nationalised</u>								
Royal Bank of Scotland Group - National Westminster Bank Plc - Royal Bank of Scotland Plc							7 7	1 1
<u>Council's Banker</u>							3	1 day
<u>Other Institution Limits</u>								
<u>Local Authorities</u>								
Any One Local Authority (including police and fire authority)							5	1
<u>Money Market Funds</u>								
Any AAA Rated Money Market Fund CNAV							5	1
<u>Money Market Funds</u>								
Any AAA Rated Money Market Fund LVNAV							5	1
Debt Management Office							70	6 months (max term specified by DMO)

Mae'r dudalen hon yn wag yn fwriadol

1. THE PRUDENTIAL INDICATORS

The following indicators are based on the figures put forward within the Capital and Revenue Plans set out in this report.

1.1. Affordability

1.1.1. Estimates of ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	4.50%	4.57%	4.75%
HRA (inclusive of settlement figure)	32.71%	34.00%	34.36%

The estimates of financing costs include current commitments and the proposals in this budget report. These figures are however subject to change as and when the final funding approvals come through from the Welsh Government. Updates will be provided if these figures require amendment.

The indicators show the proportion of income taken up by capital financing costs. Indicative Aggregate External Finance (AEF) for 2022/2023 is a 2% increase on 2021/2022 and for 2023/24 a 2% estimated increase on 2022/2023.

1.2. Prudence

1.2.1. The Capital Financing Requirement (CFR)

This prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	284	296	290*
HRA	182	198	207
HRAS**	70	69	67
TOTAL	536	563	564

*The Non-HRA CFR decreases in 2023/24 as the Minimum Revenue Provision exceeds the net capital funding requirement.

1.2.2. The Gross Borrowing and Capital Financing Requirement indicator

The control mechanism to limit external debt.

Estimated gross borrowing for the four years starting with the last full year (2019/20) must not exceed the CFR in the medium term but can in the short term due to cash flows.

Ensures borrowing is only for approved capital purposes.

The Director of Corporate Services reports that the authority complied with this requirement in 2019/20 and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

Details of Gross Borrowing:

£m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Debt at 1 st April	413	433	433	479	532
Expected Change in Debt	20	0	46	53	32
Gross debt at 31st March	433	433	479	532	564
CFR	501	509	536	563	564
Under / (Over) borrowing	68	76	57	31	0

1.2.3. External Debt

The Authorised Limit and the Operational Boundary:

The Authorised Limit prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	589.0	618.4	619.7
Other Long- Term Liabilities	0.5	0.5	0.5
Total	589.5	618.9	620.2

The Operational Boundary for external debt is based on the same estimates as the authorised limit, but without the additional headroom for unusual and unexpected cash movements and equates to the level of projected external debt. This is clearly subject to the timing of borrowing decisions.

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	535.8	562.6	563.7
Other Long- Term Liabilities	0.1	0.1	0.1
Total	535.9	562.7	563.8

The Council is asked to approve both the Authorised Limit and the Operational Boundary shown above.

1.2.4. Actual External Debt

The Council's actual external debt at 31st March 2020 was £433m. The actual external debt is not directly comparable to the authorised limit and operational boundary because the actual external debt reflects the position at a point in time.

It is recommended that the above Prudential Indicators are adopted and that the Director of Corporate Services is given delegated authority by Council to change the balance between borrowing and other long-term liabilities.

Other long-term liabilities are other credit arrangements, which are, in the main, finance leases. These indicators may be affected once information is collated for the new lease requirements under IFRS 16 from 2022/23.

Mae'r dudalen hon yn wag yn fwriadol

MINIMUM REVENUE PROVISION (MRP) STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP). It is also required to charge an element of the accumulated HRA capital spend in line with Welsh Government requirements.

Welsh Government regulations were issued with effect from 1st April 2010 which require the full Council to approve a Minimum Revenue Provision (MRP) Statement in advance each year. A variety of options were provided to councils to replace the existing Regulations, as long as there is a prudent provision.

Council have already approved the following approaches for calculating MRP:

Supported Borrowing and Capital Expenditure

Based on CFR

The calculation is based on 2.5% of the opening Capital Financing Requirement (CFR) each year on a straight-line basis.

Unsupported Borrowing

Asset Life Method

The future borrowing value of unsupported borrowing is to be charged to revenue over 40 years or by the estimated economic life of the asset if shorter, please see below.

Capital Expenditure on the Modernising Education Programme (MEP) and Local Government Borrowing Initiative (LGBI) 21st Century Schools is classed as Unsupported Borrowing. It is estimated that asset lives within these programmes are 30 years and this is the period that will be used to determine the MRP.

Asset lives within the Fleet Programme range from 1 to 10 years, these are the periods that will be used to determine the MRP.

Local Government Borrowing Initiative (LGBI) Highways. It is estimated that asset lives within this programme are 20 years and this is the period that will be used to determine the MRP.

Housing Revenue Account

The calculation is based on 2% of the opening Capital Financing Requirement (CFR) each year.

Loans to Third Parties

The Council occasionally lends capital loans to third parties which forms part of the Capital Financing Requirement. The Council's policy is not to apply Minimum Revenue Provision (MRP) to the loans but apply the loans repayments from the third party (which are capital receipts), in lieu of MRP. In the event of any likely default, the Council will calculate an Expected Credit Loss and apply MRP accordingly.

Council is recommended to approve the following MRP Statement for 2021/2022:

For Supported and Unsupported Capital Expenditure, the MRP policy will continue to follow the approaches above.

Eitem Rhif 13

Yn rhinwedd paragraff(s) 14 o Rhan 4 o Atodlen 12A% o ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd
Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007

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Mae'r dudalen hon yn wag yn fwriadol