SCRUTINY COMMITTEE (CORPORATE RESOURCES)

Minutes of a meeting held on 8th December, 2015.

Present: Councillor M.R. Wilson (Chairman); Councillor Mrs. P. Drake (Vice-Chairman); Councillors H.C. Hamilton, K. Hatton, H.J.W. James, P.G. King, R.A. Penrose, G. Roberts and E. Williams.

Also present: Councillors C.P.J. Elmore and N. Moore.

656 APOLOGY–

This was received from Councillor A.C. Williams.

657 MINUTES –

RECOMMENDED – T H A T the minutes of the meeting held on 13th October, 2015 be approved as a correct record.

658 DECLARATIONS OF INTEREST –

No declarations were received.

659 TREASURY MANAGEMENT (REF) –

Cabinet had, on 16th November 2015, referred the Treasury Management report to the Scrutiny Committee for information. The report provided a mid year report on the Authority's treasury management operations for the period 1st April to 30th September 2015 which was a requirement of the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice. In addition Welsh Government guidance on Local Government Investments recommends that Local Authorities consider and amend where necessary their investment strategies in light of changing internal or external circumstances. The Head of Service advised that the report met the requirements of both sets of guidance.

Economic data at the start of the year had been largely overshadowed by events in Greece. The country's politicians and the representatives of its creditors - the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) had struggled to come to an agreement. The European Central Bank froze liquidity assistance provided to Greek banks and capital controls within the country, severely restricted individuals' and corporates' access to cash. On 12th July, following a weekend European Union Summit, it was announced that the terms for a third bailout of Greece had been reached. Alexis Tsipras resigned from his post as Prime Minster of Greece after just eight months in office by calling a snap election, held on 20th September. Tsipras led his party to victory once again, although a coalition was needed for a slim parliamentary majority. That government must now continue with the task of guiding Greece through the continuing economic crisis.

Chinese authorities intensified their intervention in the markets in an attempt to maintain market confidence and surprised global markets in August when the People's Bank of China changed the way the Yuan is fixed each day against the US dollar and allowed an aggressive devaluation of the currency. This had impacted on currencies, equities, commodities, oil and metals throughout Asian, European and US markets. Chinese stocks although having recovered marginally since were trading around the same level as the start of the year. Concerns remain about slowing growth and potential deflationary effects.

The UK Economy: had remained resilient over the last six months although economic growth slowed in Quarter 1, year on year growth to March 2015 was relatively healthy, Quarter 2 2015 Gross Domestic Product (GDP) growth had bounced back with year on year growth showing slight signs of slowing. GDP had now also increased for ten consecutive quarters, breaking a pattern of slow and erratic growth from 2009. The annual rate for consumer price inflation (CPI) briefly turned negative in April, before fluctuating between 0.0% and 0.1% over the next few months. In the August Quarterly Inflation Report, the Bank of England projected that GDP growth will continue. The Bank of England had projected inflation to gradually increase to around 2% over the next 18 months and then remain there in the near future. Further improvement in the labour market saw the International Labour Organisation unemployment rate to July, fall and average earnings excluding bonuses for the three months to July rise. The Monetary Policy Commission made no change to the Bank Rate of 0.5% and maintained asset purchases at £375 billion.

The outcome of the UK general election saw some very big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics.

The report also summarised the treasury management transactions undertaken by the Authority during the first half of the financial year and referred to the Council's investment strategy, debt management strategy and treasury management indicators. The Head of Service advised Members that in referring to paragraph 17 of the report, the Authority had made a number of investments as detailed below:

Borrowing Institution	**Opening Balance 01/04/2015**	**Invested**	**Returned**	**Closing Balance 30/09/2015**
	£'000	£'000	£'000	£'000
UK Local Authorities	30,000	42,000	(27,000)	45,000
Debt Management Office	51,125	765,905	(776,830)	40,200
Totals	**81,125**	**807,905**	**(803,830)**	**85,200**

The interest earned from these investments amounted to £115,755 for the first six months of 2015/16. The Council also manages the repayment schedule for longer term debt that is maturing to ensure this is spread evenly over future years.

Committee was further advised that it was the intention to present the report to Full Council for approval on 16th December, 2015.

There being no further discussions on the report, the Scrutiny Committee

RECOMMENDED –

(1) T H A T the Treasury Management mid year report for the period 1st April to 30th September 2015 be noted.

(2) T H A T the latest Treasury Management Indicators be noted.

Reason for recommendations

(1&2) In recognition of the information provided and in noting that the report would be referred to Council for approval.

660 INITIAL REVENUE BUDGET PROPOSALS 2015/16 (MD) –

Committee was informed that the Scrutiny Committees had previously considered the Initial Revenue Budget proposals on the following dates:

Scrutiny Committee (Social Care and Health): 30th November, 2015
Scrutiny Committee (Economy and Environment): 1st December, 2015
Scrutiny Committee (Housing and Public Protection): 2nd December, 2015
Scrutiny Committee (Lifelong Learning): 7th December, 2015.

The Scrutiny Committees (Social Care and Health) and (Lifelong Learning) had subsequently recommended the following to Corporate Resources as the lead Scrutiny Committee and a copy of the recommendations was tabled at the meeting for Members' consideration:

Scrutiny Committee (Social Care and Health) –

"**(1) T H A T the amended revenue budget for 2015/16 be noted.**

(2) T H A T the Scrutiny Committee (Corporate Resources) agree the Committee's request that all the cost pressures as detailed in Appendix 3 of the report are fully funded.

(3) T H A T the Scrutiny Committee (Corporate Resources) notes that the cost pressures as detailed in Appendix 3 of the report could increase in view of the requirement to carry out further work on the impact of the National Living Wage and the new costs associated with the payment of 'travel time' by independent care providers. In addition it was clear that there may be other additional costs, above those already identified in the cost pressures, as a result of the introduction of the Social Services and Well Being Act.

(4) T H A T the Cabinet be requested to make three separate written representations to Welsh Government on the following:

i. **The additional costs incurred by the Council as a result of the UK Government's introduction of the National Living Wage and the requirement for domiciliary care providers to pay travel time.**

ii. **The fact that the Social Services and Well Being Act was not cost neutral and that the Council has incurred substantial additional costs as a result of the introduction of this Welsh Government legislation.**

iii. **The fact that the Council now has to fund much of the integration agenda in view of the cessation of RCF and the transfer of the ICF to health boards, and that the Council is also having to fund elements of the Supporting People Programme.**

Reasons for recommendations

(1) To advise the Committee of amendments to the 2015/16 budget.

(2) To advise Scrutiny Committee (Corporate Resources) of the Committee's views that the cost pressures shown in Appendix 3 should be fully funded.

(3) To ensure that the cost pressures are accurate.

(4) To advise Welsh Government of the substantial additional costs that the Council has incurred, that are completely outside the Council's control, which as such should be funded by Welsh Government."

Scrutiny Committee (Lifelong Learning) –

"**(1) T H A T the amended revenue budget for 2015/16 be noted.**

(2) T H A T the Cabinet be requested to give consideration to making available an additional £4m revenue funding specifically for secondary sector schools in the Vale of Glamorgan and to increase the Education Revenue Base budged by this amount in future financial years.

Reasons for recommendations

(1) To advise the Committee of amendments to the 2015/16 budget.

(2) In acknowledgement that secondary schools were under severe pressure and scrutiny and had the responsibility for academic achievement."

The Council was required under statute, to fix the level of Council Tax for 2016/17 by 11th March, 2016 and in order to do so, would have to agree a balanced Revenue Budget by the same date. The Head of Service presented the report which detailed that a statement on the timing of the Welsh Government's (WG) Budget for 2016/17 was released by the Minister for Finance and Government Business on 6th October, 2015. This also stated that the late timing of the UK Government's Spending Review presented WG with significant challenges for the preparation and publication of the Draft Budget 2016/17. WG will not know their Budget for 2016/17 until

25th November, 2015. WG is facing unprecedented levels of uncertainty and consequently would not publish the Draft Budget for 2016/17 until 8th December, 2015 and the Final Budget on 1st March, 2016.

A timetable received from the Minister for Public Services and the Leader of the Welsh Local Government Association on 26th October, indicated that local authorities would be advised of the Provisional Settlement on 9th December, 2015 and of the Final Settlement on 2nd March, 2016. However, the Final Budget would be debated by WG on 9th March, 2016. They considered that the proposed timetable did not result in any legal or financial impediment to the budget process, however, they acknowledged that the timetable presented challenges.

To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work on quantifying the resource requirements of individual services needed to be carried out before the final Revenue Support Grant (RSG) settlement was notified to the Council.

With regard to the revised budget for 2015/16, Appendix 1 to the report set out the revised budget for 2014/15 together with the necessary adjustments to the original budget.

Asset rent, International Accounting Standard (IAS) 19, transfers and recharges – these related to accounting items and expenditure outside the control of services. They reflected charges to Services for the use of capital assets, changes to the inter-service recharges, transfers and adjustments in respect of pensions to comply with accounting standards. Also included, were transfers of functions and responsibilities between Directorates as detailed below:

Education
£150k from Development Services in respect of the Arts Development.

Managing Director and Resources
£210k from Development Services in respect of Coroner Services.

The following table compared the amended budget with the projected outturn for 2015/15.

Directorate/Service	2015/16 Amended Budget £'000	2015/16 Projected Outturn £'000	Variance (+)Favourable (-) Adverse £'000
Learning and Skills			
Education and Schools	92,524	92,816	-292
Libraries	2,311	2,311	0
Adult Community Learning	263	263	0
Youth Service	1,030	1,030	0
Catering	1,788	1,788	0
Art Development	150	150	0

Social Services			
Children and Young People	14,540	14,090	+450
Adult Services	37,579	38,329	-750
Business Management and Innovation	304	304	0
Youth Offending Service	679	679	0
Environment and Housing			
Visible Services	21,707	21,707	0
Transportation	5,178	5,178	0
Building Services	0	0	0
Regulatory Services	2,107	2,107	0
Council Fund Housing	1,116	1,116	0
Managing Director and Resources			
Resources	558	558	0
Regeneration	2,562	2,562	0
Private Housing	11,308	11,308	0
Development Management	1,063	1,063	0
General Policy	18,088	17,496	+592
Total	**214,855**	**214,855**	**0**
Met from General Reserve	**(2,500)**	**(2,500)**	**0**
Grand Total	**212,355**	**212,355**	**0**

Budgets in respect of each service area set out the budget position below:

Learning and Skills

The projected outturn for the Learning and Skills Directorate is an adverse variance of £292k when compared to the amended budget. The paragraphs below highlight variances within each service.

School Improvement and Inclusion – This service was projecting an adverse variance of around £706k, however, this amount could be offset by £65k funded from the Excluded Pupils reserve and therefore an adverse variance of £641k was currently projected at year end. An adverse variance on alternative curriculum placements of £65k is projected due to increased demand for the service; however, this would be funded from the Excluded Pupils reserve. An adverse variance of £457k was anticipated on inter authority recoupment income. Increased demand for Vale pupils requiring placements in Ysgol Y Deri had resulted in fewer placements being available for other authorities to purchase. An adverse variance of £197k was projected on pupil placements in independent schools and other authorities due to an increase in the number of pupils with significant needs that are unable to be met at Ysgol Y Deri. These overspends would be offset by a favourable variance of £13k on staffing costs due to part year vacancies within teams. The Directorate was seeking ways to mitigate this overspend as part of the longer term Reshaping Services agenda.

Strategy and Resources – This service was anticipating a favourable variance at year end of £326k. There were favourable variances on the transport budget of £196k, £52k on salaries due to part year vacancies, £49k due to payments to private nurseries as a result of a reduction in non-maintained nursery settings and £29k on other supplies and services. There were however significant pressures in relation to the Schools Long Term Supply scheme with an adverse variance of £270k anticipated and the Early Retirement and Voluntary Redundancy scheme also projecting an adverse variance of £196k. Both these overspends would be funded from the respective reserves. It was anticipated that there will also be transfers from the Rationalisation Reserve of £161k to fund the increased rates bill at St. Cyres Comprehensive School and £115k to fund one off amalgamation costs at Llantwit Learning Community and Penarth Learning Community.

Service Strategy and Regulation – It was anticipated that this service would outturn with a £7k favourable variance due to efficiencies within the Business Support section.

Schools – The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.

Children and Young People's Partnership – It was anticipated that this service will outturn with a favourable variance of £16k due to a part year vacancy in the team.

Provision had been made within the budget to make unsupported borrowing debt repayments in relation to the Schools Investment Strategy of £698k per annum. Any favourable variance on debt repayments would be directed into the Schools Investment Strategy reserve.

Libraries – The Libraries Service was projecting to outturn at budget after a transfer from the Libraries reserve of £113k to fund one off costs in relation to the implementation of the Libraries Review.

Adult Community Learning – It was anticipated that the Adult and Community Learning Service would outturn at budget after a £93k transfer from the Adult and Community Learning reserve. The transfer from the reserve was required due to redundancy and notice payments to staff, which had arisen as a result of reductions in funding from Welsh Government and Cardiff and the Vale College.

Youth Service – It was anticipated that the Youth Service would outturn at budget after a transfer of £40k from the Youth Service Reserve. The transfer from the reserve was required to fund ongoing NEETS and Gateway To Engagement work in schools.

Catering – The Catering budget was anticipated to outturn at budget after a transfer of £222k from Catering reserves. The transfer from reserves would fund the final payment of the cashless catering system and the conversion of dining centres into kitchens in four primary schools.

Social Services

The projected outturn for the Social Services Directorate was an adverse variance of £300k when compared to the amended budget. The paragraphs below highlighted variances within each service.

Children and Young People's Services - This service was anticipated to outturn £450k under budget at year end. The key issue for this service continued to be managing the demand for the Joint Budget for Residential Placements for Looked After Children, however, currently it was forecast to outturn with a £250k underspend at year end. Work had been ongoing to ensure that children are placed in the most appropriate and cost effective placements, however, it was noted that due to the potential high cost of each placement, the outturn position could fluctuate with a change in the number of looked after children. There were potential underspends elsewhere in Children's Services of £65k on staffing budgets and £135k on alternative means of provision and accommodation costs required for the current cohort of children.

Adult Services - This service was currently anticipated to outturn £750k over budget at year end. This was due to a projected overspend on Community Care Packages of £950k as a result of increased demand for services, particularly for frail older clients. There was continued pressure on this area of the service to manage demand, not only to avoid a further increase in the overspend, but also to reduce the overspend. Whilst every effort would be made to improve this position, it could not be guaranteed that this position would not deteriorate further by year end as this budget was extremely volatile and there was a continued increase in demand for services. The annual deferred income budget for 2015/16 had been set at £739k and as at 30th September 2015, income received to date was £74k under-recovered. It was currently being projected that this budget will outturn at £50k over budget by year end and this adverse variance was included as part of the projected overspend for care packages. It was anticipated that there would be underspends of £200k elsewhere in the budget which can offset part of this overspend with £165k from staffing, £20k from Transport and £15k from premises.

Environment and Housing

The projected outturn for the Environment and Housing Directorate was a balanced budget when compared to the amended budget. The paragraphs below highlighted any variances within each service.

Highways and Engineering – It was projected that the Highways and Engineering section will have a balanced budget at year end. It was projected that the employee’s budget will be £338k underspent due to vacant posts currently within the service. However, due to the number of vacant posts, the anticipated spend on subcontractors was over budget by £262k. As previously reported, Highways and Engineering had an estimated shortfall on car parking income, which was currently estimated to be £340k. The introduction of additional car parking charges was to be consulted on further; therefore, new charges are unlikely to be introduced within this financial year. There was also a projected overspend on street lighting energy costs of £106k, due to the slight delay in the introduction of part night lighting, which commenced in July 2015. Vehicle costs were projected to be £120k over budget which is mainly due to the increased cost of the newer Winter Maintenance fleet. It was anticipated that other income received by the Highways and Engineering section will be £374k higher than budgeted. This was mainly due to the amount of Highways capital works schemes undertaken for other departments. Departmental support costs for Highways and Engineering had also reduced by £116k.

Waste Management – It was projected that the Waste Management section would have a balanced budget at year end. Employee costs were projected to be over budget by £256k. The main reason is that some of the planned savings for 2014/15 and 2015/16 had been delayed as detailed in Appendix 2. A re-routing exercise was currently underway and the service was also being reviewed by Waste Resource Action Programme (WRAP) with a view to making efficiency savings. Vehicle costs were projected to be £207k over budget, again due to the delay in planned savings. To offset these delayed savings, a considerable underspend of £577k was expected on waste disposal costs mainly due to the interim contract entered into with Viridor. The department had also projected a spend of £48k on contract monitoring costs for Prosiect Gwyrdd and £25k on the Joint Organics Procurement with Cardiff Council for which there was no budget. The service also had reduced insurance costs which were £34k under budget. Income to the section was also £75k less than budgeted, which was mainly as a result of the shortfall in income for the Special Collection service due to the level of concessions that were currently offered.

Leisure – It was anticipated that the Grounds Maintenance section would achieve a breakeven position at year end. Employee costs were projected to be £92k under budget due to vacant posts within the service. However, this had been offset by increased supplies and services costs which were £119k over budget mainly due to additional works undertaken by subcontractors. Transport costs were projected to be £31k over budget; however, Parks were currently reviewing the level of vehicles they used and had identified those that were surplus to requirements. This was offset by savings of approximately £25k on the maintenance of conservation zones. The anticipated level of income from other departments was also £33k greater than budgeted. The Sports service was operating well within reduced grant funding budgets. The provision of Play Activities was being funded from various sources such as Town Councils and s106 monies and costs were being monitored closely to ensure that they were contained within the funding available. The year end projected spend shows a nil variance against the revised budget.

Transportation – The expenditure on public transport was being carefully monitored in order to provide an appropriate service within the approved budget. There was an agreement with Bridgend and Cardiff Councils regarding the recharging of Cross Boundary bus services and this would alleviate pressures on fare-paying school services which were presently over budget. It was hoped that this agreement would continue into 2016/17. S106 monies was being utilised to fund the community bus service, Greenlinks. The year end projected spend on Transportation showed a nil variance against the revised budget.

Building Services – The Building Maintenance and Building Cleaning and Security Services were presently expected to outturn on target.

Regulatory Services – This budget represented the Vale's contribution towards the Shared Regulatory Service which was formed on 1st May, 2015. Although anticipated savings for 2015/16 would be slightly reduced by the one month delay in populating the staffing structure, the effect was mitigated by the reduction in anticipated staffing costs due to the number of staff leaving the Shared Service pool before going live. At this stage it was therefore projected that this service would outturn within target

Council Fund Housing – The Council Fund Housing budget was likely to outturn at £250k underspent based on current trends. The variance was due to savings being made on the use of temporary accommodation for the homeless. Due to the uncertain pressures for the remaining part of the financial year on the homeless budget it was felt appropriate at this time to show a balanced budget.

Managing Director and Resources

The projected outturn for the Managing Director and Resources was a balanced budget when compared to the amended budget. The paragraphs below highlighted any variances within each service

Resources – Resources was anticipated to outturn within budget although there was a possibility of a shortfall on Council Tax court income. The service would manage any shortfall from within existing resources.

Regeneration – Whilst occupancy of the Authority's workshops was higher than recent years, and therefore income was higher, any underspends would be utilised to refurbish the workshop/office space stock, aiming at generating further increased occupancy levels in order to meet the higher levels of income required in the 2016/17 budgets. This service was currently projected to outturn within target. The projected outturn for Countryside Services showed a nil variance against the revised budget. Delays in relation to the decision on car parking fees within country parks would mean that targeted savings for the Division had not been achievable. A budget virement from Planning covered the shortfall on car parking and various other measures including refurbishment works on the reception area at Cosmeston, thatching works at the Medieval Village and marketing costs for the new Commercial Opportunities Officer. As such, the service was currently projected to outturn within target.

Private Housing – As there had been additional demand for Disabled Facility Grants (DFGs) this year, the fee income will exceed target. Income targets for the Renewal Area had not currently been achieved so will offset the DFG increase. As such, this service is projected to outturn within target by year end.

Development Management – The year end projected spend on Planning showed a nil variance against the revised budget. As planning income had been ahead of profile so far this year a virement had been made from Planning into the Countryside budget in order to fund several refurbishments within that service (as detailed above). Should the demand on the Planning Service so require, an additional temporary staffing resource would be considered. As such it was anticipated that Planning Services would outturn on target.

General Policy

The projected outturn for Policy was a favourable variance of £592k when compared to the amended budget.

It was projected that there would be a favourable variance of £1.292m relating to capital charges and given that the collection of Council Tax continues to be effective, a positive variance of £1.5m is predicted. It was also anticipated that the sum included to support recharge imbalances for capital of £300k would not be required, as full recovery from capital schemes was projected. It was proposed that £2.5m be used to fund capital projects covering the Council's priorities. £1.65m would be transferred into the Schools Investment Strategy reserve and £850k would be transferred into the Disabled Facilities reserve to increase the funding available over the next two years for Disabled Facilities grants. Details of the schemes were contained in the Initial Capital Programme Proposals 2016/17 report.

The Cabinet approved the Budget Strategy for 2015/16 on 27th July, 2015 and, as in previous years, required all Directors to make the following provisions:

- Supplementary estimates would only increase the base budget if Council had given specific approval to this effect. Increases met by virement within a year would not be treated as committed growth.
- Directors should find the cost of increments and staff changes from their base budget unless the relevant specific approval had been given for additional funding.
- The effect of replacing grant from outside bodies that had discontinued would not be treated as committed growth. In addition, before any project or initiative that was to be met either wholly or partly by way of grant may proceed, the exit strategy must be approved.
- Certain items of unavoidable committed growth would continue and these included the effect of interest changes and the financing cost of the Capital Programme, increases in taxes, increases in levies and precepts charged by outside bodies and changes to housing benefits net expenditure.
- Services would be expected to achieve savings already approved by Cabinet as part of the 2015/16 final budget proposals and Directors were asked to continue to progress the Reshaping Service Programme.
- It is envisaged that the costs of service development will need to be met from within the respective Directorates.

Having regard to the above, it was, therefore, proposed in respect of the 2016/17 Budget Strategy that Directors be instructed to prepare initial revenue budgets for 2016/17, in accordance with a timetable agreed by the Managing Director with collaboration on the following basis:

- Capital charges, central accommodation costs and central support costs to be estimated centrally.
- Services to prepare baseline budgets on current service levels as set out in the 2015/16 final revenue budget report including detailed Cost Centre Analyses.
- Budgets to be broken down subjectively and objectively in as much detail as deemed appropriate by the Managing Director.

- Budget reports to include revised estimates for 2015/16.
- Full account to be taken of the revenue costs, other than debt charges, of new capital schemes coming into use.
- Minimum savings targets to be met initially as detailed in the 2015/16 Final Revenue Budget report. Any savings made directly by services over and above individual service targets to count towards future saving targets.
- Directors will continue to draw up Service Plans that set out the aims and objectives for the service and any possible future developments and efficiencies.
- As stated previously, it is expected that the revenue costs of service development will need to be met from within the respective services (in particular, from the savings made). As such, no revenue bids are initially to be made. However, services may still be asked to identify and prioritise any burgeoning revenue cost pressures for consideration.
  - The Medium Term Financial Plan (MTFP) 2015/16 to 2018/19 is to be presented to Cabinet on 14th December, 2015, to coincide with the presentation of the Draft Corporate Plan.
  - The 2015/16 Final Revenue Budget Proposals set savings targets between 2016/17 and 2017/18 of £17.822m (excluding schools). This was based on the anticipated reduction in funding from WG of 4% in 2016/17 and a further 2% in 2017/18, which was in line with the assumptions made in the latest MTFP.
  - The latest Plan factored in a managed level of cost pressures, a notional increase in Council Tax of 2% each year, price inflation of 1% and annual pay awards of 1% each year from 2016/17.
  - It assumed that the Minimum Funding Commitment (MFC) for schools, equivalent to 1% above the WG's block grant settlement would continue.

To ensure that the budget set for 2016/17 continued to address the priorities of Vale residents and the Council's service users, the budget setting process would incorporate in-depth, targeted engagement with a range of key stakeholders.

The engagement with residents and service users would be facilitated by Council officers and conducted in line with the corporate standards set out in the Vale of Glamorgan Council Public Engagement Framework.

Consultation with town and community councils, the voluntary sector and the Council's Local Service Board partners would also take place, in order to inform the final budget proposals.

The Council had not yet received the provisional settlement from WG. This would not be published by WG until 9th December, 2015. The Council was unable to wait until this date to commence its budget preparation for 2016/17 and therefore this report had been based on the projections previously used as part of the Medium Term Financial Plan 2014/15 to 2017/18.

Based on the projection of a 4% reduction in funding from the WG in real terms, the Council is projected to receive £111.537m from WG as RSG and a share of the Non-Domestic Rates (NDR) of £34.845m. Together these figures constituted the Council's projected Aggregate External Finance (AEF) of £146.382m. It should be noted that a 1% change in AEF equates to around £1.5m.

At this stage, no transfers in or out of the RSG had been assumed.

As part of these initial proposals, it had been necessary to revisit the cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council and an updated list was shown in Appendix 3 to the report. These were not shown in any order of priority. A new cost pressure had been included for the introduction of the National Living Wage from 1st April, 2016, which would provide for a minimum hourly rate of £7.20 for workers aged 25 and above. There would be further pressure in future years when it continued to increase to at least £9.00 per hour by 2020. This change also had a significant effect on services the Council commissions from external organisation. The main area affected is Social Services and a cost pressure had been included to reflect this.

Details of the proposed areas for savings for 2016/17 to 2017/18 are attached at Appendix 4. The savings did not include the cost of any potential redundancies. As part of the Budget Strategy 2016/17 Directors were requested to continue to progress the Reshaping Services Programme. Detailed work on business cases was currently ongoing and they would review the potential level of savings that could actually be achieved.

A summary of the overall base budget for 2016/17 was attached at Appendix 5 to the report. This had been arrived at by adjusting the 2015/16 budget for items such as inflation and unavoidable growth, but did not include identified cost pressures or savings. These were shown as a note to the table and are further detailed in Appendices 3 and 4 respectively. Adjustments shown included the following:

Asset Rents, International Accounting Standard (IAS) 19 – Related to accounting items outside the control of services. They reflected charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.

Recharges / Transfers – Related to changes in inter-service and inter-Directorate recharges. The Original Budget had been adjusted to reflect the reorganisation of Development and Visible Services. Included were transfers of functions and responsibilities between Directorates as detailed below:

Education – £113k from Development Services in respect of the Arts Development.

Managing Director and Resources – £210k from Development Services in respect of Coroner Services.

Budget Adjustment – There was a net total of £505k and relates to £600k for the reversal of one off funding previously provided to services, less the £1.105m reduction in the use of the Social Services Fund in 2016/17.

I**nflation** – The total figure for inflation of £1.613m related to general price increases (£1.005m) and a 1% allowance for pay awards (£608k). These figures did not include schools inflation which amounted to £649k for pay and £389k for prices.

Committed Growth – This totalled £2.557m and £477k reflected the Minimum Funding Commitment for schools, £930k related to the increase in employers' national insurance (excluding schools), £1m related to the reduction in use of the Council Fund and £150k had been allocated for capital charges.

Once the base budget for 2016/17 had been established, it must then be compared to the funding available to identify the extent of any shortfall. With a projected AEF of £146.382m and Council Tax at a current level of £59.874m, total available funding would be £206.256m. When compared to a base budget of £217.030m, this would result in a funding deficit for 2016/17 of £10.774m. This deficit was mainly attributable to a reduction in funding from WG and an increase in pay and price inflation.

If all identified cost pressures were funded, this would increase the shortfall to £18.601m. If all proposed savings were achieved, the shortfall would be reduced to £6.431m as shown in the table below.

Projected Budget Shortfall 2016/17	
	£000
Funding Available	
Projected AEF (Assumes 4% reduction)	146,382
Council Tax (Assumes no increase) *	59,874
Projected Funding Available	206,256
Base Budget	217,030
Projected Shortfall Against Base Budget	**10,774**
Assume all Cost Pressures Funded	7,827
Projected Shortfall with Cost Pressures funded	**18,601**
Assume all Savings Achieved	(12,170)
Projected Shortfall for 2016/17	**6,431**

* This assumed no increase in Council Tax at this stage.

This shortfall was already based on the requirement to achieve a high level of savings in 2016/17 and there is still uncertainty about the continuation of the MFC for schools beyond that date.

The above projections included an assumed pay award of 1% for 2016/17 and the impact of the National Living Wage. It also included the increase in employers' National Insurance which would take effect from April 2016. If any further changes were agreed to pay conditions, they would be assessed as part of the Final Budget Proposals report.

Further work would be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2016/17. This would include a review of the use of reserves, a possible increase in Council Tax, a review of all cost pressures, possible changes to the approved saving targets, a review of the inflation assumptions and the current financial strategies. The BWG would also consider the results of the budget engagement process in determining priorities for future savings and service delivery and the impact of the revised Corporate Plan.

There would be difficulties in maintaining the quality and quantity of services in the future without exploring opportunities for collaboration and alternative forms of service delivery. The Council had already commenced a programme of reshaping and transforming services, as approved by on Cabinet on 11th August, 2014.

The BWG held a series of meetings during November. Any recommendations from this Group would be submitted so that the Cabinet could make its final budget proposals by no later than 22nd February, 2016. Before making its recommendations, the BWG would consider the comments made by Scrutiny Committees, together with the results of the budget engagement process.

The Cabinet's final budget proposals would be considered by Council on 2nd March, 2016.

In presenting the report, the Head of Finance advised that the detail of the Local Government figures for the financial settlement would be known by the Authority on 9th December 2015, therefore the draft budget had been drafted assuming a 4% reduction in funding from WG. The figures would have to be revised when the settlement from WG was known. Reference was made to the cost pressures associated with the Learning and Skills and Social Services Directorates during 2015/16, with an overspend now being predicted for Social Services in the current financial year. Some overspends would also have to be met from reserves. It was hoped that the Council would make £6.8m savings in the current year, however there were savings from previous years that had not yet been found.

Members, in commenting on the report, acknowledged that the report advised that the same level of Council Tax was being reported as currently and they sought clarification in relation to the impact of the minimum Living Wage and the two figures contained within the report. The Head of Service advised that £51,000 related to staff employed by the Local Authority and the £1.3m referred to staff employed in the independent sector within social care e.g. delivery of domiciliary care.

With regard to Appendix 2, Members were of the view that the table should include more detail as to why savings had not been progressed. Although the Leader of the Council confirmed that details were contained within the report, Members considered that the Appendix itself should outline more detail.

In referring to the level of savings that had been made elsewhere within services which had then been utilised in other parts of Directorates, the concern raised by Members was whether or not the savings outlined would be achievable. Specific reference was made to the Prosiect Gwyrdd contract which had been implemented earlier than originally planned and resulted in savings in the current financial year. These savings had then been utilised by the Directorate to fund other overspends. Members considered that in Directorates where shortfalls had been identified, officers should be asked to attend the Scrutiny Committee to provide further detail and to provide information in relation to how these shortfalls were proposed to be met. The Head of Service confirmed that discussions were being undertaken on a regular basis with Directorates as to the projections for future savings and whether they were achievable, which would be taken into account when the final budget was prepared for March.

In referring to out of county placements and provision at Ysgol Y Deri, a Member felt that the adverse variance was attributable to inaccurate budgeting as the issue should have been addressed earlier in the process. The Head of Service advised that the Department was fully aware of the children and young people who had to be supported via this provision however, there had been a reduction in the number of placements made by other Local Authorities which had resulted in reduced income for the school. The Member was concerned with this position in that, in their view, the Council should have been aware of its future projections.

The Cabinet Member for Children's Services and Schools, with permission to speak, stated that there was no inaccurate budgeting, there had been projections when the school was being built, but other Local Authorities e.g. Cardiff and Bridgend, were also involved in their own Reshaping Services Agendas and were not supporting pupils into out of county placements at Ysgol Y Deri and the income had therefore been substantially reduced. The Vale's current Reshaping Services Programme would be looking at the provision as part of the ALN service review.

In response to a further suggestion that senior officers were making different statements at different meetings, the Cabinet Member advised that, in his view, that was not the case and at previous meetings where he had been in attendance, including the recent meeting of the Scrutiny Committee (Lifelong Learning), the information provided to Committee was, in his view, the correct information and he requested that should the Member have any issues with the officers regarding reference to differing views , that his concerns be put in writing in order for the Cabinet Member to investigate.

In response to the queries, the Leader of the Council also stated that there were a number of reasons why the budget was now showing an overspend, which was not only due to out of county placements but also due to the number of children in the Vale having been assessed to require this service. In addition, the Council could not bring any Vale children in out of county placements back to the Vale because there were no vacancies at the school. The Cabinet Member further advised that assessments were undertaken on pupils each term, some may be statemented and internal review panels could also request that a child is moved to meet its needs at any time which had significant implications for the Department and the places at Ysgol Y Deri.

In referring to the references tabled at the meeting from the Scrutiny Committees (Social Care and Health) and (Lifelong Learning), as the lead Scrutiny Committee members of the Committee considered it important to obtain feedback from the Leader of the Council and the Head of Service as to the viability of such proposals. However, the Committee did itself consider that the recommendations from each of the Scrutiny Committees were premature, as the Council did not have the full current figures regarding the settlement. Both the Head of Service and Leader of the Council agreed that as the full detail of the information on the settlement had not yet been received, it was difficult to say at this point whether the cost pressures would be met or not. The Leader advised that funding all of them would be difficult and could result in the Council either having to raise the Council Tax or reserves. The Leader stated that in an ideal the Council would fund all the cost pressures but this was not financially viable. The BWG would therefore consider all the cost pressures in detail once the Council knew what money was available.

All Members concurred that this was the best way forward as there were also other cost pressures within other Directorates that would also require consideration.

Having fully considered the report, the references and in light of the Council's budget situation, it was subsequently

RECOMMENDED –

(1) T H A T no action be taken with regard to the recommendations from the Scrutiny Committees (Social Care and Health) and (Lifelong Learning) in view of the cost pressures facing the Council overall and as the details of the financial settlement from WG had not yet been received.

(2) T H A T the amended budget for 2015/16 as set out at Appendix 1 to the report be noted.

(3) T H A T the views of the Scrutiny Committee be referred to Cabinet.

(4) T H A T the Committee notes that a sum of £1.65m has been be set aside in the Schools Investment Strategy reserve and £850k the Disabled Facilities reserve, funded by the projected underspending on revenue in 2015/16, with further details in the Initial Capital Programme proposals 2016/17 report.

Reasons for recommendations

(1) In view of the overall cost pressures facing the Council and that the detail of the financial settlement had not yet been received.

(2) In order that the changes to the 2015/16 budget can be incorporated.

(3) To advise Cabinet.

(4) To use revenue funding to carry out additional capital schemes.

661 INITIAL CAPITAL PROGRAMME PROPOSALS FOR 2015/16 (MD) –

Set out at Appendix A to the report were full details of the progress on the Capital Programme as at 30th September, 2014. The report also addressed the following:

Director of Learning and Skills

Colcot Primary Roof – The roof at Colcot Primary was in need of replacement as the underlying single ply roof was breaking down and causing ongoing leaks. It had been requested that £100k of the 2016/17 Schools Asset Renewal budget was brought forward into 2015/16 to enable the urgent works to the roof to commence this financial year.

Modular Building Resiting Ysgol Dewi Sant – Under this existing scheme the former Ysgol Dewi Sant modular building was being resited at Fairfield Primary. A highways planning condition at Fairfield Primary had to be met before the building could be occupied. It had been requested that £200k of the 2016/17 Schools Asset Renewal budget was brought forward into 2015/16 in order for the works to be carried out this financial year.

Barry Comprehensive School Works – At Cabinet on 5th October, 2015 (minute C2931) it was resolved "T H A T the development of a programme of work for Barry Comprehensive School be authorised to enable improvements to be made to the learning environment in the short term and that a further report on the proposed programme and estimated funding requirements be presented to Cabinet for further consideration in due course". Whilst a programme of works was still being compiled, it had been requested that up to £1m was made available for these works to be carried out. This would be funded by a contribution from revenue into the School Investment Strategy reserve, as a result of a revenue underspend in 2015/16. Further detail of the specific requirements would be presented to a future Cabinet as per the recommendation of Cabinet on 5th October, 2015 and the Capital Programme would then be amended accordingly.

St. Cyres Lower School Marketing and Disposal – A budget of £85k was required for marketing agent's fees and Project Management Unit Fees for the above scheme. It had been requested that the Capital Programme was increased by £20k in 2015/16 and £65k in 2016/17 to be funded from capital receipts. This change would also require approval by Council.

Education Asset Renewal Contingency Budget – At Cabinet on 23rd February, 2015, minute number C2650, recommendation 3 stated "THAT the Managing Director or the Head of Finance, in consultation with the Cabinet Member responsible for Finance, be given delegated authority to make additions, deletions or transfers to or from the 2015/16 to 2019/20 Asset Renewal budget as appropriate". This Delegated Authority had been used to allocate £41,900 of the contingency budget to the schemes below: -

Romilly Primary School £25,500
Urgent Health and Safety Works £16,400.

In order to complete the Urgent Health and Safety Works at various schools, it had been requested that the Urgent Health and Safety Works budget was increased by £4,917, to be funded from a revenue contribution from the Schools budget.

Director of Social Services

Cartref Porthceri Lift Replacement – There was currently a £70k budget allocated for this scheme within the 2015/16 Capital Programme. A survey had confirmed that the lift needed to be refurbished and not replaced. It had been requested that this scheme was renamed "Social Services Lift Refurbishments" and works would be extended to include refurbishment works to lifts in Cartref Porthceri, Southway and Ty Dyfan.

Southway Lift Replacement – There was currently a £70k budget allocated for this scheme within the 2015/16 Capital Programme. This lift was now being refurbished as stated above. The call and assistance systems within the four residential homes are in need of replacement and it had been requested that this scheme was renamed “Residential Homes Call and Assistance Systems” for these works to be carried out from this allocation.

Director of Environment and Housing

Weycock Cross to Barry Comprehensive Road Resurfacing – The road between Weycock Cross and Barry Comprehensive School requires resurfacing and it had been requested that the 2015/16 Capital Programme was increased by £40k, to be funded from the Visible Services reserve.

Wick to Ewenny Highway Improvements – Highway Improvement works are required between Wick and Ewenny and it had been requested that the 2015/16 Capital Programme was increased by £40k, to be funded from the Visible Services Reserve.

Coast Protection and Land Drainage General – £50k had been allocated within this budget for works which are part of the Causeway Improvement Scheme. In order to enable a more co-ordinated approach to the scheme, it had been requested that £50k was vired to the Causeway Improvement Scheme. The budget for this scheme would total £950k.

Jenner Park and Colcot Pitches – A grant of £100k had been awarded to the Council from The Sports Council for Wales. The £853k budget for this scheme was currently fully funded from the Jenner Park reserve. It had now been requested that the contribution from the reserve was reduced and the scheme would now be funded by £753k from the reserve and £100k from The Sports Council for Wales grant.

Coldbrook Flood Risk Management – Emergency Powers had been used for the inclusion of £2,959k for the construction phase and £257k for the design and development phase into the Capital Programme in order to complete the flood risk management works. This scheme would be funded as detailed below: -

Construction Phase	£'000	Design and Development Phase	£'000
WG Grant	2,151	WG Grant	218
ERDF Grant	114	Council Match Funding	39
Natural Resources Wales Grant	302		
Council Match Funding	392		
Total	2,959	Total	257

Managing Director and Resources

Penarth Renewal Area – The total estimated spend for the Penarth Renewal area had increased from £100k to £155k, due to the cost of an extra property being added to the contract and also due to unforeseen items of work that were identified during the contract period. A virement of £55k had been requested from the Castleland Renewal Area budget to the Penarth Renewal Area budget.

Barry Regeneration Partnership Scheme – At Cabinet on 13th July, 2015, £600k was added to the Capital Programme for the Barry Regeneration Partnership Scheme. £361k of this sum had been allocated using Delegated Authority as set out below:

Barry Island: Western Shelter Lighting £50k
Barry Island Interpretation, Tourist Information Centre and WIFI £50k
Victoria Gardens: area improvements (phase 3) £60k
George Street Play Area: resurface pedestrian links £41k
Cowbridge Street/Bridge Street Play Area: refurbishment £50k
Eastern Approach (Cardiff Road): gateway improvements £100k
Business Service Centre Improvements £10k.

The £600k was allocated over financial years 2015/16 and 2016/17, it had therefore been requested to re-profile these schemes as set out in the table below: -

Scheme	**2015/16 £'000**	**2016/17 £'000**
Barry Island: Western Shelter Lighting	8	42
Barry Island Interpretation, Tourist Information Centre and WIFI	35	15
Victoria Gardens: area improvements (phase 3)	0	60
George Street Play Area: resurface pedestrian links	41	0
Cowbridge Street/Bridge Street Play Area: refurbishment	50	0
Eastern Approach (Cardiff Road): gateway improvements	0	100
Business Service Centre Improvements	10	0

Further assessment was being undertaken to allocate the remaining balance of £239k to priority schemes.

Barry Regeneration Partnership Scheme – It had been approved by delegated authority that £107k of the unallocated original budget in 2015/16 and £34k of the unallocated budget in 2016/17 for this scheme be allocated as follows:-

Project Management Unit £60k for 2015/16
Landscape Design Service £25k for 2015/16
Urban Regeneration Service £4k for 2015/16 and £28k for 2016/17
High Street (Springboard) £6k for 2015/16 and £6k for 2016/17
Gladstone Gardens £2k for 2015/16
Main Street Area Improvements £4k for 2015/16
Eastern Approach £6k for 2015/16.

Disabled Facilities Grant (DFG) – There was a predicted shortfall in the capital budget for DFGs. It was envisaged that once the backlog of applications had been dealt with the number of applications being processed would reduce to normal throughput levels. However, there had been a steady increase in the number of applications being received which was a trend that was likely to continue. As a result, Emergency Powers had been used to approve an increase of £200k in the 2015/16 DFG budget, funded by a contribution from the Policy revenue budget. This would ensure that there was sufficient funding to complete this year's applications without creating a new backlog.

Pedestrian Crossing across Ffordd Y Mileniwm and Improved Bus Access – Further studies had identified that this scheme was not attainable within the budget available; therefore, alternative schemes had been identified through active travel route assessments. It had been requested that this budget was increased by £52k to be funded from s106 monies and that the scheme was renamed “Pedestrian/Cycle improvements at Ffordd Y Mileniwm”. The total budget for this scheme would be £69k. Member consultation had been undertaken under the s106 protocol and the contribution needs to be spent by January 2016.

Town Hall Library External Repairs – Property Services had reviewed this scheme and the funding was no longer required for external works. Internal works to the Town Hall Library had been identified as part of the Space Project scheme, it had therefore been requested that the budget of £12k was vired to the Space Project scheme.

Civic Offices Re-wire Scheme – In 2011 a Property Condition Survey for the Civic Offices identified that the building required re-wiring (to include general lighting, emergency lighting, power and distribution). A fixed electrical installation test was undertaken during 2014/15 and identified that all floors in the building are "Unsatisfactory". £283k had been allocated within the 2015/16 Space Project budget towards this scheme. In order to enable a more co-ordinated approach to the scheme, a virement of £225k in 2015/16 and £58k in 2016/17 had been requested to create a new scheme called the Civic Offices Re-wire.

Court Road Contaminated Land Issues – It had been requested that the name of this scheme was changed to “Court Road Depot - Survey, Feasibility and Infrastructure Budget”. This would enable the Council to facilitate various surveys and feasibility works for the circa 4 acre depot site and if required, identify and carry out any associated infrastructure works. The budget for this scheme was £350k.

Cabinet had previously agreed that further information would be provided where schemes had a value of over £500,000 and show a variance of 20% or more between actual spend and the profile. The following schemes meet this criteria:-

Llantwit Learning Community – Amendments to programming/sequencing of works had resulted in actual expenditure that was less than the initial spend profile. This does not adversely affect the final cost of the project.
Modular Building Resiting Ysgol Dewi Sant – Amendments to programming/ sequencing of works had resulted in actual expenditure that was more than the initial spend profile. This does not adversely affect the final cost of the project.

It was proposed that the budget for these schemes was reprofiled for the remainder of the year and changes would be reported as part of the ongoing capital monitoring process.

The Council's Capital budget was determined largely by the General Capital Funding Settlement (GCF). In previous years, the provisional GCF settlement was received from Welsh Government (WG) during October, with the final settlement being received during December. This year, however, the initial budget proposals had not yet been received.

A statement on the timing of the Welsh Government's Budget for 2016/17 was released by the Minister for Finance and Government Business on 6th October, 2015. It stated that the late timing of the UK Government's Spending Review presented WG with significant challenges for the preparation and publication of the Draft Budget 2016/17. WG would not know their Budget for 2016/17 until 25th November, 2015. WG was facing unprecedented levels of uncertainty and consequently would not publish the Draft Budget for 2016/17 until 8th December, 2015 and the Final Budget on 1st March, 2016.

A joint letter dated 26th October, 2015 had been received from the Minister for Public Services and the Leader of the Welsh Local Government Association, outlining the outcome of their joint discussions regarding the timing of the release of the settlement. They provide a timetable which shows that local authorities would be advised of the Provisional Settlement on 9th December, 2015 and of the Final Settlement on 2nd March, 2016, however, the Final Budget would be debated by WG on 9th March, 2016. They consider that the proposed timetable does not result in any legal or financial impediment to the budget process; however, they acknowledge that the timetable does present challenges.

As in the case of the earlier report in regard to Initial Revenue Budget proposals considered by the Committee, the timetabled provided by the Minister for Public Services and the Leader of the Welsh Local Government Association indicated that local authorities would be advised of the Provisional Settlement on 9th December, 2015 and of the Final Settlement on 2nd March, 2016, however, the Final Budget will be debated by WG on 9th March, 2016.

Even with a lack of clarity on the funding position for 2016/17 and these unprecedented circumstances, in order to be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work on quantifying the resource requirements for the Capital programme will still need to be carried out before the initial and final GCF settlement was notified to the Council. Therefore, in line with the approach adopted in the current Medium Term Financial Plan, the proposals assume a reduction of 10% for each year of the programme for 2016/17 and onwards. This has been reflected in the proposed Capital Programme 2016/17 to 2020/21 which was shown in the table in Appendix B.

In line with the financial strategy, the Council would aim to mitigate the deteriorating situation by looking to progress only those schemes which are deemed to be a key corporate priority, whilst also seeking to gain assurance that such schemes are delivered on time and within budget.

In regard to the Major Repairs Allowance (MRA), which was a grant that provided capital funding to the HRA 2016/17, this had not been announced by the WG. Cabinet would be advised once the announcement had been made, however, an assumption had been made which was set out in Appendix B to the report that the grant would continue at the current allocation of £2.76m in 2016/17 and throughout the period of the Capital Programme.

In addition to external funding, the Council would finance part of the Capital Programme from its own resources e.g. capital receipts and reserves. Set out in the table below are details of the General Capital Funding and internal resources required to fund the proposed schemes:

Analysis of Net Funding Required for the Indicative 2016/17 Capital Programme

GENERAL FUND	**£'000**	**£'000**
Welsh Government Resources		
Supported Borrowing	3,058	
General Capital Grant	1,861	
		4,919
Council Resources		
Capital Receipts	7,199	
Reserves/Leasing	9,135	
Unsupported Borrowing	528	
		16,862
Net Capital Resources		21,781

HOUSING REVENUE ACCOUNT	**£'000**	**£'000**
Housing Reserves	3,910	
Housing Unsupported Borrowing	19,434	
Net Capital Resources		**23,344**

The indicative 2016/17 Capital Programme set out in Appendix D included allocations already approved by Council and also reflected the amendments requested within the report under consideration.

Capital bids were invited for return by 30th September, 2015 and the number of bids received was low (3 from Learning and Skills, 12 from Social Services, 11 from Environment and Housing and 2 from Managing Director and Resources was). Departments were requested to rank their own bids in order or importance before submission and bids from each department were forwarded to the Corporate Asset Management Group (CAMG) for evaluation.

The Cabinet Budget Working Group had prioritised bids based upon the recommendations of the CAMG that used the criteria set out by the Budget Strategy and met the Corporate Risk Assessment. Only those schemes assessed as a corporate priority 1 or higher and medium risk or higher where included in the proposals. The bids that did not meet these criteria or were excluded from consideration because funding had already been allocated as part of the current Capital Programme were set out in Appendix C to the report with the reason for their exclusion.

Education Capital Loan Scheme – These are internal loans which are initially funded from the School Rationalisation Reserve and schools then made repayments back into the reserve over a number of years. In order to maintain a healthy balance within the reserve, it was proposed that the current yearly allocation of £300k was reduced to £200k between 2016/17 and 2020/21.

Llantwit Learning Community – In order to complete this scheme, an additional £650k was required. The increased costs are due to construction inflation, a greater understanding of the works required for parking and the bus turning circle and works required to the drainage, which were identified in a survey. It had been requested that the 2016/17 Capital Programme was increased by £650k, funded from the School Investment Strategy Reserve which had been increased by this amount as a result of a revenue underspend in 2015/16.

Rhoose Primary New School – £500k had been ring-fenced for this scheme within the School Investment Strategy Reserve. It was therefore proposed that the Capital Programme was increased by £500k in 2017/18 to include this allocation.

Social Services Asset Renewal – The condition of Social Services buildings are deteriorating. To enable the maintenance of these properties, it was proposed that £100k was vired each year from 2016/17 to 2020/21 from the All Services Asset Renewal budget to create a Social Services Asset Renewal budget. Social Services would be able to allocate the funding within year to priority works that are required.

As part of the Transport review the use of vehicles by the Authority had been extensively reviewed, which had meant that the purchase of new vehicles under the scheme had been delayed. In addition, an amendment to the level of expenditure in the Capital Programme was required, to reflect the continuing need to replace vehicles across the Council. The proposed revised expenditure was set out in the table below:

	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
Original Expenditure	2,375	1,596	694	1,818	962	0
Revised Expenditure	2,121	1,453	616	1,338	800	800

Vehicles could be funded from the Vehicle Renewals Fund or could be leased. The level of and financing of this expenditure would be reviewed as a result of the outcome of the Transport review and the amended proposals would be brought as part of the Final Budget Proposals in February 2016.

Renewal Area – An award of specific grant funding had been received from WG to enable capital works to be undertaken in the Castleland Renewal Area during 2016/17. It had been requested that £677,981 was included in the 2016/17 Capital Programme for this grant.

Disabled Facilities Grants (DFG) – A capital bid amendment form had been submitted to request additional funding in future years for DFGs. This would ensure that there was sufficient funding to complete future years' applications without creating a new backlog. It had been requested that the Capital Programme was increased by £400k in 2016/17 and £450k in 2017/18, to be funded from a reserve set up from revenue underspend in 2015/16.

Carbon Management Fund – The Carbon Management Fund Scheme was an ongoing scheme to assist with the Council's energy reduction measures. To enable these works to continue, it had been requested that a budget of £200k was included in the 2016/17 Capital Programme. This would be funded from the Energy Management Fund Reserve.

Civic Offices Re-wire – In 2011 a Property Condition Survey for the Civic Offices identified that the building required re-wiring (to include general lighting, emergency lighting, power and distributions. A fixed electrical installation test was undertaken during 2014/15 and identified that all floors in the building are "Unsatisfactory". It had been requested that the 2016/17 Capital Programme was increased by £400k using funding which had already been ring fenced within the Project Fund for these works. A capital bid for the Civic Offices Rewire had also been included in Appendix B.

Regeneration Fund – This scheme was funded from the Regeneration reserve. £50k per annum of this budget had been ring-fenced to match fund the Rural Development grant. Expenditure for this grant would now be incurred through revenue and therefore it was proposed that the budget was reduced by £50k each year between 2016/17 and 2020/21 and this use of the reserve would be redirected to the revenue budget.

The changes detailed above had been reflected in Appendix B.

In addition to bids meeting the criteria for inclusion in the Capital Programme, there had been a number of changes approved by Cabinet since the final budget proposals 2015/16 to 2019/20 were approved in February 2015. These changes include capital sums carried forward; changes to the School Investment Programme and Housing Improvement Plan. These changes had been included in Appendix B.

School Investment Programme

The 21st Century Schools Programme was the WG's funding initiative for investment in schools. The first tranche of schemes under Band A of the funding were submitted prior to November 2011. Band A schemes run between 2013/14 and 2018/19. Band B schemes are expected to commence in 2019/20.

The schemes included under the Band A submission for construction between 2013/14 and 2018/19 are: Ysgol Nant Talwg, Ysgol Dewi Sant, Ysgol Gwaun Y Nant and Oakfield, Colcot and Llantwit Learning Community.

In April 2014, WG notified the Council that some of the funding for Band A schemes would be in the form of unsupported borrowing instead of a revenue grant. The Council would be expected to borrow; however, WG would provide revenue funding to cover the cost of the loan through the Revenue Support Grant. This had no impact on the value of the Capital Programme, only the way in which it was funded.

In September 2014 the Vale of Glamorgan Council received notification from WG that the funding envelope for 21st Century Schools would be increased from £20.960m to £29.898m. As reported in the Final Capital Programme Proposals in February 2015, the Council had increased their contribution to the programme by a further £950k for the Llantwit Major Learning Community Scheme and this was approved by Cabinet on 12th January, 2015 (Minute C2607), therefore, the total funding envelope was now £30.848m. This excluded the £650k for Llantwit Learning Community requested as part of this report.

The Band A Programme was progressing well. Phase one of the Penarth Learning Community scheme was complete and the Learning Community was occupied. Works are ongoing for phase two which consists of external works and demolition. Ysgol Nant Talwg and Ysgol Dewi Sant are complete and the schools are occupied. Phase one of Ysgol Gwaun Y Nant was complete and phase two works are ongoing, the building works at Oak Field are now complete and both schools are occupied. The Llantwit Learning Community scheme was underway and works started on site in August 2015.

The following table shows the planned spend on the Education Capital Programme from 2016/17 to 2020/21 incorporating expenditure under Band A schemes funded under 21st Century Schools Programme. Gross Expenditure totals £79.879m.

By Scheme	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Ysgol Dewi Sant	35	0	0	0	0	35
Llantwit Learning Community	13,052	1,240	29	0	0	14,321
Gwaun Y Nant and Oakfield	47	0	0	0	0	47
Barry Secondary Schools Transformation	750	0	0	0	0	750
Colcot Primary	250	250	0	0	0	500
Asset Renewal	700	1,000	1,000	1,000	600	4,300
Asset Renewal Contingency	50	50	50	50	50	250
St. Cyres Lower School Marketing and Disposal	65	0	0	0	0	65
Rhoose Primary New School	0	1,500	1,762	0	0	3,262
Gwenfo Primary Extension	394	11	0	0	0	405

St. Brides Expansion	346	10	0	0	0	356
Victorian Schools	1,200	800	0	0	0	2,000
Eagleswell Demolition	300	0	0	0	0	300
Band B Schemes	0	0	0	18,361	32,927	51,288
Schools ICT Loans	200	200	200	200	200	1,000
Schools Capital Loan Schemes	200	200	200	200	200	1,000
Total	**17,589**	**5,261**	**3,241**	**19,811**	**33,977**	**79,879**

The total allocation for Victorian Schools between 2015/16 and 2020/21 was £3.061m to support works across 21 Victorian Schools to address the existing issues with lath and plaster and masonry deterioration. The £1.061m budget for 2015/16 had been allocated to the following schemes via emergency power £270k to Victoria Primary School External Refurbishment Works, £741k to Over boarding Lath and Plaster Ceilings and £50k to Sandstone Repairs. Work was currently being carried out by Property Services to assess the works required between 2016/17 and 2017/18 and a full report would be brought to Cabinet with a strategy to address these problems.

There was an asset renewal budget of £900k in 2015/16, 200k of this budget had been vired to the Modular Building Resiting Ysgol Dewi Sant Scheme. The asset renewal budget increased to £1m from 2016/17; however, £300k was being requested to be brought forward into 2015/16 as detailed earlier in this report. In addition there was a £50k asset renewal contingency budget in each year. From 2020/21 the asset renewal budget has to reduce to the original £600k allocation due to increasing constraints on resources and the 21st Century Schools Band B Programme. Education in consultation with Property Services, allocate this budget in year to various schemes including rolling programmes of boiler and toilet renewal.

Band B Schemes are expected to commence in 2019/20 and in December 2014 the Council submitted proposals for a number of schemes to WG. Based on latest indications, it had been assumed that 50% funding would be available from WG to fund these schemes. However, there was no guarantee that the funding would be available from WG or what form it would take.

Indicative strategic projects for the Council under Band B funding would seek to address the following:

Expanding primary sector capacity and addressing the condition of school buildings in various areas across the Vale.
Rationalisation of school buildings currently situated on split sites.

The total cost for Band B schemes was projected to be in the region of £67.4m and of this total £18.361m and £32.927m had been included in Appendix B for 2019/20 and 2020/21 respectively.

The Education Capital Programme was funded as follows:

By Funding Source	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's	20/21 £000's	Total £000's
General Capital Funding	4,593	1,800	1,189	1,160	1,050	9,792
Capital Receipts	4,491	0	0	1,404	7,686	13,581
Other Reserves and Revenue Contribution	0	0	0	1,000	0	1,000
School Investment Reserve	2,433	915	290	1,397	3,391	8,426
School Rationalisation and Improvements Reserve	200	200	200	200	200	1,000
IT Fund	200	200	200	200	200	1,000
Local Government Borrowing Initiative	528	0	0	0	0	528
Prudential Borrowing	0	0	0	0	0	0
Total Internal Funding	12,445	3,115	1,879	5,361	12,527	35,327
S106 Agreements	709	1,021	1,362	7,700	1,000	11,792
Welsh Government Grant	4,435	1,125	0	6,750	20,450	32,760
Total Funding	**17,589**	**5,261**	**3,241**	**19,811**	**33,977**	**79,879**

Housing Improvement Plan

The 2015/16 Housing Improvement Programme budget totals £87.011m and £63.156m of this allocation related to the buyout from the housing subsidy system. The funding of the 2015/16 programme had been amended as set out in the table below: -

Funding	Current 2015/16 £'000	Amended 2015/16 £'000
Major Repairs Allowance Grant	2,760	2,760
Other Grant	2,069	2,069
Housing Capital Receipt	754	897
Housing Reserves	2,676	5,334
Unsupported Borrowing (Including HRA buyout)	78,752	75,951
Total	**87,011**	**87,011**

As in the case of the consideration of the Initial Revenue Budget Proposals, similar arrangements were in place for the Scrutiny Committees to pass their comments to the Scrutiny Committee (Corporate Resources) who would, on behalf of the Council's Scrutiny Committees, formally respond to the Cabinet by no later than 15th December, 2015. However, Scrutiny Committees were being asked to first consider the indicative Capital Proposals as set out in Appendix B to the report. If a change to the initial proposals was desired, the Scrutiny Committee was required to provide a reason for this need in order to assist the Cabinet and the BWG in their deliberations when drawing up the final proposals. The total net capital expenditure of the proposed programme for the whole of the Council over the five years was approximately £104.525m.

Managers would be asked to revisit the schemes listed in Appendix B and confirm the final cost and spend profiles prior to the final proposals being considered by the Cabinet by no later than 22nd February, 2016. Cabinet's final Capital Programme proposals would be considered by Council no later than 2nd March, 2016.

If the schemes proposed in Appendix B were approved, the effect on the General Fund usable receipts was as follows:

Capital Receipts	**General** £000's	**Ringfenced Social Services** £000's	**Ringfenced Education** £000's
Anticipated Balance as at 1st April 2016	8,122	1,348	1,065
Anticipated Requirements – 2016/17	-5,515	0	-1,684
Anticipated Receipts – 2016/17	0	0	7,500
Balance as at 31st March 2017	2,607	1,348	6,881
Anticipated Requirements – 2017/18	0	-1,348	0
Anticipated Receipts – 2017/18	0	0	2,800
Balance as at 31st March 2018	2,607	0	9,681
Anticipated Requirements – 2018/19	0	0	0
Anticipated Receipts – 2018/19	0	0	0
Balance as at 31st March 2019	2,607	0	9,681
Anticipated Requirements – 2019/20	-4	0	-1,404
Anticipated Receipts – 2019/20	0	0	0
Balance as at 31st March 2020	2,603	0	8,277
Anticipated Requirements – 2020/21	-223	0	-7,686
Anticipated Receipts – 2020/21	0	0	0
Balance as at 31st March 2021	2,380	0	591
Anticipated Requirements between 2021/22 and 2026/27	0	0	-5,250
Anticipated Receipts between 2021/22 and 2026/27	0	0	4,750
Balance as at 31st March 2027	2,380	0	91

The Education Capital Programme utilises general capital receipts in addition to capital receipts ring-fenced for Education.

The capital receipt balance for Social Services had been ring-fenced for Social Services capital expenditure. Options are being explored by the Council however, it was expected that the full capital receipt of £1.348m would be utilised for older persons' accommodation in 2017/18.

In line with the overall strategy and specific suggestions proposed by the BWG, in order to resource the Capital Programme, reserves would be utilised over the period of the Capital Programme 2016/17 to 2020/21.

The Project Fund would be used to fund schemes assessed on an invest to save basis, and in certain circumstances business critical schemes may also be funded from this reserve with the prior approval of the Head of Finance. The projected usage of this reserve over the period of the Capital Programme was shown below:

Project Fund	**£'000**
Anticipated Balance as at 1st April 2016	2,918
Anticipated Requirements – 2016/17	-858
Anticipated Receipts – 2016/17	50
Balance as at 31st March 2017	2,110
Anticipated Requirements – 2017/18	-100
Anticipated Receipts – 2017/18	50
Balance as at 31st March 2018	2,060
Anticipated Requirements – 2018/19	0
Anticipated Receipts – 2018/19	50
Balance as at 31st March 2019	2,110
Anticipated Requirements – 2019/20	0
Anticipated Receipts – 2019/20	50
Balance as at 31st March 2020	2,160
Anticipated Requirements – 2020/21	0
Anticipated Receipts – 2020/21	50
Balance as at 31st March 2021	2,210

The above forecast balances needed to be seen in the context of significant pressures for spending which were not yet included in the Capital Programme, these pressures included the backlog of school, highways and building improvements.

In considering the unsuccessful bids, a Member made a request that due to the fact that some of the Leisure Centres did not meet current health and safety standards, a feasibility study be undertaken to assess requirements. The Leader of the Council, in response, advised that the Council needed to discuss with Legacy Leisure a number of issues and a feasibility study may be considered an appropriate method in order to engage in that process.

Following a query with regard to street lighting and the reference to other funding being considered, the Head of Service advised that the Directorate was currently looking at other funding options for street lighting with the intention that a further report would be presented to the Scrutiny Committee and Cabinet in due course. A Member expressed concern in relation to the fact that savings that had previously been highlighted may not be realised in the current financial year and that a report on street lighting had been requested for some time. The Head of Service stated that she was aware that a report was due to be presented in January 2016.

Following a query from a Member regarding the figure of £750,000 noted in the Programme for Barry Secondary School Transformation, the Leader of the Council advised that this had been included due to the fact that it had been anticipated that the female and male toilets at the school required remedial works. The figure remained in the budget as the issue of the transformation of the schools had not yet been finalised.

In response to a further query regarding vehicles and contract hire or leasing, the Leader of the Council advised that all funding options would be considered to ensure that the Council achieved the most economical and advantageous service, which could include leasing or contract hire.

Having regard to the above and related issues, it was

RECOMMENDED –

(1) T H A T the Initial Capital Budget Proposals for 2015/16 be endorsed and Cabinet informed accordingly.

(2) T H A T the following changes to the 2015/16 and 2016/17 Capital Programme as outlined below be noted:

- Colcot Primary Roof – £100,000 of the 2016/17 Schools Asset Renewal budget is brought forward into 2015/16 to allow this scheme to proceed.
- Modular Building Resiting Ysgol Dewi Sant – £200,000 of the 2016/17 Schools Asset Renewal budget is brought forward into 2015/16.
- Urgent Health and Safety Works – The Urgent Health and Safety Works budget is increased by £4,917, to be funded from a revenue contribution from the Schools budget.
- Cartref Porthceri Lift Replacement – This scheme is to be renamed 'Social Services Lift Refurbishments'.
- Southway Lift Replacement – This scheme is to be renamed 'Residential Homes Call and Assistance Systems'.
- Weycock Cross to Barry Comp Road Resurfacing – The 2015/16 Capital Programme is increased by £40,000, to be funded from the Visible Services reserve.
- Wick to Ewenny Highway Improvements – An increase in the 2015/16 Capital Programme by £40,000, to be funded from the Visible Services Reserve.
- Coast Protection and Land Drainage General – A virement of £50,000 to the Causeway Improvement Scheme.

- Jenner Park and Colcot Pitches – The funding of this scheme is amended to £753,000 being funded from the Jenner Park reserve and £100,000 from a Sports Council for Wales grant.
- Penarth Renewal Area – A virement of £55,000 from Castleland Renewal Area to Penarth Renewal Area.
- Barry Regeneration Partnership Scheme – The reprofile of projects as set out within the report, paragraph 16.
- Pedestrian Crossing across Ffordd Y Mileniwm and Improved Bus Access – This budget is increased by £52,000 to be funded from S106 monies and the scheme is renamed 'Pedestrian/Cycle improvements at Ffordd Y Mileniwm'.
- Town Hall Library External Repairs – A virement of £12,000 to the Space Project Scheme.
- Civic Offices Re-wire Scheme – A virement of £225,000 in 2015/16 and £58,000 in 2016/17 from the Space Project scheme to the Civic Offices Re-wire Scheme.
- Court Road Contaminated Land Issues – The name of this scheme is changed to 'Court Road Depot - Survey, Feasibility and Infrastructure Budget'.
- Vehicle Replacement Programme – The reprofiling of the Vehicle Replacement Programme expenditure as set out in paragraph 44 of the report.
- St. Cyres Lower School Marketing and Disposal – An increase of £20,000 in 2015/16 and £65,000 in 2016/17 to be funded from capital receipts.

<u>Reasons for recommendations</u>

(1) To allow full consultation on the future Capital Programmes.

(2) To ensure that Members are aware of the position with regard to the 2015/16 Capital Programme.

662 INITIAL HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2016/17 AND AMENDED BUDGET 2015/16 (DEHS) –

Members were informed that the report had been previously considered by the Scrutiny Committee (Housing and Public Protection) at its meeting held on 2nd December, 2015 who had recommended:

“(1) T H A T the revised budget estimate for 2015/16 be noted.

(2) T H A T the initial Housing Revenue Account budget proposals for 2016/17 be noted.”

The Scrutiny Committee (Corporate Resources) was now considering this matter as the lead Scrutiny Committee overseeing the budget process. As reported in previous years, each local housing authority is required under Section 74, of the 1989 Local Government and Housing Act to keep a Housing Revenue Account. Section 76 of the Act requires Local Authorities to set a budget for their Housing Revenue Account (HRA) on an annual basis. The budget must be such that the HRA is not in deficit at year end. In addition, during the course of the year, Local

Authorities must review their HRA expenditure and income and if, on the basis of the information available the account is heading for a deficit, they must take steps as were reasonably practical to prevent this deficit. A Local Authority was not prohibited from being in deficit but was required to demonstrate that the deficit had arisen through exceptional circumstances and that it has revised its original proposals so far as reasonably practical to avoid the deficit. Such a deficit shall be carried forward and must be made good the following year.

Each Local Authority should endeavour to have a working balance on the HRA, for any exceptional circumstances that may arise.

The level of rent increase was based on a rent policy introduced by the Welsh Government, however recent events in England regarding social rents, had brought this policy into question. It was anticipated that WG would amend the existing policy, however, an announcement had not yet been made. Therefore, an average rent increase of 3.5% had been included in the 2016/17 initial budget proposals, as per the Housing Business Plan – December 2014.

The table below compared the original budget with the proposed amended budget.

	2015/16 Original Budget	**2015/16 Proposed Amended Budget**	**Variance Favourable (-) Adverse (+)**
	£'000	**£'000**	**£'000**
Housing Revenue Account	(129)	1,265	1,394

The net budget had changed from a surplus of £129,000 to a deficit of £1,265,000. A review of the current budget had found a potential net saving this year of £455,000. The main reason for this was that the estimated increase in the provision for bad and doubtful debts had been reduced by £902,000 as the Universal Credit and its effects were not likely to impact on Housing Rent collection until 2016/17. There had been little increase in the actual level of rent arrears in this financial year and it was not anticipated that the provision would need to be substantially increased. In addition there has been a reduction in the Repairs and Maintenance budget of £300,000 which was originally identified for an external painting programme which was now unlikely to commence until 2016/17. These savings had been offset by an adjustment in the rental income expected of £253,000 which related to properties that were no longer accounted for in the HRA, £120,000 which related to feasibility studies on sites for development, £281,000 increase in Capital Financing Costs following the final HRA buyout settlement agreement and other cost increases of £93,000. These adjustments alone would give an amended HRA budget of £584,000.

The level of HRA reserves brought forward was £1,876,000 and was higher than anticipated. In order to minimise the amount of unsupported borrowing required in year to fund the Housing Improvement Programme it was prudent to use HRA revenue reserves up to a minimum balance. The level of CERA (Capital Expenditure funded from Revenue Account) had been recalculated at £5,334,000 which was an increase of £1,849,000. This change would leave a minimum HRA reserve of £611,000 which was in line with the level set in the latest Housing Business Plan.

In terms of the base Budget for 2016/17 the Strategy outlined that, in order to establish a baseline, services should prepare revenue budgets for next year based on the cost of providing the current level of service and approved policy decisions. This means that the cost of price increases and pay awards should be included.

Due to the nature of the HRA in that it was ring fenced and any growth had to be funded from the balance no cost pressures had been formally identified.

The proposed 2016/17 budget is set out at Appendix 1 and related to the following areas below:

- Supervision and Management (General);
- Supervision and Management (Special);
- Housing Repairs;
- Capital Financing;
- Rents, Rates, Taxes and Other Charges;
- Increase in Provision for Bad Debts;
- Capital Expenditure from Revenue Account (CERA);
- Dwelling Rents;
- Non Dwelling Rents;
- Interest; and
- Charges for Services and Facilities.

The charges for rent and other services provided by the Housing Service were reviewed annually. These would be subject to a future report once the guidance had been received from WG regarding the setting of rents.

Set out below is a table summarising the original budget for 2015/16 with the proposed budget for 2016/17:

2015/16 Original Budget	**Inflation / Pay Award**	**National Insurance Change**	**Committed Growth / (Savings)**	**Estimated Rent Increase**	**Increase/ (Decrease) in CERA**	**2016/17 Proposed Budget**
£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
(129)	130	34	1,408	(604)	(851)	(12)

A provision for general inflation included an allowance of 1% pay awards in 2016/17 which equated to approximately £18,000.

The impact of the changes to Employer National Insurance Contributions for Housing staff had been identified as £34,000.

A decrease in Capital Expenditure from Revenue Account (CERA) to finance the Housing Improvement Programme of £851,000 had been assumed. The amount of revenue contribution required was dictated by available revenue balances and the value of the Housing Improvement Programme. Adjusting the level of CERA by this amount would leave a minimum HRA Reserve of £623,000, which was in line with the latest Housing Business Plan.

The net growth of £1,408,000 was due to a number of factors namely:

- An increase in Capital Financing charges of £877,000 in relation to unsupported borrowing being taken out in 2016/17 to fund the Housing Improvement Programme, and adjustments required following the HRA buyout.
- An adjustment to the net rental due from dwellings of £260,000 to account for properties no longer accounted for in the HRA.
- An increase in staff costs for increments and staff changes of £40,000.
- An increase of £60,000 in central recharges.
- A contribution of £22,000 to support Safer Vale for activities which benefited Council tenants and leaseholders.
- An increase of £133,000 on the bad debt provision, to reflect the assumption that 6% of net rental income will need to be provided for to mitigate the potential increase in arrears following the introduction of Universal Credit in February 2016.
- Various other minor adjustments of £16,000.

Having considered the report, it was subsequently

RECOMMENDED – T H A T the revised Housing Revenue Account budget for 2015/16 be noted.

Reason for recommendation

To facilitate monitoring of the amended Housing Revenue Account budget.

663 QUARTER 2 RESOURCES PERFORMANCE REPORT 2015-16 (MD) –

The Head of Performance and Development, in presenting the report advised that overall the Resources Department was well on track to achieve the objectives contributing to its service outcomes with 83% of actions currently either completed or on track. A brief evaluation was provided of each service outcome outlining progress towards achievement and detailed progress was reported for each service objective looking at all actions and measures. Members were then asked for any comments or queries for all the officers representing the Directorate of Resources to respond to as appropriate.

The Chairman commenced discussions by referring to RS/A093 “expand the range of services available via mobile apps for promoting and increasing self-service transactions”. The Operational Manager for the service area stated that the app had been developed, it was fully functional but in view of the Welsh language legislation the Council was currently creating a Welsh version with the aim to launch both the English and Welsh versions at the same time. There was however some work to do around the administration and support side to the app, but he could confirm that 98% of the work had been completed.

In referring to performance within the Contact Centre the Operational Manager could advise that key issues had been addressed although it had taken longer to recruit staff following the Council's decision to recruit Welsh speakers to the Contact Centre, which was a slower process than that of recruiting non-Welsh speakers. However, the signs to date indicated that Quarter 4 would show an increase in performance.

In response to a Member's query regarding RS/M008 "the percentage of employees including teachers and school-based staff who leave the employment of the Local Authority, whether on a voluntary or involuntary basis", the direction of travel was in decline with a Member advising that a previous meeting of the Scrutiny Committee the request had been to amend the target. The Head of Service advised that the next report to the Committee would include staff turnover and the previously suggested recommendations from the Scrutiny Committee.

In referring to the apprenticeship scheme identified in paragraph 12 of the report, it was noted that the original plans could not be progressed because funding had been withdrawn. Although the report indicated that an update report for Scrutiny would be produced by December 2015, Members were reassured that the Department was looking at a number of options and would bring forward a report in due course.

It was subsequently

RECOMMENDED –

(1) T H A T the service performance results and remedial actions to be taken to address service underperformance be noted.

(2) T H A T progress to date in achieving the key outcomes as outlined in the Corporate Plan 2013-17, the Outcome Agreement 2013-16 and the Improvement Plan Part 1 2015/16 be noted.

Reasons for recommendations

(1) To ensure the Council is effectively assessing its performance in line with the requirement to secure continuous improvement outlined in the Local Government Measure (Wales) 2009.

(2) To consider the Quarter 2 Resources performance results as at 30th September, 2015 in order to identify service areas for improvement.

664 WELFARE REFORM – PROGRESS REPORT (MD) –

The Operational Manager for Exchequer Services informed the Committee that the impact of the Welfare Reform changes were continuing to be monitored with the service data that had previously been supplied being updated as outlined at Appendix A to the report for the Committee's information.

The Council's external website also continued to be updated with the latest Welfare Reform information, together with the Council Tax and benefit specific web pages to reflect the latest information available for residents. The officer further stated that there had been a number of measures in the budget affecting overall benefit rules, as well as the rules applying to specific benefits, which were contained within the report.

The key changes affecting Housing Benefit, Tax Credits and Universal Credit were outlined as below:

- From April 2016, backdating of Housing Benefit claims will be limited to a maximum of four weeks;
- From April 2017, 18–21 year olds will not be entitled to claim Housing Benefit or the Housing Element of Universal Credit automatically. Instead there will be a new "youth obligation" to "earn to learn". This youth obligation will require young people to participate in an intensive regime of support from day one of their benefit claim, and after six months they will be expected to apply for an apprenticeship or traineeship, gain work-based skills, or go on a mandatory work placement;
- The overall household benefit cap applying to Tax Credits, Universal Credit and Housing Benefit will be reduced from £26,000 to £20,000 in Wales;
- The main changes affect Child Tax Credit, but these also impact on Universal Credit and Housing Benefit calculation rules;
- From April 2016, the earnings disregard amount will be reduced significantly for both Tax Credits (£6,420 per year to £3,850 per year) and Universal Credit (£192 per month for those with housing costs and £397 per month for those without housing costs);
- The taper at which Tax Credits are reduced as earnings rise will also be increased from 41% to 48%.
- The Disregard for Changes in Circumstances before in-year increases in earnings are taken into account in Tax Credit calculations will be reduced from £5,000 to £2,500 per year.
- Child allowances will no longer be applied for the third and subsequent children born after 6th April, 2017 in claims for Child Tax Credit, Housing Benefit and Universal Credit, although there will be provision for "exceptional circumstances", such as multiple births. This will also apply to families claiming Universal Credit for the first time after April 2017.
- Children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in Tax Credits, Universal Credit and Housing Benefit.
- The family element will be removed from Housing Benefit for children born or claims made after April 2016. From April 2017, this will also apply to the equivalent family element in Tax Credits and the Universal Credit higher amount for a first child.

Committee was advised that the officer could only report on the information to date but that further reports would be brought to the Committee when any new changes came in.

The report referred to the impact on local Council Tax Reduction Scheme, the implementation of Universal Credit, personal budgeting support, Universal Credit Digital Service, Local Authority staffing preparations, data sharing with the DWP, alternative payment arrangements, Housing Benefit overpayments and changes resulting from the Comprehensive Spending Review.

The report also highlighted that the Housing Service was continuing to monitor income levels and to support individuals who may be experiencing difficulties in paying their rent. The Social Services Department had also implemented Personal Independence Payments for new cases of Disability Living Allowance or where a review was requested by clients in the working age group. Staff had also received the appropriate training on the new arrangements. The impact of these payments in terms of outcomes for clients was currently being measured.

The Chairman, in acknowledging that the implementation of the Universal Credit was a slow process, also stated that it was still very ambitious. The officer also took the opportunity to reassure Members that although the Directorate maintained a watch on the work of the DWP, the knowledge and data sharing between both the Authority and the DWP was also encouraging.

In acknowledging that further updates would be presented to the Scrutiny Committee as appropriate and a further update report was to be produced in June 2016, it was subsequently

RECOMMENDED – T H A T the report be noted and a further update be presented in June 2016.

Reason for recommendation

To advise Members.

665 LOCAL SERVICE BOARD UPDATE (MD) –

Committee was informed of the progress made by the Local Service Board (LSB) and key partnerships in delivering the Community Strategy Delivery Plan 2014-18. Members were also updated on progress against the priorities outlined in the Community Strategy 2011-21.

The LSB and key partnerships have undertaken a wide range of activities to deliver the Community Strategy and Delivery Plan commitments and to ensure that there are robust arrangements in place to support effective partnership working.

To assist in the delivery of the Delivery Plan the following partnership arrangements are in place:

- An Improving Opportunities Board, focusing on employment and skills activities. Supporting the helping people into work theme of the delivery plan the group was established to increase links between regeneration and learning and skills.

- The Financial Inclusion Group, which has an increased profile and wider remit than the previous Welfare Reform Group as it plays a significant role in the delivery of some of the key aspects of the delivery plan supporting the mitigating poverty theme.
- The Poverty Alignment Group supports the preventing poverty theme of the delivery plan and the alignment of Families First, Flying Start and Communities First.
- The Safer Vale Partnership continues to lead on improving community safety in the Vale.
- The Children and Young People Board builds on the work of the Children and Young People's Partnership following a review of membership and an increased remit.

The purpose of the Delivery Plan was to provide a focus to LSB activities, allowing the board to monitor progress to tackle poverty in a more detailed manner. Monitoring arrangements were in place and a number of regular reports are submitted to the LSB alongside updates from partners and partnership groups. The new performance and monitoring regime of the LSB was adopted to ensure that both the Community Strategy and Community Strategy Delivery Plan are monitored sufficiently. The regular reports are as follows:

- Community Strategy Delivery Plan Progress Report (Biannual)
- Core Indicators Report (Annual)
- Annual Report.

The first progress report against the Delivery Plan actions was submitted to the LSB in April, with the next update being prepared for the December meeting. The document along with all documents can be found on the LSB's web pages.

The Annual Report was attached as Appendix A to the report. The focus of the report was on work that had taken place during 2014/15. Details of progress were provided for the three poverty work streams in the Delivery Plan 2014-18 as well as each of the ten priority outcomes within the Community Strategy. Details were also provided of regional work taking place, the challenges faced and the key actions which would be delivered in 2015/16.

Below are details of some of the achievements and differences made through partnership working in 2014/15:

Community Strategy

- In 2014 the Local Government Data Unit (LGDU) were commissioned to undertake an analysis of poverty in the Vale of Glamorgan, building on the previous needs assessment and providing greater clarity about some of the issues in the Vale. This report had been well received by partners and is being used to focus activities aimed at tackling poverty. In particular the report has helped influence the development of a Financial Inclusion Strategy for the Vale of Glamorgan and would also inform work being undertaken to map assets and services in St. Athan.

- In response to the Childcare Sufficiency Assessment and Action Plan completed in March 2014, work had continued to ensure appropriate childcare provision where parents want it, including Welsh medium holiday provision and an after school club.
- Community engagement was also evident in the levels of volunteering in the Vale. The monetary value of volunteering in the Vale in 2014/15 was £42,289,090, with 3,272,688 hours of volunteering undertaken.
- In 2014/15 the rate of Delayed Transfers of Care improved significantly compared with 2013/14. Improved and integrated access arrangements, discharge services and reablement had all helped support improvement in this area.
- The number of dwelling burglaries occurring in the Vale decreased from 333 in 2013/14 to 269 in 2014/15. This was a reduction of 19.2% and was attributable to the work of a multi-agency task and finish group which was established in response to a previous increase in incidents. Although overall crime figures showed an increase of 4.6% in 2014/15 this was due to the new 'Crimed at Source' method of recording which had been introduced.
- Five Vale parks have won the coveted Green Flag Award. This had been achieved by working closely with local communities and groups and was a recognition of the excellent local amenities and continued community involvement in our local parks.
- The Vale Greenlinks rural community transport initiative now has over 860 members and was awarded runner up in the category of 'travel demand management' at the Cymru-Wales National Transport and Logistics Awards.
- The Regional Collaboration Fund project to remodel health and social care across Cardiff and the Vale of Glamorgan continued to progress. The project included a number of strands that were being delivered on time and on budget, including the setting up of Community Resource Teams, creating streamlined integrated assessments, enhancing services for people with learning disabilities and enhancing occupational therapy services.
- Work has taken place to develop integrated services between the Vale of Glamorgan Council and Cardiff and Vale UHB for the benefit of customers. The Vale's Community Resource referral service had been launched with staff from the Council and the Health Board trained to handle enquiries using the different ICT applications.

Delivery Plan

- In March 2014 a multi-agency workshop was hosted by the Financial Inclusion Group to help shape the development of the Financial Inclusion Strategy which was due to be published in December 2015. The group had evolved from its original focus on welfare reform and had supported work around digital inclusion and in-work poverty as well as out of work poverty. Partners have also continued to promote Cyd Cymru, the collective energy switching scheme.
- Work had continued to more closely align the Communities First, Flying Start and Families First work programmes through the Poverty Alignment Group. One example of this had been a shared approach to training, and examples included Solution Focused Therapy, Building Confident Families, Safeguarding and Perinatal training. Further opportunities for joint training /

workforce development were being explored, including a Parenting Conference, Family Fun Day and a Social Services and Wellbeing Event.

- Work had continued to increase the number of work-based apprenticeships, work experience and training opportunities available in the Vale to help people of all ages to develop their skills and secure employment. During 2014/15 a number of job fair events were held and these attracted over 2, 000 attendees.
- Between October 2014 and March 2015 the Communities First led 'Transition' project engaged with 99 pupils and 32 parents, supporting them through the transition from primary to secondary school. The project was delivered with the help of community volunteers, with 249 volunteer hours being accumulated during this period.

The Transition from Local Service Board to Public Service Board

The Wellbeing of Future Generations (Wales) Act received Royal Assent earlier in the year and would come into force in April 2016.

The Act states that there must be a Public Services Board (PSB) for each Local Authority area in Wales. The board will include the Local Authority, Local Health Board, the Welsh Fire and Rescue Authority and Natural Resources Body for Wales as statutory members. In addition the board must invite ('invited participants') the Welsh Ministers, the Chief Constable of the police force in that area, the Police and Crime Commissioner, a person required to provide probation services in relation to the local authority area, and a body representing voluntary organisations in the area. Other relevant organisations can also be invited to join the board. Membership of the new Vale of Glamorgan PSB was currently being reviewed and Terms of Reference drafted.

The aim of the PSB would be to improve the economic, social and environmental wellbeing of its area in accordance with the sustainable development principle and Wellbeing Goals outlined in the Act. The board would be required to publish an assessment of the state of the economic, social and environmental wellbeing in the Vale prior to the production of a local Wellbeing Plan. This was similar to previous arrangements for Local Service Boards and the existing practice of undertaking needs assessments and planning but would be a statutory requirement.

To assist in the transition to a PSB and to begin to plan and formulate the structures needed to produce the Wellbeing Assessment a workshop session was held with the LSB's Business Intelligence Group in late November.

A diagram of the responsibilities attached to the PSB and how these differed from the role of public bodies was shown in Appendix C to the report.

The Act sets out seven wellbeing goals against which the PSB must consider in formulating its own wellbeing objectives. These objectives must be designed to maximise the contribution to the achievement of the wellbeing goals.

The Wellbeing goals are:

- A more prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

The PSB would also be required to produce an Annual Report setting out the steps taken to meet its objectives.

The work of the PSB must be scrutinised by a designated Local Authority Scrutiny Committee, although the guidance acknowledges it would be legitimate for a subject Scrutiny Committee to scrutinise the work of the PSB in relation to a particular issue.

The following illustrates the activities that must be undertaken in implementing the Act in relation to the PSB:

Action	**Date**
PSB to be established	April 2016
Well Being Assessment to be completed by PSB	To be published at least 12 months before publication of the Wellbeing Plan
Wellbeing Plan to be published by PSB	No later than 12 months following the 2017 local government election and no later than 12 months after each subsequent ordinary election
Annual Report to be published by PSB	No later than 14 months after the publication of its first local Wellbeing Plan.

Engagement

Improving engagement remained a key priority for the LSB and there has been significant progress in the range of activity undertaken. We have continued to build on a more joined up approach with a network of officers across partners. A number of surveys have been undertaken through Vale Viewpoint, the LSB Citizens Panel, which has over 1,000 members. The results have informed a number of pieces of work and the Panel has been used by the Cardiff and Vale Public Health Team and South Wales Fire and Rescue Service. Vale Viewpoint was just one tool being used by partners but we are keen to improve its value as a means of consultation. Other engagement activities included newsletters, jobs fairs, a weekly stall in Barry Market and a wide range of themed events.

The next LSB Local Service Forum would be held in a half-day session in the Spring of 2016. The focus of the event would be an update from partners regarding the reshaping services to build on the event held in December 2014 and the Wellbeing of Future Generations Act.

Of note was the fact that all Members had recently been briefed on the establishment of the PSB and on the legislation itself. The report was being brought as a progress report on how things were developing to date.

The Chairman, in acknowledging that some Members had attended the briefing session, referred to the fact that the information was also online and that twin hatted Councillors had also had this information in their capacity as Town and Community Councillors.

The Head of Service further advised that as the process moved forward further reports would be presented to Cabinet and the Scrutiny Committee for consideration.

RECOMMENDED –

(1) T H A T the achievements made in delivering the Community Strategy and Community Strategy Delivery Plan be noted.

(2) T H A T the implications of the Well Being of Future Generals Act (Wales) will have for the Local Service Board and the establishment of a Public Services Board be noted.

<u>Reasons for recommendations</u>

(1) To enable the Committee to consider progress on the Community Strategy and work undertaken by the LSB and key partners.

(2) To advise Members of the upcoming legislative changes that will establish a new board with a statutory role.