

# Document Pack



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**TUESDAY, 21 NOVEMBER 2017**

**TO: ALL MEMBERS OF THE EXECUTIVE BOARD**

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **EXECUTIVE BOARD** WHICH WILL BE HELD IN THE **CHAMBER, COUNTY HALL, CARMARTHEN AT 10.00 AM, ON MONDAY, 27TH NOVEMBER, 2017** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

*Mark James* CBE

**CHIEF EXECUTIVE**



PLEASE RECYCLE

<b>Democratic Officer:</b>	<b>Kevin Thomas</b>
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<b>Ref:</b>	<b>AD016-001</b>

# EXECUTIVE BOARD

## MEMBERSHIP - 10 MEMBERS

<b>Councillor</b>	<b>Portfolio</b>
<b>Councillor Emlyn Dole</b>	<b>Leader</b> Corporate Leadership and Strategy; Chair of Executive Board; Represents Council at WLGA; Economic Development Represents the Council on the Swansea Bay City Region; Collaboration; Marketing and Media; Appoints Executive Board Members; Determines EBM Portfolios; Liaises with Chief Executive; Public Service Board
<b>Councillor Mair Stephens</b>	<b>Deputy Leader</b> Council Business Manager; Human Resources; Performance Management; Wales Audit; Training; I.C.T.; T.I.C. (Transformation, Innovation and Change); Strategic Planning
<b>Councillor Cefin Campbell</b>	<b>Communities and Rural Affairs</b> Rural Affairs and Community Engagement; Community Safety; Police; Counter-Terrorism and Security Act 2015; Tackling Poverty; Wellbeing of Future Generations; Third Sector Liaison
<b>Councillor Glynog Davies</b>	<b>Education and Children</b> Schools; Children's Services; Special Education Needs; Safeguarding; Respite Homes; Regional Integrated School; Improvement Service; Adult Community Learning; Youth Services; School Catering Services, Lead Member for Children and Young People; Youth Ambassador
<b>Councillor Hazel Evans</b>	<b>Environment</b> Refuse; Street Cleansing; Highways and Transport Services; Grounds Maintenance; Building Services; Caretaking; Building Cleaning; Emergency Planning; Flooding
<b>Councillor Linda Evans</b>	<b>Housing</b> Housing – Public; Housing – Private, Equalities; Ageing Well
<b>Councillor Peter Hughes Griffiths</b>	<b>Culture, Sport and Tourism</b> Town and Community Councils Ambassador; Development of the Welsh Language; Theatres; Sports; Leisure Centres; Museums; Libraries; Country Parks; Tourism.
<b>Councillor Philip Hughes</b>	<b>Public Protection</b> Trading Standards; Environmental Health. Environmental Enforcement; Planning enforcement; Unlicensed Waste; Parking Services; Bio diversity
<b>Councillor David Jenkins</b>	<b>Resources</b> Finance & Budget; Corporate Efficiencies; Property/Asset Management; Procurement; Housing Benefits; Revenues; Statutory Services (Coroners, Registrars, Electoral, Lord Lieutenancy); Armed Forces Champion Contact Centres and Customer Service Centres
<b>Councillor Jane Tremlett</b>	<b>Social Care &amp; Health</b> Adult Social Services; Residential Care; Home Care; Learning Disabilities; Mental Health; NHS Liaison/Collaboration/ Integration; Care Home Catering Services, Carers' Champion; Dementia Care Champion; Disability Ambassador

# A G E N D A

1. APOLOGIES FOR ABSENCE.
2. DECLARATIONS OF PERSONAL INTEREST.
3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE EXECUTIVE BOARD HELD ON THE 23RD OCTOBER 2017 5 - 10
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## EXECUTIVE BOARD

Monday, 23 October 2017

**PRESENT:** Councillor E. Dole (Chair);

**Councillors:**

H.A.L. Evans, L.D. Evans, D.M. Jenkins, L.M. Stephens, J. Tremlett, P.M. Hughes, P. Hughes-Griffiths and G. Davies;

**Present as Observers:**

Councillors D.M. Cundy, J.S. Edmunds and R. James;

**The following Officers were in attendance:**

M. James, Chief Executive;

C. Moore, Director of Corporate Services;

G. Morgans, Interim Director of Education & Children's Services;

R. Mullen, Director of Environment;

L.R. Jones, Head of Administration and Law;

P.R. Thomas, Assistant Chief Executive (People Management & Performance);

N. Daniel, Head of I.C.T.;

J. Fearn, Head of Property;

I. Jones, Head of Leisure;

S. Davies, Modernisation Services Manager;

D. Hockenull, Marketing and Media Manager;

H. Morgan, Economic Development Manager;

J. Owen, TIC Programme Manager;

J Tillman, Information & Data Protection Officer;

M.S. Davies, Democratic Services Officer.

**Chamber, County Hall, Carmarthen - 10.00 am - 11.10 am**

**1. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor C. Campbell.

**2. DECLARATIONS OF PERSONAL INTEREST**

There were no declarations of personal interest.

**3. MINUTES - 31ST JULY 2017**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Executive Board held on the 31<sup>st</sup> July 2017 be signed as a correct record subject to the following:

- **Inclusion of the following under attendees:**  
**'Present as Observers:-**  
**Councillors D.M. Cundy, E.G. Edwards, J.S. Edmunds, R. James and J. Prosser;'**
- **The inclusion of Cllr. D.M. Cundy's name in minutes 6, 10,11 and 15 as the member raising a concern [minute 6], asking a question [minutes 10 and 11 and 14] and making a comment [minute 15];**
- **The resolution in minute 16 be amended to read:**

**UNANIMOUSLY RESOLVED** that the appointment of members to serve on *the Executive Board Advisory Panels and outside bodies be endorsed as detailed in the circulated schedule.....'*

**4. QUESTIONS ON NOTICE BY MEMBERS**

No questions on notice had been submitted by Members.

**5. PUBLIC QUESTIONS ON NOTICE**

The Chair advised that no public questions on notice had been received.

**6. MODERNISING EDUCATION PROGRAMME - PROPOSAL TO INCREASE THE CAPACITY OF GORSLAS COMMUNITY PRIMARY SCHOOL FROM 110 TO 210**

The Executive Board considered a report detailing a proposal to increase the capacity of Gorslas Primary School from 110 to 210 from 1<sup>st</sup> September 2019 when the new school building was due to be completed.

The Education & Children Scrutiny Committee, at its meeting on the 28<sup>th</sup> September 2017, had resolved to endorse the proposal.

Officers noted the need to amend the list of consultees to include, for instance, the Public Service Board which had replaced the Local Service Board and to refer to the fact that the survey of Gorslas Primary School prior to the 2015 desktop exercise had been undertaken in 2010.

**UNANIMOUSLY RESOLVED** that officers initiate a formal consultation process during the Autumn Term 2017 on the above proposal and report back to the Executive Board at the end of the statutory consultation period.

**7. MODERNISING EDUCATION PROGRAMME - PROPOSAL TO PROVIDE NURSERY PROVISION AT YSGOL PARC Y TYWYN BY INCREASING ITS AGE RANGE FROM 4-11 TO 3-11**

The Executive Board considered a report detailing a proposal to standardise the local authority nursery provision in the areas of Burry Port and Pembrey.

Ysgol Parc y Tywyn was a Welsh medium school with an age range of 4-11 and shared the same catchment area as the combined Burry Port Community School and Ysgol Pembrey, which were both categorised English medium schools with an age range of 3-11. The proposal therefore sought to standardise the nursery education in the area by ensuring that the same level of provision was provided at both the Welsh and English medium schools in the areas of Burry Port and Pembrey.

It was noted that the Education & Children Scrutiny Committee, at its meeting on the 28<sup>th</sup> September 2017, had resolved to endorse the proposal.

The view was expressed that hopefully such provision could be extended across the county for consistency.

**UNANIMOUSLY RESOLVED** that officers initiate a formal consultation process during the Autumn Term 2017 on the above proposal and report back to the Executive Board at the end of the statutory consultation period.

**8. 2017/18 BUDGET/EFFICIENCIES ON CITIZENS ADVICE BUREAU CARMARTHENSHIRE**

The Executive Board considered a report which highlighted the current position and associated impacts should the 2017/18 budget efficiencies for Carmarthenshire Citizens Advice Bureau agreed by Council on the 22<sup>nd</sup> February 2017 be implemented.

The service provider had indicated that if the reductions of £35k were implemented for 2017/18 this would have immediate effect on the service, in particular reduced staffing with enforced redundancy, closure or reduction in opening hours and a reduced availability of client debt and benefit support. They had therefore asked that the implementation of these financial reductions be reconsidered due to the short time period of implementation and to allow for a full considered consultation to be undertaken with them.

**UNANIMOUSLY RESOLVED to approve the reversal of the decision to cut £35k in 2017/18 and request a review of the budget efficiencies proposals for Carmarthenshire Citizens Advice Bureau in regard to the Council's Budget Strategy 2018/19.**

**9. REVISED CUSTOMER COMPLAINTS & COMPLIMENTS PROCEDURE AND REVISED UNACCEPTABLE ACTIONS BY COMPLAINANTS POLICY**

The Executive Board considered a report detailing proposed revisions to the Council's current Complaints & Compliments Procedure and Unreasonable Actions by Complainants Policy

**UNANIMOUSLY RESOLVED to approve the revised Customer Complaints & Compliments Procedure and the revised Unacceptable Actions by Complainants Policy.**

**10. TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 1ST APRIL 2017 TO 30TH JUNE 2017**

The Executive Board considered an update on the treasury management activities from 1<sup>st</sup> April 2017 to 30<sup>TH</sup> June 2017.

**UNANIMOUSLY RESOLVED that the report be approved.**

**11. COUNCIL'S REVENUE BUDGET MONITORING REPORT**

The Executive Board considered the revenue budget monitoring report which provided the latest budgetary position as at 30th June 2017, in respect of 2017/2018.

Overall, the monitoring report forecasted an end of year overspend of £2,289k on the Authority's net revenue budget with an overspend at departmental level of £3,198k. The HRA was predicting a £226k underspend to the year end.

**UNANIMOUSLY RESOLVED that the Revenue Budget Monitoring Report be received.**

**12. CAPITAL PROGRAMME 2017-18 UPDATE**

The Executive Board considered a report providing an update of the final budgetary position for the 2017/18 capital programme as at the 30<sup>th</sup> June, 2017.

Departmentally a net spend of £56,921k was forecasted compared with a working net budget of £82,640k giving a £-25,719k variance. The variance would be slipped into future years, as the funding would be required to ensure that the schemes were completed.

**UNANIMOUSLY RESOLVED** that the capital programme update report be received.

**13. MONITORING BATHING WATER IN CARMARTHENSHIRE**

With reference to Minute 5 of Council held on 22<sup>nd</sup> February 2017 and the Notice of Motion adopted thereat the Executive Board considered a report outlining the current requirements in attaining a quality 'designated bathing beach' and options in terms of future sampling and signage particularly in terms of the Burry Inlet and North Dock.

**UNANIMOUSLY RESOLVED**

**13.1 that the current bathing water monitoring programme ceases with the exception of monitoring of the quality of water in North Dock, Llanelli;**

**13.2 that the current warning signs be reviewed to ensure that they are accurate, appropriate and clearly signpost the public to the official designated bathing beaches in Camarthenshire.**

**14. WELSH LANGUAGE MEMBERS' ADVISORY PANEL**

**UNANIMOUSLY RESOLVED** that Councillor F. Akhtar be appointed to serve on the Welsh Language Members' Advisory Panel in place of Councillor S. Curry

**15. WELSH IN EDUCATION FORUM**

The Executive Board considered a report detailing arrangements for the Welsh in Education Forum. As there was a new Council/Executive Board there was a need to consider and review the membership of this Forum.

**UNANIMOUSLY RESOLVED** to confirm the appointment of the following County Councillors as members of the Welsh in Education Forum:-

**Executive Board Member for Education plus 6 members (2 from each political group):-**

**Plaid Cymru: Councillors Darren Price and Cefin Campbell;**

**Labour: Councillors Dot Jones and Shahana Najmi;**

**Independent Group: Councillors Andrew James and Sue Allen.**

**16. AGILE WORKING INVESTMENT PLAN**

Further to minute 8 of the meeting of the Executive Board held on the 2nd May 2017 at which a revised Agile Working Policy had been endorsed consideration was given to a report setting out the savings and cost implications associated with implementing the project across the authority.

The Executive Board Member for Resources, in response to a query from Councillor D. Cundy as to how the total annual saving of £481k might be achieved, referred to the appendices attached to the report.

The Chief Executive advised that the Policy would be proceeded with in a measured way with regular reports to the Board.

**UNANIMOUSLY RESOLVED**



- 16.1 to approve total funding of £1.9m over 4 financial years with a total of £405k of investment required for 17/18 and £861k for 18/19 to support the property, IT and project management elements of the agile working project delivery plan with the aim of delivering a total annual saving of £481k and £2.433m of savings after 5 years;
- 16.2 to approve the proposals for funding the capital investment as outlined in the Financial Implications, including the use of the Council's Development Fund to fund a £405k capital requirement for 2017/18;
- 16.3 to help inform the revised Office Accommodation Strategy for the authority by agreeing which administrative buildings should be the focus of the agile working delivery plan and which buildings should, in principle, be released as a consequence of the impact of the agile approach. However officers are instructed to be flexible in their approach and open to opportunities as and if they arise;
- 16.4 to instruct officers to report further on the implementation of the delivery plan.

**17. PROPOSED REMOVAL OF CEMETERY FEES FOR THE BURIAL OF CHILDREN UP TO AND INCLUDING THE AGE OF 18 YEARS**

The Executive Board considered a report which sought approval for the waiving of burial fees for children up to and including eighteen years of age in line with other local authorities in South Wales following a recent campaign by Carolyn Harris MP. It was noted that waiving these fees would have very little financial impact for the Authority.

The Board welcomed the proposal and it was suggested that it should be extended to include the waiving of burial fees for stillborn children.

**UNANIMOUSLY RESOLVED** that all fees in relation to the burial of children, including stillborn children, up to and including the age of eighteen be waived.

**18. CARMARTHENSHIRE COUNTY COUNCIL ANNUAL REPORT FOR 2016/17**

The Executive Board considered the Council's draft Annual Report for 2016/17 which included the second year progress report on the Corporate Strategy 2015-20, the Summary Annual Report 2016/17 and the full Annual Report.

When the Corporate Strategy had been published in 2015/20 it had been agreed that an annual progress report would be produced setting out 24 outcome measures to judge the Authority's progress against. The Corporate Strategy would be reviewed for 2018/19 as the Well-being of Future Generations (Wales) Act 2015 required the Well-being Objectives to be incorporated within the Corporate Strategy.

Whilst in previous years the Annual Report and Improvement Plan had been combined into a single document this year they had been separated because the new Well-being of Future Generations Act required the publication of the Authority's Well-being Objectives by the 31<sup>st</sup> March and it therefore made sense to incorporate the Improvement Plan for the year ahead within that. It would not have been possible to produce the Annual Report before the year's end.

It was noted that it was a requirement of the Local Government (Wales) Measure the Authority must publish an Annual Report on past performance by the end of October each year.

**UNANIMOUSLY RESOLVED to approve the Reports.**

**19. EXECUTIVE BOARD FORWARD WORK PROGRAMME**

The Executive Board, in accordance with the Council's constitution, gave consideration to its Forward Work Programme prepared in liaison with all departments and the Executive Board Business Manager that highlighted the major policy and budgetary decisions to be taken over the next 12 months. It was noted that the programme would continue to be reviewed and published on a bi-annual basis thereby ensuring an up to date programme was always in place.

**UNANIMOUSLY RESOLVED that the updated Forward Work Programme be approved for publication.**

**20. EXCLUSION OF THE PUBLIC**

**UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following item as the report contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.**

**21. DISCOVERY CENTRE NORTH DOCK LLANELLI.**

The Executive Board considered a report detailing options with regard to the future use and operation of the Discovery Centre at North Dock, Llanelli, following an unsolicited approach from a third party.

The Board was advised that the private sector interest would, if progressed, relieve the Council from all maintenance and management responsibility for the building in the future and give rise to a cost saving of some £45,000 per annum. A visitor information point and the public toilets would remain.

**UNANIMOUSLY RESOLVED that the land deal with the third party be progressed to take a new lease of the entire building, subject to the existing occupiers simultaneously surrendering their interests.**

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
DATE

## EXECUTIVE BOARD

DATE: 27<sup>TH</sup> NOVEMBER, 2017

**SUBJECT:**  
**THE ESTABLISHMENT OF A COUNCIL OWNED HOUSING COMPANY**

**RECOMMENDATIONS/KEY DECISIONS REQUIRED:**

1. That a wholly council owned Housing Company ('the Company') is created to build homes for sale and rent and act as a catalyst for further regeneration activities.
2. That the Company is incorporated as a limited company with the Council as the sole shareholder.
3. That the Articles of Association and Shareholder consent for the Company be approved.
4. That the Company's Business Plan is prepared and agreed by the Board of the Company and submitted for formal approval by the Executive Board of the Authority prior to its implementation.
5. Any loan from the Council, as agreed in the Company's business plan, be repaid at a commercial rate of interest as agreed by the Director of Corporate Services.
6. That the set up costs of the Company (estimated to be £100,000 in 2017/8), be recovered by way of a loan arrangement (at a commercial rate set by the Director of Corporate Services) with the duration to be agreed within the detailed business plan. In the event that the Company is not established, then the costs of implementation will be met from reserves.
7. That the board of directors comprises one member of the Council, two officers and two external appointments.

**Reasons**

1. Deliver the commitment in the affordable housing plan by introducing innovative ways to deliver additional housing.
2. Provide housing over and above the Council's general needs offer via the Housing Revenue Account. The Company will act as an additional development vehicle focussing on the provision of additional housing for rent and sale.
3. Increase investment and stimulate the housing market by providing competition.
4. Meet recognised and identified housing need and assist in ensuring the right type and size of homes are delivered where need is greatest.
5. Offer other types of tenure to meet expectations, such as low cost home ownership, to help secure housing for local people wishing to remain in the county.
6. Complement existing and planned regeneration initiatives.
7. Act as a vehicle to receive community planning benefits.
8. Support wider Council objectives in terms of health and the well-being of future generations, providing more jobs and training opportunities for local people and ensuring that homes are targeted to those in need.
9. Support the supply chain.
10. Develop innovative models of housing design and specification.
11. Increase inward investment by securing additional grant funding.

<b>Relevant Scrutiny Committee to be consulted:</b>		<b>YES – Community Scrutiny Committee – 24<sup>th</sup> November, 2017</b>
<b>Scrutiny Committee Recommendations/Comments:</b>		
A verbal update will be provided to Executive Board at the meeting on 27 <sup>th</sup> November.		
Exec Board Decision Required	YES – 27 <sup>th</sup> November, 2017	
Council Decision Required	NO	
<b>EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-</b>		
Cllr. Linda Davies Evans (Housing Portfolio Holder)		
Directorate: Communities Head of Service/ Report Author Robin Staines	Designations:  Head of Housing and Public Protection	01267 228960 <a href="mailto:rstaines@sirgar.gov.uk">rstaines@sirgar.gov.uk</a>

**EXECUTIVE SUMMARY  
EXECUTIVE BOARD  
27<sup>TH</sup> NOVEMBER, 2017**

**THE ESTABLISHMENT OF A COUNCIL OWNED HOUSING  
COMPANY**

1. This Executive Summary sets out the reasoning behind, and practicalities of, setting up a wholly owned council local housing company. It explains the need for accelerating house building in Carmarthenshire to supply the much needed additional homes as well as create local jobs; training and apprenticeship opportunities; support the supply chain and deliver the regeneration ambitions of the Council. The full report can be found attached.
2. This approach should be complemented by the continuing use of Housing Revenue Account (HRA) resources to commission new homes (where it is appropriate and prudent to do so). The HRA's main focus must remain to ensure we meet our statutory duty of maintaining the existing council owned homes to the Carmarthenshire Homes Standard.
3. The Council's affordable housing commitment of March 2016 states that alternative housing delivery options would be assessed to increase the number of homes in the county. Following this, work was undertaken on developing a draft business case on the option of establishing a local housing company. This was presented to the Executive Board in February 2017, which agreed:
  - To confirm that the business case for establishing a Local Housing Company (LHC) is a viable option and would significantly add to the delivery of our Affordable Homes Commitment in providing more homes for sale and rent.
  - To confirm officers be delegated to establish the LHC, its governance structures and detailed five year business plan.
  - To confirm officers can commission expert external assistance in establishing the LHC, developing the governance structures and detailed business plan in terms of the legal, financial and technical issues.
4. The Company will not involve the transfer of existing Council housing or a TUPE of existing staff. The council owned existing housing stock will continue to be managed and maintained directly by the Council.
5. The rationale for accelerating and stimulating house building stems from the Local Development Plan which identifies a need for 1,620 new homes a year. However, in the year to April 2017, only 426 new homes were completed on large sites. Furthermore, like most parts of Wales, we have seen a dramatic reduction in the number of active construction firms involved in new house building. We also know that average household income is below the Welsh average, and in some parts of the county the income to house price ratio is over 5:1. Our Housing Choice Register also records a significant amount of unmet housing need. This is no more so than in rural areas where values are high and supply very limited.

6. The Council's affordable housing programme includes a commitment to meet both needs and aspirations. The Plan commits to increasing the number of affordable homes by 1,000 over five years. This delivery has already started through a range of projects. Whilst this is ambitious, it is also believed that we would need to look at new ways of delivery to significantly exceed the 1,000 home target. As a result, the Delivery Plan also confirmed that additional delivery vehicles would be assessed and evaluated.
7. An expert in the field was commissioned in October 2016 to look at the high level options available and a draft business case for the preferred option (establishment of a local housing company) was developed. It was agreed to proceed to undertake the detailed work required to establish a 100% council owned Local Housing Company. Following the Executive Board's decision on the 17th February 2017, and to get the Company to legal incorporation with a sound and financially sustainable business plan, a steering group of senior officers was established. Consideration was given too:
- Accelerating more house building to meet housing need, stimulate economic growth and job creation
  - Creating new sources of revenue to support the Council's Medium Term Financial Strategy and continue to invest in services;
  - Attracting investor interest in an area with low house values and/or a lack of competition (sales and rental)
- The group has been supported by specialist external legal advice.
8. The group found that there are a number of development vehicles and company structures open to the Council to meet strategic objectives. Furthermore it considered critical success factors when evaluating available options (such as control, flexibility and innovation, and deliverability). These were applied to potential vehicles and company status options.
9. The Group evaluated a number of different delivery models (as outlined in the attached report). These included the Housing Revenue Account, Housing Associations, joint ventures, LHC direct acquisition and a LHC as a development vehicle. The group found that a wholly owned local housing company was the most advantageous way of meeting strategic objectives. This confirmed the position outlined in the draft business case. Following this, the Steering Group assessed the options regarding its legal status. There are a number of corporate vehicles that the Council could consider when establishing the Housing Company. Given the primary rationale is to make a profit by providing rent and sale properties, which would suggest that the for profit company limited by shares is the best option.
10. The legal powers for the Council to set up a Company are well established. These are generally around the general powers that a Local Authority has to set up companies to deliver the services it has a duty to supply, in addition to its general powers of Well Being. The Local Government Act 2003 gives local authorities the express power to trade and to establish a company for the purposes of doing so. However we are subject to restrictions within regulation 2 Local Government (Best Value Authorities) (Power to Trade) (Wales) 2006 with regard to this.

The statutory guidance emphasises that when local authorities consider the use of the well-being power, they must also have regard to their fiduciary duty to council tax payers.



11. Section 24 Local Government Act 1988 provides the Council, as a housing authority, the power to provide any person with financial assistance for the provision of rental housing accommodation. The powers concerning the disposal of land from the Council to the Housing Company are complex and involve a consideration of powers to dispose (in turn dependant on whether the land is held in the Council's general fund or its HRA), the issues connected with financial assistance under the 1988 Act and the issue of State Aid. As such site specific advice will be sought for each disposal (or type of disposal) considered.
12. A Company Limited by Shares is the preferred model being adopted by authorities when setting up new companies to deliver new services. The share structure enables the Council to receive dividends, to trade shares and to sell assets/undertakings thereby maximising future flexibility. The Council should ensure that proposed funding for the Housing Company is within its strategic budgets and approval as part of its capital programme. There will need to be co-ordination between the company's business plan and ensuring items the Council is expected to fund/lend are included within the council's budget process.
13. The Company, although owned by the Council, will have a separate entity, have its own identity, staff and Board of directors. However, it could have its registered office address as County Hall to keep costs down as well as utilise existing Council support services (although the Company could chose to procure such services from elsewhere).
14. The Company would be governed by its Articles of Association (Appendix One). The Company must trade on a stand-alone basis from day one, and account for its income and expenditure under the terms of the various Companies Acts accounting conventions.
15. These stipulate that the Company would be a separate Company with a separate Board – and therefore under separate regulation arrangements to the rest of the Council. It is essential that all stakeholders recognise that the Company structure is intended to be independent and the relationship between the Council and the Company is one of sole shareholder. This must be explicit to shareholders, directors and employees who have a relationship with both organisations.
16. The Council will influence the strategic direction of the Company through appointment of Directors and agreement of the annual business plan.
17. The shareholders agreement (Appendix Two) sets out the boundaries where the Company cannot make decisions without referring back to the Council. The consent also defines the boundary between Council influence and day to day operations as managed by the Board of Directors.
18. With regard to the governance arrangements, the Council's Executive Board would be responsible for ensuring the Company delivered housing development in accordance with the agreed business plan and would receive performance reports at regular intervals. The Executive will also be responsible for approving any variations to the delivery of the business plan.

19. The Council, as the only shareholder, would appoint the Directors of the Company (who would be under a duty to ensure that all their decisions were in the interests of the Company and not the Council, as required to do so by the Companies Act 2006). These duties include the duty to promote the success of the Company and to avoid conflicts of interest. The Companies Act also governs the liability of the Directors and in order to avoid conflicts of interest, they should not be involved in the Council's decision making process for lending money, transferring land or the planning process. It is important that all directors have the necessary skills to discharge these duties and responsibilities and have the requisite skills, experience and knowledge. The Company will also require employees who will be responsible for the day to day operational management of the Company. As the company will not initially require full time staff it is proposed to second existing staff whose time will be recharged to the Company.
20. The basis for the Company is that it will be financially supported by the Council. This will include start-up costs as well as long term lending. The Company's initial operations will be funded through the Council Fund, and this financial support could include working capital and up-front resources as well as staffing support. It will also include on lending from the Council to the Company – to support the development and/or acquisition of housing – under an explicit and agreed lending framework or agreement. Typically, though not always, funds on-lent to the Company can be provided from the Council at a premium compared to the rates borrowed: this can also provide a risk buffer to the Council against future increases in financing costs.
21. Specialist tax advice will be taken on both the detailed business plan and on each development – this includes for Corporation tax, VAT, and Stamp Duty Land Tax (SDLT). Generally the company will be liable for such general taxation.
22. Any financial assistance to the Housing Company by way of providing below market rate funding or transferring land at an under-value may constitute State Aid. Therefore funding arrangements between the Council and the Housing Company must be correctly structured so that State Aid, as defined above, does not arise. However there is an exemption to State Aid for service of a general economic interest and therefore if the properties are developed or acquired for letting as social/affordable or intermediate housing.
23. The Council will need to determine whether the Company is a "body governed by public law" for the purposes of the 2015 Procurement Regulations.
24. The Housing Company must have a "commercial character" if it is to not be governed by the Regulations. The Housing Company cannot be said to have a "commercial character" unless it is free to operate as a commercial company would do so and without significant intrusive Council controls.
25. A full and complete five year business plan will be complete by February 2018 which will include the detailed activities of the company, the financial projections and assumptions as well a risk register. Key company policies will need to be developed (such as The Welsh language, Board and officer appointments including remuneration and expenses, and Housing standards). It is envisaged most of these will replicate existing policies of the Council (where applicable).



26. It is anticipated that the company will be free to provide a range of products to help meet both need and aspirations. This will potentially include:
- Homes for rent at various levels
  - Homes for sale at a range of values
  - Intermediate type products such as shared ownership, leasehold schemes for the elderly and rent to buy.
27. Unlike the Council, the Company will not be bound by the suspension of the Right to Buy. The company would not be in a position to offer secure tenancies. Management and maintenance of the portfolio will be undertaken by way of a Service Level Agreement with the Council.
28. A number of risks and potential liabilities have been identified which are rehearsed in the full report.

**DETAILED REPORT ATTACHED ?**

**YES – Report and Appendix 1 - 2**

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

Signed Robin Staines

Head of Housing and Public Protection

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

### 1. Policy, Crime & Disorder and Equalities

The aim of the Company is to assist in the delivery of the Council's wider wellbeing objectives and affordable housing commitments.

### 2. Legal

The legal powers to establish the company are detailed in the accompanying reports. The Council will be the sole shareholder of a subsidiary body. Any members acting as directors of the company should avoid any conflict of interests and adhere to the 7 principles of company directorship as defined in the 2006 Companies Act.

The relationship between the Council and Company will be directed by the Shareholder Agreement.

### 3. Finance

The company will be a separate legal entity, limited by Shares which will enable the Council to receive dividends, and to have the flexibility to trade shares and to sell assets/undertakings should it wish to do so.

The Housing Company will require financial support by the Council, both in the form of loans to cover start-up costs as well as long term lending to support its activities. The 5 year Business Plan which is to be developed by February 2018 will detail the financial projections and funding requirements of the Company, and the Council will need to properly consider:

- Whether the business case for a Housing Company is viable;
- The risks and rewards of investing/lending;
- The wider (possibly alternative) interests of local tax payers

The Council will need to ensure that any proposed funding for the Company is within its strategic budgets and approved as part of its capital programme.

Specialist tax advice in relation to Corporation tax, VAT, and Stamp Duty Land Tax (SDLT) will be taken on the detailed business plan and on each proposed development undertaken.

#### 4. Risk Management Issues

Risk management issues and mitigation are addressed in the attached report.

#### 5. Physical Assets

The company will rely, initially, on the Council making available access to physical assets and financial resources. These will be detailed in the Company's annual approved business plan.

#### 6. Staffing Implications

The company will, at least initially, utilise Council officers and services. The cost of these will be fully recharged to the Company.

## CONSULTATIONS

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

Signed: Robin Staines

Head of Housing and Public Protection

#### 1. Scrutiny Committee

Members of the Community Scrutiny Committee were consulted on the 24<sup>th</sup> November. A verbal update on the comments made will be provided to Executive Board on the day.

#### 2. Local Member(s)

#### 3. Community / Town Council

#### 4. Relevant Partners

#### 5. Staff Side Representatives and other Organisations

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

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

THESE ARE LISTED BELOW.

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Exempt Report to Executive Board on 27 <sup>th</sup> February, 2017 - Carmarthenshire Local Housing Company – The Business Case	Agenda Item 13	<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=131&amp;MId=679&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=131&amp;MId=679&amp;Ver=4</a>

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# Establishment of a local housing company – background report

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## Executive Summary

This Executive Summary sets out the reasoning behind, and practicalities of, setting up a wholly owned local housing company. It explains the need for accelerating house building in Carmarthenshire to supply the much needed additional homes as well as create local jobs; training and apprenticeship opportunities; support the supply chain and deliver the regeneration ambitions of the Council.

This approach should be complemented by the continuing use of Housing Revenue Account (HRA) resources to commission new homes (where it is appropriate and prudent to do so). However its prime focus must remain to ensure we met our statutory duty of maintaining the existing council owned homes to the Carmarthenshire Homes Standard.

The Councils' affordable housing commitment of March 2016 states that alternative housing delivery options would be assessed to increase the number of homes in the county. Following this, work was undertaken on a developing a draft business case on the option of establishing a local housing company. This was presented to the Executive Board in February 2017, who agreed:

- To confirm that the business case for establishing the Local Housing Company (LHC) is a viable option and would significantly add to the delivery of our Affordable Homes Commitment in providing more homes for sale and rent.
- To confirm officers be delegated to establish the LHC, its governance structures and detailed five year business plan.
- To confirm officers can commission expert external assistance in establishing the LHC, developing the governance structures and detailed business plan in terms of the legal, financial and technical issues.

The Company will not involve the transfer of existing Council housing or a TUPE of existing staff. The council housing stock portfolio will continue to be managed and maintained directly by the Council.

The rationale for accelerating and stimulating house building stems from the Local Development Plan which identifies a need for 1,620 new homes a year. However, in the year to April 2017, only 426 new homes were completed on large sites. Furthermore, like most parts of Wales, we have seen a dramatic reduction in the number of active construction firms involved in new house building. We also know that average household income is below the Welsh average, and in some parts of the county the income to house price ratio is over 5:1. Our Housing Choice Register also records a significant amount of unmet housing need. This is no more so than in rural areas where values are high but supply very limited.

The council's affordable housing programme has made a commitment to meet both needs and aspirations. The Plan commits to increasing the number of affordable homes by 1,000, over five years. This delivery has already started through a range of projects. Whilst this is ambitious, it is also believed that we would need to look at new ways of delivery to significantly exceed the 1,000 home target. As a result, the Delivery Plan also confirmed that we would look at alternative delivery vehicles.



An expert in the field was commissioned in October 2016 to look at the high level options available and a draft business case for the preferred option (establishment of a local housing Company) was developed. It was agreed to proceed to undertake the detailed work required to establish a 100% Council owned Local Housing Company. Following the Executive Board's decision on the 17<sup>th</sup> February 2017, and to get the Company to legal incorporation with a sound and financially sustainable business plan. A steering group of senior officers was established to progress the Company – it considered how to:

- Accelerate more house building to meet housing need, stimulate economic growth and job creation
- Create new sources of revenue to support the Council 's Medium Term Financial Strategy and continue to invest in services;
- Attract investor interest in an area with low house values and/or a lack of competition (sales and rental)

The group has been supported by specialist external legal advice.

The group found that there are a number of development vehicles and company structures open to the Council to meet the key strategic objectives. The Steering Group considered critical success factors when evaluating these options (such as control, flexibility and innovation, and deliverability). These were applied to the following development vehicle and company status options.

In response to meeting these challenges, the Group evaluated a number of different delivery models (as outlined below) that are available which could help to address these challenges including HRA, HA, joint venture, LHC acquisition, LHC development. The group found that a wholly owned local housing company was the most advantageous way of meeting the delivery objectives. This confirmed the position outlined in the draft business case. Following this, the Steering Group assessed the options regarding its legal status. There are a number of corporate vehicles that the Council could consider when establishing the Housing Company. Given the primary rationale is to make a profit by providing rent and sale properties, which would suggest that the for profit company limited by shares is the best option.

The legal powers for the Council to set up a Company are well established and are generally set around the general powers that a Local Authority has to set up companies to deliver the services it has a duty to supply, in addition to its general powers of Well Being. The Local Government Act 2003 gives us the express power to trade and to establish a company for the purposes of doing so. However we are subject to restrictions within regulation 2 Local Government (Best Value Authorities) (Power to Trade) (Wales) 2006. The statutory guidance emphasises that when local authorities consider the use of the well-being power, they must also have regard to their fiduciary duty to council tax payers.

Section 24 Local Government Act 1988 (the 1988 Act) provides the Council as housing authority the power to provide any person with financial assistance. The powers concerning the disposal of land from the Council to the Housing Company are complex and involve a consideration of powers to dispose (in turn dependant on whether the land is held in the Council's general fund or its HRA), the issues connected with financial assistance under the 1988 Act and the issue of State Aid. As such site specific advice will be sought for each disposal (or type of disposal) considered.

A Company Limited by Shares is the preferred model being adopted by authorities when setting up new companies to deliver new services. The share structure enables the Council to receive dividends, to trade shares and to sell assets/undertakings thereby maximising future flexibility. The Council should ensure that proposed funding for the Housing Company is within its strategic budgets and approval as part of its capital programme. There will need to be co-ordination between the company's business plan and ensuring items the Council is expected to fund/lend are included within the council's budget process.

The Company, although owned by the Council, will have a separate entity, have its own identity, staff and Board of directors. However, it could have its registered office address as County Hall to keep costs down as well as utilise existing Council support services (although the Company could chose to procure such services from elsewhere).

The Company would be governed by its Articles of Association. The Company must trade on a stand-alone basis from day one, and account for its income and expenditure under the terms of the various Companies Acts accounting conventions. These stipulate that the Company would be a separate Company with a separate Board – and therefore under separate regulation arrangements to the rest of the Council. It is essential that all stakeholders recognise that the Company structure is intended to be independent and the relationship between the Council and the Company is one of sole shareholder. This must be explicit to shareholders, directors and employees who have a relationship with both organisations.

The Council will influence the strategic direction, and to an extent the operation, of the Company through membership of the Board and through its share ownership. However this should not include day to day operations of the Company. Governance and shareholder relationships and influence are governed through the Companies Acts. This clearly sets out the duties and obligations of company directors.

The shareholders agreement sets out the boundaries where the company cannot make decision without referring back to the Council. The consent also defines the boundary between Council influence and day to day operations as managed by the Board of Directors.

With regard to the governance arrangements, the Council's Executive Board would be responsible for ensuring the Company delivered housing development in accordance with the agreed business plan and would receive performance reports at regular intervals. The Executive will also be responsible for approving any variations to the delivery of the business plan.

The Council, as the only shareholder, would appoint the Directors of the Company (who would be under a duty to ensure that all their decisions were in the interests of the Company and not the Council, as required to do so by the Companies Act 2006). These duties include the duty to promote the success of the Company and to avoid conflicts of interest. The Companies Act also governs the liability of the Directors and in order to avoid conflicts of interest, they should not be involved in the Council's decision making process for lending money, transferring land or the planning process. It is important that all directors have the necessary skills to discharge these duties and responsibilities and have the requisite skills, experience and knowledge. The Company will also require employees who will be responsible for the day to day operational management of the Company. As the company will not initially require full time staff it is proposed to second existing staff whose time will be recharged to the Company.

The basis for the Company is that it will be financially supported by the Council. This will include start-up costs as well as long term lending. The Company's initial operations will be funded through the Council Fund, and this financial support could include working capital and up-front resources as well as staffing support. It will also include on lending from the Council to the Company – to support the development and/or acquisition of housing – under an explicit and agreed lending framework or agreement. Typically, though not always, funds on-lent to the Company can be provided from the Council at a premium compared to the rates borrowed: this can also provide a risk buffer to the Council against future increases in financing costs.

Specialist tax advice will be taken on the both the detailed business plan and on each development – this includes for Corporation Tax, VAT, and Stamp Duty Land Tax (SDLT). Generally the company will be liable for such general taxation but the Council needs to assure itself of any liabilities.

Any financial assistance to the Housing Company by way of providing below market rate funding or transferring land at an under-value may constitute State Aid. Therefore funding arrangements between the Council and the Housing Company must be correctly structured so that State Aid, as defined above, does not arise. However There is an exemption to State Aid for service of a general economic interest and therefore if the properties are developed or acquired for letting as social/affordable or intermediate housing.

The Council will need to determine whether the Company is a "body governed by public law" for the purposes of the 2015 procurement Regulations. The Housing Company must have a "commercial character" if it is to not be governed by the Regulations. The Housing Company cannot be said to have a "commercial character" unless it is free to operate as a commercial company would do so and without significant intrusive Council controls.

A full and complete five year business plan will be complete by February 2018 which will include the detailed activities of the company, the financial projections and assumptions as well a risk register. Key Company polices will need to be developed (such as The Welsh language, Board and officer appointments including remuneration and expenses, and Housing standards). It is envisaged most of these will replicate existing policies of the Council (where applicable).

It is anticipated that the company will be free to provide a range of products to help meet both need and aspirations. This will potentially include:

- Homes for rent at various levels
- Homes for sale at a range of values
- Intermediate type products such as shared ownership, leasehold schemes for the elderly and rent to buy.

Unlike the Council, the Company will not be bound by the suspension of the Right to Buy. The company would not be in a position to offer secure tenancies. Management and maintenance of the portfolio will be undertaken by way of a Service Level Agreement with the Council.

There are a number of risks and potential liabilities have been identified which are rehearsed in the full report.

Lastly, the Company will require its own branding for identity and marketing purposes.

## Purpose of the report

1. This report sets out how new house building in Carmarthenshire can be accelerated to supply the much needed additional homes as well as create local jobs; training and apprenticeship opportunities; support the supply chain and deliver the regeneration ambitions of the Council. Having assessed the housing market and considered the delivery options, it is suggested that a Council owned local housing Company is an appropriate solution for us to increase house building and achieve the objectives set out above.
2. This approach should be complemented by the continuing use of Housing Revenue Account (HRA) resources to commission new homes (where it is appropriate and prudent to do so). The HRAs prime focus must remain to ensure we met our statutory duty of maintaining the existing council owned homes to the Carmarthenshire Homes Standard.
3. The Councils' affordable housing commitment of March 2016 states that alternative housing delivery options would be assessed to increase the number of homes in the county.
4. Following this, work was undertaken on a developing a draft business case on the option of establishing a local housing company. This was presented to the Executive Board in February 2017, who agreed:
  - To confirm that the business case for establishing the Local Housing Company (LHC) is a viable option and would significantly add to the delivery of our Affordable Homes Commitment in providing more homes for sale and rent.
  - To confirm officers be delegated to establish the LHC, its governance structures and detailed five year business plan.
  - To confirm officers can commission expert external assistance in establishing the LHC, developing the governance structures and detailed business plan in terms of the legal, financial and technical issues.
  - To be clear on the political sign off that will be needed to move it onto the next stage.
5. It was agreed, in the business case, that any additional development vehicle should:
  - Support economic growth and strategic regeneration initiatives
  - Respond to demographic trends and meet housing needs & aspirations
  - Generate a return on investment and dividend for the Council by delivering a commercial return
  - Develop housing for rent and sale
  - Provide additional temporary accommodation to meet housing needs
  - Pursuing a mixed tenure approach to maximise the level of affordable housing
  - Act as a catalyst to unlock development potential
  - Help to ensure that the housing market has sufficient competition to drive value for money and choice
6. The Company will not involve the transfer of existing Council housing or a TUPE of existing staff. The council estate will continue to be managed and maintained directly by the Council.

## Context

### Local Development Plan

7. Carmarthenshire's Local Development Plan (LDP) was adopted in December 2014, and will guide housing and other development in the County until 2021. This does not include the part of Carmarthenshire that is within Brecon Beacons National Park, which is subject to a separate Local Development Plan.
8. The plan identifies a need for 15,197 new homes to be built during the plan period. The largest allocations of land for new homes are in the growth areas of Carmarthen, Llanelli and Ammanford-Cross Hands.
9. The plan, and adopted supplementary planning guidance, specify the percentages of affordable homes that should be provided on open market developments in different areas, reflecting financial viability and differing open market prices. The percentages vary between 10% in Ammanford-Cross Hands to 30% in most of Carmarthen, St Clears, Llandovery and Llandeilo.
10. Developers of sites of 1 to 4 homes are expected to make a financial contribution to affordable homes, using a formula based on the floor area of the homes to be built and a rate per m<sup>2</sup>.
11. Work has recently begun on the next iteration of the Plan which should be introduced in 2021.

### Housing delivery and land supply

12. The new homes requirement of the current Plan translates into an annual need of 1,620 new homes. However, in the year to April 2017, only 426 new homes were completed on large sites. The completion on small sites (below 5 homes) in the last year is estimated at 92, giving a total for the year of 518 homes. This is in line with rates of completion over the past six years, which have varied between 350 and 637, with no clear trend over the period. The average rate over the past 6 years is 494 homes.
13. Carmarthenshire is required to make a five year land supply available on the basis of the LDP requirement, rather than the actual completion rate. Therefore the estimated land supply of 6,754 homes equates to 4.2 years. The land supply includes sites where planning permission is in place (outline or full) and the owner has a clear intention to carry out the development. On the basis of the average completion rate, the land supply represents over 13 years of development.
14. There are sites with a total potential of 4,451 homes allocated in the LDP which are not included in the five year land supply, as the owners have not progressed the planning process. This can be for a variety of reasons. In some cases it is due to constraints on the start of development, for instance due to planned upgrades in infrastructure capacity. In other cases, a site is not progressed due to financial viability. It could also reflect the owner's desire to hold the site, hoping for an uplift in value in the future.

## Housing development

15. Compared with the situation before 2008, Carmarthenshire, like most parts of Wales, has seen a dramatic reduction in the number of active construction firms involved in new house building. Some firms have ceased trading, whilst others have re-structured to concentrate on non-housing construction, or on repairs and maintenance.
16. Larger national firms have retreated from the County. Only one national firm remains actively starting and building out new sites.
17. Smaller, local firms that have remained in new housing construction have responded to the tighter credit conditions for development finance by finding non-traditional funding sources, such as partnering with investors. To reduce risk and financial exposure, some have responded by only building when a buyer has been identified. A combination of these factors has had the effect of reducing completion rates.

## Housing Market Assessment

18. Carmarthenshire has had several years of broadly stable purchase prices and rents. This has reduced the supply of second hand homes coming onto the market, so sales volumes have remained far lower than before 2007.
19. Some sub-prime lenders are re-entering the marketplace for the first time since 2007. This is driven by the continuing low Bank of England base rates, and the unwillingness of mainstream lenders to offer mortgages to people with even very minor impairments to their credit history.
20. Help to Buy, a Welsh Government programme to make it easier for home buyers to get a mortgage without a large deposit, is playing a significant role in enabling new homes development to take place. The impact across Wales is highly variable. Carmarthenshire is one of the areas where the scheme is supporting sales, as both small and large developers are able to offer it on developments. The scheme is controversial, as many of the people helped into home ownership would have been able to afford a cheaper property without government subsidy.
21. Welsh Government projections for population and households have been revised for all Welsh authorities. Carmarthenshire's population is now expected to grow only at a modest rate for the next two decades, in line with most other authorities. High growth will continue in more urban authorities such as Cardiff, Swansea and Wrexham. The growth in smaller households is expected to continue, although at a slower rate than before 2007. The impact of reduced mortgage availability and the reduction in real incomes has caused more young people to remain in the parental home, or to return after higher education. Therefore the projection is that average household size will change only slowly.
22. The number of people moving to Carmarthenshire from other European Union countries has also reduced. The number returning to their native countries has increased following the Brexit vote, both due to uncertainty over their future status and the fall in the value of the pound against other currencies.

23. The headlines from the recent Housing market Assessment (December 2016) are:

- Average house price, July 2017      £151k      (within +/- 10% since 2009)
- Lower quartile price      £92k      (within +/- 7% since 2009)
- Median rent 2 bed      £107      (LHA £92)
- Median 3 bed rent      £115      (LHA £103)
- Median 4 bed rent      £150      (LHA £126)
- Sales in 2016      2,976      (12% new build)
- Household income, highest      £31,900      (Abergwili)
- Household income, lowest      £16,500      (Tyhisa)
- Median income, Carmarthenshire      £23,825
- Median Income, Wales      £24,944
- Median income, UK      £29,333
- Median affordability in rural wards      6.5:1      (6.5 times salary to value)

24. The buy-to-let market is likely to see major changes over the next three years as the impact of tax changes on buy-to-let landlords takes effect. The tax changes will have a differential effect depending on the tax status of the landlords, and the balance between sale prices and rents in different parts of the UK. Investors may move in greater numbers into areas with comparatively low sale prices. Therefore it would be premature to assume that private renting will decline in Carmarthenshire in the short term.

#### Housing Choice Register

25. The analysis of the Housing Choice Register is part of the housing market assessment. The total number of applicants on the register has been reduced dramatically by a recent data cleaning/verification exercise. The register is divided into priority A and B categories, with the possibility of applicants also 'registering only' but with little prospect of being rehoused. There is a separate register for applicants who require adapted property and those who wish to purchase a home.
26. The greatest shortfall in provision continues to be for single people. A similar proportion of single people are in need categories A and B compared with other applicants. We will need to consider carefully how to address the needs of single people, as this group is also hit hardest by changes in the benefits system, with a limit to the shared room rate of Housing Benefit for people under 35, and reductions in entitlement to people under 21. The next greatest shortfall is for 2 bedroom homes in most parts of the County.
27. Most areas have adequate supply of 3 bedroom houses apart from hot-spots such as Carmarthen town and some market towns. Small numbers of 4 bedroom homes are needed in most areas, as existing supply is very low.

### *Housing Choice Register, September 2017*

	Single	Couple	2	3	4	5+	total
Ammanford & Amman valley	417	98	181	57	22	6	780
Carmarthen and the west	511	149	225	100	27	7	1019
Rural and market towns	270	87	141	67	18	5	588
Llanelli	809	219	353	106	56	14	1558
Total	2008	553	899	331	123	31	3945

### Rural housing need

28. Many of our rural areas have low numbers of existing Council and housing association homes for rent. This tends to put many people off applying in those areas, and so there tends to be an under-reporting of housing need in many rural areas.
29. Local people in rural areas who aspire to home ownership may also be discouraged from applying, as few affordable homes have been delivered by private developers in the more rural parts of the County, as many sites tend to be below 5 homes.
30. We have commissioned external expert assistance to carry out housing needs studies in rural communities over the next four years. Areas have been prioritised on the basis of the worst affordability and the lowest supply of social rented homes in the County. This work is being carried out collaboratively with community councils in the study areas.

### Population projections

31. The Welsh Government's revised population projections referred to above will be taken into account when the Local Development Plan is reviewed in 2019. Inevitably, some sites currently allocated will be taken out of the Plan following the review, as the requirement for new homes will be revised downwards significantly.
32. Landowners wishing to protect their interests will have a narrow time period in which to gain planning permission for their sites and implement it. Financial viability may make this difficult to achieve.
33. Therefore we will have a limited period of opportunity to take advantage of this situation to acquire sites or partner with the developer, in areas where we have identified housing need.

### Progress so far

34. The Affordable Housing Delivery Plan 2016-21, agreed by Council in March 2016, commits to increasing the number of affordable homes by 1,000, over five years. This delivery has already started through a range of projects. Whilst this is ambitious, it is also felt that we would need to look at new ways of delivery to significantly exceed the 1,000 home target.



As a result, the Delivery Plan also confirmed that we would look at alternative delivery vehicles.

35. An expert in the field was commissioned in October 2016 to look at the high level options available and a draft business case for the preferred option (establishment of a local housing Company) was developed. It was agreed to proceed to undertake the detailed work required to establish a 100% Council owned Local Housing Company.
36. Following the Executive Board's decision on the 17<sup>th</sup> February 2017, and to get the Company to legal incorporation with a sound and financially sustainable business plan, a Steering Group was established. The Steering Group has:
  - Defined a vision, and developed clarity on its strategic objectives and purpose
  - Confirmed the appropriate development vehicle and governance structure
  - Ensure the necessary and requisite articles of association and shareholder consents are in place to ensure it can meet its objectives and define the relationship the Council ( as well as clearly define the risks the Council )
  - Taken accurate and timely advice and opinion from appropriate consultants to assist with incorporation, financial status, business planning and risk management
  - Formulated the initial lending profile and budget strategy for setting up the Company
  - Ensured an adequately resourced and experienced staff team is in place, and is well managed
  - Ensured accountability to, and liaison with, elected members
  - Overseen the procurement and instruction of external consultants
37. Membership of the steering group included relevant Directors and Heads of Service. The S151 officer has not been a member given a potential conflict of interest. Throughout the process consideration has been given to the position of officers who have potentially provided advice to both parties and external legal advice has been taken on both this issue and on generally establishing the Company.
38. The Steering Group considered the outline rationale and parameter's for the Company (as highlighted in the initial business case) which confirmed:
  - The Company could make interventions in the diverse local housing markets of Carmarthenshire in order to stimulate regeneration, increase the supply of homes, in particular affordable rented homes and possibly also enable the development of new sites through offering funding for new s106 homes.
  - The company can be focused towards those areas of the market that would not otherwise be delivered: affordable rented homes and the redevelopment of a number of HRA sites.
  - The Affordable Housing Delivery Plan aims to increase the number of additional affordable homes by 1,000 over the next five years. Establishing the Company will be a viable option to deliver even more affordable homes and also increase the number of housing options available as well as acting as a catalyst for regeneration activities. The principles that the Council has set within the Delivery Plan include:
    - Targeting support at those in need – urban and rural - concentrating efforts on providing homes for rent
    - Flexibility – buy, renovate, trade and build
    - Innovative and creative – new ways of financing

- Using resources in the best possible way
- Use the skills and expertise of others – including developing these.
- The Council is able to finance both the development and acquisition of homes by the company whilst retaining a lending premium to help mitigate risk. The financing of an additional development programme in the company adds to economic growth in the county and provides further opportunities to develop new supply chains, local labour supply and assists in adding to the future prosperity of the county's population.
- That through the adoption of sensible risk-mitigated assumptions around rent levels and future rent increases, the company can act to prevent unnecessary risks being taken with council resources towards the provision of long term rented homes; additionally, rents can be increased above LHA levels whilst still remaining affordable and there is also the option to increase sales volumes to increase viability.
- That current and newly formed partnerships with contractors and developers, the company could also take advantage of development programmes in other parts of the council to encourage value in the supply chain and a medium term reduction in build costs.
- That a partnership with the council's management, lettings and development functions, could assist the Company in enhancing economies of scale for those services.
- That the Company can develop an asset base additional to that held by the council in the Council Fund and HRA; this has inherent value as well as being income producing from a customer base that is stable.
- The Council has future flexibility as the 100% owner of the company: in future it could either sell the assets (subject to any s106 obligations there may be) or sell shares in the company as a means of raising additional/private finance.

39. The Company will focus on areas of the market that would not otherwise be developed through Housing Revenue Account funding e.g. redevelopment of existing HRA sites as well as new opportunities. The establishment of the Company will support wider Council objectives in terms of health and well-being, providing more jobs and training opportunities for local people and ensuring that homes are targeted to those in need.

## Criteria for success

40. There are a number of development vehicles and company structures open to the Council to meet the key strategic objectives. The Steering Group considered the following as critical success factors when evaluating these options:

- Control
- Flexibility, innovation and deliverability
- Addresses market variables
- Cost of funding and access to grants
- Growth
- Economies of scale
- Meet need, flexible tenure
- Sustainability

41. These were applied to the following development vehicle and company status options.

## Development vehicle options

42. The Steering Group considered the challenges before the Council , namely how to:

- Accelerate more house building to meet housing need, stimulate economic growth and job creation
- Create new sources of revenue to support the Council 's Medium Term Financial Strategy and continue to invest in services;
- Attract investor interest in an area with low house values and/or a lack of competition (sales and rental)

43. In response to meeting these challenges, the Group evaluated a number of different delivery models (as outlined below) that are available which could help to address these challenges:

Strategic Objective	CCC Housing Revenue Account	Housing Association	New Housing Association	Joint Venture/ Developers	Local Housing Company Acquisition	Local Housing Company Development
Delivers Affordable Homes	Yes	Yes	Yes	Not Currently	Not Additional	Yes
Availability of WG Grant	Yes	Yes	Yes	No	No	No
Address variable markets	No	No	Potential	Yes	Indirect	Yes
Flexibility in tenure	No	Potential	Yes	Yes	Indirect	Yes
Targets highest need	Yes	Yes	Yes	Partially	Indirect	Yes
Scope to deliver additional homes	Debt Cap	Capacity Limited	Yes	Yes	Indirect	Yes
Encourages economic growth	Yes	Yes	Potential	Yes	Indirect	Yes
Develops skills and retains people	Yes	Yes	Potential	Potential	No	Yes
Funding source	LA	Private	Private	LA/Private	LA	LA
Cost of funding	Cheapest	Cheap	Cheap	Market	Cheap	Cheap
Economies of scale with the council	Yes	No	No	Possibly	No	Yes
Innovative	No	No	Partially	Yes	Partially	Yes
Timescale to deliver	Immediate	Short Term	Medium Term	Medium Term	Immediate	Short Term

44. Although a Council owned housing development Company model provides less scope to share financial risk with the wider private sector or other partners, it does provide the greatest flexibility in terms of control of assets and development outputs. The model has the potential to contribute any surpluses to help the Council address the budget deficit than other options. The Company can be set up quickly, there being no procurement issues for the Council and it is also the least costly option as, with the exception of initial legal and financial advice to set up the Company, there are no further fees to pay to another third party. The only ongoing revenue costs for the Company would be staffing and general operating and administrative costs, which would be kept to a minimum.
45. The Steering Group considered the two most viable options:
- Option A – the creation of a Council owned housing Company. This approach will enable the Council to achieve its house building and regeneration ambitions and provide it with greatest control as the sole shareholder of the new Company. Any surpluses generated by the Company can either be returned to the Council or re-invested by the Company.
  - Option B – the creation of Joint Venture Company / Asset backed Vehicle. A Joint Venture works on the principle that all the partners in the venture contribute either physical or financial resources. In order to ensure housing development is of a sufficient scale to be attractive to potential investors, the Council will need to commit to provide considerable physical assets into the Joint Venture Company. The procurement process will be lengthy, the Council will not have overall control and any revenue would be shared between all the partners. The properties that are built will be mainly rental and will have limited capacity for mixed tenure. Fees will be significant and the Council will need to guarantee rental income for the duration of the lease agreement.
46. The group confirmed the position outlined in the draft business case that a wholly owned Council Local Housing Company is the most advantageous option.

## Company structure options

47. Following the adoption of a wholly owned company as the most advantageous way forward, the Steering Group assessed the options regarding its legal status. External legal advice has been sought to advise on:
- the status options open to the Council
  - the powers the Council may exercise in relation to the favoured option
48. There are a number of corporate vehicles that the Council could consider when establishing the Housing Company. The decision is likely to be based on whether the Housing Company will be established with a view to making a commercial return (profit) for the Council, or to enhance the affordable housing market (and, subsequently, there may be attractions for it being not-for-profit).

However the primary rationale is to make a profit by providing rent and sale properties, which would lean the recommendation to the Housing Company being a for profit company limited by shares.

#### Corporate Vehicles with a view to profit

A company limited by shares (CLS) A CLS is a private limited company incorporated under the Companies Act 2006 (the Companies Act). A CLS is the type of company which most people (and the private sector) are familiar with. The corporate structure is tried and tested and is underpinned by an established body of law and practice

A CLS can be established quickly and is appropriate for companies being used for commercial purposes, such as trade and investment. A CLS is a typical form of commercial vehicle established with a view to making a profit with the profits of a CLS distributable to its shareholder (in this case the Council).

In terms of overall control and also financial planning, the structure of a CLS provides considerable flexibility through the creation of different types of share and loan capital. It is also simple to admit equity shareholders if the Council wishes to make the Company a joint venture vehicle in the future, possibly to introduce a developer partner or perhaps with the aim of taking the Company off the Council's balance sheet at a later date.

A CLS has the advantage that it can potentially claim group relief for SDLT purposes. Group relief is available if 75% of the paid up share capital is owned by the Council (which if the Housing Company is a wholly owned company it will be). The Housing Company would pay corporation tax on its profits and can only declare dividends out of its net-of-tax profits. The current rate of corporation tax is 19% and it is expected to reduce to 17% from April 2020.

Partnership (LLP) An LLP must be set up with a view to profit. It is particularly attractive for schemes where on-going profits (which would be subject to corporation tax) are anticipated. An LLP requires a minimum of 2 partners.

An LLP can be treated for tax purposes as a traditional partnership, and members are also treated as traditional partners. Therefore, unlike a CLS, it is tax transparent and any trade, profession or business carried on by an LLP with a view to profit will be treated as if the LLP were a conventional partnership. Since the tax status of the partners determines how much tax is paid, the Council's profits could be corporation tax free.

Community Interest Company (CIC) The CIC was introduced as a corporate structure in 2006 as a response to the growing importance of social enterprise. The CIC seeks to address the 'gap' that existed for social entrepreneurs who could not, or did not want to, establish themselves as charities but who wanted some recognition that they were not a purely commercial business and sought to achieve some social good. CICs are regulated by the Office of the Regulator of Community Interest Companies.

The CIC therefore sits somewhere between a traditional commercial company and a charity and shares some features with both. For example, CICs can pay their board of directors a salary and can pay dividends on shares (up to a maximum aggregate cap of 35% of available profits). At the same time, CICs must be established for a purpose which is beneficial to the community. CICs are also subject to an "asset lock", meaning that their assets must be used for their community benefit purpose and cannot be transferred for another purpose or for private gain (subject to limited exceptions such as the permitted dividend payments).

However, CICs do not receive any preferential tax treatment (except for being eligible to claim discretionary rates relief).

## Corporate Vehicles without a view to profit

A company limited by guarantee (CLG) Like a CLS, a CLG is a private limited company incorporated under the Companies Act and registered with Companies House. If a CLG were a charity it would be registered with the Charity Commission. A CLG can be incorporated with only one member and members do not hold shares in the company. Instead, each member undertakes to pay a nominal figure (usually £1) in the event of any insolvency on the part of the company.

A CLG is a company where the general members do not hold shares, but instead each member undertakes to pay a nominal figure (typically £1) in the event of the company becoming insolvent. If a company is to be a wholly-owned subsidiary, the Council would initially be the sole member; but a CLG can have many members, and different categories of members with different voting rights. Changing from a single member company to one with many members is also simple.

However, unless it is charitable (which is unlikely to be appropriate for the Council's purposes as it would limit the company's activities so that it could not develop housing for market rent and/or sale for example), a CLG does not offer Stamp Duty Land Tax (SDLT) advantages which may be available for a CLS. It is also unusual and extremely difficult to capitalise a CLG with equity.

Charitable Incorporated Organisation (CIO) The CIO was introduced to provide charities with a dedicated charity structure and also to address the perceived disadvantage of dual regulation of a charitable CLG (being regulated both by Companies House and the Charity Commission). The CIO structure closely mirrors that of a CLG, with its key advantage being that it is only subject to one set of laws and only has one regulator, the Charity Commission.

As already noted, some consider this "dual regulation" to be a disadvantage of the CLG structure for charities and that, in part, led to the creation of the CIO. However, in practice, there is little additional effort and cost to complying with the relevant laws, since they overlap to a broad degree. Similarly dealing with separate regulators should not be unduly burdensome since the same, or similar, documents can be filed with both regulators.

Community Benefit Society (CBS) CBSs are registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies 2014 Act. The Mutual Societies Registration Unit of the FCA currently registers CBSs and a CBS must have a minimum of three members (unless the other members are CBSs, when two will suffice), and it must have a secretary. A CBS must be established for the benefit of the community and if a CBS is to have charitable status it will be an 'exempt' charity and not subject to regulation by the Charity Commission.

## Conclusion – a Company limited by shares

49. In the light of the Council's rationale for establishing the Housing Company and its anticipated outcomes, a CLG, CIC, CIO and CBS are not regarded as appropriate corporate forms for the Housing Company. These models are generally not profit distributing entities and provide less flexibility for the Council to rent, sell and develop properties on the commercial market.

50. Whilst an LLP structure is likely to have tax benefits, and indeed the LLP model might be the form that is adopted in the future if the Housing Company forms a joint venture or ventures with other parties for specific development projects. However the Steering Group considered ***that the most appropriate legal structure will be a Company limited by shares.***

This will enable it to trade and generate surpluses from trading activity and distribute proceeds (dividends) back to the Council as the only shareholder. This type of structure is widely accepted as more commercially appropriate and would be more valuable if it were successful and sold as a going concern in the future by the Council.

## Power to form a company

51. It is our legal advisers view that the Council can rely upon the "wellbeing" powers in section 2, part 1 of the Local Government Act 2000 to form the Housing Company. The "wellbeing" powers are often referred to as 'the power to promote or improve economic, social or environmental well-being'.
52. Section 2(1) of the LGA 2000 as amended provides every local authority in Wales with the power to do anything which they consider is likely to achieve one or more of the following objects:
  - the promotion or improvement of the economic well-being of their area;
  - the promotion or improvement of the social well-being of their area; and
  - the promotion or improvement of the environmental well-being of their area.
53. This sub-section confers a power that is discretionary. The use of "likely" means that the activities do not actually have to achieve the result that was intended. This will be relevant for a local authority using the well-being powers to implement what may be an innovative scheme.
54. The well-being power can be exercised for the benefit of some or all of the residents or visitors to our county. The power may also be used to benefit organisations and even an individual. The Court of Appeal has suggested that there must be a clear causal link between what the authority proposes to do and the well-being which accrues as a result of that action. It is not sufficient to rely on a general aim such as 'making savings' or 'making a financial return'.
55. The Welsh Ministers published statutory guidance on the exercise of the power to promote or improve economic, social or environmental well-being in April 2013. This guidance explicitly cites the promotion of good quality and affordable housing as being a key factor which contributes to the promotion or improvement of well-being, and states that 'the breadth of the well-being power is such that local authorities can rely on it as a 'power of first resort' if they are in any doubt about whether existing powers would enable them to take a particular course of action or deliver a particular service.' The guidance goes further and adds that 'local authorities are encouraged to look to the well-being power in the first instance in taking forward measures likely to promote and improve well-being'.

56. However the Council should be aware of the limits upon the exercise of this power which are specifically highlighted in the Welsh Ministers' statutory guidance. Most importantly the power to promote well-being does not enable a local authority to do anything which it is prevented from doing by other primary or secondary legislation. This means, for instance, that the Council could not rely upon the general power of well-being to override any restriction or requirements contained in legislation relating to its Housing Revenue Account, or financial requirements stipulated in the Local Government Act 2003 or elsewhere.
57. The well-being power should also not be exercised in a way that 'unreasonably duplicates' the functions of another body.
58. The Welsh Government issued a White Paper in 2015, 'Reforming Local Government: Power to Local People'. Among the changes proposed by that White Paper was the introduction of a general power of competence for local authorities in Wales. Following a public consultation the draft Local Government (Wales) Bill was published in November 2015.

## Power to trade

59. Section 95 of the Local Government Act 2003 gives us the express power to trade and to establish a company for the purposes of doing so. However we are subject to restrictions within regulation 2 Local Government (Best Value Authorities) (Power to Trade) (Wales) 2006.
60. This states that a best value authority (such as the Council) is authorised to do, for any commercial purpose, anything which it is authorised to do for the purpose of carrying out its ordinary functions and will be required to prepare a business case supporting the exercise of the section 95 power, and the Council must approve this. The 2006 Order goes on to state that a best value authority shall recover the costs of accommodation, goods, services, staff or any other thing that it supplies to a company in pursuance of any agreement or arrangement to facilitate the exercise of the power to trade.

## Restrictions imposed by other legislation

61. The restrictions and requirements which are contained in the Local Government Act 2003, the Local Government Act 1988, the Local Government and Housing Act 1989 and the Housing Act 1985 are not overridden by the Council's reliance upon the wellbeing power. Therefore we must be mindful of the restrictions contained within those acts at the time of forming the housing company and in the future to ensure that the legislation continues to be able to be complied with.



62. There is a potential risk that a hostile party may seek to challenge, delay or frustrate the formation or operation of a Housing Company by raising an argument that the Council has deliberately mis-applied the powers we are relying upon to form the Housing Company and/or that as a local housing authority the Council should have relied upon its powers under the Housing Act 1985 (as opposed to the 2000 Act), and which would require us to hold the housing developed in our Housing Revenue Account.
63. The risk of challenge is mitigated by the Council being clear now and in the future that the Housing Company's purpose is to operate as a commercial business to deliver homes for a range of rents and sale not solely general needs allocation (which would ordinarily be led through the Council's HRA). The fact that the Council will continue to develop in its Housing Revenue Account will provide further evidence of the use of the Council's powers under the 2000 Act for a proper purpose.

## Fiduciary duties

64. The statutory guidance emphasises that when local authorities consider the use of the well-being power, they must also have regard to their fiduciary duty to council tax payers.
65. In addition to the proper exercise of our powers, the Council has fiduciary duties which can be summarised as acting as a trustee of tax and public sector income on behalf of its rates and tax payers. The Council in effect hold money but do not own it, and spend that money on behalf of its business rate and Council tax payers.
66. In making decisions concerning any investment and loans the Council makes to the Housing Company they must, on each occasion, act efficiently and undertake funding (and related) decisions after proper consideration of the risks and rewards of them doing so. The Council will want to ensure that it achieves an appropriate return for any risk they take and that it has minimised the risks and potential costs to it if the Housing Company becomes insolvent and/or defaults on any loans.
67. Case law demands that local authorities' fiduciary duties extended not only to a consideration of risk and cost but also whether a local authority's involvement in a transaction is proportionate and properly balanced against the anticipated benefit. On a practical basis, this means that the Council should also consider whether any monies they intend to invest/lend to the Housing Company could be better used by the Council for the wider interest of its local tax payers and they should also consider the impact on the Council (and therefore its local tax payers) if the Housing Company became insolvent or otherwise defaulted on a loan it had taken from the Council. To achieve this, the Council should properly consider:
  - whether the business case for a Housing Company is viable;
  - the risks and rewards of investing/lending;

- the wider (possibly alternative) interests of local tax payers (e.g. what else could the money have been spent on/ the risk it will increasing council tax?);

It is then that Members will have evidenced that they had taken reasonable steps to discharge this duty.

## Council's power to provide funding to the Housing Company

68. Section 24 Local Government Act 1988 (the 1988 Act) provides the Council as housing authority the power to provide any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management (whether by that person or by another) of any property which is or intended to be privately let [our emphasis] as housing accommodation. To 'make a grant or loan' is caught by this provision and land transfers at an undervalue and the provision of funding is likely to fall within this definition.
69. Section 25 of the Act provides that the power in section 24 of the 1988 Act may only be exercised in accordance with consent of the Welsh Government.
70. The provisions of s24 and 25 of the 1988 Act only apply in relation to the provision of financial support of rented accommodation. It is not possible to rely on section 24 Local Government Act 1988 in relation to funding made available for market sales. Instead the Council could exercise its wellbeing power on the basis that it is lawful for an individual to lend and/or invest and that there are no pre-existing limitations which would prevent it from doing so.

## Council's Power to transfer land to the Company

71. The powers concerning the disposal of land from the Council to the Housing Company are complex and involve a consideration of powers to dispose (in turn dependant on whether the land is held in the Council's general fund or its HRA), the issues connected with financial assistance under the 1988 Act and the issue of State Aid. As such site specific advice will be sought for each disposal (or type of disposal) considered.

### General Fund land

72. Section 123 Local Government Act 1972 (the 1972 Act) provides the Council with the power to dispose of land any manner we wish. The restriction on this being that, except with consent from the Welsh Government, the Council shall not dispose of land (otherwise than by way of a short tenancy), for consideration less than the best that can reasonably be obtained.
73. The Welsh Assembly Government issued a General Consent (Dec 2003) which permits the disposal of general fund land at an undervalue where the authority considers the disposal is

in the interests of the economic social or environmental wellbeing of the whole or any part of its area or any or all persons resident in its area and the undervalue is £2,000,000 or less. However we must be mindful that if the transfer is for the purposes of rented accommodation then section 24 of the 1988 Act will also apply if the transfer constituted 'financial assistance' (for which Welsh Government consent would be required).

74. Moreover, there is a risk that transferring land/property to the Housing Company at an undervalue could be deemed to be State Aid (see below). Accordingly, to avoid the State Aid and consent complications, it may be more straightforward to provide sufficient funding to the Housing Company so that the land can be acquired for market value. This should be a consideration given the unique circumstances of each site (see paragraph 71 above).

### Housing Revenue Account land

75. Section 32 of the Housing Act 1985 requires the Council to obtain the Welsh Government's consent for the disposal of land held under the HRA.
76. If land is being transferred at an undervalue then - as with general fund land - the Council must be mindful that if the transfer is for the purposes of rented accommodation then section 24 of the 1988 Act will also apply if the transfer constituted 'financial assistance'. Again, there is a risk that transferring land/property to the Housing Company at an undervalue could be deemed to be State Aid (see below).

### Lending and investing by the Council

77. The Council should ensure that proposed funding for the Housing Company is within its strategic budgets and approval as part of its capital programme. There will need to be co-ordination between the company's business plan and ensuring items the Council is expected to fund/lend are included within the council's budget process.
78. The Council's Director of Corporate Services finance officer will take into account the accountancy treatment of revenue and capital expenditure. From a legal perspective it is important to ensure that funding applied to the Company is properly accounted for and that projected capital expenditure is included within the Council's strategic budget and capital programme.
79. The Council is also subject to the requirements of the Local Government Act 2003 (the 2003 Act) and related statutory and CIPFA guidance.
80. The Council will need to consider on-lending to the company as counting towards its prudential borrowing limits. It is expected that under UK and International accountancy treatment subsidiaries are included in the Council's consolidated accounts.

81. It is typical that local authorities opt to borrow from the Public Works Loan Board (PWLB) at below market rates and then on-lend to their subsidiary companies.

For state aid compliance reasons local authority loans to a company for commercial activities must be provided on market terms. It is probable that the margin between the PWLB and market interest rate provides will be accounted for as an untaxed return. When providing market loans a local authority is required to act as a notional market lender and not a public authority. HMRC would require and treat such market loans as being given on arms-length terms.

82. If the Council opts to provide loans to the Company then it is likely to require appropriate security through a fixed charge over the company's assets and/or a floating charge.
83. If the Council intends to borrow to fund the Housing Company it must do so in accordance with the requirements of the 2003 Act and ensure such borrowing remains within its prudential borrowing limits.

## Company structure and governance

84. The legal powers for the Council to set up a Company are well established and are generally set around the general powers that a Local Authority has to set up companies to deliver the services it has a duty to supply, in addition to its general powers of Well Being.
85. A Company Limited by Shares is the preferred model being adopted by authorities when setting up new companies to deliver new services. The share structure enables the Council to receive dividends, to trade shares and to sell assets/undertakings thereby maximising future flexibility.
86. The Company, although owned by the Council, will have a separate entity, have its own identity, staff and Board of directors. However, it could have its registered office address as County Hall to keep costs down as well as utilise existing Council support services (although the Company could chose to procure such services from elsewhere).
87. The Company would be governed by its Articles of Association as contained in Appendix One. The Company must trade on a stand-alone basis from day one, and account for its income and expenditure under the terms of the various Companies Acts accounting conventions.
88. These stipulate that the Company would be a separate Company with a separate Board – and therefore under separate regulation arrangements to the rest of the Council. It is essential that all stakeholders recognise that the Company structure is intended to be independent and the relationship between the Council and the Company is one of sole shareholder. This must be explicit to shareholders, directors and employees who have a relationship with both organisations.

89. The Council will influence the strategic direction, and to an extent the operation, of the Company through membership of the Board and through its share ownership. However this should not include day to day operations of the Company.

Governance and shareholder relationships and influence are governed through the Companies Acts. This clearly sets out the duties and obligations of company directors.

90. The shareholders agreement sets out the boundaries where the company cannot make decision without referring back to the Council. The consent also defines the boundary between Council influence and day to day operations as managed by the Board of Directors.

91. With regard to the governance arrangements, the Council 's Executive Board would be responsible for ensuring the Company delivered housing development in accordance with the agreed business plan and would receive performance reports at regular intervals. The Executive will also be responsible for approving any variations to the delivery of the business plan. Any asset transfer or loan arrangement would be the decision of the Council.

### Board of Directors

92. The Council, as the only shareholder, would appoint the Directors of the Company (who would be under a duty to ensure that all their decisions were in the interests of the Company and not the Council, as required to do so by the Companies Act 2006). These duties include the following:

- Duty to act with powers
- Duty to promote the success of the Company
- Duty to exercise judgment
- Duty to exercise reasonable care, skill and diligence
- Duty to avoid conflicts of interest
- Duty not to accept benefits from third parties
- Duty to declare interest in proposed transaction or arrangement

93. From a practical perspective, they will be charged with the responsibility of:

- Ensuring the business plan that is approved by the Council is delivered
- Submission of the annual return to Companies House
- Production and submission of annual accounts to Companies House and HM Revenue and Customs
- Notification of any changes in the Company 's officers or in their personal interests
- Notification of a change to the companies registered office
- Allotment of shares and proposing dividends
- Registration of charges.

94. The Council will determine the composition of the Board, including the number of directors and their status. Initially, the Board will comprise one member of the Council, two officers of the Council and two third party appointments.  
The company would be responsible for the remuneration policy for the Directors (except members of the Council who cannot be remunerated).
95. The Companies Act also governs the liability of the Directors and in order to avoid conflicts of interest, they should not be involved in the Council 's decision making process for lending money, transferring land or the planning process.
96. It is important that the Council's representatives nominated to serve as Directors have the necessary skills to discharge these duties and responsibilities. It is therefore proposed that up to two officers of the Council are appointed to act as Directors of the Company ensuring they have the experience and capability to make decisions in relation to the management of housing development schemes as well as having large scale financial and project management experience.
97. The Company will also require employees who will be responsible for the day to day operational management of the Company. As the company will not initially require full time staff it is proposed to second existing staff whose time will be recharged to the Company. These staff will provide the general leadership of the company, the production and delivery of the business plan, property development skills and company secretariat skills.

## Financial considerations

98. The wholly owned Company is a sound financial option for investing Council resources as the operations are asset-backed, they are income producing which is generally index-linked and there for the long term. Investment in assets via the Company can offer a realistic and attractive alternative to the deposit of funds – particularly under current market conditions.
99. If approval is given to set up the Company , both the Company and the Council will continue to receive ongoing (potentially external) legal and financial advice on issues such as:
- setting up and training directors
  - tax, financial accounting and audit advice
  - advice on whether the Company's activities have any implications for Council tax setting
  - drafting of loan funding agreements, debentures, standing orders and other associated legal documentation
  - advice on land transfer/appropriation and stamp duty
  - state aid
  - advice on pensions and human resource issues
  - business plan sensitivity analysis, financial appraisal and cash flow projections.
100. The basis for the Company is that it will be financially supported by the Council. This will include start-up costs as well as long term lending. The Company's initial operations will be funded through the Council Fund, and this financial support could include:

- Working capital and up-front resources
  - Staffing support
  - On lending from the Council to the Company – to support the development and/or acquisition of housing – under an explicit and agreed lending framework or agreement
  - Other capital resources invested as “equity” into the Company (including land and capital receipts) – though this tends to be more limited when the Company is providing affordable housing only, and many are in effect 100% debt-financed by the Council.
101. The Council and Company will need to determine what its financial objectives are in entering into this operation. However, in summary, the most common are:
- The Company model enables the delivery of new investment in housing at relatively inexpensive costs – by using the powers the Council has to borrow money from the Public Works Loan Board (PWLB); in the current banking market, PWLB finance is relatively cheap (though not always decisively so) but critically can be taken out over the long term avoiding the need for disruptive and potentially expensive refinancing.
  - The Company can provide returns via dividends or surpluses to the Council – either through the payment of profits up to the Council, or via payment for services, or both.
  - The Company is generally set up, where Council housing stock is retained, to use services provided by those staff that also service the HRA stock, providing income to the HRA.
102. Typically, though not always, funds on-lent to the Company can be provided from the Council at a premium compared to the rates borrowed: this can also provide a risk buffer to the Council against future increases in financing costs.
103. There is the opportunity for capital returns from onward asset sales, especially if there are homes provided without any s106 or similar obligations. The development of an additional asset base provides an essential financial argument for the Council to establish a Company and a means of mitigating future risk should markets change unexpectedly.
104. When developing the Detailed Business Plan, a key aim would be to determine the right mix between these objectives. For example, charging too high a premium might make the Company less viable; charging a low management cost from the HRA might affect the viability of the latter.
105. Throughout this report, the general working assumption is that there would be a small on-lending premium with the provision of management services to the HRA on a “marginal cost” basis.

### Corporation tax

106. Generally speaking, a limited company is not a particularly tax-efficient vehicle for investment by local authorities (which do not themselves pay corporation tax) irrespective of whether or not a company lets accommodation at a market rent or at an affordable/social rent, because to the extent that the company generates a taxable surplus then the surplus will be liable to corporation tax (at a current rate of 19%). Furthermore a limited company can only declare dividends out of its net-of-tax profits.

107. The taxation of property companies is affected by a large number of rules. The reasons for this are the variety of uses to which property can be put and the different ways in which income and profits can arise from the property. The large volume of tax legislation affecting property means that the precise way in which a transaction is structured can significantly affect the tax payable. The inter-relationship between different taxes is also often important.
108. The distinction between property dealing, which is trading, and investment in property is of the utmost importance. The taxation of trading income differs in several ways from the taxation of property investment income and different tax reliefs are available. Companies can both deal and invest in property but this can result in differing taxation implications. In practice, tax can be reduced or minimised through the effective management of the finances of the Company and careful consideration is usually given to the operation of the various charges to and from the Company by the Council. For example, the general rule is that any rental business loss can be automatically carried forward and offset against the following year's profits.
109. It may be possible to mitigate the company's exposure to corporation tax by taking advantage of potential tax reliefs (including a tax relief in relation to interest payable by the company) and - dependant on the financial modelling - the provision of some rental accommodation at a social/affordable rent may reduce the overall operation tax liability of the company, but otherwise corporation tax will need to be factored into the Housing Company's business plan.

#### Value Added Tax

110. Generally, the sale of new residential units (to the extent the Housing Company undertakes development for sale) is zero-rated. This means that almost all of the VAT incurred in relation to those units (including VAT on professional fees and land, if any) is recoverable.
111. The VAT position of the transfer of any land from the Council to the Housing Company will depend on the kind of land being transferred and whether the Council has opted to tax for VAT purposes.
112. If VAT is chargeable on the land transfer then it may be beneficial for the Council to commence construction of the residential units and then transfer the land as this should be a zero-rated supply (if this is possible). This would prevent the Housing Company incurring a large amount of irrecoverable VAT and is sometimes referred to as a "golden-brick" transfer.
113. In relation to carrying out letting via the Housing Company, the Housing Company will be subject to normal VAT recovery regime and residential rents are exempt from VAT. As such, irrecoverable VAT costs will need to be incorporated into the Housing Company's business plan in relation to services purchased by it.
114. A full VAT analysis with specialist advice will be undertaken on the detailed business plan. This could include, for instance, the setting up of a separate development company in order to mitigate irrecoverable VAT.



## Stamp Duty Land Tax

115. Stamp Duty Land Tax (SDLT) will be payable by the Housing Company and SDLT liability will therefore need to be factored into the Housing Company's business plan.
116. It should be possible to obtain "Group" relief on land/property transferred from the Council.

## State Aid

117. Any financial assistance to the Housing Company by way of providing below market rate funding or transferring land at an under-value may constitute State Aid.
118. What constitutes State Aid is set out in the Treaty of the Functioning of the European Union (TFEU). This confirms that the following aspects must be present for State Aid to exist:
  - amount to a grant of public money or a transfer of public resources;
  - favour certain undertakings (selective element);
  - which distort or threaten to distort competition in the European Union; and
  - affect trade between the Member States of the European Union.
119. Both financial payments and the transfer of property to the Housing Company can be caught by the State Aid provisions. Therefore funding arrangements between the Council and the Housing Company must be correctly structured so that State Aid, as defined above, does not arise. The structure of any financial arrangement between the Council and the Housing Company will be required to be in a manner which is permitted under the TFEU and European Directives, European Commission communications and decisions from the European Court of Justice.
120. There are provisions for which the funding could fall outside of the State Aid definition where the Council is acting in a way that a private lender and/or investor would in similar circumstances in a market economy – this is known as the Market Economy Investor Principle (MEIP).
121. The terms of a MEIP compliant loan must be commercial in nature and contain provisions which a private lender would require (clauses on regular payment, default, security over assets and similar terms); have a commercial interest rate which properly reflects the risk and security, and other factors which a private/commercial lender would take into account in calculating an appropriate interest rate.
122. It is proposed that once the exact type of funding is decided by the Council, an independent report which analyses the relevant risk in relation to the loan is obtained. This should consider whether the interest rate applied is consistent with that which a private lender would require in the same circumstances and that the non-financial element of the loan complies with the terms and conditions which a private lender is likely to require.

123. The Council also has the option to invest money into the Company as equity (i.e. subscription to share capital) either instead of providing it with a loan and/or as mixed equity/debt funding and the evidence which the Council would require in connection with any equity investment mirrors that which is required for a loan.
124. There is an exemption to State Aid for service of a general economic interest and therefore if the properties are developed or acquired for letting as social/affordable or intermediate housing.

## Procurement

125. The Housing Company will not be subject to the Public Contracts Regulations 2015 (the 2015 Regulations) if it does not fall within the definition of a 'body governed by public law.' A body governed by public law means bodies that have all of the following characteristics:
- They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
  - They have a legal personality; and
  - They have any of the following characteristics:
    - they are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law;
    - they are subject to management supervision by those authorities or bodies; or
    - they have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law;
126. The Council will need to determine whether the Company is a "body governed by public law" for the purposes of the 2015 Regulations. The Housing Company must have a "commercial character" if it is to not be governed by the Regulations. The Housing Company cannot be said to have a "commercial character" unless it is free to operate as a commercial company would do so and without significant intrusive Council controls.
127. If the Council concludes that it requires "real" control over the Housing Company, it is likely to be classified a "body governed by public law" and if this is the case then the Housing Company would be subject to the EU procurement requirements. If the Housing Company were not subject to the EU procurement requirements then it can procure services as it sees fit.

## Assets and land

128. The prime objective is to ensure that the Company can acquire assets (or develop new assets on vacant land) as economically as possible in order to give the Company the best possible chance of success in delivering its objectives. Given the drivers in Carmarthenshire (regeneration and affordable homes), the early success of a Company is likely to rest upon the successful transfer of land into the Company at very low or nil value.

129. The Company can purchase / pay market value for land as required. Generally however this can make the start-up cost prohibitive for working capital – and may threaten financial viability. Getting land into the Company from the HRA and/or General/Council Fund at under-value is therefore key in this market as this enables viable development or acquisition of affordable housing.
130. The Council will have to have due regard to the Consents Framework as it operates in Wales. There are General Consents available under the various Local Government and Housing Act powers before and since devolution. It may also be necessary to seek Specific Consents from Welsh Government if no general consent can be found to rely upon. In general however, whilst this is a complex and detailed area requiring formal legal advice in due course, consent to the disposal of land at under-value to a landlord for the purposes of delivering sub-market housing has been established.
131. It is generally possible to get free land into the Company using general consents depending on what is to be developed. In particular, if the purpose of the transfer is to enable the delivery of affordable housing, the value of the land will reflect the tenure mix and balance.
132. Over the next five years, the Company could potentially invest approximately £50m - £60m to build around 500 new homes on the following sites, and depending on demand, further sites can be included as necessary:
- Carmarthen West and Carmarthen Town
  - Crosshands
  - South Llanelli
  - Rural housing enabling
133. This could be achieved by the Council transferring or providing land (by way of a building license) into the new Company on commercial terms and there would be an agreement for the HRA to purchase some of the affordable rent property. As the new Company will have no credit rating or track record, it is unlikely to be able to borrow funds from the traditional lending institutions. Therefore, the Council would need to act as the Company's funder and lend money to it in the short to medium term.
134. The Council will need to have a legal charge over the Company's assets and an appropriate loan agreement (at a commercial rate) and debenture in place to safeguard the Council. The Company will use the proceeds from sales to repay the loan, but as it develops a track record, it could then borrow from financial institutions in future. The land and financial resources would then be used to build homes for market sale, including low cost ownership and affordable rent.

## Business planning

135. A full and complete five year business plan will be complete by February 2018 which will include:

- Financial modelling and assumptions including cash flow projections
- Loan Agreements (at a commercial rate) with the Council
- Income and expenditure statement
- Dividend forecasts
- Capital assumptions – develop costs, rents, sales and development assumptions
- Revenue assumptions - fees, on costs, supplies and services, recharges
- Taxation status, options and risks including VAT
- Borrowing requirement, funding profile and sensitivity analysis
- Risk statement

## Company policies

136. Key Company policies will need to be developed with relation to:
- The Welsh language
  - Board and officer appointments including remuneration and expenses
  - Housing standards
  - Treasury and audit management
  - Risk register and insurances
  - General policies e.g. Health and Safety, data protection, people management
  - Operational/service plans
  - Equalities impact statement, including community considerations and impact
  - Organisational impact and staffing (Council and Company )
  - Allocations and lettings
  - Sales policy
  - Rents and bad debts
137. It is envisaged most of these will replicate existing policies of the Council.

## Tenure and stock management

138. It is anticipated that the company will be free to provide a range of products to help meet both need and aspirations. This will potentially include:
- Homes for rent at various levels
  - Homes for sale at a range of values
  - Intermediate type products such as shared ownership, leasehold schemes for the elderly and rent to buy.
139. Unlike the Council, the Company will not be bound by the suspension of the Right to Buy. The company would not be in a position to offer secure tenancies.

140. Management and maintenance of the portfolio will be undertaken by way of a Service Level Agreement with the Council.

## Staffing implications and support services

141. There is the opportunity to use expertise from in-house regeneration, housing development, planning, and community development, housing management, maintenance and lettings services. However the cost of these should be accounted for separately.
142. During the course of the development of the Company, the Council will need to give consideration level and type of staffing support provided to the Company, assuming that there is not the initial capacity to recruit external personnel. Key roles and functions are:
- Development of the Company – a “shadow” or designate Managing Director role leading on developing the business plan and promoting the Company to internal and external stakeholders.
  - Design and development services – this may include scheme and site appraisals, development and design services overseeing the development of contract frameworks and documentation.
  - Procurement and development of a suitable framework for procurement of contractors and suppliers by the Company.
  - Management services, including administration and governance support.
  - Senior management and financial services support through the political process – in order to secure a smooth transition to an operating Company.
143. Other advisory support services (for example accountancy and audit, IT, economic development, planning and legal as required).
144. Some of these services will be chargeable to the Company’s operational overheads, some will be able to be recovered through the development process (i.e. capitalised development costs) and others may well represent legitimate Council strategic costs in overseeing the development of a subsidiary and not be charged to the Company.
145. Any potential conflict of interest of officers, directors and members should be carefully managed through an appropriate policy and training programme. This is particularly so for legal and financial advice when each party may need separate advice to meet the parties individual regulatory codes.

## Risks and potential liabilities

146. There are a number of risks and potential liabilities. In terms of risks, the key issues to consider are:

Key risk area	Impact	Action
Lack of commitment from members/senior Council Officers	LHC may not develop successfully; Schemes not prioritised	Commitment through resolution/all party support secured
Council staff unable/lack skills to deliver LHC plan	LHC may not develop successfully- or delays	Secondment/identification of specific Officers
Funding costs increase over time	Company may not be able to cover debt	Flexibility in loan agreement (at a commercial rate)
Construction cost inflation	Scheme viability affected	Partnerships with contractors, link to other programmes
Lack of supply chain/labour and skills locally lead to delays in delivery and/or higher cost	Scheme viability affected	Partnerships with contractors, link to other programmes
Problems with the ground lead to delays and/or higher costs	Scheme viability affected	Early identification and sources of funding
Unable to sell units at values identified	Surpluses not able to subsidise rented homes	Rent unsold homes- adjust lending agreement
Cost of sales rise beyond those assumed-lack of experience in selling homes	Surpluses not able to subsidise rented homes	Firm agreement with agencies; also homes larger than those that are usually developed
Rent arrears	LHC viability affected	Rents at LHA level
Failure to let homes	LHC viability affected	Local lettings policy for LHC homes flexibility
Costs of management and repairs increase over time	LHC viability affected-and/or HRA knock-on impact	Regular review of management arrangements
House prices reduce	Reduces surpluses on sale	Asset base remains strong- renting can see out cycles in prices
Inflation in general increases over time	Issue if costs exceed LHA/rents	Value for money in procurement of services
Unable to move land or people into the LHC free or cheaply	Scheme viability affected	Expert legal and technical advice from outset
State Aid challenges from external parties	LHC viability affected-including some activities	Expert legal and technical advice from outset

## Appendix One

### Articles of Association

1. The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles **shall not apply** to the company. References to the articles shall be to the following articles of association as amended from time to time.

### Defined terms

2. In the articles, unless the context requires otherwise:
  - bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
  - board means the board of directors of the company from time to time;
  - chairman has the meaning given in **articles 29-33**;
  - chairman of the meeting has the meaning given in **articles 112-114**;
  - Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;
  - corporation has the meaning given in section 1173(1) of the Companies Act 2006;
  - council means Carmarthenshire County Council or any successor body thereto;
  - director means a director of the company, and includes any person occupying the position of director, by whatever name called;
  - distribution recipient has the meaning given in **article 94**;
  - document includes, unless otherwise specified, any document sent or supplied in electronic form;
  - electronic form has the meaning given in section 1168 of the Companies Act 2006;
  - fully paid in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;
  - general meeting means a meeting of directors, shareholder or other persons as invited by the chairman;
  - hard copy form has the meaning given in section 1168 of the Companies Act 2006;
  - holder in relation to shares means the person whose name is entered in the register of members as the holder of the shares;
  - instrument means a document in hard copy form;
  - member means the holder of shares in the company;
  - nil-paid shares means that the nominal value and any premium to be paid to the company in respect of that share have not been paid to the company;
  - ordinary resolution has the meaning given in section 282 of the Companies Act 2006;
  - paid means paid or credited as paid;
  - participate in relation to a directors' meeting, has the meaning given in article 12;
  - partly paid shares means that part of the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

- person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate);
  - proxy notice has the meaning given in **articles 130-133**;
  - shareholder means a person who is the holder of a share;
  - shares means shares in the company;
  - special resolution has the meaning given in section 283 of the Companies Act 2006;
  - subsidiary has the meaning given in section 1159 of the Companies Act 2006;
  - transmittee means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and
  - writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.
3. Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### Liability of members

4. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

### Objects clause

5. The company's objects are unrestricted.

### Directors' general authority

6. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company pursuant to the business objectives within the approved business plan.

### Shareholder's reserve power

7. The shareholder may, by special resolution, direct the directors to take, or refrain from taking, specified action.
8. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

### Directors delegation

9. Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:
- to such person or committee;
  - by such means (including by power of attorney);
  - to such an extent;
  - in relation to such matters or territories; and
  - on such terms and conditions;
  - as they think fit.



10. If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
11. The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## Committees

12. Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
13. The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## Directors

### Collective decisions

14. The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with **articles 15-18**. If:
  - the company only has one director; and
  - no provision of the articles requires it to have more than one director,
  - the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

### Unanimous decisions

15. A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
16. Such a decision may take the form of a resolution in writing, which may consist of several copies each signed by one or more eligible directors or to which the eligible directors have otherwise indicated agreement in writing.
17. References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
18. A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

### Directors' meeting

19. Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
20. Notice of any directors' meeting must indicate:
  - its proposed date and time;
  - where it is to take place; and
  - if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
21. Notice of a directors' meeting must be given to each director, but need not be in writing.
22. Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting. A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the company to that effect. Where a director gives such notice after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## Participation

23. Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
  - the meeting has been called and takes place in accordance with the articles, and
  - they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
24. In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
25. If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.

## Quorum

26. At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
27. The quorum for the transaction of business of the directors shall be three.
28. If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to request that the Shareholder appoints such number of further directors as are required to make up the board under **articles 51-54**.

## Chairing

29. The board shall appoint a director to chair the directors' meetings.
30. The person so appointed for the time being is known as the chairman.
31. The Shareholder may require the directors to terminate the chairman's appointment at any time upon giving written notice to the company.
32. If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.
33. The chairman may not permit persons who are not directors, duly authorised representatives of the Council or persons required by the board to contribute to their discussions to attend and speak at board meetings.

## Casting vote

34. If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
35. But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

## Conflicts of interest

36. If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, then provided that the director has disclosed the interest in such actual or proposed transaction or arrangement with the company in accordance with the Companies Acts or the provisions of these articles, they may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the company for any benefit which he derives under or in consequence of any such transaction or arrangement.
37. For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

38. Subject to **article 39**, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
39. If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### Authorisation of directors' conflicts of interest

40. For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the 2006 Act), the directors shall have the power to authorise any relationship, situation or other matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act (a Conflict Situation). Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
41. Authorisation of a matter under these **articles 40-48** shall be effective only if:
- the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;
  - any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the interested directors); and
  - the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted.
42. Unless otherwise determined by the directors (excluding the interested directors), any authorisation of a matter under these **articles 40-48** shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
43. Any authorisation of a matter under these **articles 40-48** shall be on such terms and/or conditions as the directors (excluding the interested directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the interested directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the interested directors from all information and discussion of the matter in question.
- A director shall comply with any obligations imposed on him by the directors (excluding the interested directors) pursuant to any such authorisation.
44. For the purposes of sections 175 and 180(4) of the 2006 Act and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he may become) an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the council, the company, or any subsidiary of the company or the council (as such term is defined in section 1159 of the 2006 Act).
45. No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the 2006 Act as a result of, and no authorisation is required in respect of, any Conflict Situation envisaged by **article 44** having arisen or existing in relation to him.

46. If a director receives or has received any information otherwise than by virtue of his position as a director of the company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- disclose any such information to the company, the directors or any other director or employee of the company; or
  - use or apply any such information in connection with the performance of his duties as a director;
47. Provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, these **articles 46-47** shall apply only if such situation or relationship has been authorised by the directors under these **articles 46-47**.
48. A director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under this article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

#### Records of decisions to be kept

49. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the meeting, appointment and/or decision recorded (as applicable), of:
- all proceedings at meetings of the board and of committees of the board including the names of the directors present at each such meeting;
  - all appointments of officers made by the board; and
  - every unanimous or majority decision taken by the directors.

#### Directors' discretion to make further rules

50. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

#### The Board

51. Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is three.

#### Appointment and Removal of Directors

52. Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the company may at any time and from time to time:
- appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); and/or
  - remove any director from office.
53. Every such appointment or removal shall be effected by notice in writing to the company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.
54. In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

## Termination of director's appointment

55. A person shall be ineligible for appointment to the board and if already appointed ceases to be a director as soon as:
- that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
  - that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that person's office be vacated;
  - a bankruptcy order is made against that person;
  - a composition is made with that person's creditors generally in satisfaction of that person's debts;
  - a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
  - notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
  - that person is an employee of any shareholder in the company and ceases to be employed as such for any reason;
  - that person is removed by the shareholder by a notice in writing to the company;
  - that person is or becomes a person disqualified from elected membership of a local authority;

## Directors' remuneration and expenses

56. Directors may undertake any services for the company that the directors decide and be remunerated in accordance with the company's policy therefor provided that no sum shall be paid to a director who is an elected member of the council.
57. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:
- meetings of directors or committees of directors;
  - general meetings; or
  - separate meetings of the holders of any class of shares or of debentures of the company,
  - or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company provided that no sum shall be paid to a director who is an elected member of the council.

## Company secretary

58. The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

## Shareholding

59. Nil- or partly-paid shares permitted - If and when the company has shares that are either nil or partly-paid in issue, then articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008 (as amended prior to the date of adoption of these articles), shall apply. If and when the company holds such shares the said articles shall be treated as expressly set out herein.

60. Allotment of shares - Save as authorised from time to time by an ordinary resolution of the shareholder, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.
61. Sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities (as defined in section 560 of the Companies Act 2006) by the company.
62. Powers to issue different classes of share - Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
63. The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.
64. Company not bound by less than absolute interests - except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

### Share certificates

65. The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds. Every certificate must specify:
  - in respect of how many shares, of what class, it is issued;
  - the nominal value of those shares;
  - the amount paid up on the shares to which it relates; and
  - any distinguishing numbers assigned to them.
66. No certificate may be issued in respect of shares of more than one class.
67. If more than one person holds a share, only one certificate may be issued in respect of it.
68. Certificates must:
  - have affixed to them the company's common seal, or
  - be otherwise executed in accordance with the Companies Acts.
69. Replacement share certificates - if a certificate issued in respect of a shareholder's shares is:
  - damaged or defaced; or
  - said to be lost, stolen or destroyed,
  - that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
70. A shareholder exercising the right to be issued with such a replacement certificate:
  - may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - must return the certificate which is to be replaced to the company if it is damaged or defaced; and
  - must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

### Share transfers

71. Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.
72. The instrument of transfer of any share taken on formation of the company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

73. No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
74. The company may retain any instrument of transfer which is registered.
75. The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
76. The directors may refuse to register the transfer of a share and, if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

#### Share transmission

77. If title to a share passes to a transferee, the company may only recognise the transferee as having any title to that share.
78. A transferee who produces such evidence of entitlement to shares as the directors may properly require:
  - may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and
  - subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
79. But transferees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

#### Exercise of transferees' rights

80. Transferees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
81. If the transferee wishes to have a share transferred to another person, the transferee must execute an instrument of transfer in respect of it.
82. Any transfer made or executed under this article is to be treated as if it were made executed by the person from whom the transferee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

#### Transferees bound by prior notices

83. If a notice is given to a shareholder in respect of shares and a transferee is entitled to those shares, the transferee is bound by the notice if it was given to the shareholder before the transferee's name has been entered in the register of members.

#### Dividends

84. The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
85. A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
86. No dividend may be declared or paid unless it is in accordance with shareholder's respective rights.
87. Unless the shareholder's resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
88. If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
89. The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.



90. If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### Dividend Calculation

91. Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:
- declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
  - apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
92. If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

### Dividend Payment

93. Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
94. In these articles, the distribution recipient means, in respect of a share in respect of which a dividend or other sum is payable:
- the holder of the share; or
  - if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### Interest

95. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- the terms on which the share was issued, or
  - the provisions of another agreement between the holder of that share and the company.

### Unclaimed distributions

96. All dividends or other sums which are:
- payable in respect of shares; and
  - unclaimed after having been declared or become payable,



may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

97. The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it. If:
- twelve years have passed from the date on which a dividend or other sum became due for payment; and
  - the distribution recipient has not claimed it,
  - The distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### Non-cash distributions

98. Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
99. For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:
- fixing the value of any assets;
  - paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
  - vesting any assets in trustees.

#### Waiver of distributions

100. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:
- the share has more than one holder; or
  - more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,
  - the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

#### Authority to capitalise and appropriation of capitalised sums

101. Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:
- decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
  - appropriate any sum which they so decide to capitalise (a capitalised sum) to the persons who would have been entitled to it if it were distributed by way of dividend (the persons entitled) and in the same proportions.
102. Capitalised sums must be applied:
- on behalf of the persons entitled; and
  - in the same proportions as a dividend would have been distributed to them.
103. Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
104. A capitalised sum which was appropriated from profits available for distribution may be applied in or towards:
- paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct;

- paying up any amounts unpaid on existing shares held by the persons entitled.
105. Subject to the articles the directors may:
- Apply capitalised sums in accordance with **paragraphs 103 and 104** partly in one way and partly in another;
  - make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
  - authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## General meetings

### Speaking and attendance

106. A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting and in accordance with **articles 115-116**.
107. A person is able to exercise the right to vote at a general meeting when:
- that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
  - that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
108. The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
109. In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
110. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

### Quorum

111. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. The presence of a duly authorised representative of the Shareholder shall be a quorum.

### Chairing

112. If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
113. If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- the directors present; or
  - (if no directors are present), the meeting,
  - must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
114. The person chairing a meeting in accordance with this article is referred to as the chairman of the meeting.

## Attendance and speaking by directors and non-shareholders

115. Directors may attend and speak at general meetings, whether or not they are shareholders.
116. The chairman of the meeting may not permit other persons who are not:
  - shareholders of the company; or
  - otherwise entitled to exercise the rights of shareholders in relation to general meetings,
  - to attend and speak at a general meeting.

## Adjournment

117. If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
118. The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
  - the meeting consents to an adjournment; or
  - it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
119. The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
120. When adjourning a general meeting, the chairman of the meeting must:
  - either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
  - have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
121. If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given:
  - to the same persons to whom notice of the company's general meetings is required to be given; and
  - containing the same information which such notice is required to contain.
122. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## Voting

123. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

## Errors and disputes

124. No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
125. Any such objection must be referred to the chairman of the meeting, whose decision is final.

## Poll votes

126. A poll on a resolution may be demanded:
  - in advance of the general meeting where it is to be put to the vote, or
  - at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
127. A poll may be demanded by:
  - the chairman of the meeting;
  - the directors;

- any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation.
128. A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made.
129. Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### Content of proxy notices

130. Proxies may only validly be appointed by a notice in writing (a proxy notice) which:
- states the name and address of the shareholder appointing the proxy;
  - identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
  - is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
131. The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
132. Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
133. Unless a proxy notice indicates otherwise, it must be treated as:
- allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### Delivery of proxy notices

134. A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
135. An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
136. A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
137. If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### Proxies and corporate representatives

138. The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

#### Amendments to resolutions

139. An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
  - the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
140. A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
141. If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

#### Written resolutions and decisions of the Shareholder

142. A proposed written resolution of the members of the company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the Companies Act 2006).
143. If the shareholder makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the company in general meeting. Any decision taken by the shareholder pursuant to this Article 57 shall be recorded in writing and delivered by the shareholder to the company for entry in the company's minute book.

#### Means of communication to be used

144. Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
145. Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
146. A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.
147. Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
  - if properly addressed and delivered by hand, when it was given or left at the appropriate address;

- if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
  - if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.
148. For the purposes of this article, no account shall be taken of any part of a day that is not a working day.
149. In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Companies Act 2006.

## Company seal

150. Any common seal may only be used by the authority of the directors.
151. The directors may decide by what means and in what form any common seal is to be used.
152. Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
153. For the purposes of this article, an authorised person is:
- any director of the company;
  - the company secretary (if any); or
  - any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## Inspection of accounts and other records

154. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

## Provision for employees on cessation of business

155. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

## Indemnity

156. The company may indemnify any relevant officer out of the assets of the company from and against any loss, liability or expense incurred by him or them in relation to the company (including any liability incurred in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)) provided that this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the Companies Act 2006.
157. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the Companies Act 2006 and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled.

158. To the extent permitted by, and subject to the restrictions in, the Companies Act 2006 and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the Companies Act 2006, or to enable him to avoid incurring such expenditure.
159. Without prejudice to the provisions of **articles 161-162**, the directors may exercise all the powers of the company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the company.
160. In these articles:
- companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
  - relevant officer means any current or former director, secretary or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)), other than any person (whether an officer or not) engaged by the company (or associated company) as an auditor, to the extent he acts as an auditor.

## Insurance

161. The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
162. In this article:
- a relevant director means any director or former director of the company or an associated company;
  - a relevant loss means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and
  - companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## Appendix Two

### Shareholder Consent Agreement - Carmarthenshire County Council

& .....

The Company shall not, unless it has Shareholder Consent:

1. Vary in any respect its articles of association or the rights attaching to any of its shares.
2. Permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholders in accordance with the terms of this Agreement and/or any permitted transferees, or permit the registration (upon subscription or transfer) of any person as a member of any other Group Company save for the Company.
3. Increase the amount of its issued share capital except as provided in this agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital.
4. Issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital.
5. Make any borrowing other than under the Finance Documents.
6. Apply for the listing or trading of any shares or debt securities on any stock exchange or market.
7. Pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent).
8. Engage in any business other than as contemplated by the approved Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business.
9. Form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not).
10. Close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan.
11. Amalgamate or merge with any other company or business undertaking.
12. Alter its name or registered office.



13. Enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement.
14. Enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms.
15. Enter into, as lessor or as lessee, any finance lease.
16. Create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
  - the Finance Documents;
  - liens arising in the ordinary course of business; or
  - any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business.
17. Adopt or amend its annual Business Plan; or change either:
  - its statutory auditors; or
  - its financial year end.
18. Make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom.
19. Make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading).
20. Give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan.
21. Factor or assign any of its book debts.
22. Establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees (but for the avoidance of doubt, this will not prevent any Group Company from awarding a discretionary cash bonus to directors, officers or employees).
23. Establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family.
24. Dismiss any director.
25. Adopt or amend its Remuneration Policy.

26. Agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer of or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration Policy or Business Plan.
27. Institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed by the Company to be less than [£100,000]) instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.
28. Make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes in relation to the Group Company or its business if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.
29. In addition to the Covenant 4 in Schedule 3 to this Agreement, acquire any land or any individual dwelling with a value in excess of £2,500,000.
30. Enter into any contract with a value in excess of £5,000,000.

## EXECUTIVE BOARD

### DATE: 27<sup>TH</sup> NOVEMBER, 2017

#### SUBJECT :

### INTRODUCTION OF A 'CHOICE BASED LETTINGS' PROCESS FOR COUNCIL HOUSING IN CARMARTHENSHIRE

#### Purpose:

The purpose of this report is to outline the advantages for moving to a 'choice based lettings' (CBL) process for our homes.

#### Recommendations/Key Decisions Required:

It is recommended that the process for letting homes is changed in favour of a Choice Based Lettings approach.

#### REASONS:

- We have recently reviewed how we prioritise the allocation of social housing. A new Access to Social Housing Policy was approved by Council in December 2016. The new policy was implemented on the 1<sup>st</sup> of April 2017 and it is therefore timely we consider any appropriate changes to the letting process.
- A 'choice based letting' process involves advertising vacancies and inviting expressions of interest from those on the Housing Choice Register. The process provides more choice, offers more transparency and encourages those seeking re-housing to become more active in the process by taking responsibility for their housing situation.
- As part of the review of the Access to Social Housing Policy, members highlighted concerns about not being informed about when a vacancy/letting occurred. A choice based system will resolve this as vacancies will be openly advertised.

**Relevant Scrutiny Committee to be consulted:**      **YES – Community Scrutiny Committee – 24<sup>th</sup> November, 2017**

#### Scrutiny Committee recommendations/comments:

A verbal update will be provided to Executive Board at the meeting on 27<sup>th</sup> November.

**Exec Board Decision Required**      -      **Yes – 27<sup>th</sup> November, 2017**  
**Council Decision Required**      -      **No**

#### Executive Board Member Portfolio Holder:

Cllr. Linda Evans (Housing Portfolio Holder)

<p><b>Directorate</b> Communities <b>Name of Head of Service:</b> Robin Staines <b>Report Author:</b> Jonathan Willis</p>	<p><b>Designations:</b> Head of Housing &amp; Public Protection  <b>Advice and tenancy support manager</b></p>	<p><b>Tel Nos.</b> 01267 228960 01554 899232  <b>E Mail Addresses:</b> <a href="mailto:Rstaines@carmarthenshire.gov.uk">Rstaines@carmarthenshire.gov.uk</a> <a href="mailto:jnwillis@carmarthenshire.gov.uk">jnwillis@carmarthenshire.gov.uk</a></p>
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# EXECUTIVE SUMMARY EXECUTIVE BOARD

DATE: 27<sup>TH</sup> NOVEMBER, 2017

## SUBJECT: INTRODUCTION OF A 'CHOICE BASED LETTINGS' PROCESS FOR COUNCIL HOUSING IN CARMARTHENSHIRE

The Council recently introduced a new Access to Social Housing Policy. This policy sets out how we prioritise the allocation of social housing. It prescribes two priority bands. This ensures applicants are afforded reasonable preference in line with statutory guidance. Within a band, further priority is awarded to (in priority order):

- Local connection with, and time spent in, Carmarthenshire.
- Time spent in a particular community area.
- Time on Housing Choice Register.

The Allocations policy only determines *whom* we house. This is based on statutory guidance and priority. This report details *how* we let the property, which is in our gift. The current process for letting a property involves identifying the highest priority household based on the allocation policy. When a vacancy arises an applicant is contacted and an offer made. Quite often, the highest priority applicant does not wish to take up the offer (usually due to a change of circumstances that we are not aware of, or they feel the property is inappropriate). If an applicant refuses a reasonable offer without good reason they are deferred from the register for a twelve month period (following the outcome any potential appeal).

An alternative approach to letting involves a 'choice based' approach. In this process vacancies are openly advertised rather than the applicant being offered the property. This is beneficial as it:

- is open and transparent regarding our vacancies.
- ensures applicants who express an interest in a particular property want the home rather than accept it because there is a penalty if they refuse.
- is more likely the successful applicant will accept the property and stay longer (making for more sustainable tenancies and communities)
- gives us real-time planning data regarding the popularity/desirability of our homes which should influence the asset management strategy and affordable homes commitment
- reduces staff time spent identifying applicants
- reduces property refusals
- complements our 'do it online' programme.

The way in which an applicant expresses their interest in a property is commonly known as 'bidding' on a home they are interested in. The whole process is, preferably, undertaken online and is therefore available 24/7. However, for those who do not have access to the internet we would be able to take expressions of interest ('bids') over the phone for applicants. An applicant can express their interest against each home they are suitable for. For example,

if a family is eligible for a 2 bedroom home, they would be able to express their interest in all the 2 bed properties advertised for letting. Having access to the internet is important in terms of the successful implementation of the process, as adverts will have photographs, details of the property, local amenities and rent costs.

According to the office of National Statistics Wales, 84% of households in Wales have digital access and/or use the internet at home. In Carmarthenshire we have 83% of households with access to the internet, so we do not anticipate many applicants could not access the internet at home, via council outlets. However, we would always support the vulnerable few who would not be able to access the internet.

We have a clear corporate commitment to providing services digitally via the 'do it on line' campaign. The success of this programme is highlighted in the last Annual Report which states that there were 882,669 visitors to our website and a 13.5% increase of online payments in 2015/16. Therefore the take up of on-line services is increasing and CBL would help to meet the corporate online agenda.

While we wish to deliver, as far as possible, this service digitally, it is recognised that not everyone chooses to receive services in this way. To ensure access to the process is open to all members of the Housing Choice Register, we plan to:

- Allow expressions of interest (bid) via the telephone.
- Offer vulnerable applicants the opportunity to allow someone to bid on their behalf. This could be their family or member of staff supporting their application such as a housing officer, social worker, local member or any trusted person the applicant has given the appropriate permission to.
- Members can access an appropriate link to determine what properties are available.
- We will ensure the weekly list of properties is available in all our public buildings, and will work with third sector organisations and local businesses to gauge their interest in helping us to promote the available homes.
- We are investigating the possibility of a bi-lingual recorded telephone message that will list the available properties.
- Text alerts can be developed to make applicants aware of properties in their area of choice. We will also develop a process to accept bids by text.
- We can accept expressions of interest by way of printed post cards or generally in writing, however, they would need to arrive by the deadline for shortlisting which will be publicised
- Expressions of interest can also be accepted in 'Y Hub' or in customer service centres.

To ensure the most vulnerable have access to the service, we will make expressions of interest on behalf of applicants to ensure that they have as equal access to available properties. We will introduce a system where we will ensure applicants prior to being allocated a home receive pre-tenancy support and advice as appropriate to their circumstances. This pre-tenancy work will involve setting up appropriate rent payment methods, benefits advice, and how to express an interest in properties that we advertise. We would consult with the person to see if they would like us to do express an interest for them however, there will be very few people who would not be able to play some part in the process.

This does not affect the Allocation Policy. Priorities in terms of allocation within a band and between the bands will not change. We will apply the allocations policy to identify the successful applicant. There will be no limit to the amount of properties an applicant can bid on, but they will only be able to bid once on each home and only on the home that meets their needs (so a single person couldn't bid on a 3 bed house). Being it will be mainly digital, this will not add to overall costs.

It is anticipated that the time needed to give applicants an opportunity to bid, usually up to 5 days, can be planned whilst the existing tenant is in situ and can span a weekend (therefore not affecting the overall void period). Local authorities that have adopted a CBL approach for letting have not seen a negative impact on void turnaround times. The clear benefits on voids will be the time saved in contacting uninterested applicants as prospective applicant is actively seeking a home, rather than waiting to receive an offer from us.

We have discussed the proposal with the local housing associations who have yet to formally commit to the scheme. However this does not change their commitment to the shared allocation policy and housing choice register. It will be the individual organisations' choice in terms of how properties are let, however the same benefits will be afforded to them.

The following table identifies issues with the existing process and identifies what Choice Based Lettings can do to resolve:

<b>What issues have we identified with regard to the existing letting process?</b>	<b>What CBL can offer to resolve?</b>
<b>Fairness and transparency</b> -We contact a small number of applicants directly.	All vacancies are publically advertised where all applicants can express an interest.
<b>Informing members about vacancies</b> -Members have indicated they are not always informed about vacancies when they arise.	Publically advertising homes we have available will inform all members about all vacancies as and when they arise.
<b>Applicants get limited choice</b> -Currently applicants get one offer and if they refuse they are deferred from the register for a six month period. Feedback suggests applicants feel pressured into accepting a new home in these circumstances.	Applicants have a clear choice as there is the onus on them to make a bid on new homes that become available. Applicants can also see the limited supply of new homes. This will help them make informed choices.
<b>Can contribute to more requests to transfer or numbers of households who give up a tenancy</b>	Applicants have more choice in terms of where they want to live which will promote more sustainable tenancies and communities.
<b>Raised expectations about the availability of social housing</b> - Applicants have no idea of the number of properties that become available as a whole or in particular areas.	Publically advertising vacancies will help educate potential applicants with regards to actual number of vacancies that arise.
<b>Time it takes to make a letting</b> - In some cases applicants haven't provided up to date contact details. We therefore spend a significant amount of time attempting to make contact with some applicants. This has an impact on the time it takes to get a home re-occupied.	Onus will be on the applicant to make contact with us and keep their details up-to-date. However, we will need to build in a 3 to 5 day time period to allow a reasonable time for applicants to make a bid. This does not necessarily increase the overall void time.
<p><b>Recommendation:</b> We move to introduce a system of Choice Based Lettings.</p>	

<b>DETAILED REPORT ATTACHED?</b>	<b>NO</b>
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# IMPLICATIONS

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

Signed: **Robin Staines**

**Head of Housing & Public Protection**

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

## 1. Policy, Crime & Disorder and Equalities

- The Council have agreed a new Access to Social Housing Policy which sets out how we prioritise social housing. Those who make bids for vacancies under a Choice Based Lettings approach will be subject to the agreed allocations scheme. The aim of the scheme is to improve tenancy and community sustainability.

## 2. Legal

- Changing to a Choice Based Lettings approach will not affect our legal duties concerning allocations or rights of applicants. Processes need to be in place to ensure we meet our equality duties.

## 3. Finance

- Please see below.**

## 4. ICT

- The Northgate Ohms System which we currently use to manage the Housing Choice Register can be adapted to link with the Council's website to allow for Choice Based Lettings. The estimated cost will be a one off amount of £50,000.

## 5. Risk

- The main risk involves the impact of introducing CBL will have on void turnaround times. A 3-5 day timescale will need to be built in to allow the vacancy to be advertised and applicants to make a bid. This impact can be minimised by advertising vacancies when we receive notice from the existing tenants. In addition properties will be advertised over the weekend.
- A clear advantage will be the reduction in time taken by officers to make contact with applicants which has been problematic because applicants have not updated contact details.



# CONSULTATIONS

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

Signed: **Robin Staines**

**Head of Housing & Public Protection**

## 1. Scrutiny Committee

Members of the Community Scrutiny Committee were consulted on the 24<sup>th</sup> November. A verbal update on the comments made will be provided to Executive Board on the day.

## 2. Local Member(s)

Local members will be informed of the change and workshops to provide an update be made available upon request.

## 3. Community / Town Council

Not applicable.

## 4. Relevant Partners

Housing Associations have been consulted in relation to possible options for change. Further consultation will be necessary subject to political approval.

## 5. Staff Side Representatives and other Organisations

Not applicable.

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

### THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
<b>Carmarthenshire County Council – Access to Social Housing Policy</b>	<b>Housing General Files</b>	<b>Council Website - Democratic Services</b>

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## Executive Board 27th November 2017

### Council's Revenue Budget Monitoring Report

#### Recommendations / key decisions required:

That the Board receives the Budget Monitoring report and considers the budgetary position.

That Chief Officers and Heads of Service critically review their budgetary positions and implement appropriate actions to deliver their services within their allocated budgets.

#### Reasons:

To provide the Executive Board with an update on the latest budgetary position as at 31st August 2017, in respect of 2017/2018.

Relevant scrutiny committee to be consulted: NA

Exec Board Decision Required YES

Council Decision Required NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. David Jenkins

Directorate: Corporate Services

Name of Director:  
Chris Moore

Report Author:  
Chris Moore

Designations:

Director of Corporate Services

Tel No. 01267 224886

E Mail Addresses:  
CMoore@carmarthenshire.gov.uk

# EXECUTIVE SUMMARY

## Executive Board

### 27th November 2017

## Council's Revenue Budget Monitoring Report

The revenue budget monitoring reports for the period to 31<sup>st</sup> August 2017 are attached and indicate that:

### **COUNCIL FUND REVENUE ACCOUNT( Appendix A)**

Overall, the monitoring report forecasts an end of year overspend of £1,706k on the Authority's net revenue budget with an overspend at departmental level of £2,829k.

#### Chief Executive's Department

The Chief Executive Department is anticipating an overspend of £431k for the year.

In relation to the application of Standby and Health & Safety training, proposed savings have yet to be fully achieved £509k. Work is ongoing with the TIC teams in relation to delivering the full efficiencies identified.

The Regeneration, Policy and Property Division is anticipating breaking even for the year.

The Admin & Law division is showing an £18k underspend as a result of vacant posts of £50k. This is offset by a shortfall in meeting the income target in Land Charges of £13k as fees are set nationally and not increased with inflation, along with an increase in webcasting costs of £14k

The People Management & Performance Division is expected to underspend by £65k as a result of vacant posts during the year.

#### Department for Communities

The Department for Communities is forecasting an overspend of £994k for the year.

Services supporting Older People / Physical Disabilities are projecting an overspend of £377k; £77k on Residential Care, £90k on Domiciliary Care and £40k on Group Homes / Supported Living settings. The Careline service is showing an overspend of £168k due to a reduction in the number of connections provided to other local authorities.

Learning Disabilities is projecting £612k overspend; £223k on Residential Care, £227k on Supported Living / Group Homes and £161k on Day Services.

Support Services are anticipating an overspend of £4k; Leisure Services are expecting to break even and Housing & Public Protection Services are also predicting a nil variance

## Corporate Services

The Corporate Services Department is projecting a £221k underspend for the year. This is as a result of staff vacancies of £189, a £60k reduction in grant audit fees and an £11k bank charges saving.

This is offset by an anticipated £29k charge for costs relating to sales of assets.

## Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £1,092k at year end.

The main adverse budget variations relate to: new school based EVR and redundancy costs £258k; Special Educational Needs statements £166k; School Modernisation property decommissioning and cost of sales £330k (which includes £256k NNDR); Special guardianship orders to keep children with their families and boarded out allowances £194k, rurality impact on fostering staffing and client travel £54k; increased number of cases entering the Legal system £198k; income from school meals lower than predicted £68K; increased staffing costs at Garreglwyd Residential Unit £60k; and a shortfall in the Music Service SLA income from schools £201k

These are partially offset by under-spends across the department in: staff vacancies and secondments -£475k and reduced numbers in Early years non maintained provision -£73k.

## Environment

The department is anticipating an overspend of £533k for the year.

The Highways and Transport division is projecting a £238k overspend. This is due to a £274k overspend in car parks as a result of the non achievement of income targets and a £41k overspend on school transport following an initial assessment of demand. This is offset by underspends in Passenger transport of £41k due to tender efficiencies and a £38k underspend in Public rights of way due to vacant posts.

The Property Division anticipates an overall underspend of £98k. This is due to vacant posts (£39k) and currently high occupancy levels within industrial premises resulting in additional income

The Waste and Environmental Services are expecting to break even overall.

The Business Support & Performance division are also expecting to break even.

The Planning Division is anticipating a £392k overspend. This is due to a decrease in planning applications and the resultant loss of income £482k which is being offset by charging out staff time as a direct cost -£24k, release of prior year waste planning report underspend from reserve -16k and reduction in planning admin expenditure -£30k and additional street naming income -£10k

## Capital Charges

Reduced borrowing/interest savings

The HRA is predicting a £21k underspend to the year end.  
Repairs and maintenance is £18k over budget due to the responsive maintenance element of the budget.

Supervision and Management costs are forecasted to be overspent by £84k primarily due to premises related expenses energy costs £104k and increased spend on supplies and services £17k , offset by savings on travelling expenses -£10k and staffing costs/recharges -£27k due to vacancies.

Predicted increased costs on central recharges will result in £13k overspend on the budget.

Capital financing charges will be £137k greater than budgeted due to a slight increase in interest rates.

Reduction in the provision required for debt write-offs , based on arrears levels and age debt analysis to year end of - £248k

Rental income/service charges/other income is forecasted to be - £25k higher due primarily to a small variation in void predictions.

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED ?	YES
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## IMPLICATIONS

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

Signed: Chris Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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**1. Finance**

Council Fund

Overall, the Authority is forecasting an overspend of £1,706k.

HRA

The HRA is forecasting that it will be £21k under its approved budget.

## CONSULTATIONS

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

Signed: Chris Moore

Director of Corporate Services

**1. Scrutiny Committee – Not applicable**

**2. Local Member(s) – Not applicable**

**3. Community / Town Council – Not applicable**

**4. Relevant Partners – Not applicable**

**5. Staff Side Representatives and other Organisations – Not applicable**

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

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

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2017/18 Budget		Corporate Services Department, County Hall, Carmarthen

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## REPORT OF THE DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD - 27th November 2017

## COUNCIL'S BUDGET MONITORING REPORT 2017/18 as at 31st August 2017

Director and Designation	Author & Designation	Telephone No	Directorate
C Moore Director of Corporate Services	C Moore, Director of Corporate Services	01267 224120	Corporate Services

Table 1

Forecasted for year to 31st August 2017

Department	Working Budget				Forecasted				Aug 17	Jun 17
	Controllable	Controllable	Net Non	Total	Controllable	Controllable	Net Non	Total	Forecasted Variance for Year	Forecasted Variance for Year
	Expenditure	Income	Controllable	Net	Expenditure	Income	Controllable	Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Chief Executive	24,086	-7,975	-3,192	12,919	25,026	-8,483	-3,192	13,351	431	555
Communities	129,279	-49,097	9,706	89,888	130,500	-49,324	9,705	90,882	994	950
Corporate Services	76,119	-51,067	-1,526	23,526	78,931	-54,100	-1,526	23,305	-221	-208
Education & Children	157,449	-19,300	22,876	161,024	167,507	-28,266	22,876	162,116	1,092	1,389
Environment	127,168	-86,903	8,808	49,073	122,726	-81,928	8,808	49,606	533	513
<b>Departmental Expenditure</b>	<b>514,101</b>	<b>-214,342</b>	<b>36,672</b>	<b>336,430</b>	<b>524,689</b>	<b>-222,101</b>	<b>36,671</b>	<b>339,259</b>	<b>2,829</b>	<b>3,198</b>
Capital Charges/Interest				-11,517				-12,217	-700	-500
<b>Levies and Contributions:</b>										
Brecon Beacons National Park				138				138	0	0
Mid & West Wales Fire & Rescue Authority				9,349				9,349	0	0
<b>Net Expenditure</b>				<b>334,400</b>				<b>336,529</b>	<b>2,129</b>	<b>2,698</b>
Transfer from Balances/Earmarked Reserves				-200				-200	0	0
Transfers to/from Departmental Reserves										
- Corporate Services				0				110	110	104
- Environment				0				-533	-533	-513
<b>Net Budget</b>				<b>334,200</b>				<b>335,906</b>	<b>1,706</b>	<b>2,289</b>

**Chief Executive Department  
Budget Monitoring as at 31st August 2017**

Page 90

Division	Working Budget				Forecasted				Aug 17 Forecasted Variance for Year £'000	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Chief Executive	-284	0	-322	-606	226	0	-322	-95	511	484
People Management & Performance	3,714	-1,072	-2,375	267	3,798	-1,221	-2,375	203	-65	0
Admin and Law	3,919	-550	1,094	4,463	3,875	-523	1,094	4,445	-18	-81
ICT	4,479	-826	-3,823	-169	4,499	-845	-3,823	-169	0	0
Major Projects	101	-76	0	25	400	-375	0	25	0	-0
Regen, Policy & Property										
Policy	5,162	-1,169	-1,748	2,245	5,268	-1,264	-1,749	2,256	11	141
Statutory Services	1,107	-2	141	1,246	1,395	-306	141	1,230	-16	17
Property	1,111	-1,269	157	-0	1,114	-1,255	157	17	17	-7
Regeneration	4,778	-3,013	3,683	5,449	4,451	-2,694	3,683	5,440	-9	1
<b>GRAND TOTAL</b>	<b>24,086</b>	<b>-7,975</b>	<b>-3,192</b>	<b>12,919</b>	<b>25,026</b>	<b>-8,483</b>	<b>-3,192</b>	<b>13,351</b>	<b>431</b>	<b>555</b>

## Chief Executive Department - Budget Monitoring as at 31st August 2017

### Main Variances

Division	Working Budget		Forecasted		Aug 17 Variance for Year £'000	Notes	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
<b>Chief Executive</b>							
Corporate Savings Target	-584	0	-75	0	509	Efficiency proposals not yet delivered (Standby £224k and Health & Safety £285k)	509
<b>People Management &amp; Performance</b>							
Fitness For Work	808	-352	856	-464	-65	Part year vacant posts	33
<b>Admin and Law</b>							
Democratic	1,684	0	1,699	0	14	Increase in web casting costs and increase in supplies and services	0
Land Charges Administration	81	-282	81	-270	12	Inflation increase applied to budget but fees are set therefore income target not achievable	12
Corporate Serv-Democratic	504	0	470	0	-34	Part year vacant posts	-35
Corporate Serv-Legal	1,522	-268	1,490	-253	-17	Part year vacant posts	-58
<b>ICT</b>							
Information Technology	3,426	-455	3,525	-515	40	Reduction in Fire SLA	39
Central Telephone Network	1,053	-370	974	-331	-40	Savings on supplies & services	-39
<b>Regeneration, Policy &amp; Property</b>							
<b>Policy</b>							
Performance Management	566	-50	503	-20	-32	Vacant post	4
Chief Executive-Policy	527	-63	529	-18	46	Income target not achievable	144
Customer Services Centres	1,092	-294	1,030	-295	-63	Vacant posts	-1
Safeguarding & Counter-Terrorism	0	0	85	0	85	Unfunded post	0
<b>Statutory Services</b>							
Electoral Services - Staff	265	0	250	0	-15	Vacant post	-0
<b>Property</b>							
Commercial Property - Chief Executives	29	-404	40	-400	16	Slight shortfall in income	0
<b>Regeneration</b>							
West Wales European Centre	425	-315	280	-143	26	Overspend due to projected non-achievement of income target	-0
Physical Regeneration	458	0	410	0	-48	Underspend due to staff vacancies	-0

**Chief Executive Department - Budget Monitoring as at 31st August 2017**  
**Main Variances**

Division	Working Budget		Forecasted		Aug 17	Notes	Jun 17
	Expenditure	Income	Expenditure	Income	Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
UN Sir Gar	165	-125	140	-55	45	Overspend due to projected non-achievement of income target	0
Business Services	314	0	281	0	-33	Underspend due to staff vacancies	-3
<b>Other Variances</b>					-17		-51
<b>Grand Total</b>					<b>431</b>		<b>555</b>

**Department for Communities**  
**Budget Monitoring as at 31st August 2017**

Division	Working Budget				Forecasted				Aug 17 Forecasted Variance for Year £'000	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
<b>Adult Services</b>										
Older People	51,372	-17,885	2,216	35,703	51,378	-17,555	2,216	36,040	337	340
Physical Disabilities	6,100	-732	74	5,442	6,140	-731	74	5,482	40	-0
Learning Disabilities	30,733	-8,534	1,199	23,398	31,378	-8,566	1,199	24,011	612	625
Mental Health	9,347	-3,454	125	6,018	9,353	-3,460	125	6,018	0	-1
Support	4,910	-1,740	799	3,969	5,186	-2,011	799	3,974	4	-14
<b>Public Protection &amp; CF Housing</b>										
Public Protection	2,968	-712	535	2,792	2,954	-703	535	2,785	-7	0
Council Fund Housing	8,931	-8,124	294	1,101	9,324	-8,510	294	1,108	7	-0
<b>Leisure &amp; Recreation</b>										
Leisure & Recreation	14,917	-7,916	4,464	11,465	14,787	-7,787	4,464	11,464	-0	-0
<b>GRAND TOTAL</b>	<b>129,279</b>	<b>-49,097</b>	<b>9,706</b>	<b>89,888</b>	<b>130,500</b>	<b>-49,324</b>	<b>9,705</b>	<b>90,882</b>	<b>994</b>	<b>950</b>

## Department for Communities - Budget Monitoring as at 31st August 2017

### Main Variances

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Division	Working Budget		Forecasted		Aug 17 Variance for Year £'000	Notes	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
<b>Adult Services</b>							
<b>Older People</b>							
Older People - Private/ Vol Homes	19,022	-8,851	18,963	-8,715	77	Increase in cost pressures / yet to meet budget reductions	200
Older People - Private Home Care	9,210	-2,201	9,300	-2,201	90	Increase in cost pressures / yet to meet budget reductions	133
Older People - Careline	1,128	-1,394	1,106	-1,204	168	Additional staffing costs in respect of new Information, Advice & Assistance requirement of SSWBA; reduction n income due to loss of contract with another local authority.	-0
<b>Physical Disabilities</b>							
Phys Dis - Group Homes/Supported Living	1,391	-118	1,432	-118	41	Increase in cost pressures / yet to meet budget reductions	-0
<b>Learning Disabilities</b>							
Learn Dis - Private/Vol Homes	9,828	-3,232	10,263	-3,445	223	Increase in cost pressures / yet to meet budget reductions	255
Learn Dis - Group Homes/Supported Living	5,945	-1,007	6,173	-1,007	227	Increase in cost pressures / yet to meet budget reductions	200
Learn Dis - Day Services	3,107	-262	3,266	-260	161	Increase in cost pressures / yet to meet budget reductions	172
<b>Other Variances - Adult Services</b>					6		-9
<b>Public Protection</b>							
Diseases Of Animals	33	-2	33	-15	-14	Overachievement of income - re. survey work	-14
Fair Trading	137	-14	137	-27	-13	Overachievement of income - court fees	-12
Safety	65	-19	69	-11	11	General underachievement of income - court fees	11
<b>Other Variances - Public Protection</b>					9		15
<b>Council Fund Housing</b>							
Home Improvement (Non HRA)	475	-301	456	-260	22	Underachievement of licence fee income due to changes in licencing laws	20
Homelessness	161	-64	138	-60	-19	Underspend in Homelessness prevention payments covering the underachievement of licence fee income in Home Improvement	-26
<b>Other Variances - Council Fund Housing</b>					4		6

**Department for Communities - Budget Monitoring as at 31st August 2017**  
**Main Variances**

Division	Working Budget		Forecasted		Aug 17	Notes	Jun 17
	Expenditure	Income	Expenditure	Income	Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Leisure &amp; Recreation</b>							
Pembrey Ski Slope	291	-253	328	-330	-41	Overachieving income re new catering outlet	-0
Carmarthen Leisure Centre	1,212	-1,209	1,194	-1,159	31	Underachieving income	8
Amman Valley Leisure Centre	695	-554	691	-626	-76	Increased income forecast from Gym/Swim	-61
Sport & Leisure General	825	-59	850	-59	25	Increased marketing has resulted in an increase of £14k Printing and£11k Promotions costs	26
Llanelli Leisure Centre	1,110	-958	1,106	-930	24	Underachieving income	8
<b>Other Variance - Leisure &amp; Recreation</b>					36		20
<b>Grand Total</b>					<b>994</b>		<b>950</b>

**Corporate Services Department  
Budget Monitoring as at 31st August 2017**

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Division	Working Budget				Forecasted				Aug 17 Forecasted Variance for Year £'000	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Financial Services	7,871	-3,751	-3,524	596	7,767	-3,739	-3,524	504	-92	-80
Audit Risk & Procurement	1,257	-28	-1,049	179	1,169	-28	-1,049	91	-88	-81
Performance & Development	136	0	-256	-120	138	-0	-256	-118	2	-0
Other Services	66,855	-47,288	3,303	22,870	69,857	-50,332	3,303	22,828	-42	-47
<b>GRAND TOTAL</b>	<b>76,119</b>	<b>-51,067</b>	<b>-1,526</b>	<b>23,526</b>	<b>78,931</b>	<b>-54,100</b>	<b>-1,526</b>	<b>23,305</b>	<b>-221</b>	<b>-208</b>



## Corporate Services Department - Budget Monitoring as at 31st August 2017

### Main Variances

Division	Working Budget		Forecasted		Aug 17	Notes	Jun 17
	Expenditure	Income	Expenditure	Income	Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Financial Services</b>							
Accountancy	1,665	-302	1,651	-351	-63	Vacant posts	-51
Local Taxation	881	-720	838	-689	-12	Vacant posts	-0
Payments	486	-83	473	-83	-13	Part year vacant post	-10
<b>Audit Risk &amp; Procurement</b>							
Audit	610	-21	510	-21	-101	Part year vacant posts	-48
Risk Management	132	-2	145	-2	14	Maternity cover	2
<b>Other Services</b>							
Audit Fees	373	-86	311	-84	-60	Reduction in grant audit fees	-60
Bank Charges	63	0	52	0	-11	Savings in bank tender in 2013/14	-11
Miscellaneous Services	3,873	-112	3,864	-75	29	Projected overspend due to cost of sales of assets being a charge to revenue	23
<b>Other Variances</b>					-3		-54
<b>Grand Total</b>					<b>-221</b>		<b>-208</b>

**Department for Education & Children**  
**Budget Monitoring as at 31st August 2017**

Division	Working Budget				Forecasted				Aug 17 Forecasted Variance for Year £'000	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Director & Strategic Management	788	0	-148	640	763	0	-148	615	-25	-54
Education Services Division	117,510	-1,755	19,152	134,907	118,303	-1,911	19,152	135,544	637	742
Strategic Development	9,207	-7,431	881	2,657	9,217	-7,414	881	2,683	26	-37
School Improvement	3,795	-1,469	504	2,830	10,360	-8,033	504	2,832	2	1
Learner Programmes	3,882	-2,776	384	1,490	5,252	-4,000	384	1,637	147	149
Children's Services	22,267	-5,870	2,103	18,501	23,611	-6,908	2,103	18,806	305	588
<b>GRAND TOTAL</b>	<b>157,449</b>	<b>-19,300</b>	<b>22,876</b>	<b>161,024</b>	<b>167,507</b>	<b>-28,266</b>	<b>22,876</b>	<b>162,116</b>	<b>1,092</b>	<b>1,389</b>

**Department for Education & Children - Budget Monitoring as at 31st August 2017**  
**Main Variances**

Division	Working Budget		Forecasted		Aug 17 Variance for Year £'000	Notes	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
<b>Director &amp; Strategic Management</b>							
Director & Management Team	788	0	763	0	-25	Part year vacant post	-54
<b>Education Services Division</b>							
School Redundancy & EVR	1,838	0	2,095	0	258	Budget utilised on existing commitments. A cross-departmental team is drawing together different strands of work with the aim of reducing costs	217
School Modernisation	93	-5	427	-10	330	Premises costs relating to a number of closed schools of which £256k relates to NNDR	314
Early Years Non-Maintained Provision	469	0	396	0	-73	Reduced take-up of 10 hours per week free entitlement for 3 year olds in non-maintained settings.	-52
Special Educational Needs	2,912	-1,484	3,013	-1,418	166	Additional statementing costs £280k, increased staffing costs in attached units to alleviate waiting list pressures £25k offset by fewer pupils placed in out of county schools -£64k. Education Improvement Grant, Pupil centred Planning and Additional Learning Needs (ALN) Innovation grant offsetting salary costs -£75k.	268
Education Other Than At School (EOTAS)	2,028	-266	2,076	-301	13	Increased cost of home tutors due to more pupils receiving home tuition £91k offset by an increased number of pupils attending Pupil Referral Units and Rhydygors Day Centre resulting in additional recoupment from schools £-78k	-7
Sensory Impairment	363	0	347	0	-16	In year efficiencies within service	-15
Educational Psychology	900	0	1,048	-181	-34	Part year vacant posts	5
<b>Strategic Development</b>							
Business Support	448	0	420	0	-28	Part year vacant posts	-18
School Meals & Primary Free Breakfast Services	7,968	-7,151	7,936	-7,052	68	Sales in the summer term are lower than that predicted, and lower than the same period in the previous two years.	0
<b>Learner Programmes</b>							
Music Services for Schools	99	0	1,249	-949	201	Reduced take-up of school Service Level Agreements (SLA), due to school budgetary pressures.	203
Behaviour Management	141	0	88	0	-53	Part year vacant post for Behaviour and Wellbeing manager	-53

**Department for Education & Children - Budget Monitoring as at 31st August 2017**  
**Main Variances**

Division	Working Budget		Forecasted		Aug 17 Variance for Year £'000	Notes	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
<b>Children's Services</b>							
Commissioning and Social Work	6,488	-20	6,647	-204	-25	High Legal costs projected due to a high number of cases £198k however this has reduced from June due to a case now not going to High Court. This is offset by secondment and part year vacancy savings -£223k.	104
Fostering Services & Support	3,653	0	3,831	0	178	The taxi's budget faces ongoing pressure £54k due to the high number of placement moves, some away from school areas. The Fostering Support Team have increased transport costs, boarding out payments and residence orders (even though CCC current rates are set at the minimum allowed by Welsh Government) £194k. This is offset by part year vacancies in the Fostering Team -£70k.	211
Out of County Placements	739	-54	875	-54	136	More use of independent fostering agencies that are more expensive to use due to a lack of in house foster placements including two young people being accommodated out of county due to their complex needs requiring 24 hour support.	204
Adoption Services	509	-56	630	-152	25	Additional staff resource to reduce the number of placements needing to be purchased at greater cost which reduces budget pressure in other areas.	12
Short Breaks and Direct Payments	568	-79	549	-79	-19	Reduced take up of Direct Payments scheme -£9k, Discontinuation of the Giant Steps service -£10k	39
Flying Start Grant	3,542	-3,536	3,554	-3,536	12	Ineligible costs such as audit fees	12
Family Aide Services	224	0	154	0	-70	Part year vacant posts	-53
Children's Services Mgt & Support (incl Care First)	946	-76	1,001	-148	-18	Support team savings on supplies & services	-31
Garreglwyd Residential Unit	541	-159	662	-221	60	Additional staffing costs to cover periods of sickness and a young person being moved in which reduces the out of county placement costs.	35
Education Welfare	387	0	474	-74	12	Staffing levels are currently being reviewed with a view to reduce costs.	33
<b>Other Variances</b>					-4		16
<b>Grand Total</b>					<b>1,092</b>		<b>1,389</b>

**Environment Department**  
**Budget Monitoring as at 31st August 2017**

Division	Working Budget				Forecasted				Aug 17 Forecasted Variance for Year £'000	Jun 17 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Business Support & Performance	2,269	-0	36	2,305	2,311	-42	36	2,305	-0	-0
Waste & Environmental Services	24,834	-8,536	1,608	17,907	24,128	-7,829	1,608	17,907	0	0
Highways & Transportation	58,553	-40,590	8,328	26,291	54,051	-35,850	8,328	26,529	238	212
Property	37,839	-35,532	-1,595	712	38,516	-36,306	-1,595	614	-98	-76
Planning	3,673	-2,245	429	1,858	3,721	-1,901	429	2,250	392	376
<b>GRAND TOTAL</b>	<b>127,168</b>	<b>-86,903</b>	<b>8,808</b>	<b>49,073</b>	<b>122,726</b>	<b>-81,928</b>	<b>8,808</b>	<b>49,606</b>	<b>533</b>	<b>513</b>

## Environment Department - Budget Monitoring as at 31st August 2017

### Main Variances

Division	Working Budget		Forecasted		Aug 17	Notes	Jun 17
	Expenditure	Income	Expenditure	Income	Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Waste &amp; Environmental Services</b>							
Green Waste Collection	0	0	128	-100	27	The green waste collection service is not yet self-financing	63
Closed Landfill Sites Nantycaws	144	0	129	0	-15	Reduced licence fee premiums from NRW and reduced operational activity that reflects the reduction in environmental risks associated with leachate control and treatment as a result of the sustained success of the new leachate treatment plant.	-15
Closed Landfill Sites Wernddu	87	0	72	0	-15	As per estimated works to be conducted on site this year – budget review to be undertaken	-16
<b>Highways &amp; Transportation</b>							
Passenger Transport	4,355	-2,957	4,957	-3,601	-41	Tender and service efficiencies.	-36
School Transport	10,392	-1,077	10,443	-1,087	41	Estimated overspend based on an initial assessment of demand.	36
Car Parks	1,772	-3,311	1,792	-3,057	274	£36k Change in John/St Peters short/long delayed due to major works affecting the car park in 2016/17. Unachievable income target as the income target is increased every year but parking fees have not been increased. PCN income also lower than anticipated	263
Public Rights Of Way	237	-11	205	-17	-38	Underspend due to vacant posts, recruitment process underway	-72
<b>Property</b>							
Strategic Asset Management Business Unit	580	-80	578	-116	-39	Vacant posts	-38
Industrial Premises	368	-1,290	309	-1,260	-30	Based on high occupancy levels which could vary throughout the year	-28
Livestock Markets	38	-179	62	-225	-23	Dependent on variable turnover rent.	8

**Environment Department - Budget Monitoring as at 31st August 2017**  
**Main Variances**

Division	Working Budget		Forecasted		Aug 17	Notes	Jun 17
	Expenditure	Income	Expenditure	Income	Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Planning</b>							
Planning Admin Account	327	-3	416	-131	-39	Reduced expenditure (£29k) to partly offset under-achievement of Planning Application Fee income. Also projected over-achievement of Street naming and numbering income. (£10k)	-13
Minerals	259	-122	280	-167	-24	Underspend mainly due to charging out of staff to projects as a 'direct cost'.	-36
Development Management	1,392	-1,251	1,327	-704	482	Ongoing shortfall in income	442
Waste planning monitoring report (E)	25	-25	10	-27	-16	2016/17 underspend was held in reserves, pending WG confirmation that specific outcomes have been achieved and that there will be no clawback of grant. This has now been confirmed, so surplus released back into revenue account.	0
<b>Other Variances</b>					-11		-45
<b>Grand Total</b>					<b>533</b>		<b>513</b>

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## Housing Revenue Account - Budget Monitoring as at 31st August 2017

	Working Budget	Forecasted Actual	Aug 2017	Notes	Jun 2017
	£'000	£'000	Variance for Year £'000		Previous period forecasted variance for Year £'000
<b>Expenditure</b>					
<b>Repairs &amp; Maintenance</b>					
Responsive	1,720	1,738	18	Under recovery of income from tenant rechargeables in Building Services	10
Minor Works	2,749	2,749	0		0
Voids	2,297	2,297	0		0
Servicing	1,575	1,575	0		0
Drains & Sewers	125	125	0		0
Grounds	715	715	0		0
Unadopted Roads	100	100	0		0
<b>Supervision &amp; Management</b>					
Employee	3,959	3,927	-32	Underspend mainly due to vacant posts not being filled in the first few months of the year	18
Premises	1,327	1,431	104	Overspend in utilities £71k mainly as a result of transferring from British Gas for the electric supply plus an overspend in Rent payments £56k offset by an underspend in Repairs -£23k	2
Transport	67	57	-10	Forecast underspend in travelling costs	-13
Supplies	1,431	1,448	17	Overspend in Fees £18k and misc payments £27k offset by underspends in Postages -£15k, Computer equipment and maintenance -£11k and other -£2k	-15
Recharges	1,127	1,132	5		-0
Provision for Bad Debt	472	224	-248	Provision for bad debt adjustment includes an estimate for write offs based on current data available	-231
Capital Financing Cost	13,940	14,077	137	The interest rate on borrowing was budgeted at 4.57% whereas the actual rate is currently 4.63%	0
Central Support Charges	1,560	1,573	13	Budget to be adjusted to accommodate the 1% increase in Central Recharges	13
DRF	3,793	3,793	0		0
<b>Total Expenditure</b>	<b>36,957</b>	<b>36,962</b>	<b>4</b>		<b>-216</b>

## Housing Revenue Account - Budget Monitoring as at 31st August 2017

	Working Budget £'000	Forecasted Actual £'000	Aug 2017 Variance for Year £'000	Notes	Jun 2017 Previous period forecasted variance for Year £'000
<b>Income</b>					
Rents	-37,739	-37,783	-44	Void loss prediction at budget setting of 2.1% currently forecast at 2%	-21
Service Charges	-739	-718	21	Forecast small underachievement of service charge income	15
Supporting People	-135	-135	0		0
Mortgage Interest	-3	-3	0		0
Interest on Cash Balances	-46	-46	0		0
Grants	0	0	0		0
Insurance	0	0	0		0
Other Income	-584	-586	-2		-4
<b>Total Income</b>	<b>-39,245</b>	<b>-39,270</b>	<b>-25</b>		<b>-10</b>
<b>Net Expenditure</b>	<b>-2,288</b>	<b>-2,309</b>	<b>-21</b>		<b>-226</b>

HRA Reserve	£'000
Balance b/f 1/4/17	14,011
Budgeted movement in year	2,288
Variance for the year	21
Balance c/f 31/3/18	<b>16,320</b>

## Executive Board 27<sup>th</sup> November 2017

### CAPITAL PROGRAMME 2017-18 UPDATE

Purpose: To report the variances within the capital programme

#### RECOMMENDATIONS / KEY DECISIONS REQUIRED:

That Executive Board:

- A - Receive the current capital programme 2017/18 update budget monitoring report (Appendix A & B).
- B - Receive for information the re-profiled 5 year Capital Programme 2017/18 – 2021/22 as detailed in Appendix C

#### REASONS:

Part A:

To provide Executive Board with an update of the latest budgetary position for the 2017/18 capital programme as at the 31<sup>st</sup> August 2017

Part B:

To provide Executive Board with the re-profiled 5 year capital programme 2017/18 – 2021/22.

#### Relevant scrutiny committees to be consulted

N/A

Exec Board Decision Required	YES
Council Decision Required	NO

#### EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr David Jenkins

<b>Directorate:</b> Corporate Services <b>Name of Director of Corporate Services:</b> Chris Moore <b>Report Author:</b> Chris Moore	<b>Designation:</b> Director of Corporate Services	<b>Tel No.</b> 01267 224120 <b>E Mail Address:</b> Cmoore@carmarthenshire.gov.uk
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# EXECUTIVE SUMMARY

## Preliminary Executive Board

### 27<sup>th</sup> November 2017

Part A provides members with an update on the capital programme spend against budget for 2017/18 as at the 31<sup>st</sup> August 2017. Detail within Appendix A & B

Part B updates Executive Board with the re-profiled 5 year Capital Programme for the period up to 2021/22 approved in line with the Managing Capital document. Detailed in Appendix C.

#### Variances

**Appendix A** which is shown departmentally, shows a forecasted net spend of £50,361k compared with a working net budget of £80,788k giving a **£-30,427k** variance. The variance will be slipped into future years, as the funding will be required to ensure that the schemes are completed over a longer timescale.

**Appendix B** details the main variances within each department.

**Appendix C** details the re-profiled 5 year capital programme from which £28,343k of the variances within 2017/18 have been adjusted to future years of the 5 year capital programme in accordance with the managing capital document. The updated capital programme takes account of the revised project delivery timelines. Projects are forecasted to be within the same resources as the original capital programme approved in February 2017.

DETAILED REPORT ATTACHED ?	YES
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## IMPLICATIONS

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

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

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

### Finance

The capital programme monitoring forecasts an in year variance of **£-30.427m**, of which **£28.343m** has been re-profiled into the future years of the 5 capital programme as per Part B of the report.

### Physical Assets

The capital programme will have an impact on the physical assets of the Authority.

## CONSULTATIONS

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

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

### 1. Scrutiny Committee

Relevant Scrutiny Committees will be consulted.

**2. Local Member(s) N/A**

**3. Community / Town Council N/A**

**4. Relevant Partners N/A**

**5. Staff Side Representatives and other Organisations N/A**

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

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

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2017-18 Capital Programme		Corporate Services Dept, County Hall, Carmarthen

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<b>Capital Programme 2017/18</b>							
<b>Capital Budget Monitoring - Report for August 2017</b>							
	<b>Working Budget</b>			<b>Forecasted</b>			
<b>DEPARTMENT</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Net £'000</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Net £'000</b>	<b>Variance for Year £'000</b>
<b>COMMUNITIES</b>							
- Public Housing	21,087	-6,170	14,917	20,436	-6,190	14,246	-671
- Private Housing	3,315	-688	2,627	3,317	-690	2,627	0
- Social Care	8,164	-629	7,535	1,228	-629	599	-6,936
- Leisure	16,479	-3,405	13,074	2,308	-120	2,188	-10,886
<b>ENVIRONMENT</b>	18,134	-5,201	12,933	15,825	-5,092	10,733	-2,200
<b>EDUCATION &amp; CHILDREN</b>	27,227	-10,532	16,695	24,727	-10,643	14,084	-2,611
<b>CORPORATE SERVICES</b>	2,305	0	2,305	1,943	-49	1,894	-411
<b>CHIEF EXECUTIVE</b>							
- Regeneration	10,734	-32	10,702	5,478	-1,488	3,990	-6,712
<b>TOTAL</b>	<b>107,445</b>	<b>-26,657</b>	<b>80,788</b>	<b>75,262</b>	<b>-24,901</b>	<b>50,361</b>	<b>-30,427</b>

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## Capital Programme 2017/18

## Capital Budget Monitoring - Report for August 2017 - Main Variances

DEPARTMENT/SCHEMES	Working Budget			Forecasted			Variance for Year £'000	Comment
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
<b>COMMUNITIES</b>								
<b>- Public Housing</b>	<b>21,087</b>	<b>-6,170</b>	<b>14,917</b>	<b>20,436</b>	<b>-6,190</b>	<b>14,246</b>	<b>-671</b>	
Sheltered Housing Investment	505	0	505	333	0	333	-172	Reduced number of boilers scheduled for replacement in 17/18. Funding to be utilised in 18/19 as committed for further sheltered homes boiler replacements.
Planned M&E Works - Inc Smoke Detectors (PSW)	318	0	318	610	0	610	292	High level of boiler shut downs/replacement works.
Adaptations and DDA Works (Building Services)	900	0	900	1,293	0	1,293	393	Increase in demand and additional large scale adaptations.
Stock Condition Survey 2017/18 - Cost Certainty Gaps and Verification	150	0	150	50	0	50	-100	Work has commenced on identifying the gaps in information that require a stock condition survey to complete the cost certainty exercise for the 30 year Business Plan. Work has also commenced on developing a joint approach between Housing and Property to data storage which needs to be in place prior to commencing a whole scale stock condition survey. Slippage in expenditure is anticipated for 2017/18. However, this will be required for funding the 2018/19 and future stock condition survey(s).
Housing Development Programme (New builds & Stock Increase Programme)	11,817	0	11,817	10,753	0	10,753	-1,064	Housing Development Programme being re-profiled to take account of slight slippage in council new build programme due to unforeseen circumstances. Stock increase programme being brought forward allowing affordable home target (225 during 2017/18) to be delivered. By end of 2017/18 (year 2 of delivery programme) nearly 400 additional affordable homes will have been delivered. New build will form greater percentage of programme in Years 3, 4 and 5 as we look to deliver 1000 homes over the five year period.
Other Projects with Minor Variances	7,397	-6,170	1,227	7,397	-6,190	1,207	-20	
<b>- Private Housing</b>	<b>3,315</b>	<b>-688</b>	<b>2,627</b>	<b>3,317</b>	<b>-690</b>	<b>2,627</b>	<b>0</b>	No major variances
<b>- Social Care</b>	<b>8,164</b>	<b>-629</b>	<b>7,535</b>	<b>1,228</b>	<b>-629</b>	<b>599</b>	<b>-6,936</b>	
Learning Disabilities Accomodation Developments	228	0	228	50	0	50	-178	Options being considered for the modernisation of Learning Disability service provision in response to the Social Services and Wellbeing Act.
Extra Care - Llanelli Area	6,958	0	6,958	200	0	200	-6,758	Budget being re-profiled to reflect investment that will be needed in existing care home provision, as well as any extra provision that may be identified. Detailed work is being undertaken on confirming future needs around nursing, residential (including EMI), extra care and sheltered housing as well as future standards.
Other Projects with Minor Variances	978	-629	349	978	-629	349	0	

## Capital Programme 2017/18

## Capital Budget Monitoring - Report for August 2017 - Main Variances

DEPARTMENT/SCHEMES	Working Budget			Forecasted			Variance for Year £'000	Comment
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
<b>- Leisure</b>	<b>16,479</b>	<b>-3,405</b>	<b>13,074</b>	<b>2,308</b>	<b>-120</b>	<b>2,188</b>	<b>-10,886</b>	
Llanelli Leisure Centre - New Development	8,000	-2,000	6,000	0	0	0	<b>-6,000</b>	Scheme linked to Delta Lakes well-being village. Capital needs to be re-profiled and slipped forward.
Rights of Way Bridge Strengthening Programme	622	-200	422	100	0	100	<b>-322</b>	£150k to slip to 18/19 to ensure priority works are completed. Remaining budget being considered for other priority schemes within department.
Strategic Open Spaces - Site Development & Linkages	800	-400	400	0	0	0	<b>-400</b>	Budget being considered for other priority schemes within department.
Carmarthen Museum - Abergwili	712	0	712	50	0	50	<b>-662</b>	Delay due to the need for further ecological surveys. Budget committed in future years to ensure works are completed.
Carmarthenshire Archives Relocation	1,952	0	1,952	150	0	150	<b>-1,802</b>	Design development 2016/17. Scheme being tendered in late Summer 2017, with start date on site in Spring 2018. Likely slippage to 2018/19.
Burry Port Harbour Dredging	775	0	775	173	0	173	<b>-602</b>	Sand dredging completed for Summer 2017. Licenses being applied for silt dredging, which may result in slippages on profiled spend.
Burry Port Harbour Wall - 2017-2026	430	0	430	50	0	50	<b>-380</b>	Engineering design officers have commissioned Atkins to progress with detailed feasibility works, consents and license applications for works to be commissioned. Potential slippage due to lead-in on works to listed structure.
Pembrey Country Park - Strategic Infrastructure Development	1,258	0	1,258	540	0	540	<b>-718</b>	Separate report to CMT with update on wider capital spend at PCP and the need for re-profiling.
Other Projects with Minor Variances	1,930	-805	1,125	1,245	-120	1,125	<b>0</b>	
<b>ENVIRONMENT</b>	<b>18,134</b>	<b>-5,201</b>	<b>12,933</b>	<b>15,825</b>	<b>-5,092</b>	<b>10,733</b>	<b>-2,200</b>	
Murray Street Car Park, Llanelli - Exp	198	0	198	98	0	98	<b>-100</b>	Expenditure profile being planned in accordance with whole of life care plan. Funding required for future year maintenance.
Bridge Strengthening & Replacement	1,193	0	1,193	739	0	739	<b>-454</b>	Scheme delays owing to land issues - funding will be slipped to 2018/19.
Carmarthen Western Link Road	1,596	-110	1,486	282	0	282	<b>-1,204</b>	Compulsory Purchase Inquiry set for November 2017 with likely decision in winter/spring 2018. Expenditure to complete the road construction is likely to slip to 2018/19.
Pantyglyn Retaining Wall, Llanybydder (Principal Road A485)	483	0	483	108	0	108	<b>-375</b>	Land acquisition currently in progress. Unlikely that negotiations will be finalised to complete construction works in 2017/18. Funding will be slipped to 18/19.
Other Projects with Minor Variances	14,664	-5,091	9,573	14,598	-5,092	9,506	<b>-67</b>	

## Capital Programme 2017/18

## Capital Budget Monitoring - Report for August 2017 - Main Variances

DEPARTMENT/SCHEMES	Working Budget			Forecasted			Variance for Year £'000	Comment
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
<b>EDUCATION &amp; CHILDREN</b>	<b>27,227</b>	<b>-10,532</b>	<b>16,695</b>	<b>24,727</b>	<b>-10,643</b>	<b>14,084</b>	<b>-2,611</b>	
MEP External Funding Income	0	-9,130	-9,870	0	-10,551	-10,551	<b>-681</b>	Re-Profile of MEP funding required due to profile of Band A Schemes Works.
Dinefwr Project - Dyffryn Aman	131	0	131	280	0	280	<b>149</b>	Additional Works on sports pitch.
Dinefwr Project - Maes Y Gwendraeth	133	0	133	200	0	200	<b>67</b>	Costs of additional works.
Dinefwr Project - Ysgol Bro Dinefwr	474	0	474	620	0	620	<b>146</b>	Costs of additional works.
Llangadog - Major Redevelopment	1,954	0	1,954	1,500	0	1,500	<b>-454</b>	Delay to commencing works on site, starting 1st Oct.
Burry Port Schools Development	191	0	191	110	0	110	<b>-81</b>	No overall scheme variance. Retention 2018-19
Ysgol Trimsaran - New School Building	1,813	0	1,813	3,170	0	3,170	<b>1,357</b>	Scheme progressed well in 17-18. No overall overspend.
Llandeilo Primary - Band B	203	0	203	50	0	50	<b>-153</b>	Band B, design only.
Ammanford Primary Band B	173	0	173	50	0	50	<b>-123</b>	Band B, design only.
Llanelli Vocational Village	132	0	132	32	0	32	<b>-100</b>	No overall scheme variance.
Ysgol Dewi Sant - Band A	2,779	0	2,779	500	0	500	<b>-2,279</b>	Scheme delayed due to land issues.
Rhydygors - Refurbishment/Re-configuration	568	0	568	20	0	20	<b>-548</b>	Pursuing various options on works.
Laugharne VCP Works	283	0	283	20	0	20	<b>-263</b>	Pursuing land options.
Carmarthen West New School - Phase 1	570	-570	0	570	0	570	<b>570</b>	Land acquisition funded from future S106 payments.
Rhys Prichard Relocation	505	0	505	100	0	100	<b>-405</b>	Delayed due to infrastructure issues.
MEP - Future Projects - Band B	329	0	329	506	0	506	<b>177</b>	Fees only to accelerate scheme
Other Projects with Minor Variances	16,989	-832	16,897	16,999	-92	16,907	<b>10</b>	

## Capital Programme 2017/18

## Capital Budget Monitoring - Report for August 2017 - Main Variances

DEPARTMENT/SCHEMES	Working Budget			Forecasted			Variance for Year £'000	Comment
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
<b>CORPORATE SERVICES</b>	<b>2,305</b>	<b>0</b>	<b>2,305</b>	<b>1,943</b>	<b>-49</b>	<b>1,894</b>	<b>-411</b>	
IT Strategy Developments	2,305	0	2,305	1,894	0	1,894	-411	All strategic projects within ICT Services have been reviewed and realigned with a clear programme of work now visible and transparent. Several initiatives will begin 17/18 with delivery completion expected 18/19, hence variance.
Other Projects with Minor Variances	0	0	0	49	-49	0	0	
<b>CHIEF EXECUTIVE</b>								
<b>- Regeneration</b>	<b>10,734</b>	<b>-32</b>	<b>10,702</b>	<b>5,478</b>	<b>-1,488</b>	<b>3,990</b>	<b>-6,712</b>	
Rural Enterprise Fund	2,997	-1,000	1,997	1,075	0	1,075	-922	Funds committed at stage 1, 9 projects have commenced construction and will complete in 17/18. The remaining third party projects will commence construction in 17/18, with a number of projects, the construction completion dates running into 18/19.
Transformation Commercial Property Development Fund	4,829	-1,830	2,999	622	0	622	-2,377	Fully committed at stage 1, but third party project delivery in 2017-18 and 2018/19.
Pendine Iconic International Visitors Destination	1,390	0	1,390	600	-600	0	-1,390	Profile to be adjusted as increased drawdown of Welsh Government Funding in 17/18. Funding required to ensure project delivery over the next three financial years.
Ammanford Town Centre Regeneration	423	0	423	75	0	75	-348	Budget to support the Ammanford Regeneration Development Grant. Applications received in 2016/17 and funding committed subject to detailed project approval however project delivery will be in 2017/18 and funding paid out retrospectively. Funding therefore needs to be rolled forward into 2017/18 and potentially 18/19 to meet these commitments.
Cross Hands East strategic Employment Site	720	0	720	109	0	109	-611	Final contractor payment and land compensation not incurred in 2016/17 - funding required to be rolled forward into 17/18 to meet these obligations.
Cross Hands East Enabling Fund	1,050	0	1,050	0	0	0	-1,050	Linked to anticipated WG funding package (Property Development Fund). Applications have been sought and funding committed in principle. Project delivery will be in 2017/18 and future years and funds will be paid out retrospectively. Funding has therefore been rolled forward into 2017/18 and may be required to be rolled forward to future years to meet this commitment.
Other Projects with Minor Variances	-675	2,798	2,123	2,997	-888	2,109	-14	
<b>TOTAL</b>	<b>107,445</b>	<b>-26,657</b>	<b>80,788</b>	<b>75,262</b>	<b>-24,901</b>	<b>50,361</b>	<b>-30,427</b>	

## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

### Capital Programme

COUNCIL FUND	County			County			County			County			County		
	Council Funding 17/18 (inc Slippage)	External Funding 2017/18 £'000	Total Scheme 2017/18 £'000	Council Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Scheme 2018/19 £'000	Council Funding 2019/20 £'000	External Funding 2019/20 £'000	Total Scheme 2019/20 £'000	Council Funding 2020/21 £'000	External Funding 2020/21 £'000	Total Scheme 2020/21 £'000	Council Funding 2021/22 £'000	External Funding 2021/22 £'000	Total Scheme 2021/22 £'000
<b>COMMUNITY SERVICES</b>															
<b>Private Sector Housing</b>															
Disabled Facility Grants	2,089		2,089	2,000		2,000	2,000		2,000	2,000		2,000	2,000		2,000
Emergency Repairs Assistance	569		569												
<b>Social Care</b>															
Llanelli Area Review	200		200	100		100	5,000		5,000	1,500		1,500	158		158
Carmarthen Extra Care	337		337												
Ammanford/Llandybie Extra Care	12		12												
Learning Disabilities	228		228												
<b>Leisure</b>															
<b>Sports &amp; Leisure</b>															
Llanelli Leisure Centre				1,000		1,000	4,000	1,000	5,000	7,000	2,500	9,500		1,000	1,000
AstroTurf Pitch (ATP) replacement at CLC													250		250
<b>Parks &amp; Countryside</b>															
Rights of Way Improvement Programme	151	50	201	50	50	100	50	50	100	50	50	100	50	250	300
Rights of Way Bridge Strengthening Programme	422	200	622												0
Strategic Open Spaces - site development and linkages	400	400	800												0
Pembrey Country Park Masterplan	540		540	718		718									0
Carmarthen Park Velodrome	256		256												0
Burry Port Harbour Dredging	173		173	602		602									0
Burry Port Harbour Wall Works	50		50	875		875	985		985						0
Closed Circuit Cycle Track	499		499												0
<b>Arts &amp; Culture</b>															
Oriel Myrddin Gallery Redevelopment, Carmarthen	211	750	961												0
<b>Libraries &amp; Museums</b>															
Carmarthenshire County Museum Abergwili	50		50	1,012		1,012	150		150						0
Carmarthenshire Archive Relocation	150		150	1,802		1,802									0
<b>Total Community Services</b>	<b>6,337</b>	<b>1,400</b>	<b>7,737</b>	<b>8,159</b>	<b>50</b>	<b>8,209</b>	<b>12,185</b>	<b>1,050</b>	<b>13,235</b>	<b>10,550</b>	<b>2,550</b>	<b>13,100</b>	<b>2,458</b>	<b>1,250</b>	<b>3,708</b>

## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

<b>Capital Programme</b>																
Page 118	COUNCIL FUND	County	External	Total	County	External	Total	County	External	Total	County	External	Total	County	External	Total
		Council Funding 17/18 (inc Slippage)	Funding 2017/18 £'000	Scheme 2017/18 £'000	Council Funding 2018/19 £'000	Funding 2018/19 £'000	Scheme 2018/19 £'000	Council Funding 2019/20 £'000	Funding 2019/20 £'000	Scheme 2019/20 £'000	Council Funding 2020/21 £'000	Funding 2020/21 £'000	Scheme 2020/21 £'000	Council Funding 2021/22 £'000	Funding 2021/22 £'000	Scheme 2021/22 £'000
	<b>ENVIRONMENT</b>															
	<b>Street Scene</b>															
	Highways Infrastructure															
	- Highways	750		750	600		600	600		600	600		600	600		600
	- Bridges	739		739	854		854	400		400	400		400	400		400
	Street Lighting Replacement & Upgrade	361		361	360		360									
	Coastal Defence	407		407												
	Pantyglyn Retaining Wall & Culvert	108		108	375		375									
	ParC Howard Play Equipment	9		9												
	<b>Transportation</b>															
	Multi Storey Car Park, Llanelli	198		198	60		60	60		60	60		60	60		60
	Road Safety Improvement Schemes	258	446	704	250		250	275		275	350		350	375		375
	Cross Hands Economic Link Road Phase 3	206	2,106	2,312		2,750	2,750	1,750	1,339	3,089	300	920	1,220	750	530	1,280
	Tywi Valley Cycle Way	299	762	1,061	325	878	1,203	550	750	1,300	500	750	1,250	500	750	1,250
	Ammanford Distributor Road Phase 3							100	50	150	150	25	175		150	150
	Llanelli Rail Station	25		25												
	Walking & Cycling Linkages	25	235	260	25	275	300	125	300	425	125	325	450	125	375	500
	Transport Interchange & Bus Corridor Improvements					25	25	20	5	25		100	100		100	100
	Safe Routes in the Communities	25	543	568		275	275	25	225	250	25	225	250	25	225	250
	Wind St/Trydail Junction Ammanford	125	985	1,110	25	1,925	1,950		90	90						
	A4138 Hendy Link Road	25		25	25	425	450	100	275	375	25	250	275		150	150
	Highway Junction Improvements/Signals Upgrade	25		25	25	110	135	25	135	160	25	110	135	25	25	50
	Carmarthen West New Road - Developer Contribution	282		282	1,204	110	1,314									
	Fleet Replacement - Prudential Borrowing	1,826		1,826												
	<b>Property</b>															
	Capital Maintenance	3,270		3,270	2,900		2,900	2,900		2,900	2,900		2,900	2,900		2,900
	County Farms - Farm houses & Outbuildings	570		570												
	St Davids Park	1,185		1,185												
	Glanamman Industrial Estate Redevelopment	935		935										1,000		1,000
	Llanelli Market	25		25												
	East Gate Fit Out	241		241												
	<b>Total Environment</b>	<b>11,919</b>	<b>5,077</b>	<b>16,996</b>	<b>7,028</b>	<b>6,773</b>	<b>13,801</b>	<b>6,930</b>	<b>3,169</b>	<b>10,099</b>	<b>5,460</b>	<b>2,705</b>	<b>8,165</b>	<b>6,760</b>	<b>2,305</b>	<b>9,065</b>

## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

### Capital Programme

COUNCIL FUND	County			County			County			County			County		
	Council Funding 17/18 (inc Slippage)	External Funding 2017/18 £'000	Total Scheme 2017/18 £'000	Council Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Scheme 2018/19 £'000	Council Funding 2019/20 £'000	External Funding 2019/20 £'000	Total Scheme 2019/20 £'000	Council Funding 2020/21 £'000	External Funding 2020/21 £'000	Total Scheme 2020/21 £'000	Council Funding 2021/22 £'000	External Funding 2021/22 £'000	Total Scheme 2021/22 £'000
<b>EDUCATION &amp; CHILDREN</b>															
<b>Modernising Education Programme</b>															
Dinefwr - Dyffryn Aman / Maes Y	738		738												
Gwendraeth / Bro Dinefwr															
Ysgol Carreg Hirfaen	75		75												
Burry Port - New School	191		191												
Coedcae Phase 1	1,583		1,583												
Seaside - New School	2,835	1,464	4,299	818		818									
Strade Phase 1	30		30												
Llanelli Vocational Village	132		132												
Trimsaran	1,453	360	1,813	1,300		1,300	144		144						
Cwm Tywi - New Area Primary School	516	1,439	1,955	1,064	1,000	2,064	100		100						
St John Lloyd Phase 1	922	1,536	2,458	38	73	111									
Ammanford Primary - Major Development	173		173	75		75	75		75	1,325	1,250	2,575	3,813	3,812	7,625
Llandeilo A	203		203	70		70	70		70	1,810	1,700	3,510	1,725	1,725	3,450
Parc Y Tywyn	3,712	2,339	6,051	1,275		1,275	170		170						
Carmarthen West New School	70	500	570	0	1,500	1,500	0	2,000	2,000					500	500
Pontyberem	88	1,000	1,088	1,000	1,000	2,000	800		800						
Provisions Expenditure	231		231												
21st Century Schools Band B	102		102	90		90	90		90	325	215	540			
Kidwelly Band B	7		7	10		10	10		10	790	785	1,575			
Five Roads Band B	11		11	10		10	10		10	750	750	1,500			
Gorslas	505		505	2,946	1,904	4,850	1,550		1,550						
Llandybie - Space Configuration	110		110												
DDA Adapations	151		151												
Laugharne	283		283	300	1,000	1,300	400		400						
QE High Security															
Heol Goffa SAC	210		210												
Dewi Sant	500		500	3,642	4,050	7,692	750		750						
Rhys Prichard	305	200	505	550	1,550	2,100	800		800						
Pupil Referral Unit	136		136	40		40	120		120	500	300	800	1,800		1,800
Rhydygors School Refurbishment	568		568	200	1,000	1,200	200		200						
<b>Catering</b>															
Ysgol Griffith Jones Kitchen Refurbishment							130		130						
Emlyn Comprehensive Kitchen Refurbishment							150		150						
Brynaron Kitchen Refurbishment							100		100						
<b>Total Education &amp; Children</b>	<b>15,840</b>	<b>8,838</b>	<b>24,678</b>	<b>13,428</b>	<b>13,077</b>	<b>26,505</b>	<b>5,669</b>	<b>2,000</b>	<b>7,669</b>	<b>5,500</b>	<b>5,000</b>	<b>10,500</b>	<b>7,338</b>	<b>6,037</b>	<b>13,375</b>

## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

### Capital Programme

COUNCIL FUND	County			County			County			County			County		
	Council Funding 17/18 (inc Slippage)	External Funding 2017/18 £'000	Total Scheme 2017/18 £'000	Council Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Scheme 2018/19 £'000	Council Funding 2019/20 £'000	External Funding 2019/20 £'000	Total Scheme 2019/20 £'000	Council Funding 2020/21 £'000	External Funding 2020/21 £'000	Total Scheme 2020/21 £'000	Council Funding 2021/22 £'000	External Funding 2021/22 £'000	Total Scheme 2021/22 £'000
<b>CHIEF EXECUTIVE &amp; CORPORATE SERVICES</b>															
<b>IT Strategy Developments</b>															
Enhancements to County Backbone Network	376		376	591		591									
SAN Infrastructure Replacement	100		100												
Public Sector Network (PSN) Central Initiatives & Secure Comms	0		0	5		5									
Licence Management	424		424	50		50									
E Government / Service Transformation Developments	93		93	75		75									
IT Security Provision	72		72	61		61									
Cisco Replacement	0		0	4		4									
Systems Consolidation	0		0	50		50									
Mobile Developments	0		0	50		50									
Applications Interfacing	0		0	50		50									
Virtual Unix Replacement	356		356										110		110
I/O Virtualisation	200		200												
IT Strategy Developments							250		250		250		250		
Information Security and Governance													60		60
Virtualised Server & Storage Environment Replacement													315		315
Digital Transformation													75		75
Disaster Recovery	73		73										190		190
Legacy Network & Telephony Equipment Replacement													150		150
Digital Transformation - Scheme development	200		200	200		200									
<b>Regeneration</b>															
Transformation Strategy Project Fund (Including Pendine redevelopment)				1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500	1,500	3,000	4,500
Rural Enterprise Fund	1,075		1,075	922		922									
Cross Hands East Phase 2	109		109	611		611									
Pembrey Peninsula Study	8		8			0									
Llanelli Regeneration Plan	78		78			0									
Transformation Commercial Property Development Fund	622		622	2,377		2,377									
Building for the Future - Llanelli Area	0		0												
Opportunity Street	478		478												
Coastal Communities - Parry Thomas Centre, Pendine	40		40												
Carmarthen Town Regeneration - Jacksons Lane	929		929												
Laugharne Carpark	208		208												
Pendine Iconic International Visitors Destination	0	600	600				1,390		1,390						



## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

### Capital Programme

COUNCIL FUND	County			County			County			County			County		
	Council Funding 17/18 (inc Slippage)	External Funding 2017/18 £'000	Total Scheme 2017/18 £'000	Council Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Scheme 2018/19 £'000	Council Funding 2019/20 £'000	External Funding 2019/20 £'000	Total Scheme 2019/20 £'000	Council Funding 2020/21 £'000	External Funding 2020/21 £'000	Total Scheme 2020/21 £'000	Council Funding 2021/22 £'000	External Funding 2021/22 £'000	Total Scheme 2021/22 £'000
Carmarthen Town Regeneration - King Street	14		14												
Ammanford Town Centre Regeneration	75		75	348		348									
Cross Hands East Enabling Fund	0		0	1,050		1,050									
County Collab	41		41												
Health & Safety Works	95		95												
Margaret Road Widening	167		167												
<b>Total Chief Executive &amp; Corporate Services</b>	<b>5,833</b>	<b>600</b>	<b>6,433</b>	<b>7,944</b>	<b>3,000</b>	<b>10,944</b>	<b>3,140</b>	<b>3,000</b>	<b>6,140</b>	<b>1,750</b>	<b>3,000</b>	<b>4,750</b>	<b>2,400</b>	<b>3,000</b>	<b>5,400</b>
<b>TOTAL COUNCIL FUND</b>	<b>39,929</b>	<b>15,915</b>	<b>55,844</b>	<b>36,559</b>	<b>22,900</b>	<b>59,459</b>	<b>27,924</b>	<b>9,219</b>	<b>37,143</b>	<b>23,260</b>	<b>13,255</b>	<b>36,515</b>	<b>18,956</b>	<b>12,592</b>	<b>31,548</b>

## Five Year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22

### Capital Programme

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COUNCIL FUND	County			County			County			County			County		
	Council Funding 17/18 (inc Slippage)	External Funding 2017/18 £'000	Total Scheme 2017/18 £'000	Council Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Scheme 2018/19 £'000	Council Funding 2019/20 £'000	External Funding 2019/20 £'000	Total Scheme 2019/20 £'000	Council Funding 2020/21 £'000	External Funding 2020/21 £'000	Total Scheme 2020/21 £'000	Council Funding 2021/22 £'000	External Funding 2021/22 £'000	Total Scheme 2021/22 £'000
<b>County Council Funding</b>															
Supported borrowing	80			4,098			5,292			344			5,844		
Supported borrowing-MEP	5,764			1,746			552			5,500					
Unsupported borrowing				250			5,000								
Additional Borrowing (Highways)	675			325					500						
General Capital Grants	3,556			3,556			3,556		3,556				3,556		
Capital Receipts	2,994			3,245			1,857		1,500				1,500		
Reserves				12,274			4,446		3,827				2,456		
Outcome Agreement Grant	1,328														
Additional Borrowing MEP	2,438			4,401			4,987								
Joint Venture Funding Llanelli Leisure Centre	2,000			2,500											
Education Revenue/Reserve Contribution	2,468			2,364									5,000		
Education Capital Receipts	409			1,200			130								
Direct Revenue Financing	1,500			600			600			600			600		
Prudential Borrowing - Fleet Replacement	1,826														
Prudential Borrowing - 21st Century Schools	2,311														
LGBI															
Carmarthen West New Road S106	1,816														
Capital Receipts - Slippage	7,100														
Reserve - Slippage	1,516						1,504		7,433						
St Davids Reserve	511														
Capital Receipts Unapplied	131														
Cap Reciept - Margaret St	167														
Education - Earmarked Cap Rec	1,001														
Additional Funding	236														
<b>Total County Council Funding</b>	<b>39,929</b>			<b>36,559</b>			<b>27,924</b>		<b>23,260</b>				<b>18,956</b>		
<b>Net Position (Minus = Shortfall)</b>	<b>0</b>			<b>0</b>			<b>0</b>		<b>0</b>				<b>0</b>		

0

## AGENDA ITEM NO. EXECUTIVE BOARD 27TH NOVEMBER 2017

### REVENUE BUDGET STRATEGY 2018/19 to 2020/21

#### RECOMMENDATIONS / KEY DECISIONS REQUIRED:

**1. THAT EXECUTIVE BOARD:**

- 1.1. Note the contents of the report and approve the three year budget strategy as a basis for consultation. Specifically seeking comments from consultees on the efficiency proposals in Appendix A.
- 1.2. Give consideration as to what additional savings proposals can be identified to deliver a balanced budget in each of the three financial years

#### REASONS:

To provide the Executive Board with an overview of the budget issues and outlook for the forthcoming years.

Relevant Scrutiny Committee Consulted	TBA
Exec Board Decision Required	YES
Council Decision Required	NO

#### EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. David Jenkins

<p><b>Directorate:</b> Corporate Services <b>Name of Director</b> Chris Moore <b>Report Author:</b> Owen Bowen</p>	<p><b>Designations:</b> Strategic Finance Officer</p>	<p><b>Tel Nos.</b> (01267) 224886 <b>E Mail Addresses:</b> OBowen@carmarthenshire.gov.uk</p>
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**EXECUTIVE SUMMARY  
EXECUTIVE BOARD  
27TH NOVEMBER 2017**

**REVENUE BUDGET STRATEGY  
2018/19 to 2020/21**

The report provides members with an overview of the Revenue Budget for 2018/19 and the following two financial years.

It details the budget process timetable, the current Welsh Government (WG) provisional settlement, the Final settlement timetable and identifies the validation and budget pressures that need to be considered by members in setting next year's revenue budget.

The report will also form the basis of the budget consultation process that will be undertaken during the period November to January.

**DETAILED REPORT ATTACHED?**

**YES**

# INTEGRATION

**I confirm that the Community Strategy Integration Tool has:**

Not been used to appraise the subject of this report as it is not appropriate to do so.

**Signed: Owen Bowen**

**Strategic Finance Officer**

## IMPLICATIONS

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

**Signed: C Moore**

**Director of Corporate Services**

Policy and Crime & Disorder	Legal	Finance	ICT	Risk Management Issues	Organisational Development	Physical Assets
<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### **1. Policy and Crime & Disorder**

The budget has been prepared having regard for the Council's Corporate Strategy 2015-2020, and the Well-being of Future Generations (Wales) Act 2015. Equalities Impact Assessments have been undertaken on the budget proposals in order to consider and assess the potential impact with respect to protected characteristic groups. All budget proposals considered to have an impact on front line services have undergone a period of public consultation. The Equalities Impact Assessments will be further developed following consideration of possible mitigation measures.

### **3. Finance**

The report provides an initial view of the Budget Strategy for 2018/2019, together with indicative figures for the 2019/20 and 2020/21 financial years. The impact on departmental spending will be dependent upon the final settlements from Welsh Government, and the resultant final Budget adopted by County Council.

## CONSULTATIONS

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

**Signed: C. Moore**

**Director of Corporate Services**

**1. Local Member(s)** Not applicable

**2. Community / Town Council** Not applicable

#### **3. Relevant Partners**

Consultation with relevant partners will be undertaken and results will be reported during the budget process.

#### **4. Staff Side Representatives and other Organisations**

Consultation with other organisations will be undertaken and results will be reported during the budget process.

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

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2018/2019 3 year Revenue Budget		Corporate Services Department, County Hall, Carmarthen.
WG Provisional Settlement		Corporate Services Department, County Hall, Carmarthen.

**REPORT OF DIRECTOR OF CORPORATE SERVICES**

**Executive Board**

**27<sup>th</sup> November 2017**

**REVENUE BUDGET STRATEGY 2018/19 to 2020/21**

<b>HEAD OF SERVICE &amp; DESIGNATION.</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO.</b>
<b>C Moore, Director of Corporate Services</b>	<b>Corporate Services</b>	<b>01267 224121</b>
<b>AUTHOR &amp; DESIGNATION</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO</b>
<b>O Bowen, Strategic Finance Officer</b>	<b>Corporate Services</b>	<b>01267 224886</b>

**1. INTRODUCTION**

- 1.1. Executive Board in July 2017 received a report on the Revenue Budget Outlook for 2018/2019 to 2020/2021 which appraised members of the financial outlook and the proposals for taking forward the budget preparation for the three year period.
- 1.2. This report provides Members with the current view of the Revenue Budget for 2018/2019 together with indicative figures for the 2019/2020 and 2020/2021 financial years. The report is based on officers projections of spending need and takes account of the provisional settlement issued by Welsh Government on 10<sup>th</sup> October 2017. It also reflects the current departmental submissions for savings proposals.
- 1.3. Whilst significant work has already been undertaken in preparing the budget, this is only an initial position statement which will be updated over the coming months as the budget is further developed as figures are reviewed, and the final settlement becomes known.
- 1.4. The report is broken down into 5 parts:
  - Funding Projections
  - Budget Requirement
  - Impact on the Authority’s budget requirement
  - Consultation
  - Conclusion
  - Recommendations

## **2. PROVISIONAL SETTLEMENT**

- 2.1.** The provisional settlement was announced on Tuesday 10<sup>th</sup> October 2017. Indicative figures for individual Local Authorities were provided for the one financial year only, 2018/19, with an all Wales indicative figure for the following year.
- 2.2.** The provisional settlement was better than this Council and Local Government in Wales in general anticipated. However, there was a reduction on the current year's settlement which had an enhanced impact when inflationary factors, demographic and demand changes are considered there is a significant negative impact on the Council's resources.
- 2.3.** The main points of the Provisional Settlement 2018/2019 on an all Wales basis are as follows:



- 2.3.1. Local government revenue funding for 2018-19 set at £4.186 billion, a reduction of 0.5% (£19.1 million) compared to 2017-18, but this is after new responsibilities are taken into account of £6.0 million.
- 2.3.2. Within the settlement there is an indication that funding has been provided for essential public services and there is mention that the schools element of the settlement has been increased by £62m in 2018-19, rising to £108m in 2019-20. The Social Care element has been increased by £42m in 2018-19 rising to £73m in 2019-20 however this is not clearly identifiable.
- 2.3.3. £6.0 million to support delivery of local services to meet homelessness prevention duties.
- 2.3.4. £0.6 million alongside the settlement to support the elimination of charging for child burials.
- 2.3.5. £1.8 million floor funding to ensure that no authority sees a reduction of greater than 1.0% compared to its 2017-18 settlement allocation.
- 2.3.6. Council Tax Reduction Scheme funding again maintained at £244m, with arrangements for 2019-20 onwards to be determined as part of their wider considerations as to how to make Council Tax fairer.
- 2.3.7. The settlement includes 'transfers in' of £35m in respect of the waste element of the Single Revenue grant, Welsh Independent Living Grant (£26.889m), Social Care Workforce Grant (£19m), Looked After Children (£7.415m), Carer's respite grant (£3m), and Social Care for prisoners in the secure estate (£0.412m).

**2.4.** The Settlement figures for Carmarthenshire are:

2.4.1. After adjustments for transfers in and out, the reduction in the provisional settlement is 0.5% (£1.187m). The Aggregate External Finance (AEF) therefore reduces from £259,147k in 2017/18 to £257,960k in 2018/19.

2.4.2. New responsibilities:

2.4.2.1. £399k to support delivery of local services to meet homelessness prevention duties.

2.4.3. Transfers In

2.4.3.1. £2.124m of funding previously provided via the (Environmental) Single Revenue Grant

2.4.3.2. £3.135m Independent Living Grant

2.4.3.3. £1.114m Social care Workforce Grant

2.4.3.4. £0.388m Looked after Children

2.4.3.5. £0.181m Carers Respite Scheme

**2.5.** Details of the Welsh Government Service Specific Grants were updated on 24<sup>th</sup> October 2017 for 46 of the 58 differing grant schemes not transferred into the settlement, with the majority having been maintained at a **cash standstill position**. There are however some grant streams that have seen significant reductions :

- The Education Improvement Grant – reduced from £133.282m in 2017-18 to £118.137m in 2018-19. The detail/rationale behind this change remains unclear at this stage. Broadly we understand that the grant is being reduced by £2m per annum and the £13m is said to be the transfer of the Minority Ethnic Achievement Grant (MEAG) into the Settlement. The settlement papers do not reflect this as being a transfer in, and the loss of this grant is not currently reflected in the Education Budgets. Estimated impact on Carmarthenshire is £218k for MEAG and a further £87k for Gypsy & traveller- total of around £305k
- The Single Revenue Grant (formerly the Environmental Grant) that stood at £61.790m in 2017-18. £35m of this grant has been transferred into the settlement which gives a comparative 2017-18 figure of £26.79m. The published indicative figure for 2018-19 is £20.793m giving a reduction of £5.997m. Again we understand that the grant is being reduced by £2m per annum but there is no explanation as to the remainder of the reduction. Potential loss to CCC £353k.
- School Uniform Grant - reduced from £700k in 2017-18 to nil in 2018-19. WG state that it is being made available through the settlement, but it is not listed as such. CCC allocation £36k. The loss of this grant is not currently reflected in the Education Budgets

### 3. BUDGET REQUIREMENT 2018-2019

#### 3.1. Current Years performance (2017/2018)

3.1.1. As the Authority's core spending requirements remains constant year on year, a review of current year's performance is important in identifying whether there are any underlying problems within the base budget

3.1.2. The current projection for the Revenue Outturn for 2017/18 (based on the August 2017 monitoring) is as follows

Service	Approved Budget £'000	Total Expenditure Forecast £'000	Variance Forecast For Year £'000
Chief Executive	12,919	13,350	431
Communities	89,888	90,882	994
Corporate Services	23,526	23,305	-221
Education and Children's Services	161,024	162,116	1,092
Environment	49,073	49,606	533
<b>Departmental Expenditure</b>	<b>336,430</b>	<b>339,259</b>	<b>2,829</b>
Cont from Dept/Earmarked Reserves		-423	-423
Capital Charges	-11,517	-12,217	-700
Levies and Contributions	9,487	9,487	0
Transfer to/ from Reserves	-200	-200	0
<b>Net Expenditure</b>	<b>334,200</b>	<b>335,906</b>	<b>1,706</b>

The main reasons for the departmental overspends are as follows:

- Chief Executive: proposed savings in Standby (£224k) and Health and Safety (285k) not yet being delivered.
- Education and Children's Services: continues to face pressure due in the main to school based EVR and redundancy costs, Special Educational Needs Statements, shortfall in the Music service SLA income from schools and closed schools property decommissioning costs.
- Communities Department: continues to deliver savings related to packages of social care but pressures of approximately £800k remain primarily due to slippage in receiving a full year effect of actions e.g. supported living hourly rate realignment, impact of Releasing Time to Care project on domiciliary care packages. Other pressures include £127k Careline income affected by commissioning

decisions undertaken by other local authorities, £50k Day Services for Older People- review ongoing.

- o Environment Department: overspends are primarily due to non-achievement of car park income targets and a decrease in planning application income.

The Authority is currently forecasting a variance of £1.706m at the year-end that will have to be met from General Balances.

### 3.2. Validation

- 3.2.1. Validation reflects the changes in expenditure requirements to deliver the **current level** of services in future years. Primarily this is inflation, but also includes some service specific changes. The key validation factors are as follows:

	<u>2018/19</u> <u>Original</u>	<b>2018/19</b> <b>Proposed</b>	<b>2019/20</b>	<b>2020/21</b>
General inflation	2.5%	2.3%	2.0%	2.0%
Electricity	3.0%	5.0%	5.0%	5.0%
Gas	3.0%	5.0%	5.0%	5.0%
Fuel	3.0%	5.0%	5.0%	5.0%
Pay Inflation - non teaching	1.0%	2.0%	2.0%	2.0%
Pay Inflation - Teaching	1.0%	1.6%	2.0%	2.0%
Levies	1.0%	2.5%	2.5%	2.5%
Pension Contributions	£101k	£102k	£208k	£212k
Increased pay offer	£900k	£900k	£900k	£600k
Auto Enrolment	£700k	£700k	£350k	
Capital Charges	£250k	-£472k	£250k	£250k
<b>Main service Specifics:</b>				
County Elections	-£300k	-£300k		

- 3.2.2. There is a clear risk to the Budget Strategy that departments may find it difficult to manage their expenditure within these parameters, especially where the inflationary increases have been applied by service providers. This risk is something that will require close monitoring during the year.

- 3.2.3. There is much debate currently regarding the on-going pay cap of 1% for public sector workers, and as yet no clarity as to whether this cap will be relaxed, and if so whether any additional funding will be made available to meet the additional costs. The Budget as constructed therefore makes provision for a pay award of 2% in each of the financial years (part year effect for teachers in 2018-19), together with higher percentages to those on lower

pay points due in part to the projected increases in the national Living Wage.

3.2.4. In total, validation adds £7.7m to the current year’s budget.

### 3.3. Cost reduction Programme

3.3.1. In anticipation of the settlement reductions, significant work in identifying further service efficiencies/rationalisation proposals has been undertaken.

3.3.2. The savings targets set for each financial year are as follows:

	2018/19 £m	2019/20 £m	2020/21 £m
Original targets	12.527	12.385	10.610
Updated targets (following Provisional Settlement)	8.544	11.454	11.000

3.3.3. Accordingly departments have developed a range of proposals, and these efficiencies are included in **Appendix A** of this report.

3.3.3.1. The efficiency proposals are categorised as follows:

Managerial – Efficiencies that result in no perceivable change to the overall level of service delivery but may in some instances affect quality of service provided

Policy – Efficiency or service rationalisation proposals that will directly affect service delivery.

	2018/19 £m	2019/20 £m	2020/21 £m
Managerial	5.225	3.417	2.471
Existing Policy	2.396	4.227	4.836
New Policy	725	1.393	902
<b>Total</b>	<b>8.346</b>	<b>9.037</b>	<b>8.209</b>

(Detail at **Appendix A**)

3.3.4. The summary sheet at Appendix A sets out the savings targets set for individual departments and the value of savings currently identified.

### 3.4. New Expenditure Pressures

- 3.4.1. New expenditure pressures are the combination of additional cost to meet existing service needs e.g. increased client base/greater service take up and the costs of meeting change in service provision e.g. policy changes.
- 3.4.2. In the setting of the current financial year’s budget, a total sum of £2.515m was allocated to services, of which £0.88m was allocated to Communities and £1.027m to Environment.
- 3.4.3. The original budget outlook for 2018-19 and 2019-20 contained a sum of £3m per annum to meet growth pressures, and the same provision for growth is currently reflected in the 2020-21 indicative budget.
- 3.4.4. Initial growth bids of £6.3m have been submitted by departments for 2018-19, and the current strategy reflects the original provision of £3m being allocated to departments as follows:

	£'000
Chief Executive	150
Communities	1,750
Education	350
Environment	750

Departments will need to prioritise their departmental allocation against their original submissions

Detail at Appendix B.

### 3.5. Schools Delegated Budgets

- 3.5.1. The last year of WG funding protection for schools was 2015/16, and whilst the Welsh Government provisional settlement makes no specific requirement for Local Authorities to protect school budgets, it does state *‘The school element of the settlement has been increased by £62 million in 2018-19. This ensures that we maintain the assumed Welsh Government share of core spending on schools at the level of 2017-18. In 2019-20 this rises to £108 million, reflecting our commitment to continued investment in education and to prioritise schools funding within a tighter overall settlement.’* However, whilst these statements are made it is unclear as to how these figures have been calculated and where the said money has come from given the overall reduction in the settlement.
- 3.5.2. The current budget strategy proposals adopted in February 2017 assumed no schools protection, and the effect on schools delegated budgets were:

	<b>2018/19</b>
--	----------------

	<b>£m</b>
<b>Previous Year Budget</b>	<b>108.746</b>
Validation	2.326
Savings requirement	-4.989
<b>Net Adjustment</b>	<b>-2.663</b>
Proposed Delegated Budget	106.083

3.5.3 In light of the pressures on the school budgets and the lead in time required for the Education Department and the Senior Manager – TIC Schools Officer to deliver change, the proposed strategy for 2018-19 is not to reduce the schools delegated budgets.

3.5.4 The proposed schools budget for 2018-19 will therefore stand at £108.746m which is the same as 2017/18.

### 3.6. Internal Funding

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

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

- Challenging Efficiency targets
- Future inflation/interest rates
- Current economic and political climate continuing
- Impact of BREXIT.
- Additional pressure on demand lead Services
- Indicative ‘all Wales’ figures for 2019-20 only have been provided by Welsh Government in respect of settlements therefore there remains the potential for significant change in the future settlements.
- No indicative figures for 2020/21

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

	1 <sup>st</sup> Apr 2017 £'000	31 <sup>st</sup> Mch 2018 £'000	31 <sup>st</sup> Mch 2019 £'000	31 <sup>st</sup> Mch 2020 £'000
Schools Reserves	1,710	-365	-690	-940
General Reserves	9,304	7,598	7,598	7,598
Earmarked Reserves	74,132	32,056	26,878	17,233

### 3.6.4. **School Reserves**

3.6.4.1.Schools have delegated responsibility for the management of their own finances. The level of reserves held by an individual school at any point in time will depend on a number of factors including the level of contingency fund that the school governing body considers appropriate, and the particular plans each school has for expenditure. Officers have yet to be informed of any transfers to/from these reserves by individual schools for future years.

3.6.4.2.Legislation allows schools to carry forward reserves from one financial period to another. The School Funding (Wales) Regulations 2010 requires schools to limit their accumulated reserves at year end to £50,000 for Primary Schools and £100,000 for Secondary and Special Schools or 5% of their budget dependant on what is greater. School Improvement officers are currently working with schools to ensure they comply with the guidance. As at 31<sup>st</sup> March 2017, 33 primary, 4 secondary and 1 special schools were in deficit and 8 primary and 4 secondary schools held surpluses in excess of the £50k/£100k threshold.

### 3.6.5. **General Reserves**

3.6.5.1.In the changeable and challenging environment currently facing Local Government the Authority is committed to maintaining a reasonable level of General reserves or Balances. Whilst there is no prescribed minimum level for Balances, Council has previously deemed 3% of net expenditure as being a prudent level, which has been accepted by our Auditors as being reasonable

3.6.5.2.The overall level of balances is taken into consideration each year when the annual budget is set and has on occasions been utilised to augment expenditure/reduce council tax. The 2017-2018 budget was set on the basis of no



transfers from the General Reserves. Based upon the August Budget monitoring (outlined in paragraph 3.1.2 above) there could be draw of £1,706k against General Reserves at the end of the current financial year.

3.6.5.3. Given the likely draw on this reserve in the current year therefore it is deemed imprudent at this stage to assume any further support for future years budgets from the current General Reserves.

3.6.5.4. Taking account of these changes the average level of the general reserves is forecasted to be around 2.2% of net expenditure during 2018/19 and consideration needs to be given to how these balances are built back up over future years.

### 3.6.6. Earmarked Reserves

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

Reserve	31 March 2017 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2020 £'000
Insurance	9,945	9,795	9,845	9,895
Capital Funds	40,756	10,579	8,146	86
Development Fund	1,514	636	836	1006
IAG/OAG	9	0	0	0
Corporate Retirement Fund	2,842	2,069	1,296	506
Joint Ventures	1,168	647	782	917
Other	17,898	8,331	5,974	4,824
<b>TOTAL</b>	<b>74,132</b>	<b>32,056</b>	<b>26,878</b>	<b>17,233</b>

3.6.6.2.As can be seen from the table above the level of earmarked reserves fluctuates greatly year on year, and whilst the level in each fund is not an exact science it is based on an informed estimate and past experience of the likely call on the authority in future years in line with the intended purpose of each reserve. Great care must therefore be taken when considering utilising such funds for purposes other than those which they were created as this could lead to the authority being faced with substantial unfunded liabilities in the future

3.6.6.3.The budget proposals therefore assume nil contribution from reserves in support of the revenue budget in 2018/19 and a further analysis of the reserves held will be undertaken over the coming months with any further proposed utilisation being considered at the budget finalisation stage.

3.6.6.4.Taking account of the proposals within this report, the Director of Corporate Services confirms that overall the estimated level of financial reserves (as indicated above) is adequate for the financial year 2018/19, with the General Reserves being at the minimum that could be supported. However the Director is very conscious of the ongoing commitment to capital projects and of the demand on future services and therefore feels the reserves will need to be monitored closely going forward.

#### **4. IMPACT ON THE AUTHORITY'S BUDGET STRATEGY**

The table below provides an updated position on the current financial outlook taking account of the provisional settlement and also other recent validation changes.

**4.1. Current Financial Outlook (updated for the Provisional Settlement):**

	Current MTFP		Proposed Financial Model		
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Previous Year's Budget</b>	<b>334,401</b>	<b>333,102</b>	<b>334,401</b>	<b>343,937</b>	<b>344,003</b>
General Inflation	2,248	1,877	2,317	1,838	1,864
Pay Inflation	5,079	5,095	4,784	5,095	4,908
Other	1,199	1,399	907	1,588	1,270
Growth	3,000	3,000	2700	3,000	3,000
Transfers In/out			7,371		
Original & approved PBB Proposals	-12,525	-12,385	-8,543	-11,455	-11,000
Net Expenditure	333,102	332,087	343,937	344,003	344,045
Revenue Settlement	-247,133	-242,190	-257,960	-254,091	-249,009
Council Tax Receipts	-85,969	-89,897	-85,977	-89,912	-95,036
<b>Council Tax Increase:</b>	<b>4.12%</b>	<b>3.88%</b>	<b>4.12%</b>	<b>3.88%</b>	<b>5.00%</b>

**4.2.** The total cost reductions now required for 2018/19 is £8.5m and for the 3 year period are estimated at £31m.

**5. CONSULTATION**

Budget consultation has been planned for the coming months and a summary of the individual approaches are as follows:

- 5.1.** Members seminars. (November and December 2017)
- 5.2.** The consultation process will commence online from the 27<sup>th</sup> November 2017.
- 5.3.** Town & Community Councils and commercial ratepayers consultation in December 2017.
- 5.4.** Consultation with Scrutiny Committees during December 2017 and January 2018.
- 5.5.** 'Insight' youth conference in November 2017.
- 5.6.** Consultation with the Schools Budget Forum in December 2017

5.7. Trade Union Consultation December 2017/January 2018

6. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

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

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

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

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

6.3. Carmarthenshire’s Well Being objectives:

**Start Well**

1. Help to give every child the best start in life and improve their early life experiences
2. Help children live healthy lifestyles
3. Continue to improve learner attainment for all
4. Reduce the number of young adults that are Not in Education, Employment or Training

**Live Well**

5. Tackle poverty by doing all we can to prevent it, help people into work and improve the lives of those living in poverty
6. Create more jobs and growth throughout the county
7. Increase the availability of rented and affordable homes

8. Help people live healthy lives (tackling risky behaviour and obesity)
9. Support good connections with friends, family and safer communities

### **Age Well**

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

### **In a Healthy and Safe Environment**

12. Look after the environment now and for the future
13. Improve the highway and transport infrastructure and connectivity
14. Promote Welsh Language and Culture

## **7. CONCLUSION**

- 7.1. Currently the budget proposals assume the full delivery of all of the £25.6m savings proposals submitted, together with the identification and delivery of the shortfall in savings proposals of £0.198m in 2018-19, £2.4m in 2019-20 and £2.7m in 2020-21.
- 7.2. Further cost reductions need to be identified to deliver a balanced budget in each of the three years
- 7.3. The current budget proposals assume a Council Tax increase in line with the original MTFP of 4.12% in 2018-19, 3.88% in 2019-20 and 5.00% in 2020-21. A 1% movement in the Council Tax rise equates to +/-£820k

## **8. RECOMMENDATION**

- 8.1. Note the contents of the report and approve the three year budget strategy as a basis for consultation. Specifically seeking comments from consultees on the efficiency proposals in Appendix A.
- 8.2. Give consideration as to what additional savings proposals can be identified to deliver a balanced budget in each of the three financial years

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	ORIGINAL TARGETS			
	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000
Chief Executive	570	563	483	1,616
Education & Children	1,285	1,270	1,088	3,643
Schools Delegated	4,989	4,933	4,226	14,148
Corporate Services	254	251	215	720
Community Services	3,646	3,605	3,088	10,339
Environment	1,783	1,763	1,510	5,056
	<b>12,527</b>	<b>12,385</b>	<b>10,610</b>	<b>35,522</b>

Original Proposals		Pages 2 to 13				Page 14				Pages 15 to 17				TOTAL PROPOSALS				Variance ORIGINAL Target
		MANAGERIAL				EXISTING POLICY PROPOSALS				NEW POLICY PROPOSALS								
		2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	£'000
Sheets		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Chief Executive	1 - 4	453	445	285	1,183	0	0	0	0	0	0	0	0	453	445	285	1,183	-434
Education	5 - 6	740	260	235	1,235	70	0	0	70	250	300	50	600	1,060	560	285	1,905	-1,738
Schools Delegated		0	0	0	0	4,989	4,062	4,381	13,432	0	500	0	500	4,989	4,562	4,381	13,932	-216
Corporate Services	7	227	271	222	720	0	0	0	0	0	0	0	0	227	271	222	720	0
Community Services	8 - 9	2,455	1,423	1,233	5,111	0	0	0	0	365	304	274	943	2,820	1,727	1,507	6,054	-4,285
Environment	10 - 11	1,351	1,018	496	2,865	0	165	455	620	110	289	578	977	1,461	1,472	1,529	4,462	-594
		<b>5,225</b>	<b>3,417</b>	<b>2,471</b>	<b>11,113</b>	<b>5,059</b>	<b>4,227</b>	<b>4,836</b>	<b>14,122</b>	<b>725</b>	<b>1,393</b>	<b>902</b>	<b>3,020</b>	<b>11,009</b>	<b>9,037</b>	<b>8,209</b>	<b>28,255</b>	<b>-7,267</b>

	REVISED TARGETS			
	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000
Chief Executive	453	502	482	1,437
Education & Children	1,060	1,175	1,128	3,363
Schools Delegated	2,326	4,562	4,381	11,269
Corporate Services	227	251	241	719
Community Services	3,007	3,334	3,202	9,543
Environment	1,471	1,630	1,566	4,667
	<b>8,544</b>	<b>11,454</b>	<b>11,000</b>	<b>30,998</b>

Current Proposals		Pages 2 to 13				Page 14				Pages 15 to 17				TOTAL PROPOSALS				Variance REVISED Target
		MANAGERIAL				EXISTING POLICY PROPOSALS				NEW POLICY PROPOSALS								
		2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	2018/19	2019/20	2020/21	Total	£'000
Sheets		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Chief Executive	1 - 4	453	445	285	1,183	0	0	0	0	0	0	0	0	453	445	285	1,183	-255
Education	5 - 6	740	260	235	1,235	70	0	0	70	250	300	50	600	1,060	560	285	1,905	-1,458
Schools Delegated		0	0	0	0	2,326	4,062	4,381	10,769	0	500	0	500	2,326	4,562	4,381	11,269	0
Corporate Services	7	227	271	222	720	0	0	0	0	0	0	0	0	227	271	222	720	1
Community Services	8 - 9	2,455	1,423	1,233	5,111	0	0	0	0	365	304	274	943	2,820	1,727	1,507	6,054	-3,489
Environment	10 - 11	1,351	1,018	496	2,865	0	165	455	620	110	289	578	977	1,461	1,472	1,529	4,462	-205
		<b>5,225</b>	<b>3,417</b>	<b>2,471</b>	<b>11,113</b>	<b>2,396</b>	<b>4,227</b>	<b>4,836</b>	<b>11,459</b>	<b>725</b>	<b>1,393</b>	<b>902</b>	<b>3,020</b>	<b>8,346</b>	<b>9,037</b>	<b>8,209</b>	<b>25,592</b>	<b>-5,406</b>

\* Assumes Yr 1 proposals changed

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Chief Executive</b>							
Chief Executive	300	Business Support function.	32			32	Severance as part of departmental admin review
<b>Total Chief Executive</b>			<b>32</b>	<b>0</b>	<b>0</b>	<b>32</b>	
<b>Information Technology</b>							
Information Technology	4,359	ICT Services underpins and contributes towards all that the Council delivers both internally as an organisation and externally to service users and communities, independently or in partnership. It is a vital function providing innovative opportunities for improving services and achieving our priorities in an efficient and effective way. IT Services is pivotal as an enabler of change and a vehicle for driving forward transformational improvement to all services. We have a workforce of 72.3 FTE's which has reduced over the last 5 years from 109 FTE's and we have delivered £2.08m in efficiency savings over that period. The FTE's being put forward as savings are from applications for severance and we are looking to continually rationalise the systems we support to provide further efficiencies.	135	160	150	445	2018/19 - Three FTE leaving under the Authorities severance scheme ( £123K ) and £12k operational costs. 2019/20 - £119 will be delivered by rationalising the software maintenance contracts we have in ICT Services and reduced travelling costs and £41k from operational costs. 2020/21 - Over the years the BT technology has been superseded with modern Internet Protocol based solutions. ICT Services will be replacing this aging infrastructure in order to utilise the latest technology which in turn will deliver the £150k revenue efficiencies
<b>Total Information Technology</b>			<b>135</b>	<b>160</b>	<b>150</b>	<b>445</b>	
<b>People Management &amp; Performance</b>							
Human Resources	760	HR provides advice and guidance to people managers as well as ensuring the Authority is compliant with employment legislation . Employment Policy framework development and maintenance. The service is currently being reviewed with a view to providing a more integrated HR/Payroll Support service to its users and meet the challenges of the Education agenda and collaborative working.	35	38		73	18/19 Severance, 19/20 income generation ie Pembs OH service
Learning & Development	492	The service is currently responsible for meeting the corporate, generic learning & development needs of Carmarthenshire County Council's workforce & through a strategic partnership enabling the needs of the social care sector workforce in Carmarthenshire to be met. All corporate L&D programmes are developed to meet the needs of the organisation by closely aligning with the vision, objectives & priorities of the organisation. Social care workforce development is closely aligned with WAG/Care Council/SSIW regulations, guidance & frameworks and the needs of changing service provision, in particular the integration of Health & Social Care. It coordinates the Investors in People programme supporting the organisation via the IIP Steering group to maintain IIP recognition	35	0	35	70	18/19 The service is being re-aligned to include the Consultancy element of the People Management function. Part of this realignment will refocus the learning and development provision across the authority with the aim of reducing training administration and delivering effective collaboration with partner agencies to provide value for money and improve the evaluation/outcomes of investment in learning. 20/21 SCWDP regional working
<b>Total People Management &amp; Performance</b>			<b>70</b>	<b>38</b>	<b>35</b>	<b>143</b>	
<b>Administration &amp; Law</b>							
Net Departmental Administration	456	The Unit discharges the budget monitoring and acts as the support role for the services of the department based at County Hall, i.e. Chief Executive, Regeneration and Policy and Administration and Law, together with departmental staffing functions and business support including the central mail service and the management of access to buildings under the Council's Security Card System and the issuing of identification cards.	26.5	25	50	101.5	2018/19 - £18k release of post as part of the departmental admin review and £8.5k reduction in supplies and services. 2019-20 - Realignment of service area to focus on wider departmental services within Chief Executives; 2020-21 - £50k savings from sale of Parc Amanwy/Nant y Ci as part of the agile working agenda.
Departmental Democratic	504	The Democratic Services Unit provides a high quality procedural and administrative support service for 74 elected Councillors and is located at County Hall, Carmarthen. It provides a dedicated support service for the Chair of Council, Leader of the Council, Executive Board Members and the Leader of the Main Opposition Group to include diary co-ordination, daily correspondence, and research and information gathering.	20	0	0	20	2018/19 - Possible Reduction in Working hours/EVR
<b>Total Administration &amp; Law</b>			<b>47</b>	<b>25</b>	<b>50</b>	<b>122</b>	
<b>Total Chief Executive, IT, PMP &amp; Administration &amp; Law</b>			<b>284</b>	<b>223</b>	<b>235</b>	<b>742</b>	



Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION	
	£'000		£'000	£'000	£'000	£'000		
<b>Regeneration, Policy &amp; Property</b>								
<b>Customer Focus &amp; Policy</b>								
Registrars	128	Carmarthenshire Registration Service is a single district civil registration authority, co-terminous with the county boundary, called Carmarthenshire Sir Gaerfyrddin district 822. The district is managed and delivered by Carmarthenshire Registration Service. The Carmarthenshire Registration Service consists of 26 members of staff, who work across the county as one team with three offices open to the public in Carmarthen, Llanelli and Ammanford. In any given year the service registers approximately 500 marriages / civil partnerships, 2700 births and 2300 deaths.	0	9		9	Reduce expenditure by reviewing casual staff hours. Increase income by continuing to increase the number of available appointments for registration. Home Office legislation is changing in 2017 where some current statutory services will change and new fees will be introduced.	
Policy	465	Corporate Policy - this Service is responsible for developing and monitoring delivery of the Council's corporate policies as well as liaising and advising Council departments on ensuring compliance and implementation in a number of different policy areas including well-being of future generations, equalities, Welsh language and tackling poverty. The Service supports the Council's approach to consultation and engagement and directly facilitates and supports the Carmarthenshire Citizens' Panel and Carmarthenshire 50+ Network. The Service also works with various Council departments to provide information and data on Carmarthenshire's demographics and undertakes further research as required. The Service also facilitates the corporate response to matters relating to the Armed Forces.	35	0		35	Supporting of severance application	
Performance Management	516	The Performance Management Unit is responsible for providing a corporate lead on performance management for the Council that ensures a strong ethos of continuous improvement runs through everything the Council does.	0	5		5	2019-20 Income generation from provision of Performance Management software to other Authorities	
Marketing and Media (contact centres, press, communication, translation and customer services)	1,605	Newly formed business unit comprising of translation, marketing and tourism, contact centres, customer services, press and communications.	86	96		182	Year 1 - Service review and potentially reducing opening times. Possibility of moving to an appointments only service with as much traffic as possible encouraged towards on-line self service, or failing that, to the telephone, and wider distribution of simple services e.g. blue bag provision via libraries and other outlets (£40k) and supporting severance application (£46k); Year 2 Continued service review within the newly formed Marketing and Media section (this also to include contact centres and customer services)	
<b>Total Customer Focus &amp; Policy</b>			<b>121</b>	<b>110</b>	<b>0</b>	<b>231</b>		
<b>Regeneration</b>								
3 T's Community Regeneration	297	The Community Regeneration Unit has historically supported local communities to develop projects that alleviate poverty and improve quality of life. This has been achieved through working in partnership with key agencies and community members to improve existing services and develop new ones. During 2015 we will continue to develop our new key account management system supporting new and existing social enterprises and those organisations delivering vital services in our communities, supporting them to grow and become sustainable. Another key aspect of our work is working with local authority departments to identify opportunities for the delivery of services via the third sector, from asset transfer to public sector outsourcing. Our core grants continue to support via one discretionary enterprise finance fund. Supporting third sector led projects that make a real difference in our communities and contribute to economic outputs and outcomes and a high return on investment. We have a successful track record of sourcing external funding for our communities, levering in over £8 million additional community investment into Carmarthenshire per year. Our Community Bureau continues to be a one stop shop for all information and funding enquiries for community, voluntary groups and third sector as a whole, supporting over 600 organisations per year. We also administer other grants for the authority and external partners including Welsh Church Fund and Mynydd Y Betws Community Benefit Fund. We also lead on the theme of digital inclusion for the authority.	48	0		48	Severance of post. Responsibilities being re distributed as part of ongoing Regeneration service realignment.	
West Wales European Centre	111	The External Funding Team is responsible for overseeing CCC's external grant funding activities. It plays an instrumental role in ensuring that Carmarthenshire is able to maximise the potential benefits for its citizens and communities through its lobbying and advocacy role and through highly successful funding applications. External funding is sourced from the wide range of different European and domestic funding pots. The External Funding Team developed the new Local Development Strategy 2014-2020 for Carmarthenshire. WWEC has been responsible for developing the new Local Development Strategy for rural Carmarthenshire and will be responsible for managing the LEADER programme in Carmarthenshire for the 2014-2020 period. The unit has also secured a contract with WEFO to lead on the South West Wales Regional Engagement Team for the new European programmes. The Centre takes a leading role in advising project teams throughout the authority on project development and grants management at each stage of the project cycle.	0	40		40	Supporting of severance application	
Economic Development	Specific budgets yet to be identified	Economic Development Division forms part of Carmarthenshire County Council's Chief Executive Department. Led by the Director of Regeneration and Policy, it plays a fundamental role in regenerating both Carmarthenshire and the Region through investment and support. Economic Development is an extremely proactive service which has to constantly change to address the needs of Carmarthenshire's businesses and communities through the Integrated Community Strategy as well as addressing and contributing to the delivery of the policies and strategies of the newly formed Swansea Bay City Region, European Commission, UK and Welsh Governments.	0	72		72	Continue to work with external funding partners to maximise income streams. Continue to review the contributions to current programmes and activities.	
Regeneration, Policy and Property	No specific budgets					50	50	Continue to review all busines units within portfolio
<b>Total Regeneration</b>			<b>48</b>	<b>112</b>	<b>50</b>	<b>210</b>		
<b>Total Regeneration, Policy &amp; Property</b>			<b>169</b>	<b>222</b>	<b>50</b>	<b>441</b>		
<b>Chief Executive Total</b>			<b>453</b>	<b>445</b>	<b>285</b>	<b>1,183</b>		

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Education &amp; Children</b>							
<b>Director &amp; Management Team</b>							
Departmental - cross cutting		Casual travel budgets across the Department	25	25	25	75	Reduce all casual mileage budgets by approximately 5% per annum through better journey planning, challenging the need for journeys, and utilising cheaper travel options including use of pool cars
Departmental - cross cutting		Budgets for supplies & services across the Department	75	50	25	150	Reduce budgets for supplies and services across the Department (e.g. training, stationery)
Departmental - cross cutting		Cross-departmental support costs including administration, financial processing, & premises management		100	100	200	Root & branch review of support services across the Department in order to realise savings and increase flexibility
Director & Management Team	788	Funds the management team including Director, Heads of Service & 2 senior management posts	30			30	Reduction in senior management costs
<b>Total Director &amp; Management team</b>			<b>130</b>	<b>175</b>	<b>150</b>	<b>455</b>	

**Strategic Development & Schools' Catering**

Catering Services	817	The management & administration of school meals income and banking	45	55	45	145	Provide the ability for parents to pay online for school meals (& other school payments, e.g. trips). Introduce electronic meal registers in primary schools, removing paper based systems. The changes will likely mean the removal of the School Meal Clerical role.
Catering Services	817	<ul style="list-style-type: none"> <li>The Catering Service provides school meals in all Carmarthenshire primary schools and 11 of our 12 secondary schools.</li> <li>The budget, including primary breakfasts, is some £7.7m. Taking account of income and Welsh funding for Free School Meals, the net cost of the service to the Council is in excess of £200k, not including indirect costs (such as Human Resources support, Health &amp; Safety support etc).</li> <li>Based on current charges for a primary school meal, Carmarthenshire prices are the joint highest in Wales.</li> <li>Costs have been saved over recent years by reducing staffing levels and smarter purchasing of food and other supplies.</li> </ul>			40	40	Remodel the central Catering Services Management Team in light of changes to school meal payment processes (reducing the full time equivalent)
Business Support	448	The central Business Support Team provides a range of support services to the Department and Building 2 at St. David's Park, Carmarthen. This includes reception duties, management of meeting rooms, management of pool cars, processing applications for Free School Meals, School Milk, and School Clothing Grants, and processing creditor payments across the Department	50	30		80	Release of 4 staff members through severance.
Participation & Children's Rights	122	A team of 2 that leads on the statutory duty for children and young people to participate in decisions that affect them, including support for the Carmarthenshire Youth Council & School Councils, as well as promoting awareness of the United Nations Convention on the Rights of the Child	10			10	Remodel of service following resignation of staff member
<b>Total Strategic Development &amp; Schools' Catering</b>			<b>105</b>	<b>85</b>	<b>85</b>	<b>275</b>	

**Education Services & Inclusion**

Strategic Management	161	Supports statutory & strategic education requirements - WJEC, ADEW contributions, legal fees, Copyright licence	10			10	Reductions across supplies & service areas - printing & postages (documents accessed on line), meetings expenses & reduced demand on legal costs.
Education Systems	688	The Education Systems Team support services across the department, including grant administration.	25			25	Reduction of match-funding requirement for EIG
Youth Support Services	840	YSS is an integrated service bringing together youth work and statutory youth justice provision. This allows for an holistic approach to youth support delivery for children, young people and young adults (aged 8-25 years) in Carmarthenshire, ranging from open access to specialised support.	40			40	Transfer some posts from core to grant funded; make others term-time only.
Home Tuition / EHE	1903	EHE Advisor currently paid on a daily rate. Efficiencies can be achieved by reviewing scope and magnitude of the role	10			10	Review EHE Advisor Post requirements & job profile
Educational Psychology	900	The educational psychology service provides advice to schools in relation to the educational needs of children with additional learning needs.	40			40	Review of staffing and workloads within service
Early Years Education	469	This budget funds the statutory requirement to fund '10 hours free education' in non-maintained settings for 3 year olds.	30			30	Reduce budget as a result of reduced demand, forecasting underspend in current year
Early Years Education	469	The Early Years Team provides support and guidance provision for all Carmarthenshire non-maintained settings.	30			30	Reprioritising part of Education Improvement Grant from Early Years Advisory Teachers to Athrawon Bro. Restructuring of the service could provide additional support for the development of our Welsh continuum via the Athrawon Bro Team.
<b>Total Education Services &amp; Inclusion</b>			<b>185</b>	<b>0</b>	<b>0</b>	<b>185</b>	

**Children's Services**

Education Welfare	387	The Education Welfare Service supports schools and families in securing regular school attendance. The service has been restructured to include the Young Carers service and enhance the capacity of both service areas, therefore, the reduction of one FEW post is not expected to affect the level of service provided.	25			25	Review of staffing structure
Independent Reviewing Service	6,468	The Independent Reviewing Officers review all children in the care of the local authority. This is a statutory role required under regulation	60			60	Remodel of Independent Reviewing Service. Management responsibility for the service has been remodelled and as a result the manager of this service has been redeployed and the reviewing officers now directly report to the service manager.
Children's Services	6,468	There is potential to utilise grant funding; particularly in relation to Supporting People, to offset core funded activity	235			235	Make better use of existing grants in care services (support for care leavers etc). Additional funding to be drawn down from Supporting People. Maximise the benefit of current year grants being transferred into RSG.
<b>Total Children's Services</b>			<b>320</b>	<b>0</b>	<b>0</b>	<b>320</b>	

**Education & Children Total**

<b>740</b>	<b>260</b>	<b>235</b>	<b>1,235</b>
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Department	2017-18 Budget		'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£000	£000	£000	£000	
<b>Corporate Services</b>							
<b>Financial Services</b>							
Accountancy	1,410	The provision of a decentralised accounting and financial management service, covering: • Technical Accounting (Preparation of final accounts, corporate accounting and taxation), • Management Accounting (Month end close, maintenance of financial records and budgeting) • Strategic Finance functions (projects, planning and financial advice to members)	70	90	120	280	2018-19 £30k Acc Technician post, £20k reduction in external audit fees £20k reduction in subscriptions; 2019-20 - Review of SLA's £25k, additional income from receivership work £25k, reduction in external audit fees £20k, £20K reduction in subscriptions; 2020-21 Structure realignment £120k
Treasury Management	108	Management of Treasury Management and Pension Fund Investments Service including statistical and legislative research and development work			9	9	2020-21 Structure Realignment
Revenues & Benefits	2,559	Revenue Services Unit is responsible for the administration, billing and collection of Council Tax and Non Domestic Rates from householders and businesses, respectively. The unit also undertakes on behalf of all the Authority's departments, the billing, collection and recovery of miscellaneous income (known as Sundry Debts) as well as having responsibility for operating the Councils full time cash offices with the associated back-office income functions. In addition to these income collection functions, the unit is responsible for the administration of Council Tax Reduction scheme (formerly Council Tax Benefit) and Housing Benefit schemes which help low income households meet their rent and /or Council Tax. Although the Housing Benefits Fraud Investigation function formerly undertaken within the unit transferred the Department for Work & Pensions in 2015/16 the service continues to investigate Council tax Reduction fraud	10	87	33	130	2018-19 £10k misc budgets; 2019-20 Realignment of Management Structure £57k, £30k Misc Budgets; 2020-21 Structure Realignment
Payroll	221	Payroll: administering pay for all employees and members, managing payroll records and providing a number of returns and statistics on staffing. The corporate Payments Service provides a range of payment solutions that support both internal and external clients in the settlement of supplier invoices relating to the receipt of goods and services.	0	40		40	2019-20 Structure realignment & postage
Pensions / NI / AVC			100			100	Savings on NI contributions re:AVCs
<b>Total Financial Services</b>			<b>180</b>	<b>217</b>	<b>162</b>	<b>559</b>	
<b>Audit, Risk &amp; Procurement</b>							
Audit & Risk	719	The Division's costs are primarily made up of staffing costs: Head of Division (1 FTE), Internal Audit (10.8 FTE), Risk Management / Insurance (3 FTE), Corporate Procurement Unit (8.8 FTE) and Corporate Services Business Support Unit (2.6 FTE). Audit Committee have made consistent representations to maintain and strengthen the Internal Audit provision which currently stands at 10.4 FTE. The Risk Unit maintains the Corporate Risk Register and co-ordinates the approach to Risk Management across the Authority whilst also dealing with the Authority's Insurances (including management of all "live claims" made against the Council by employees and the public). The Corporate Procurement Unit supports Departments in ensuring cost effective legally compliant procurement of the array of goods and services utilised by the Authority's various Services (savings emanating from better procurement are shown in Departmental savings). Finally a small Departmental Business Support Unit supports the whole Corporate Services Department's approach to Performance & Development work and the range of administrative requirements including FOIA and Appraisal Monitoring.	40	0	60	100	2018-19 & 2020-21 Structure Realignment
Procurement	509		7	54		61	Structure Realignment
<b>Total, Audit Risk &amp; Procurement</b>			<b>47</b>	<b>54</b>	<b>60</b>	<b>161</b>	
<b>Corporate Services Total</b>			<b>227</b>	<b>271</b>	<b>222</b>	<b>720</b>	

Department	2017-18 Budget £'000		'2018-19 Proposed £'000	'2019-20 Proposed £'000	'2020-21 Proposed £'000	Total £'000	
<b>Community Services</b>							
<b>Housing, Public Protection &amp; Care and Support</b>							
<b>Advice &amp; Tenancy Support</b>							
Temporary Accommodation	93	The Housing Options and Advice Team receive over 30,000 calls a year for housing related advice. One of the duties of the team is to assist homeless households with rehousing. Interim accommodation is used whilst completing an investigation into our statutory duty to rehouse. B&Bs were historically used to provide temporary accommodation while the investigation was undertaken. However, this was costly and often not the most appropriate type of accommodation. We now procure/lease properties from the private rented sector which is better value and allows us to place households in appropriate accommodation. Lease contracts are currently being reviewed so that they are fit for purpose and provide better value for money. There are also identified opportunities to increase the income of the section through fees and recharges.	10	0		10	Procurement of temporary accommodation
Advice & Tenancy Support - staff	174	This section helps owner occupiers, landlords and tenants to improve housing standards. This includes services such as area renewal, energy efficiency advice, general housing standards and dealing with empty homes. The 2014 Housing Act places a duty on local authorities to conduct homelessness reviews and introduce a homelessness strategy to provide help for people who are homeless or who are threatened with becoming homeless.	60	0	30	90	18/19 - Additional income from Simple Lettings business model £30k, staffing to be part funded by an HRA recharge £15k and additional income from landlord advice and enforcement £15k. 20/21 - Additional income from empty homes work £20k and from landlord advice and prevention duties £10k.
<b>Business &amp; Consumer Affairs</b>							
Business & Consumer affairs - financial investigator	632	Trading Standards enforce around 40 Acts of Parliament and over 1,000 associated regulations, which impact on all aspects of life, from the safety of children's toys, to the honesty of property descriptions when buying a home. It is responsible for ensuring that sales are carried out within the law. Trading Standards list a number of local handypersons and gardeners on the Registered Traders Scheme.	25			25	Additional income due as part of enforcing the Proceeds of Crime Act 2002 in relation to criminal confiscation and cash seizures.
Increase in fees / reduction in sampling budget	632		10		10	20	Income from checktrade services. Income from financial literacy products. Reduction in sampling budgets and increase in fees.
<b>Care and Support</b>							
Domiciliary Care - in-house service	5,535	Domiciliary Care Services, also known as Homecare, provide practical or personal care for someone in their own home. This could be because health or mobility is declining, or a person may have been in hospital or they have a long term health condition. As at the end of August 2017 there were 1,041 clients receiving a Domiciliary Service.	30	30	30	90	Due to the nature of the business, shifts have to be covered in times of staff sickness. We aim to continually reduce the annual level of sickness and therefore staffing costs making the business more efficient. We can also make further efficiencies - ie travel logistics, with better rotaring (especially following the planned IT investment).
Domiciliary Care - in-house night service	5,535	The "Through the Night Domiciliary Service" works in conjunction with other night services providing non-medical personal care to people living in the community through the Community Alarm Service. For the period April 2016 to September 2016 the department carried out 3906 planned night calls and 355 unplanned night calls.	30			30	Following a joint review of the service by ourselves and the NHS, it has been agreed to deliver this service in a different way. The proposal brings together the existing service with the acute response team provided by the health service. This will lead to a better integrated service and reduce costs for both organisations.
Reablement	1,658	The reablement service encourages service users to regain their confidence and skills following a period of illness or an injury. The programme is agreed by a multidisciplinary team and supports individuals to meet their expressed goals to return to a level of independence and includes support with daily living activities and other practical tasks. The programme may last up to 6 weeks.	126			126	Reduction of 200 hours / 8 posts to reflect changing service demands and alternative service provision from the NHS. Although these posts are currently vacant they are budgeted for.
Residential Homes	2,890	People may move into a care home because they have gradually found it more difficult to manage at home, or because an illness or accident has affected their ability to live independently. Residential care homes offer services such as laundry and meals and help with personal care. Some homes offer short-term stays but normally they provide more long-term or permanent care. As of the 30th September 2017 there were 858 clients funded in a Residential Care Home across all sectors.	175			175	Additional income by reshaping existing service to residential reablement and release of underutilised beds. Beds previously commissioned by Local Health Board for convalescence will be used for Social Care commissioning.
Care and Support Management	854	Ensuring resilient management of Care and Support services for residential homes, reablement, domiciliary care and sheltered housing services.	20			20	Additional recharge to the HRA following divisional restructure to increase management and usage of sheltered housing stock and to complement residential care.
<b>Environmental Protection</b>							
Reduction in sampling	428	Environmental protection are responsible for monitoring, by means of sampling, the shellfish beds in the Burry Inlet and Three Rivers for commercial gathering. The beds are controlled by the Natural Resources Wales for the former and Welsh Government for the latter. There is a legal requirement on the Local Authority to establish and monitor the classification of the beds to ensure that the shellfish is within a 'safe' limit (bacterial and toxin) for processing and consumption. In addition to this, the section also take food samples to routinely check that businesses are producing 'safe' foods. A single food team is being established across environmental health and trading standards which will lead to organisational efficiencies over time. Following demand from members and the public we have re-introduced pest treatments. As officers have to visit to investigate possible infestation, it makes sense to offer immediate treatments. This service will be run on a full cost recovery basis.	10	10	30	50	Reduction in food and other sampling costs across public protection services. Potential reduction in staffing costs following the establishment of a single food team in Environmental Protection.
Pest control	75	Since the removal of the pest control service, the Public Health team have continued to give advice on pest control including means of elimination and removal of sources and harbourage. As a result of feedback on recurring pest problems in Council Home occupants, these visits have recently also include treatments for rats and mice in addition to providing advice. This will improve the health and wellbeing of the tenants	10	10	10	30	Increased income from pest control services
Primary authority / services income	1,396	Primary Authority enables businesses to form a legal partnership with one local authority, which then provides assured and tailored advice on complying with relevant food safety, standards and health and safety that other local regulators must respect. There is a charge associated with the partnership.	6	10	10	26	Agreement with businesses to charge for advice from local authority

2018-19  
 2019-20  
 2020-21  
 Total



Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Divisional</b>							
Savings from new IT systems across division	2,257	The division has a number of business critical IT systems for its main services. This includes APP for the Public Protection Service, Northgate OHM's for Housing services and Jontek for Care and Support Services. In line with the council's do it online and digitisation/agile working vision, all systems are being replaced		50	50	100	Savings as a result of investment in new I.T. system. There will be a requirement to replace/upgrade existing systems which will require investment.
Divisional Staffing costs	2,257	The staffing complement of Housing (Council Fund) ,Public Protection and Support & care services total nearly 400 FTE's with a pay budget of over £8M. Reviews of service provision will include staffing as part of that process, which will produce savings over the medium term. This also includes acceptance of severance requests.	160	50	80	290	Amend staff budgets to reflect vacancy factor 2018-2019 £30k; Divisional restructure to include on-going severences for Housing, Public Protection and Care & Support Services.
Divisional supplies & services	2,257	The Housing and Public Protection Division has non-staff controllable budgets of approx £1.826m. The Deapartment has identified that some of these budgets will not have an inflationary uplift and budgets will be held at the same level as the year before.	0	35	15	50	Reduction in supplies, transport and premises etc.
<b>Total Housing, Public Protection and Care &amp; Support Services</b>			<b>672</b>	<b>195</b>	<b>265</b>	<b>1,132</b>	

<b>Integrated Services</b>							
Domiciliary Care	5,535	Domiciliary Service, also known as home care, provides practical or personal care for someone in their own home. This could be because health or mobility is declining, or a person may have been in hospital or they have a long term health condition. As at the end of August 2016 there were 1041 clients receiving a Domiciliary Service	500	130	0	630	Reduce % of Double handed care to match best performing authorities' performance by March 2020. Reduce % of people receiving 4 calls+ per day. Halve the number of small packages of care by 2020. Note that scope to reduce Dom Care will be very limited by Year 3.
Divisional Supplies	854	Services provided to Older People and Physical Disabilities client groups have non-staff controllable budgets of approx £34m. The Deapartment has identified that some of these budgets will not have an inflationary uplift and budgets will be held at the same level as the year before.	122	0	0	122	No inflationary uplift.
Management & Support - staffing reductions	854	Management and operational workforce	60	60	60	180	Review of staffing
Information Advice & Assistance	7,008	The provision of an Information, Advice and Assistance (IAA) service is a new duty under the Social Services and Wellbeing(Wales) Act. Evidence has demonstrated that providing a robust IAA service to the public empowers individuals to find solutions to support their needs. This focus on prevention helps people to maintain their own independence and wellbeing and can reduce demand on formal care services	0	90	90	180	Support people to manage their difficulties without care. This PBB has been delayed until 2019/20, as the service is still under development.
Residential Placements	10,171	Residential care is provided in local authority and private sector care homes for individuals who can no longer live independently in the community. Depending on the nature of their needs, their placement may be made by the local authority or jointly with the health board, or entirely by the health board if they qualify for free continuing health care (CHC).	145	340	286	771	Manage the demand from hospitals for residential & nursing placements (including CHC)
<b>Total Integrated Services</b>			<b>827</b>	<b>620</b>	<b>436</b>	<b>1,883</b>	

<b>Learning Disabilities</b>							
Residential Care, Supported Accommodation an Community Packages - reshaping and reprovding services	6,596	People may move into a care home because they have gradually found it more difficult to manage at home, or because an illness or accident has affected their ability to live independently. Residential care homes offer services such as laundry and meals and help with personal care. Some homes offer short-term stays but normally they provide more long-term or permanent care. As of the 30th September 2016 there were 185 Mental Health & Learning Disability clients funded in a Private Residential Care Home.Supported living is a type of residential support that helps vulnerable adults, including people with learning disabilities, to live independently in the community. Supported living arrangements are very flexible and are designed to give each person choice and control over their home and the way they live their life. As of the 30th September 2016 there were 146 Mental Health & Learning Disability clients receiving supported accommodation.	482	75	50	607	Reviewing and right sizing of residential placements; Stepping down to supported living/Shared Lives; De registration of residential homes to supported living; Collaborative funding opportunities; Recommissioning; Positive behavioural interventions; alternative community provision; costing model in residential care; right sizing of individual packages; implementation of capped rate; maximising potential of assistive technology; releasing time to care; Ordinary Residence issues.
Day Services	2,845	During the review and transformation of MH&LD day services we have identified individuals who are spending a long time on transport, at times travelling across the county past services which could support their needs. The current arrangement incurs increased costs and can have a detrimental effect on the person due to th length of time on transport. We will review those identified and propose alternative shorter and mor efficient arrangments which may include individuals having to use their own transport funded by their mobility allowance.	20			20	Undertake review of transport in day services with view to establishing more cost effective arrangements
Direct payments	1,306	Citizen directed co-operatives are a key theme of the SS&WA. The use of direct payments allows individuals to have more independence when deciding how they achieve what is important to them and increases the oportunity for them to have their support needs met within their community and maximise their own assets. We are currently changing the focus of day services in order to provide more specialist outcome focussed interventions, this will include moving some individuals on from the building based services and into the community with their support being tailored to their specific outcomes and supported via direct payments. Where appropriate at this will include pooled payments based on communities of interest in order to ensure effective use of funds.	48	125	125	298	Develop social enterprise, citizen centred cooperatives for Direct payments
Divisional Staffing	383	An ammended divisional structure will be developed for agreement via the appropriate process to deliver the new service proposals, with less building based services and a change in function we envisage there will be a reduction in managerial posts.	100	140	115	355	Divisional staffing costs linked to above Service proposals, ongoing severences and Divisional restructure
<b>Total Learning Disabilities</b>			<b>650</b>	<b>340</b>	<b>290</b>	<b>1,280</b>	

<b>Support Costs</b>							
Commissioning Team	1,181	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	47	46	39	132	reduction in staffing
Support Services	1,673	The service provides business support for Social Care. The functions include payment of creditors, management of transport and premises; the assessment and collection of income for residential and non residential services; and general business support	79			79	Supplies and Services (Postage + tel + meetings) £34k, Transport £12K , Staffing - part time reduced hours £13k, staffing - re-structure
<b>Total Support Costs</b>			<b>126</b>	<b>46</b>	<b>39</b>	<b>211</b>	

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Leisure</b>							
<b>Outdoor Recreation</b>							
Burry Port Harbour	24	Burry Port Harbour has huge potential to develop even further as a key tourist attraction in the middle of Carmarthen Bay and as part of the regeneration plan for the harbour area. With 350 pontoons and direct access to the Wales Coastal path, it forms part of the 17Km Millennium Coastal Park situated between Llanelli Town and Pembrey Country Park. The Harbour forms part of a necklace of such facilities around the coast of Wales.	55			55	Reduction in net cost of dredging
Pembrey Country Park	57	Pembrey Country Park has been transformed into one of Wales's top visitor attractions providing a unique blend of coast and countryside. Eight miles of golden sands set against the spectacular backdrop of the Gower Peninsula and overlooking the coastal scenery of Carmarthen Bay. There is everything from caravan and camping (with electric), 550 acres of idyllic woodlands, 130m long dry ski slope to the longest toboggan run in Wales - all providing a perfect family day out or a relaxing holiday in idyllic surroundings.		40		40	Additional income as a result of Invest to Save funding for infrastructure improvements at Pembrey Caravan Park. Last repayment to the Development Fund due in 2018-2019
Pembrey Country Park	57	Pembrey Country Park has been transformed into one of Wales's top visitor attractions providing a unique blend of coast and countryside. Eight miles of golden sands set against the spectacular backdrop of the Gower Peninsula and overlooking the coastal scenery of Carmarthen Bay. There is everything from caravan and camping (with electric), 550 acres of idyllic woodlands, 130m long dry ski slope to the longest toboggan run in Wales - all providing a perfect family day out or a relaxing holiday in idyllic surroundings.	30	30	20	80	Increased Income (charges / car park / accommodation / F&B)
Pendine Outdoor Education Centre	150	Pendine Outdoor Education Centre offers residential opportunities for primary schools from Carmarthenshire and beyond to experience Outdoor recreation, catering for up to 120 children at any given time. The service has an excellent reputation with schools and often provides the first opportunity for children to spend time away from their family on a residential basis.		50	50	100	Additional income following redevelopment of services at Pendine
Waste Management procurement	57	Our Country Parks generate significant quantities of waste, especially at the caravan and campsite in Pembrey. Whilst every effort is made to minimise and re-cycle waste, there are opportunities to be more efficient in this area	5			5	Review of cesspool emptying contracts
<b>Sport &amp; Leisure</b>							
Leisure Centres	682	There are 6 Leisure Centres in Carmarthenshire. Llanelli, Carmarthen, Ammanford, Llandovery, St Clears and Newcastle Emlyn. A variety of activities at your local leisure centre such as; Swimming, Diving, Canoeing, Fitness, Cycling, Badminton, Tennis, Table Tennis, Squash, Hockey, Netball, Basketball, Football, Rugby, Cricket, Gymnastics, Birthday Parties, Holiday programmes. There were over a million visits to the Leisure facilities in 2015/2016.	40	12	15	67	Increased income (higher charges / more activity)
Salix loan ending (for energy saving initiatives)	682	Salix funding has been secured to invest in more energy efficient lighting and the installation of swimming pool covers to reduce overnight heat loss at our leisure centres	9	13	7	29	Additional income as a result of Invest to Save funding for energy saving initiatives. Last repayment to the Development Fund due in 2017-2018
Dinefwr Bowls	10	The Indoor Bowls in Ammanford is being managed by a local management board on a reducing subsidy from the authority.	5			5	Last year of reducing subsidy
Bro Myrddin Bowls	8	Bro Myrddin Bowls Centre transferred to the local Authority in approx 2004, reason being the management committee could no longer sustain the costs on operating the centre. After a number of years within Leisure services we negotiated an asset transfer back to the members(2015) whom created a trust with charitable status enabling opportunities to draw down grants etc. part of the agreement is a reduced subsidy over three years. We are now in the second year and accounts from the club show excellent results. The club membership is growing and signs that long term sustainability is achievable!	5			5	Last year of reducing subsidy
Llanelli Leisure Centre	152	A new Leisure Centre is planned as part of the Wellness village at Delta Lakes Llanelli. It is anticipated that additional income and reduced building running costs will improve the net revenue funding position for the centre			85	85	New Llanelli LC improved trading position
<b>Culture</b>							
Carbon trust energy savings	1,941	We are planning to undertake carbon trust energy assessments of all Cultural buildings, with a view to reducing costs through more efficient use and management of energy.			16	16	Carbon trust energy savings
Theatres	800	Carmarthenshire Theatres manages the Miners' Ammanford, Lyric Carmarthen and Ffwrnes Llanelli and promotes a broad range of events and productions throughout the year for all age groups and interests. During 2015/16 a total in excess of 100,000 paying customers and participants visited and made use of our facilities. As Carmarthenshire's flagship theatre The Ffwrnes is increasingly establishing itself as one of Wales's leading Cultural and Entertainment venue. 266 visiting companies and hirers 400 performances/events 74,130 attendances 33,805 participants	11	20	10	41	Reduced agency costs & Increased income in Theatres
Libraries	2,337	Carmarthenshire libraries provides an extensive choice of books, DVDs, CDs, online services, newspapers and magazines, there is something for everyone! With over half a million books on offer between 3 regional, 13 branch and mobile libraries you're never too far away from a centre of knowledge. Public access computers and Wi-Fi are available at all libraries. Keeping up to date with technology there is now the Playstation 4 available at Llanelli, Carmarthen and Ammanford library. Carmarthenshire is the 4 <sup>th</sup> busiest Library in Britain. There have been over 600,00 issues of books per year. Promoting a new mobile service in January 2017 as an out of reach service, linking up with various partners to deliver this new service.	20	57		77	Procurement, cost efficiencies and income
<b>Total Leisure</b>			<b>180</b>	<b>222</b>	<b>203</b>	<b>605</b>	
<b>Community Services Total</b>			<b>2,455</b>	<b>1,423</b>	<b>1,233</b>	<b>5,111</b>	

Department	2017-18 Budget		'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Environment</b>							
<b>Business Support and Performance</b>							
Operational compliance training	604	The Policy and Performance Division provides support and advice to all sections of the Department by providing a variety of financial, administrative, democratic, business support and performance management services.	15	0		15	To generate external income through the provision of Operational compliance training.
Business Support review		A review of business support within the department is currently ongoing with a view to streamlining processes and functions.	100	0		100	Efficiencies generated as a result of the implementation of the Business support review recommendations.
<b>Total Business Support and Performance division</b>			<b>115</b>	<b>0</b>	<b>0</b>	<b>115</b>	
<b>Waste &amp; Environmental Services</b>							
Waste Treatment	6,226	Targeted campaigns to reduce waste and increase the awareness and use of all recycling schemes/initiatives. It is anticipated that this will result in the diversion of waste from the residual waste stream to the recycling waste stream, thereby realising savings due to the differential in the treatment costs as set out.	70	100	0	170	Year One: Diversion from Residual Waste to Food Recycling @ 550t - gate fee saving = £26k Diversion from Residual Waste to Blue Bag Recycling @ 550t increase - gate fee saving = £18k Diversion from Residual Waste to Green/Garden Waste Recycling @ 375t increase - gate fee saving = £26k Year Two: By undertaking waste minimisation activities realising an overall reduction in Residual Waste by 500t saving = £53k Further diversion of food waste @ 500t - gate fee saving = £24k Further diversion into Blue Bag Recycling @ 350t - saving = £11k Further diversion to Green/Garden Waste @ 175t - saving = £12k
Closed landfill Sites	231	We currently manage the ongoing aftercare at two former refuse landfill sites - Nantycaws (Phase 1) in Carmarthen and Wern Ddu in Ammanford. This includes dealing with leachate from the landfill sites and ensuring the adequacy and functionality of the infrastructure, including drainage systems.	30	0	0	30	Negotiation of reduced licensing fees and reduced effluent disposal costs will realise savings.
Enforcement	551	The Environmental Enforcement section is responsible for providing enforcement activity in relation to environmental crime. This includes matters relating to dog fouling, litter, fly tipping, waste carrier offences, domestic and business waste offences, abandoned vehicles, anti-social behaviour for example graffiti, highways offences and skips and scaffolding. Enforcement is effected by means of formal notices, fixed penalty fines and prosecutions.	11	0	0	11	Review, procure and tender the abandoned vehicle service collaboratively working with Fleet Management. Review current pool and lease car arrangements with the aim of reducing the number. Abandoned Vehicle Saving - £7,175 Removal of Lease Car Saving - £4,000
Flood Defence and Coastal	335	Overall management and delivery of arrangements to ensure the integrity of assets associated with mitigating risks associated with flooding and coastal erosion.	30	15	15	60	Reduction in minor improvement works programme - this can be accommodated since investment over previous years has addressed main flooding issues. Funding will continue to be required to maintain assets and to upgrade defective culverts.
Communications expenditure reduction		This budget is allocated to raise awareness and education of the waste services operating to Carmarthenshire residents. Promoting the kerbside dry recycle and food waste service, home composting, bring sites and household waste recycling centres. Advising on methods of re use and waste minimisation. Information in various formats have been used to encourage participation in various schemes in order to assist with the overall objective of meeting our recycling targets.	30	0	0	30	By bringing more focus to specific messages and target audiences, following the corporate vision of channel shift and taking advantages of the changes within the communication method medium, we can further enhance communication at a reduced cost. Social media and website based data provision can be used further as a method of focussed communication. Developing and enhancing relationships with established volunteer community groups and non-government organisation and linking in on their social media platforms to expand on capturing our target audience will reduce the requirement/ frequency of using traditional communication methods. Cutting back on printed materials and streamlining information leaflets will also reduce print re print/ graphics costs. Capturing data such as email addresses and mobile telephone numbers from residents who authorise the use of said contact details in order to join the text messaging service and dot-mailer facility reducing postage costs on mass mailing.
CWM Contract	as above-waste treatment line	CWM Environmental are responsible for providing a service that treats, recycles and disposes of Carmarthenshire's municipal waste.	0	200	320	520	The contract with CWM is currently under review. It is expected that a new contract will be in place in 2018 and the proposed new arrangement will realise cost savings over the two year period. See Gate fee savings working paper for information
Grounds - Plant rationalisation	1,364	The Grounds Maintenance Section incorporates the direct responsibility of managing and maintaining parks and playgrounds, inland water areas and a large number of public open spaces within Carmarthenshire. It also maintains grounds for many other departments of the County Council such as Social Care and Housing, Cultural Services, Education and many individual schools. The Section also has numerous external clients such as Town and Community Councils and private sports clubs.	18	0	0	18	Review of Fleet Replacement Programme - due to the success of the Community Asset Transfer programme and resulting rationalisation of plant, some items of plant due for renewal within the Fleet Renewal Programme can be disposed of instead of replaced.
Grounds - management of open water facilities - B line provision	as above	The Grounds Unit is responsible for some inland water areas. Part of this responsibility is to ensure that where buoyancy aid type safety equipment (floatation B-Lines) are installed, that these are maintained and are fit for purpose. Installation and equipment type depends on the specific risk assessment that is undertaken on each site.	7.5	0	0	7.5	The buoyancy aid B Lines that are installed often get damaged or stolen. There is an ongoing cost to replace these items. We will source a different product that meets our requirements for a reduced cost.
Asset Transfers - Parks	as above	Transfer of Parks, Playgrounds and Amenity areas to Town Councils, Community Councils or Sports organisations.	141	179	0	320	Reduction in maintenance costs following the transfer of assets to Town/Community Councils or sports organisations.
Review of Divisional structures	divisional budget		30	0	0	30	Divisional review to be undertaken following the departmental re-alignment with a view to rationalising service provision.
PCs and Cemetery	514	Operation and maintenance of Public Conveniences and Ammanford Cemetery facility..	10			10	Review of general expenditure budgets
<b>Total Waste &amp; Environmental Services division</b>			<b>377.5</b>	<b>494</b>	<b>335</b>	<b>1,206.5</b>	

Department	2017-18 Budget		'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Highways &amp; Transport</b>							
General - Public & School Transport	8,681	The County Council provides financial support to enable the provision of socially necessary bus and community transport services where the commercial sector does not provide. Over 1.07 million passenger journeys are supported each year. The bus network covers 13,658 kms every day. 55% of the overall network is subsidised to sustain access for communities. The Authority also provides school and college transport for 8,258 pupils/students who are eligible for assistance. Circa 3.07 million passenger journeys per annum are undertaken on the school/college network of services.	150	0		150	Supply chain efficiencies across transport networks. We will continually review routes to ensure the most efficient routing and loading of vehicles is achieved. Demand will also be managed in accordance with the Authority's statutory obligations and policy on provision. Routes will also be subject to competition.
Highways & Transport division	divisional budget	The Highways and Transportation services merged into a single division in August 2016. This will provide an opportunity to reduce areas of duplication.	35	0		35	Divisional review to be undertaken following the departmental re-alignment with a view to rationalising service provision.
Highway Lighting	1,267	The County Council provides and maintains Street Lighting to help facilitate the safe movement of goods and people. There are over 19,700 columns across the highway network with a further 800 units located on industrial estates and car parks. The street lighting network is currently being modernised via a 3 year investment plan. LED lamps are replacing the previous Sodium lamps.	107	0		107	Saving in energy consumption arising from investment in LED lighting and installation of timers for part night illumination. WG invest 2 Save funding has been approved. Proposal is to reduce operating costs without turning lights off. Delivery programme is underway.
Highways	8,047	The County Council maintains 3,371 km of highway in Carmarthenshire. It is the second largest length of highway network in Wales. The Authority has a statutory duty to maintain the network to a safe standard to facilitate the safe movement of goods and people. Over fifty five percent of the Gross Expenditure relates to supplies and services.	292	292		584	Improving the efficiency across the supply chain from supplies and services, programme management and works delivery.
Civil Design	-432		80	80	0	160	Reconfigure Design to increase income
Service reconfiguration	divisional budget		0	0	40	40	Reconfiguration of services within the division
<b>Total Highways &amp; Transport division</b>			<b>664</b>	<b>372</b>	<b>40</b>	<b>1,076</b>	
<b>Property</b>							
Admin Buildings	2,426	Energy, rates, telephone and cleaning costs for Administrative Office buildings including St David's Park	121	114	31	266	Savings on the running costs of the Council's office accommodation following vacation and subsequent sale or rental( In 18/19 this was as a consequence of agile working).
Industrial Premises	-922	Rental income and costs of managing the Council's 400 industrial units, which provide business accommodation supporting 2,000 jobs in the County	5	10	0	15	Above-inflation increase in income target
Carbon Reduction Programme	271	Payments under the Government's Carbon Reduction Commitment	0	0	75	75	Reduction in CRC payments
<b>Total Property division</b>			<b>126</b>	<b>124</b>	<b>106</b>	<b>356</b>	
<b>Planning</b>							
Development Management	141	<ul style="list-style-type: none"> <li>The Development Management Unit manages the statutory planning application process (including pre application and also discharge of conditions and variation of conditions post approval).</li> <li>The Unit deals with between 1700 and 1900 applications on average each year (roughly 150 cases per annum per Officer).</li> <li>The unit is also responsible for planning enforcement matters including enforcement of planning conditions and unauthorised development and built conservation matters, dealing with roughly 500 cases per annum.</li> </ul>	30	12.5	10	52.5	2018/19 - £20k : Savings have been identified in terms of staffing. This is part of an overall reconfiguration of posts within the Development Management section aimed at improving resiliency and efficiency and re-targeting of resources within the Business Unit; £10k : predicted income from new Pre-application service (new fee system yet to be agreed through Council). 2019/20 - £10k : additional predicted income from new Pre-application service; £2.5k : reduction in meeting costs; 2020/21 - £10k : additional predicted income from new Pre-application service.
Minerals & Waste	137	<ul style="list-style-type: none"> <li>The Team ensure that the significant aggregate resources and waste within Carmarthenshire are provided and managed in a sustainable way.</li> <li>This involves dealing with applications for waste and mineral workings/sites, dealing with enforcement matters relating to such sites and also required monitoring regarding the operation of such sites.</li> <li>The Team also undertake the above functions in whole or in part for another 7 Local Authorities in South and West Wales.</li> </ul>	15	5	5	25	Increase in income through various Service Level Agreements coupled with some savings to be made through reconfiguration of the Team which is aimed at improving the resilience of the Team going forward.
Forward Planning	435	<ul style="list-style-type: none"> <li>Division responsible for producing and assisting with implementation, including on-going monitoring of plan delivery and on-going revision of evidence base, of all development plans which cover or part cover Carmarthenshire.</li> <li>These plans include: <ul style="list-style-type: none"> <li>o Spatial plans – the potential for plans to span more than one (or part of) County in future years</li> <li>o the Local Development Plan which was adopted for Carmarthenshire in 2014 and</li> <li>o Development Briefs for specific sites and areas - a number of which have now been produced for the County.</li> </ul> </li> <li>Also involved in assisting with development and or disposal of Council owned land/property in relation to advising on potential uses and providing consultancy role regarding preparation of planning applications on behalf of the Council.</li> </ul>	6.5	3.5	0	10	General savings identified within the Forward Planning budget which are not related to the production of the LDP.
Rural Conservation	287		5	2	0	7	2018/19 - Predicted income from new Common Lands procedure for charging titles etc. ; 2019/20 - reduction in travel costs.
Planning Admin.	365		6	5.3	0	11.3	2018/19 - Increase in Street name and numbering income; 2019/20 - Reduction in translation and postage budgets.
Building Control	139		5.5	0	0	5.5	Dangerous structure - temporary payments are dealt with
<b>Total Planning division</b>			<b>68</b>	<b>28</b>	<b>15</b>	<b>111</b>	
<b>Environment Total</b>			<b>1,351</b>	<b>1,018</b>	<b>496</b>	<b>2,865</b>	



Department	17-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Education &amp; Children</b>							
Catering Services - School Meals	817	<ul style="list-style-type: none"> <li>The Catering Service provides school meals in all Carmarthenshire primary schools and 11 of our 12 secondary schools.</li> <li>The budget, including primary breakfasts, is some £7.7m. Taking account of income and Welsh funding for Free School Meals, the net cost of the service to the Council is in excess of £200k, not including indirect costs (such as Human Resources support, Health &amp; Safety support etc).</li> <li>Based on current charges for a primary school meal, Carmarthenshire prices are the joint highest in Wales.</li> <li>Costs have been saved over recent years by reducing staffing levels and smarter purchasing of food and other supplies.</li> </ul>	70			70	Increase the cost of a primary school meal price to £2.60* in April 2018, £2.70 in April 2019 and £2.80 in April 2020. There will be similar increases in charges for food in secondary schools. The price has increased by 10p per meal for several years in a row. There has been a reduction in the number of children having school meals following recent price increases. In addition to this a £50k efficiency has been included in year 2 for the introduction of a charge for the care element of primary school breakfast provision (more work needed to model potential income and costs of collection). *The school meal price will increase by 2.3% inflation taking it to £2.56 in 2018-19 therefore the efficiency proposal is 4p per meal
Delegated school budget	108,746	<ul style="list-style-type: none"> <li>This is the budget delegated to every school under the Fair Funding formula.</li> <li>The budget is to meet all the costs associated with running a school e.g. staff costs, premises costs, SEN specialist support, Service Level Agreements for specific services such as HR, IT, legal, grounds maintenance, music.</li> </ul>	2,326	4,062	4,381	10,769	<ul style="list-style-type: none"> <li>The 2018/19 proposal is to provide a cash neutral budget to schools</li> <li>Reduced school budgets will lead to schools having to review their spending and to consider staffing levels, class sizes and provision.</li> <li>To manage this level of reduction there will be an impact on staffing as a high % of a school's budget is used to employ staff.</li> <li>Schools have been encouraged to work in partnership and collaborate with other schools in matters of resourcing and employment, however the scale of the budget reduction will result in some redundancies.</li> <li>Reduced provision could impact on the high standards achieved by Carmarthenshire's learners and the support provided for vulnerable/disabled pupils.</li> </ul>
<b>Education &amp; Children Total</b>			<b>2,396</b>	<b>4,062</b>	<b>4,381</b>	<b>10,839</b>	
<b>Environment</b>							
Parking Services	-1,639	The County Council provides off street car parking facilities in towns and villages to support the expeditious movement of traffic to enable town centres to function. Parking supports these wider transport policy objectives and enables the authority to maintain highway and public transport services. There are 57 car parks across the county.	0	100	0	100	Increase charges by 10p per band to allow investment in new parking technology and payment systems and to support investment in transportation and highway related services.
School transport policy review	8,078	The County Council provides school and college transport for 8,258 pupils/students who are eligible for assistance. Circa 3.07 million passenger journeys per annum are undertaken on the school/college network of services. Elements of the service are provided on a non statutory basis - many authorities have chosen to restrict free school/college transport provision to the statutory requirements.	0	65	455	520	Review of non statutory service provision
<b>Environment Total</b>			<b>0</b>	<b>165</b>	<b>455</b>	<b>620</b>	

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Education &amp; Children</b>							
Page 154 Catering Services - School Meals	817	<ul style="list-style-type: none"> <li>The Catering Service provides school meals in all Carmarthenshire primary schools and 11 of our 12 secondary schools.</li> <li>The budget, including primary breakfasts, is some £7.7m. Taking account of income and Welsh funding for Free School Meals, the net cost of the service to the Council is in excess of £200k, not including indirect costs (such as Human Resources support, Health &amp; Safety support etc).</li> <li>Based on current charges for a primary school meal, Carmarthenshire prices are the joint highest in Wales.</li> <li>Costs have been saved over recent years by reducing staffing levels and smarter purchasing of food and other supplies.</li> </ul>		50	50	100	Increase the cost of a primary school meal price to £2.70 in April 2019 and £2.80 in April 2020. There will be similar increases in charges for food in secondary schools. The price has increased by 10p per meal for several financial years in a row. During 2015-16 & 2016-17 there has been a reduction in the number of children having school meals, likely in significant part due to the price increases. These include inflationary increases.
Catering Services - primary school breakfasts	817	The Catering Service delivers the Welsh Government's free primary breakfast initiative to all those primary schools in Carmarthenshire that request it (which is the majority). Savings have been delivered in the last 2 financial years by remodelling the staffing levels, and in some cases, the time that the provision is available, so that it sufficient to manage the breakfast provision but not extended to care wherever possible.		50		50	Introduce charge for care element of primary school breakfast provision (more work needed to model potential income and costs of collection, based on previous changes made)
Inclusion Service	363	The service provides a wide range of support, guidance and resources to all settings and areas of Additional Learning Needs including Sensory Impairment, Special Educational Needs (SEN), SEN Management, Dyslexia & Autistic Units.	50			50	Reduce support and provision for schools via revised Speech and Language Therapy SLA agreement. This will result in less input and impact within schools across the range of services currently provided (specialist S&L provision, support for key programmes such as ELKLAN, ChATT and behaviour management).
Respite Centres	884	The centres provide respite to families with children with very complex disabilities.	200	200		400	Consultancy (IPC) engaged in full review of disability services. This suggests that families would benefit from greater flexibility of service and more personal discretion would lead to a more diverse range of respite provision thereby requiring less residential respite.
Delegated School Budget	108,746	<ul style="list-style-type: none"> <li>This is the budget delegated to every school under the Fair Funding formula.</li> <li>The budget is to meet all the costs associated with running a school including staff, premises, SEN specialist support, Service Level Agreements for specific services such as HR, IT, legal, grounds maintenance, music.</li> </ul>		500		500	Change the current admissions policy in primary schools so that children start full time the term after their 4th birthday, not the term they turn 4, saving one part-time term per pupil. This would bring Carmarthenshire's policy in line with that of neighbouring local authorities
<b>Education &amp; Children Total</b>			<b>250</b>	<b>800</b>	<b>50</b>	<b>1,100</b>	

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	

**Community Services****Care and Support**

Day Services	1,027	Day opportunities (Services) in Carmarthenshire provide a chance for people to take part in activities outside of the home whilst also providing a break for carers. Some day opportunities are for people with mental health needs, learning disabilities and/or physical disabilities. As of the 30th September 2016 there were 550 clients receiving a Day Service.	50	25		75	Reshaping provision at Lllys y Bryn. Assumption September 2018
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**Integrated Services****Learning Disabilities**

Day Services - Opportunities	2,845	LD & MH day services currently provide support for approximately 300 individuals across the county utilising 9 different sites. The services provide opportunities for individuals to receive therapy, maintain their health and wellbeing, gain skills, socialise whilst also providing respite for carers. The review of day services has highlighted the need to develop community options and specialist services which will see a decline in the use of building based services. This will provide opportunities for us to develop intergenerational services in partnership with adult services within Coleshill and Manor rd and vacate the premises at Crosshands.	285	245	250	780	Development and re-commissioning services jointly with Older People's Services, the third sector and leisure (currently working on options appraisal)
Day Services - Complex Needs	2,845	Complex needs day services provide support for individuals with profound and multiple disabilities often requiring 1-1 support. We currently rely on external domiciliary care agencies to provide the 1-1 support for some individuals due to a lack of capacity within the services existing budgets. With movement of individuals into community support options there will be increased capacity within building based services which will replace the third sector provision.	30			30	Review third party provision within complex needs day services

**Leisure**

Gwendraeth Leisure Centre	11	Gwendraeth Sports Centre has a 4 court hall, 2 squash courts; and multi function room. Management has recently been transferred to a community group generating savings of circa £16k. Future community asset transfer via long term lease will deliver further savings.		11		11	Gwendraeth LC - saving from already agreed asset transfer
Y Gât	47	Y Gât (formerly known as St. Clears Craft Centre) is an arts facility that also hosts the local library and a franchise catering operator. The facility has an open gallery / shop area along with conference rooms facilities and studio spaces for local artists to hire.		23	24	47	Development and re-provision of Y Gât (St Clear's)

**Community Services Total**

**365    304    274    943**

Department	2017-18 Budget	FACT FILE	'2018-19 Proposed	'2019-20 Proposed	'2020-21 Proposed	Total	EFFICIENCY DESCRIPTION
	£'000		£'000	£'000	£'000	£'000	
<b>Environment</b>							
<b>Waste &amp; Environmental Services</b>							
Cleansing	1,752	The County Council maintain over 3,500km of roads throughout the County. The Cleansing Service provides for the sweeping and de-littering of streets and footways. The service includes mechanical sweeping of highways, footways and pedestrianised town centre areas, hand litter picking and emptying bins, chewing gum removal, graffiti and illegal poster removal, clearing up illegal dumping of rubbish and dog mess. On average the County Council removes around 40 tonnes of litter every week, the equivalent of 5 elephants.	0	0	164	164	Review and re-configure the routine scheduled mechanical sweeping of residential areas with a view to undertaking sweeping/cleansing work on a reactive basis in the future, potentially adopting a zoned approach. In order to achieve the saving identified, the number of mechanical sweepers will need to be reduced, together with the number of drivers through voluntary severance.
Clinical Waste Collections	221	The collection of hygiene waste is currently undertaken by a third party contractor. The contract comes to an end in November 2018. Hygiene waste includes the following types of waste:  Items used to dispose of urine, faeces and other bodily secretions or excretions including: Disposable bed pans Bed pan liners Incontinence pads Stoma bags Urine containers This type of waste can be placed in black bags.	54	164	0	218	This waste is suitable for collection as part of our residual black bag waste collection service. The proposal is to terminate the current contract and co-collect with our domestic waste at the kerbside. There will be a loss of recycling to the extent of approximately 0.25%.
Trade Waste		The collection of trade waste from commercial premises.	0	0	156	156	The current service is running at a loss. If the collection service is transferred to CWM i.e. the client list onl. The existing plant can be sold/offhired and operatives will be placed within vacancies within the department. This loss would then be negated and CWM could provide the service at more attractive commercial rates in line with their wider business model.
Age Cymru		Since 2011 the Authority has had a service level agreement in place with Age Cymru to assist with access to recycling facilities in the County. The main focus was to provide recycling information and assist with glass collection from the domestic residency to a nearby recycling centre by age cymru volunteers.	11			11	Our Contact Centre and Customer Service centre have all the information required to fully inform residents of their requirements either by face to face, telephone or leaflets and electronic methods of communication. We also have community recycling advisors who would be able to visit if the resident could not use the aforementioned facilities. This element of the SLA is fully covered in house. In respect of the glass recycling we have recycling facilities at over 150 recycling centres across the county and many are located at supermarket locations where residents carry out their daily/ weekly grocery shop and would allow for residents or their carers/ aids to take one or two items on frequent basis allowing for ease of disposal. The service currently has 52 clients and currently operating at approx.£350/client.
Grounds - at Town Hall		At Town Hall Grounds in Llanelli successional bedding has always been planted i.e. Spring Bedding and Summer Bedding.	10			10	We propose to cease with the supply and planting of Spring Bedding, leaving the bed fallow. Non planting of spring bedding will result in colourful flower displays through the summer months only.
<b>Total Waste &amp; Environmental Services division</b>			<b>75</b>	<b>164</b>	<b>320</b>	<b>559</b>	
<b>Highways &amp; Transport</b>							
Parking Services	-1,639	The County Council provides off street car parking facilities in towns and villages to support the expeditious movement of traffic to enable town centres to function. Parking supports these wider transport policy objectives and enables the authority to maintain highway and public transport services. There are 57 car parks across the county.	0	100	100	200	Increase charges by 10p per band to allow investment in new parking technology and payment systems and to support investment in transportation and highway related services.
School Crossing Patrols	127		0	0	38	38	Remove School Crossing Patrols from sites below the risk threshold
Road Safety	146		0	0	120	120	Review of Road Safety Education Options
Searches			10	0	0	10	Searches charges
Highways			25	25	0	50	Reduction in frequency of verge mowing
<b>Total Highways &amp; Transport division</b>			<b>35</b>	<b>125</b>	<b>258</b>	<b>418</b>	
<b>Environment Total</b>			<b>110</b>	<b>289</b>	<b>578</b>	<b>977</b>	

Demographic, Legislative or continuing pressures				Description	Proposed Allocation 2018-2019 £'000
	2018-2019 £'000	2019-2020 £'000	2020-2021 £'000		
<b>Chief Executive's</b>					
Income target in CE policy	60			Income target from efficiency proposal from 5 years ago simply not achievable	150
Counter Terrorism	<b>Unknown</b>			Counter Terrorism -Presently the responsibility for coordinating PREVENT rest with the Police although there is a growing demand to take responsibility for areas such as training, translation of material and case management being placed on the Local Authority. Should the Dovetail project be implemented then budgets will have to be established. Hopefully the additional responsibilities will result in funding from the Home Office and Welsh Government but as this is currently unknown.	
IT Income	47			Cessation of grant via Education Dept. Previously contributed to the cost of providing ADSL/BB to Primary Schools. Facility still being provided and income target still in the IT budget	
IT Income	40			Decrease in schools SLA income due to school closures and mergers. Costs are based on a site fee as well as pupil numbers.	
IT Income	23			Decrease in MWWFA SLA. Costing model was revised in Jan 2017 resulting in a reduction in income.	
Firmstep Platform	64			Additional revenue cost of the Firmstep application platform. Firmstep is the product chosen by the organisation to facilitate the move to a fully integrated Customer Relationship Management system (CRM). This integration with core back office systems enables us to provide citizens with a single point of contact and authentication for all online service activity and transactions. The 2 members of staff who've traditionally supported our current CRM have left making the current situation unsustainable. Firmstep allows us to absorb that loss whilst continuing to develop and improve digital customer services. PBB's associated to those 2 members of staff have been relinquished. Firmstep is the application platform chosen to deliver our "Channel Shift" agenda and many initiatives aligned to the Digital Transformation Strategy. It will be used to deliver a 21st century, 24/7 digital experience to customers, to automate and digitise processes and procedures and to facilitate efficiencies across the organisation.	
Land Charges	37			Restructure of Land Charges unit to meet current demand	
Legal	39			Upgrading 0.5 Legal Assistant post to full time Assistant solicitor in Property section to meet workload	
<b>Total Chief Executive's</b>	<b>310</b>	<b>0</b>	<b>0</b>		
<b>Education and Children</b>					
Childrens Services	<b>423</b>	<b>100</b>	<b>50</b>	Fostering rates and WG planned all Wales rates. New rates effective from Oct 17. As we currently pay the lowest, the impact will be greater for CCC.	350
Additional Learning Needs reform	<b>50</b>	<b>100</b>	<b>150</b>	WG have not quantified to date but hard to see how this won't need financial support	
WESP	<b>50</b>			CCC's impact on one million welsh speakers won't progress without funding.	
Behaviour Support Services Review Recommendations	<b>50</b>	<b>100</b>		Changing the nature & location of provision to meet pupil needs across the County through cluster bases, training, etc. report will be coming to CMT and will also link to MEP Band B.	
School meals	<b>60</b>			Food cost increases (above general inflation validation)	
Schools	<b>45</b>			A number of schools need to be closed to rationalise across the Authority – Corporate Approach. Possible 'invest to save' for resource into MEP team	
Music Service	<b>100</b>			Struggling to get to self-funded, not Statutory but well supported politically	
<b>Total Education and Children</b>	<b>778</b>	<b>300</b>	<b>200</b>		

Demographic, Legislative or continuing pressures				Description	Proposed Allocation 2018-2019 £'000	
	2018-2019 £'000	2019-2020 £'000	2020-2021 £'000			
<b>Corporate Services</b>						
Housing Ben Admin Grant	65			Grant is being reduced annually. Any shortfall currently potentially covered by a HB reserve but this is not a sustainable solution	0	
<b>Total Corporate Services</b>	<b>65</b>	<b>0</b>	<b>0</b>		<b>0</b>	
<b>Communities</b>						
Demographic pressures 3.9% growth in over 75's	1,656	1,656	1,656	Based on anticipated increase in demand on residential and domiciliary care related to population growth	1,750	
National Living Wage	1,763	1,862	2,095	Current estimate on commissioned services if Govt make mandatory increases in hourly rate of Dom care and res care		
Out of Hours Social Work Team	75			Cost of new team across children and adults to end reliance on overtime/standby social work		
Deprivation of Liberty Standards (DoLS) backlog / Social Services and Well-being Act	150	150	150	Cost of new legislative requirements on mental health teams to complete required assessments		
Mental Health and Learning Disability Citizen's Advice Bureau (CAB)	250			Offset by potential additional income resulting from Welsh Government decision to raise capped rate for Domiciliary Care charges (2017-2018 weekly charge from £60 to £70; assumption for next 3 years - £10 increase)		
	35			Greater diagnosis of disability and life span of service users		
<b>Total Communities</b>	<b>3,779</b>	<b>3,518</b>	<b>3,751</b>		<b>1,750</b>	
<b>Environment</b>						
Waste strategy	453	711		as per Waste strategy costings.	750	
Potential reduction in SWM Grant	170	170	170	Estimated shortfall in the Single Revenue grant based on the reduction between 16/17 and 17/18.		
Kerbside Glass Collection			200	Potential net cost of introducing kerbside glass collection (offset by reduction in Bring Site provision).		
Potential New HWRC in northern sector of County.	50			Running costs for potential new HWRC in the northern sector of the County, over current and previous provision.		
Eradication of Japanese knotweed	25			Statutory obligation to remove the knot weed from Council land		
<b>Transport</b>						
Cycle routes maintenance	180			Highways maintenance of cycle routes plus on road C class routes to support the Cycling strategy.		
Detrunking of A477	96			Increased highways maintenance following the de-trunking of the A477 on the 6th of June 2017. Currently seeking funding from WG for remediation works.		
School transport	200	200	200	Market pressures, Demographic growth and MEP pressures. Review of profiling to be undertaken.		
Public rights of way	80	80	80	ROWIP commitments		
Tywi Valley path			50	Maintenance of the Tywi valley path		
Active Travel Act	20			Requirements of the Active Travel Act as a legislative demand, particularly given the future shape of LTF funding; we currently spend Circa £15-£20 p.a. on the administration elements (this does not include scheme delivery that recognises our requirement to demonstrate continuous improvement)		
<b>Property</b>						
Property Condition survey on non-Housing properties-responding to Grenfell Tower fire				unknown		
<b>Planning</b>						
Local Development Plan	75			Additional funding required to meet the ongoing costs associated with the legislative requirements arising from the review and preparation of the Local Development Plan including ICT requirements, evidence gathering and examination costs.		
Ecological Impact of the Environment Act 2016	43			To tackle the increased requirements brought in through Env Act 2016 on statutory duty to assess ecological implications of planning applications (now approx. covering 900 applications a year).		
<b>Total Environment</b>	<b>1,392</b>	<b>1,161</b>	<b>700</b>		<b>750</b>	
<b>Authority Total</b>	<b>6,324</b>	<b>4,979</b>	<b>4,651</b>		<b>3,000</b>	

## EXECUTIVE BOARD 27<sup>TH</sup> NOVEMBER 2017

### NATIONAL BOTANIC GARDEN OF WALES

**Purpose:**

**To consider the Authority's future financial support for the Garden**

**RECOMMENDATIONS / KEY DECISIONS REQUIRED:**

1. To extend the Authority's loan to the Garden for a further 2 years to 31<sup>st</sup> March 2020 and consider whether interest becomes chargeable
  
2. To allow the Garden continued occupation of three of the four farmhouses on a tenancy basis for a further 2 years to 31<sup>st</sup> March 2020.

**REASONS:**

To extend the existing loan / lease arrangements, which currently come to an end on 31<sup>st</sup> March 2018 by a further 2 years on the same conditions as existing agreements whilst longer term options are explored.

<b>Relevant scrutiny committee to be consulted</b>	<b>No</b>
<b>Exec Board Decision Required</b>	<b>Yes</b>
<b>Council Decision Required</b>	<b>No</b>

**Executive Board Portfolio Holder – Cllr David Jenkins**

**Directorate:**  
Resources

**Name of Director:**  
Chris Moore

**Report Author:**  
Chris Moore /  
Tracey Williams

**Designations:**

Director of Corporate Services

Director of Corporate Services /  
Assistant Accountant

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**EXECUTIVE SUMMARY**  
**EXECUTIVE BOARD**  
**27<sup>TH</sup> NOVEMBER 2017**

**NATIONAL BOTANIC GARDEN OF WALES**

**History**

1. The County Council have a long history of support for the Garden going back to the project's inception in the 1990's, including both direct financial support and working in strategic partnership with various bodies including the Welsh Assembly Government and the Millennium Commission to secure a viable and long term future for the Garden.
2. Relevant to today's discussions are the following previous resolutions:
  - a. On the **19<sup>th</sup> September 2005** the Executive Board resolved:
    - To request the Gardens to release their leasehold interest in the farmhouses which along with the necessary consents and resolutions from interested parties would give the Authority unencumbered freehold possession. In return the Authority would advance the Garden £900,000 which would be repaid when the farmhouses were sold.
  - b. On the **20<sup>th</sup> February 2007** the Executive Board resolved:
    - That the Council's existing loan to the National Botanic Garden of Wales be increased by the sum detailed within the Director of Resources report on the same terms and conditions as the existing loan. (The additional being £450,000)
  - c. On the **3<sup>rd</sup> March 2008** following discussions with WAG the Executive Board resolved:
    - To convert the £1.35m loan (plus interest) to the National Botanic Garden into a grant. (The loan being written down over a two year period as each farmhouse was sold)
    - To provide £50,000 p.a. revenue grant in cash (£30k) and in kind (£20k) for a three year period

This was in response to a revised funding package from WAG of £1.9m capital and three year funding of £550k p.a.



- d. On **31<sup>st</sup> January 2011** Executive Board considered a report where it was identified that the Gardens for operational reasons continued to occupy the farmhouses and this coupled with the economic climate affecting asset values had meant that no disposals of the farmhouses have taken place, therefore as a consequence the loan granted to the Gardens remained in place.

It was also noted that Welsh Government had commissioned a review of the funding and governance arrangements at the Garden, which concluded that the facility is not financially sustainable without external funding and that this position was likely to remain for the foreseeable future. The Authority was also informed that Welsh Ministers had agreed a funding package for the Garden for three years (2011/12 – 2013/14) subject to the County Council agreeing an extension of its own financial support. It was therefore resolved to:

- To extend the Authority's interest free loan to the Garden for a further period of three years
- To allow the Garden continued occupation of three of the four farmhouses on a tenancy basis
- To provide £60,000 per annum revenue cash grant to the Garden for a further three years

- e. Welsh Government subsequently made a further award of grant to the Botanical Gardens for the year 2014/15 and again this award was made dependant on the continued support of the County Council for a further year. A revenue grant of £70k was provided by the County Council with occupation of the farmhouses and an extension of the loan also being provided for a further 1 year.

- f. On the **15<sup>th</sup> June 2015** the Executive Board resolved:

- To extend the Authority's interest free loan to the Garden for a further 3 years to 31<sup>st</sup> March 2018
- To allow the Garden continued occupation of the four farmhouses and homesteads on a tenancy basis for a further 3 years to 31<sup>st</sup> March 2018
- To provide £70,000 revenue cash grant to the Garden for 2015/16 subject to condition below
- To approve, subject to condition below, a forward commitment of revenue cash grant for the 2016/17 and 2017/18 on a sliding scale basis of £50,000 for 2016/17 and £30,000 for 2017/18 subject to discussions with Welsh Government regarding its funding commitment
- To support the restoration Regency Landscape project to the value of £50,000
- That Councillor D.M. Jenkins, Executive Board Member with responsibility for Resources, be nominated to serve as the Authority's representative on the Garden's Board of Trustees.

Condition: That the Garden be requested to consider introducing an all-year round discount on admission charges for Carmarthenshire residents in view of the support provided by the Council.

## **Present Position**

3. The current arrangement ends on 31<sup>st</sup> March 2018 and the Garden is not currently in a position to pay the outstanding loan amount of £1.35m.
4. The Gardens have submitted a 5 year business plan, detailing how the Garden proposes to improve its financial sustainability. A range of projects and business development activities have been identified and a number of these are already being implemented. These have already seen a positive impact on the Garden:
  - 2016/17 saw visitor numbers increasing by 20,000 (17%)
  - July 2017 visitor figures were 19,922 which is up 33% on last year and 4% ahead of target
  - Income is up on the previous year by 23%
  - Gross profit has increased on last year by £143k (21%).
5. The Garden has been successful in obtaining funds from various sources including grant funding, sponsorship, social investment finance and commercial loans. They continue to receive financial support from the Welsh Assembly Government, with additional support for specific projects (e.g.new Climate Control System), as well as receiving funding from Carmarthenshire County Council (CCC) (detailed in point 2f above)
6. The £7m Regency Restoration project is fully funded and work has commenced, with the Heritage Lottery Fund backing the project to the value of £3.55m. This is a transformational project for the Garden and will bring substantial benefits in tourism, conservation, heritage, and reputation to the County. It will also deliver substantial increases in volunteering and skills-development opportunities with particular focus on young people and heritage.
7. A further development proposal is the Farmhouse Renovation / Conversion Proposal. These farmhouse properties are currently leased from CCC and the current lease term ends on 31<sup>st</sup> March 2018. The proposal is to renovate these buildings and use them for student accommodation and holiday lets. This would allow the Garden to offer a wider range of educational and other residential courses to students within Wales, UK and Internationally. This project would require considerable capital expenditure to bring the properties to the required standard but the garden believes that they would be able to obtain the required finance, providing that CCC extend the term of its leases. The Gardens sees this project as a project that would see the long term sustainability of the Gardens and they are positive that the revenue generated from the rental income would allow the repayment of the £1.35m loan.
8. Due to the current loan and lease agreements coming to an end on 31<sup>st</sup> March 2018, the Gardens are looking for a longer term loan repayment model and a sufficient extension on the lease agreement to allow them to raise funds and carry out the renovation work.

## **Conclusions**

9. The Garden continues to require support from both the Welsh Assembly Government and the County Council.
10. They currently continue to make use of the farmhouses and are not in the position to repay the loan in the short term.
11. The Regency landscape project is a significant development for the Gardens and will have a significant economic and tourism impact on the County if it progresses from the development phase to the full 5 year project.
12. As with the Regency landscape project, the Farmhouse Renovation project could also have a significant economic and tourism impact on the County. There are questions that need answering and more research needs to be undertaken as to the viability of the project. Further dialogues will take place between CCC and the Gardens over the next 6 months however the current arrangements come to an end on 31<sup>st</sup> March 2018. It would be beneficial if the current arrangements were extended for another 2 years, with no changes to the terms of the agreements. This would provide sufficient time for more work to be carried out and a decision to be reached.

## **Recommendations**

10. To extend the Authority's loan to the Garden for a further 2 years to 31<sup>st</sup> March 2020 and consider whether interest becomes chargeable.
11. To allow the Garden continued occupation of the four farmhouses and homesteads on a tenancy basis for a further 2 years to 31<sup>st</sup> March 2020.

<b>DETAILED REPORT ATTACHED?</b>	<b>NO</b>

# IMPLICATIONS

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

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

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

## 1. Policy, Crime & Disorder and Equalities

The National Botanic Garden of Wales is a facility of potentially global significance that is important to the image, tourism and economy of Carmarthenshire. The viability of the Garden has been under threat in previous years and the County Council has previously joined in a strategic partnership with other public sector organisations to provide funding and support. Despite its previous financial and operational difficulties the National Botanic Garden continues to be one of the most visited attractions in Wales, currently drawing around 147,000 visitors to a facility in Carmarthenshire with potential to increase this number in future years. Closure of the Garden would have a significantly damaging effect on the economy and image of the County and undermine the Council's efforts, together with its partners, to develop the local tourism industry.

## 2. Legal

Previous reports to Council have established the legal basis of the Authority's direct contributions to NBGW as being the general power of wellbeing conferred by the Local Government Act 2000.

Agreement to extend the loan facility will require amendments to existing legal agreements

## 3. Finance

Loan repayment extended for another 2 years, no repayments due until the end of the extended term of 31<sup>st</sup> March 2020

## 4. Physical Assets

The proposal would require the County Council to hold on to the freehold of the four farmhouses during the extended loan period. The Garden would also be entitled to occupy three of the farmhouses during this period

# CONSULTATIONS

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

Signed: C. Moore, Director of Corporate Services

**1. Scrutiny Committee**

**Not Applicable - Strategic issue**

**2. Local Member(s)**

**Not Applicable – Strategic Issue**

**3. Community / Town Council**

**Not Applicable – Strategic Issue**

**4. Relevant Partners**

**Welsh Assembly Government have been kept fully informed of Council’s proposals**

**5. Staff Side Representatives and other Organisations**

**Not Applicable**

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

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Correspondence from NBGW	NBGW	Head of Financial Services
Report and minutes of Executive Board – 19 <sup>th</sup> September 2005	Executive Board	County Hall
Report and minutes of Executive Board – 20 <sup>th</sup> February 2007	Executive Board	County Hall
Report and minutes of Executive Board – 3 <sup>rd</sup> March 2008	Executive Board	County Hall
Report and minutes of Executive Board – 31 <sup>st</sup> January 2011	Executive Board	County Hall
Report and minutes of Executive Board – 15 <sup>th</sup> June 2015	Executive Board	County Hall

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## Executive Board 27<sup>th</sup> November 2017

### Subject

**Purpose: Treasury Management and Prudential Indicator Report  
1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017**

### Recommendations / key decisions required:

**That the Executive Board considers and approves the report.**

### Reasons:

**To provide members with an update on the treasury management activities from  
1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.**

Relevant scrutiny committee to be consulted **YES Policy & Resources Scrutiny Committee  
6<sup>th</sup> December 2017**

Exec Board Decision Required YES

Council Decision Required YES

### EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. D.M. Jenkins

Directorate: Corporate Services

Name of Director: Chris Moore

Report Author: Anthony Parnell

Designation: Director of Corporate Services

Designation: Treasury and Pension Investments Manager

Tel No. 01267 224120; E Mail: CMoore@carmarthenshire.gov.uk

Tel No. 01267 224180; E Mail: AParnell@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY**  
**Executive Board**  
**27<sup>th</sup> November 2017**

**SUBJECT**

**Treasury Management and Prudential Indicator Report**  
**1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017**

**1. BRIEF SUMMARY OF PURPOSE OF REPORT.**

To provide members with an update on the treasury management activities from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

**DETAILED REPORT ATTACHED ?**

**YES**



## IMPLICATIONS

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

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

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

### 1. Policy, Crime & Disorder and Equalities

**Within the requirements of the Treasury Management Policy and Strategy Report 2017-2018**

### 2. Finance

**The authority's investments during the period returned an average return of 0.34%, exceeding the 7 day LIBID rate.**

**Gross interest earned on investments for the period amounted to £0.124m and interest paid on loans was £8.69m.**

**The Authority did not breach any of its Prudential Indicators during the period.**

**At the period end the investments included £0.594m of KSF investments.**

**The administration of KSF is expected to continue for some time again and further updates will be provided in future reports.**

# CONSULTATIONS

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

Signed: C Moore    Director of Corporate Services

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

**1. Scrutiny Committee**

Not Applicable

**2. Local Member(s)**

Not Applicable

**3. Community / Town Council**

Not Applicable

**4. Relevant Partners**

Not Applicable

**5. Staff Side Representatives and other Organisations**

Not Applicable

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

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

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
CIPFA Treasury Management in the Public Services - Code of Practice Revised 2011		County Hall, Carmarthen

**EXECUTIVE BOARD**  
**DATE: 27<sup>TH</sup> NOVEMBER 2017**

**MID YEAR TREASURY MANAGEMENT AND  
PRUDENTIAL INDICATOR REPORT**

**1<sup>ST</sup> April 2017 – 30<sup>TH</sup> September 2017**

**A. TREASURY MANAGEMENT REPORT**

**1. Introduction**

The Treasury Management Policy and Strategy for 2017-2018 was approved by Council on 22<sup>nd</sup> February 2017. Section B 1.1(2) stated that Treasury Management activity reports would be made during the year. This report outlines the Treasury Management activities in the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 and satisfies the reporting requirement stated above.

There are no policy changes to the Treasury Management Policy and Strategy for this period and this report updates the position in light of the updated economic position and budgetary changes already approved.

**2. Economic update**

After the UK economy surprised positively with strong growth in 2016, growth in 2017 has been disappointingly weak; March 2017 quarter came in at only +0.3% (+1.7% y/y) and June 2017 quarter was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power.

The Monetary Policy Committee (MPC) meeting of 14<sup>th</sup> September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. Furthermore, in the 2<sup>nd</sup> November 2017 meeting the members of the MPC voted to raise the Bank Rate from 0.25% to 0.50%. They also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020.

### **3. Prospects for Interest Rates**

Based on the Economic Update above and the average projection from a number of sources we can expect the trend in the Bank Rate over the year to be as follows:

	Apr 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018
Bank Rate %	0.25	0.25	0.25	0.50	0.50

(Source: CAPITA Treasury Services)

Capita Asset Services undertook a review of interest rate forecasts on 7<sup>th</sup> November 2017 after the MPC meeting on the 2<sup>nd</sup> November 2017. The revised interest rate projection based on the review is:

	2017-18	2018-19	2019-20
	%	%	%
Revised Average Bank Rate	0.38	0.63	0.88
Original Average Bank Rate (TM Strategy 2017-18)	0.25	0.25	0.63

### **4. Investments**

One of the primary activities of the Treasury Management operation is the investment of surplus cash for which the Authority is responsible. As well as the Authority's own cash the County Council invests School Trust Funds and other Funds, with any interest derived from these investments being passed over to the relevant Fund.

All surplus money is invested daily on the London Money Markets. The security of the investments is the main priority; appropriate liquidity should be maintained and returns on the investments a final consideration. It continues to be difficult to invest these funds as the market continues to be insecure and as a consequence appropriate counterparties are limited.

The total investments at 1<sup>st</sup> April 2017 and 30<sup>th</sup> September 2017 analysed between Banks, Building Societies, Local Authorities and Money Market Funds, are shown in the following table:

Investments	1.4.17				30.9.17			
	Call and notice	Fixed Term	Total		Call and notice	Fixed Term	Total	
	£m	£m	£m	%	£m	£m	£m	%
Banks and 100% wholly owned Subsidiaries	15.00	5.63	20.63	51	13.90	5.59	19.49	39
Building Societies	0.00	0.00	0.00	0	0.00	7.00	7.00	14
Money Market Funds	15.00	0.00	15.00	37	5.00	0.00	5.00	10
Local Authorities	0.00	5.00	5.00	12	0.00	18.00	18.00	36
<b>TOTAL</b>	<b>30.00</b>	<b>10.63</b>	<b>40.63</b>	<b>100</b>	<b>18.90</b>	<b>30.59</b>	<b>49.49</b>	<b>100</b>

Investments on call are available immediately on demand. Fixed term investments are fixed to a maturity date. The current longest investment is maturing on 26<sup>th</sup> February 2018.

The £49.49m includes £0.594m (14.85% of original claim) invested in Kaupthing Singer and Friedlander which has been reduced from the original £4.0m by distributions.

During the period the total investments made by the Council and repaid to the Council (turnover) amounted to £717.34m. This averaged approximately £27.44m per week or £3.92m per day. A summary of turnover is shown below:

	£m
Total Investments 1st April 2017	40.63
Investments made during the period	363.10
<b>Sub Total</b>	<b>403.73</b>
Investments Repaid during the period	(354.24)
<b>Total Investments 30th September 2017</b>	<b>49.49</b>

The main aims of the Treasury Management Strategy is to appropriately manage the cash flows of the Council, the required short term and longer term market transactions and the risks associated with this activity. Lending on the money market secures an optimum rate of return and also allows for diversification of investments and hence reduction of risk, which is of paramount importance in today's financial markets.

The benchmark return for the London money market is the "7 day LIBID rate". For 2017-2018 the Council has compared its performance against this "7 day LIBID rate". For the period under review the average "7 day LIBID rate" was 0.11% whereas the actual rate the Council earned was 0.34%, an out performance of 0.23%.

This outperformance can be quantified to £83k additional interest earned compared to the "7 day LIBID rate".

The gross interest earned on investments for the period amounted to £0.124m.

The income from investments is used by the Authority to reduce the net overall costs to the Council taxpayer.

## **5. Update on the investments with Kaupthing Singer & Friedlander (KSF)**

In June 2017 the Council received a fifteenth dividend from the Administrators. This equated to 0.9p in the £ and amounted to £36k principal.

As at 30<sup>th</sup> June 2017 the sum of £3.406m principal and £209k interest had been received from the Administrators, which equates to 85.15% of the claim submitted. A further dividend is expected to be paid in 2017-2018. The Administrators have upgraded their estimate of total dividends to non-preferential creditors to a minimum of 86.25%.

A further update will be provided in future reports.

## **6. Security, Liquidity and Yield (SLY)**

Within the Treasury Management Strategy Statement for 2017-2018, the Council's investment priorities are:

- Security of Capital
- Liquidity and
- Yield

The Council aims to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions.

Attached at Appendix 1 is the Investment Summary and Top 10 Counterparty Holdings (excluding the £0.594m in KSF) as at 30<sup>th</sup> September 2017.

## **7. Borrowing**

One of the methods used to fund capital expenditure is long term borrowing. The principal lender for Local Authorities is the Public Works Loan Board (PWLB).

Under the Treasury Management Strategy it was agreed to borrow when interest rates are at their most advantageous.

The total loans at 1<sup>st</sup> April 2017 and 30<sup>th</sup> September 2017 are shown in the following table:

<b>Loans</b>	<b>Balance at 01.04.17 £m</b>	<b>Balance at 30.09.17 £m</b>	<b>Net Increase/ (Net Decrease) £m</b>
Public Works Loan Board (PWLB)	380.82	387.10	6.28
Market Loan	3.00	3.00	0.00
Salix, Invest to Save, HILS & TCL	4.15	4.03	(0.12)
<b>TOTAL</b>	<b>387.97</b>	<b>394.13</b>	<b>6.16</b>

The Salix interest free loans have been provided by an independent publicly funded company dedicated to providing the public sector with loans for energy efficiency projects.

The interest free 'Invest-2-Save' funding is to assist in the conversion of traditional street lighting to LED, which will help deliver a legacy of reduced energy costs and associated carbon taxes.

The Home Improvement Loan Scheme (HILS) repayable funding is provided by the Welsh Government to help individual home owners, small portfolio landlords, developers and charities to improve homes and increase housing supply.

The Town Centre Loan (TCL) repayable funding is provided by the Welsh Government to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services.

### **7.1 New Borrowing**

The following loans were borrowed during the period to fund the capital programme:

<b>Loan Reference</b>	<b>Amount (£m)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Period</b>	<b>Maturity Date</b>
506262	2.00	2.38%	14th August 2017	46yrs	28th March 2063
506263	2.00	2.38%	14th August 2017	47yrs	28th March 2064
506264	2.00	2.38%	14th August 2017	48yrs	28th March 2065
506265	2.00	2.38%	14th August 2017	49yrs	28th March 2066
506266	2.00	2.38%	14th August 2017	50yrs	28th March 2067
<b>Total</b>	<b>10.00</b>				

### **7.2 Interest Paid**

Interest paid on loans during the period was:

<b>PWLB Interest Paid £m</b>	<b>Market Loan Interest Paid £m</b>	<b>Total Interest Paid £m</b>
8.62	0.07	8.69

## **8. Rescheduling and Premature Loan Repayments**

The current economic climate and the consequent structure of interest rates meant that no rescheduling opportunities arose during the period and there were no premature loan repayments.

## **9. Leasing**

No leases were negotiated during the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

## **10. MiFID II**

On 3<sup>rd</sup> July 2017, the Financial Conduct Authority (FCA) released details regarding the implementation of the Markets in Financial Instruments Directive (MiFID II), which comes into effect on 3<sup>rd</sup> January 2018. MiFID II is the EU legislation that regulates firms who provide services to clients linked to financial instruments and it is now being revised to strengthen consumer protection and improve the functioning of markets in light of the 2008 financial crisis. It is designed to offer greater protection for investors and inject more transparency into all asset classes. As a local authority Carmarthenshire will initially be reclassified as a 'retail' client by default however the intention will be to opt-up to be classified with 'elective professional' status. To achieve this Carmarthenshire must meet a set of qualitative and quantitative criteria.

## **11. Revised CIPFA Codes**

The Chartered Institute of Public Finance and Accountancy, (CIPFA), is currently conducting an exercise to consult local authorities on revising the Treasury Management Code and Cross Sectoral Guidance Notes, and the Prudential Code 2013. CIPFA is aiming to issue the revised codes during November 2017.

A particular focus of this exercise is how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a much higher level than can be attained by treasury investments. One recommendation is that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. Officers are monitoring developments and will report to members when the new codes have been agreed and issued and on the likely impact on this authority.



## **B. PRUDENTIAL INDICATOR REPORT**

### **1. Prudential Indicators**

As part of the 2017-2018 Budget and the Treasury Management Policy and Strategy 2017-2018, the Council adopted a number of Prudential Indicators. These Indicators are designed to ensure that any borrowing or other long-term liabilities entered into for capital purposes were affordable, sustainable and prudent.

The Indicators are required by the Local Government Act 2003 and the Revised Prudential Code of Practice in order to control Capital Finance. The Prudential Code also required that those Prudential Indicators that were forward looking should be monitored and reported. Some of the indicators are monitored by officers monthly, and are only reported if they are likely to be breached, others are to be monitored quarterly by the Executive Board.

#### **1.1 Affordability Prudential Indicator**

##### **1.1.1 Ratio of Financing Costs to Net Revenue Stream**

The indicator set for 2017-2018 in the Budget was:

	<b>2017-2018 %</b>
Non-HRA	5.77
HRA	37.46

An examination of the assumptions made in calculating this indicator concluded that there have been no changes in this period.

#### **1.2 Prudence Prudential Indicators**

##### **1.2.1 Capital Financing Requirement (CFR)**

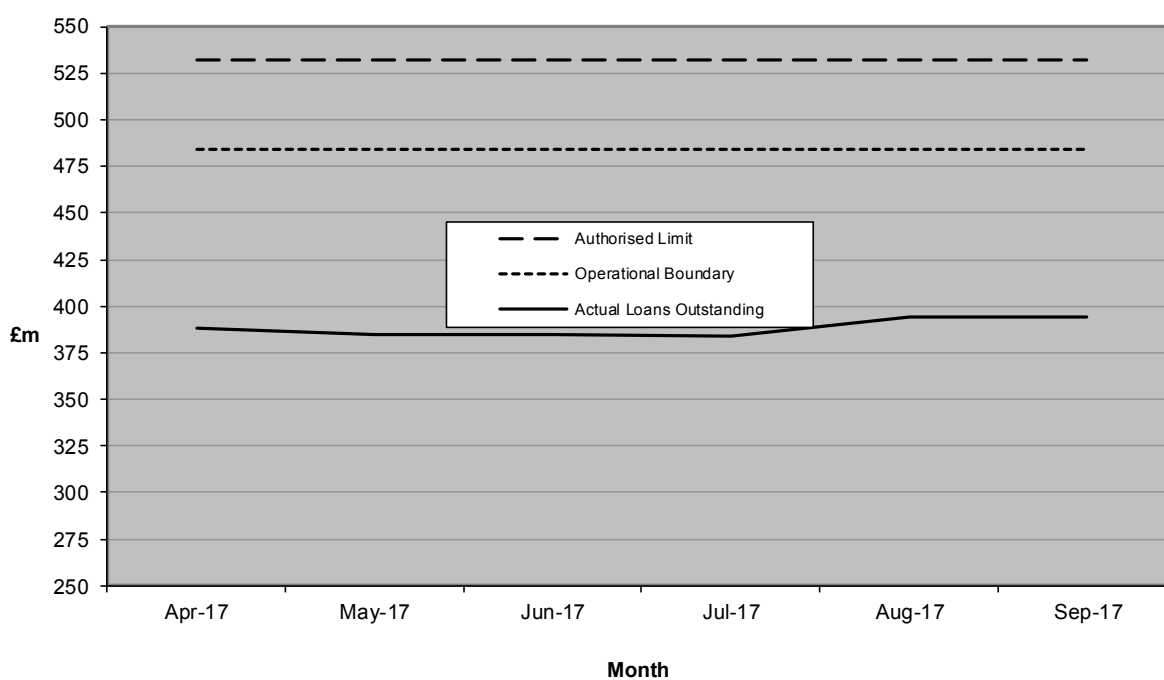
The Director of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

	<b>2017-2018 Estimate £m</b>	<b>As at 30.09.17 £m</b>	<b>2017-2018 Forecast £m</b>
<b>Capital Financing Requirement</b>			
CFR – non housing	265	271	271
CFR – housing	143	144	144
CFR - housing subsidy buy-out	76	76	76
<b>Total CFR</b>	<b>484</b>	<b>491</b>	<b>491</b>

## 1.2.2. Authorised Limit and Operational Boundary

The actual value of loans outstanding must not exceed the Authorised Limit. In normal activity actual loans outstanding should be close but less than the Operational Boundary. The Operational Boundary can be breached in the short term due to adverse cash flows.

	Authorised Limit for External Debt		Operational Boundary for External Debt	
	2017-2018 Estimate	2017-2018 Forecast	2017-2018 Estimate	2017-2018 Forecast
	£m	£m	£m	£m
	Borrowing	531.5	531.5	483.9
Other Long-Term Liabilities	0.5	0.5	0.1	0.1
<b>Total</b>	<b>532</b>	<b>532</b>	<b>484</b>	<b>491</b>



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
	£m	£m	£m	£m	£m	£m
Authorised Limit	532	532	532	532	532	532
Operational Boundary	484	484	484	484	484	484
Loans Outstanding	388	385	385	384	394	394

Neither the Authorised Limit nor the Operational Boundary have been breached.

## **2.1 Treasury Management Prudential Indicators**

### **2.1.1 Interest Rate Exposure**

Position as at 30<sup>th</sup> September 2017:

	<b>Fixed Interest Rate £m</b>	<b>Variable Interest Rate £m</b>	<b>TOTAL £m</b>
Borrowed	391.13	3.00	394.13
Invested	(30.59)	(18.90)	(49.49)
<b>Net</b>	<b>360.54</b>	<b>(15.90)</b>	<b>344.64</b>
Limit	444.00	20.00	
<b>Proportion of Net Borrowing Actual</b>	<b>104.61%</b>	<b>(4.61)%</b>	<b>100.00%</b>
Limit	150.00%	10.00%	

The authority is within limits set by the 2017-2018 indicators.

### **2.1.2 Maturity Structure Of Borrowing**

	<b>Structure at 30.09.17 %</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	3.28	15	0
12 months to 2 years	1.34	25	0
2 years to 5 years	7.06	50	0
5 years to 10 years	9.13	50	0
10 years to 20 years	17.53	50	0
20 years to 30 years	21.67	50	0
30 years to 40 years	24.84	50	0
40 years and above	15.15	50	0

The authority is within the limits set by the 2017-2018 indicators.

### **2.1.3 Maximum principal sums invested longer than 364 days**

	<b>2017-2018 £m</b>
Limit	10
Actual as at 30 <sup>th</sup> September 2017	NIL

## **RECOMMENDATION**

**That Executive Board considers and approves the report.**

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## Executive Board 27<sup>th</sup> November 2017

**Subject Purpose: Severance Scheme – extension beyond March 2018**

**Recommendations / key decisions required:**

- To review current Severance Scheme and agree extension beyond March 2018

**Reasons:** The current Severance Scheme expires on 31<sup>st</sup> March 2018. Members are asked to consider whether to retain the policy beyond 2018 and to agree an extension if appropriate.

Relevant scrutiny committee to be consulted

NO

EXECUTIVE Board: 27<sup>th</sup> November 2017

Exec Board Decision Required                      YES

Council Decision Required                         YES

**EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Mair Stephens**

<p>Directorate:</p> <p>Chief Executive's</p> <p>Name of Head of Service:</p> <p>Paul R Thomas</p> <p>Report Author:</p> <p>Alison Wood</p>	<p>Designations:</p> <p>Assistant Chief Executive (People Management)</p> <p>People Services Manager</p>	<p>Tel: 01267 246123</p> <p>E Mail: <a href="mailto:PRThomas@carmarthenshire.gov.uk">PRThomas@carmarthenshire.gov.uk</a></p> <p>Tel: 01267 246152</p> <p>E Mail: <a href="mailto:AMWood@carmarthenshire.gov.uk">AMWood@carmarthenshire.gov.uk</a></p>
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**EXECUTIVE SUMMARY  
EXECUTIVE BOARD  
27<sup>TH</sup> NOVEMBER 2017**

**Severance Scheme – extension beyond March 2018**

**THE CURRENT SCHEME**

The current Scheme has been in place since 2016. During that time 336 applications have been received and 38 employees have been released. It has provided managers with a method for incentivising staff to volunteer to leave their employment thus making it easier to manage change and reduce the requirement for enforced redundancies.

It has been successful in its aims but more recently the numbers being released under the Policy have reduced and it may be timely to review:

- a) Whether the policy and process should continue in its current format
- b) Whether the policy should be withdrawn
- c) Whether the policy should be continued but with a more flexible and lower key approach

Continuing the Scheme (a)

Previously, letters have been sent out to staff every year inviting them to apply for severance. Some staff have applied on numerous occasions and the application has been turned down. The current process is resource intensive and administratively cumbersome in relation to the numbers of applications which are agreed.

**It is recommended therefore that that the process should not be continued in its current format.** The Policy could be retained if it is considered to be a useful tool for incentivising staff to leave their employment in order to avoid compulsory departures.

Withdrawing the Scheme (b)

The Policy could be withdrawn in April 2018 and managers could utilise other policies such as voluntary early retirement (efficiency of the service), flexible retirement, redundancy, natural wastage and recruitment restrictions to manage workforce reductions.

Retaining the Scheme as part of a range of strategies (c)

Rather than continue with a formal process each year, it is suggested that the Policy could be retained and extended for another 3 years or beyond and managers could utilise it alongside other strategies as and when required. There would be no time limits for applications from staff who could apply under the Scheme at any time. People Services would continue to manage the scheme and liaise with Heads of Service regarding release and the submission of business cases.

<b>DETAILED REPORT ATTACHED ?</b>	<b>NO</b>
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## IMPLICATIONS

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

Signed: Paul R Thomas Assistant Chief Executive (People Management and Performance)

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

**1. Finance**

There are costs associated with release of staff under the Scheme.

**7. Staffing Implications**

HR and Employer Pension Policy implications.

## CONSULTATIONS

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

Signed: Paul R Thomas Assistant Chief Executive (People Management and Performance)

**1. Scrutiny Committee**

N/A

**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

**5. Staff Side Representatives and other Organisations**

N/A



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

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

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

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