

TUESDAY, 24 NOVEMBER 2020

TO: ALL MEMBERS OF THE EXECUTIVE BOARD

I HEREBY SUMMON YOU TO ATTEND A VIRTUAL MEETING OF THE **EXECUTIVE BOARD** WHICH WILL BE HELD **AT 10.00 AM, ON MONDAY, 30TH NOVEMBER, 2020** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE

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Wendy Walters Prif Weithredwr, *Chief Executive*,
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EXECUTIVE BOARD

MEMBERSHIP - 10 MEMBERS

Councillor	Portfolio
Councillor Emlyn Dole	Leader 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
Councillor Mair Stephens	Deputy Leader Council Business Manager; Human Resources; Performance Management; Wales Audit; Training; I.C.T.; T.I.C. (Transformation, Innovation and Change); Strategic Planning
Councillor Cefin Campbell	Communities and Rural Affairs Rural Affairs and Community Engagement; Community Safety; Police; Counter-Terrorism and Security Act 2015; Tackling Poverty; Wellbeing of Future Generations; Third Sector Liaison ;Equalities, Climate Change Strategy.
Councillor Glynog Davies	Education and Children 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
Councillor Hazel Evans	Environment Refuse; Street Cleansing; Highways and Transport Services; Grounds Maintenance; Building Services; Caretaking; Building Cleaning; Emergency Planning; Flooding, Public Rights of Way.
Councillor Linda Evans	Housing Housing – Public; Housing – Private, Ageing Well
Councillor Peter Hughes Griffiths	Culture, Sport and Tourism Town and Community Councils Ambassador; Development of the Welsh Language; Theatres; Sports; Leisure Centres; Museums; Libraries; Country Parks; Tourism.
Councillor Philip Hughes	Public Protection Trading Standards; Environmental Health. Environmental Enforcement; Planning enforcement; Unlicensed Waste; Parking Services; Bio diversity
Councillor David Jenkins	Resources 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
Councillor Jane Tremlett	Social Care & Health 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 16TH NOVEMBER, 2020** 5 - 8
- 4. QUESTIONS ON NOTICE BY MEMBERS**
- 5. PUBLIC QUESTIONS ON NOTICE**
- 6. REVENUE BUDGET OUTLOOK 2021/22 TO 2023/24** 9 - 24
- 7. OMBUDSMAN'S ANNUAL LETTER 2019/20** 25 - 38
- 8. MID-YEAR TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 1ST APRIL 2020 TO 30TH SEPTEMBER 2020** 39 - 56
- 9. VARIATION OF THE REGIONAL CONSORTIA'S LEGAL AGREEMENT (ERW)** 57 - 62
- 10. ANY OTHER ITEMS OF BUSINESS THAT BY REASONS OF SPECIAL CIRCUMSTANCES THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100B(4)(B) OF THE LOCAL GOVERNMENT ACT, 1972.**
- 11. EXCLUSION OF THE PUBLIC**

THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE BOARD RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION.
- 12. ARFOR INNOVATION FUND** 63 - 70
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- 15. TARGETED REGENERATION INVESTMENT (TRI) PROGRAMME 2018-2021** 95 - 114

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EXECUTIVE BOARD

16 NOVEMBER 2020

PRESENT: Councillor E. Dole (Chair)

Councillors:

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

Also in attendance:

Councillor D.M. Cundy.

The following Officers were in attendance:

W. Walters, Chief Executive;
C. Moore, Director of Corporate Services;
G. Morgans, 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);
D. Hockenhull, Marketing and Media Manager
S. Rees, Simultaneous Translator;
L. Jenkins, Executive Board Support Officer;
R. Lloyd, Democratic Services Officer;
E. Bryer, Democratic Services Officer;
J. Corner, Technical Officer;
J. Owen, Democratic Services Officer.

Virtual Meeting: - 10:00am - 10:40am

1. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillor Linda Davies Evans, - Executive Board Member for Housing and Mr Jake Morgan - Director of Communities.

2. DECLARATIONS OF PERSONAL INTEREST.

Councillor	Minute Number	Nature of Interest
Cefin Campbell	6 - Countryside Access Charging Policy – Public Path Furniture	A public footpath runs through land that he owns.

3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE EXECUTIVE BOARD HELD ON THE 2ND NOVEMBER, 2020

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Executive Board held on the 2nd November, 2020 be signed as a correct record.

4. QUESTIONS ON NOTICE BY MEMBERS

The Chair advised that no questions on notice had been submitted by members.

5. PUBLIC QUESTIONS ON NOTICE

The Chair advised that no public questions had been received.

6. COUNTRYSIDE ACCESS CHARGING POLICY - PUBLIC PATH FURNITURE

[Councillor Cefin Campbell, having earlier declared an interest in this item left the meeting and did not partake in the discussion or the vote thereof].

The Board considered a report providing details of a charging policy that had been developed by the Countryside Access service to introduce a means of recovering a portion of current expenditure on supplying and installing public path furniture on behalf of landowners.

The report highlighted that Section 146 of the Highways Act 1980 requires any stile or gate across a footpath, bridleway, or restricted byway to be maintained by the landowner.

The Board noted that the proposed policy had been carefully considered to introduce an appropriate and fair degree of cost recovery for furniture supply and installation by the Authority whilst formalising concessions in certain circumstances. In addition, the policy also served to provide a clear set of rules for furniture provision that would inform landowners of their statutory responsibilities and would assist Countryside Access staff in offering landowner support that was consistent, fair and reasonable.

UNANIMOUSLY RESOLVED to approve the adoption of a Charging Policy for the supply and installation of public path furniture across the public rights of way network.

7. TOWY COMMUNITY CHURCH - XCEL BOWL

The Board considered a report which proposed to support an application received the Xcel Bowl Centre and the charitable arms of Towy Community Church to enable them to continue to deliver the services provided to the residents of Carmarthenshire and neighbouring areas. The report sought the Executive Board's approval for a commitment of funding to be made available as a grant, to ensure the longer-term financial sustainability of the Xcel Bowls and associated projects.

The Board acknowledged that the Xcel Bowl and associated projects provided vital projects including a Foodbank, Community Shop, Furniture Recycling and had worked with over 50 active referral agencies in and around Carmarthen including the Council to meet the needs of disadvantaged families.

The Board recognised that the Covid-19 pandemic and the associated lockdown would have had a significant impact on many other projects and suggested that it would be prudent to develop a criteria in preparation for future requests for support.

UNANIMOUSLY RESOLVED to APPROVE:

- 7.1 that a commitment of £50,000 be given to Towy Community Church to support the Xcel Bowl and associated projects allowing them to continue to trade. This would be funded from departmental reserves. The funding would be given as a grant which will be drawn upon as required;**
- 7.2 that should Towy Community Church require additional funds to support their continued operation, an increase to their existing loan of up to £50,000 would be allowable.**

8. COUNCIL'S REVENUE BUDGET MONITORING REPORT

The Executive Board considered the revenue budget monitoring report which provided the latest budgetary position as at 31st August 2020, in respect of 2020/2021. The budget position recognised the substantial additional pressures that had been placed on the Authority in responding to the Covid 19 pandemic.

Overall, the monitoring report forecasted an end of year overspend of £3,971k on the Authority's net revenue budget with an overspend at departmental level of £4,971k. The Executive Board noted that the unprecedented position was due to a combination of additional irrecoverable costs due to the Covid-19 activity, foregone income from services which had closed during the national lockdown and continued to experience reduced revenue, which may not be fully recompensed by Welsh Government (WG) and planned savings proposals which have been undeliverable due to the pandemic.

The report confirmed that the Authority was submitting a monthly hardship claim to Welsh Government for additional Covid-19 expenditure. The majority of costs were being refunded, though some were deemed ineligible, particularly linked to local decisions.

In light of the significant forecasted overspends at departmental level, Chief Officers and Heads of Service were asked to critically review options available to them to limit the forecasted overspend of budgets, whilst recognising the pressure Covid-19 had placed on the Authority's overall budget.

The Executive Board Member for Resources, in response to a query confirmed that the Welsh government were currently responding to address the issues arising within the leisure, culture and theatre sectors.

The Executive Board expressed their sincere thanks to the staff within the Corporate Services department for adapting to the new way of working throughout the pandemic and all their hard work in preparing the finances and managing Council expenditure.

UNANIMOUSLY RESOLVED that:

- 8.1 The Budget Monitoring report be received, and consideration given to the budgetary position and appropriate corrective action.**
- 8.2 Chief Officers and Heads of Service critically review options available to them to limit the forecasted overspend of budgets, whilst recognising the pressure Covid-19 has placed on the Authority's overall budget.**

9. CAPITAL PROGRAMME 2020/21 UPDATE

The Executive Board considered a report which provided an update of the latest budgetary position for the 2020/21 capital programme as at the 31st August, 2020 and detailed a set of virements which sought Executive Board approval.

It was reported that departmentally, a net spend of £63,428K was forecasted compared with a working net budget of £114,264K giving a -£50,836K variance.

The report highlighted the following additional Schemes, which had received direct funding, to the Capital Programme:-

- Private Housing;
- Flying Start;
- County Museum;
- Cross Hands East – Plot 3 and
- Re-fit Cymru.

UNANIMOUSLY RESOLVED that:

- 9.1 The capital programme update report be received.**
- 9.2 The virement detailed in the report be approved.**

10. ANY OTHER ITEMS OF BUSINESS

The Chair advised that there were no items of urgent business.

CHAIR

DATE

Executive Board
30th November 2020

REVENUE BUDGET OUTLOOK
2021/22 to 2023/24

Recommendations / key decisions required:

1. The Executive Board receives the initial budget outlook and considers the level of Council Tax rises and the level of school efficiencies that it considers appropriate for developing the Medium Term Financial Plan;
2. Executive Board endorse the proposed approach to identifying the required savings
3. Executive Board note the proposed approach to the budget consultation

Reasons:

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

Relevant Scrutiny Committee to be consulted NA

Exec Board Decision Required YES

Council Decision Required NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. David Jenkins

Corporate Services Directorate	Designations:	Tel No. 01267 224121
Name of Director: Mr C Moore	Director of Corporate Services	E Mail Addresses: CMoore@carmarthenshire.gov.uk
Report Author: Randal Hemingway	Head of Financial Services	RHemingway@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Executive Board
30th November 2020

REVENUE BUDGET OUTLOOK
2021/22 to 2023/24

The report appraises members of the current financial outlook and updates our current financial model covering the next three financial years.

The report outlines the proposals for taking forward the budget preparation for the three year period.

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
YES	NONE	YES	NONE	NONE	NONE	NONE

1. Policy, Crime & Disorder and Equalities

The budget is being prepared having regard for the Council's Corporate Strategy.

Equalities Impact Assessments will be undertaken on budget proposals in order to consider and assess the potential impact with respect to protected characteristic groups and the Welsh language. All budget proposals considered to have an impact on front line services will undergo a period of public consultation. The Equalities Impact Assessments will be further developed following consideration of possible mitigation measures to reduce the impact once the responses and findings of the budget consultation have been received.

2. Finance

Council Fund

The report provides an updated view of the Budget outlook for 2021/22, together with indicative figures for the 2022/23 and 2023/24 financial years.

The financial model tabled above will be updated as and when more information becomes available, including the provisional and final settlement from Welsh Government.

Provisional settlement is expected December 2020.

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

Consultation with Scrutiny Committees will be undertaken during the budget process.

2. Local Member(s)

N/A

3. Community / Town Council

All budget proposals considered to have an impact on front line services will undergo a period of public consultation before the final budget is set.

4. Staff Side Representatives and other Organisations

Consultation with Staff Side Representatives and 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
2020/21 3 Year Revenue Budget		County Hall, Carmarthen

REPORT OF DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD

30th November 2020

REVENUE BUDGET OUTLOOK 2021/22 to 2023/24

HEAD OF SERVICE & DESIGNATION.	DIRECTORATE	TELEPHONE NO.
R Hemingway, Head of Financial Services	Corporate Services	01267 224886
AUTHOR & DESIGNATION	DIRECTORATE	TELEPHONE NO
R Hemingway, Head of Financial Services	Corporate Services	01267 224886

1. PURPOSE OF REPORT

The purpose of this report is to:

- 1.1. Appraise members on the current financial outlook
- 1.2. Update our current financial model covering the next three years;
- 1.3. Outline proposals for taking forward the budget preparation for the three year period.

2. BACKGROUND

- 2.1. The current three year Medium Term Financial Plan (MTFP) was agreed by Council on 3rd March 2020 and was based on estimates of known commitments at that time, and formulated in the context of the Welsh Government (WG) financial settlement for 2020/21, with estimates used for years 2 and 3 of the plan.
- 2.2. Following the sustained period of Austerity since 2010, recent years have seen a gradual shift away from this policy. The public sector pay freeze was gradually relaxed, and successive negative settlements have given way to cash increases, albeit they have been reductions in real terms once pressures are taken into account.
- 2.3. This shift was at its starkest when setting the 2020/21 budget. Although the Authority received a £14m increase in its WG

settlement, the combination of 2.75% pay awards, teachers pensions cost increases above £4m, and a higher than expected increase in the national living wage combined with other inescapable pressures to necessitate a council tax increase of 4.89% and budget reductions totalling £5.1m to balance the budget.

- 2.4. The overall financial standing of the Authority has been maintained at a prudent level. In addition to existing reserve balances earmarked for specific purposes such as insurance or committed capital schemes, the authority set aside one-off funding in a Covid-19 resetting services reserve and was able to modestly add to our Council Fund, increasing the balance to 3.0% of our net budget. In recent years we have made limited use of such reserves to support ongoing expenditure.

3. OTHER CONSIDERATIONS

COVID-19, BREXIT & CSR

- 3.1. As with all other aspects of public life in the UK, Covid-19 will continue to dominate public sector finances over the medium term and perhaps longer. There is the immediate, current “triple-whammy” of reduced tax revenues from the economic impact of restrictions, unprecedented financial support measures for citizens and businesses, and additional funding requirements for the delivery of public services, principally health and social care.
- 3.2. Even taking a benign assumption that a vaccine is successfully deployed across the UK in the first half of 2021, the hangover effect will be significant. The economy and consequent tax revenues will be at a much lower base, the NHS will have a significant backlog of non-Covid-19 to get on top of, and HM Treasury will need to put in place measures to address public sector borrowing, which over 2020 is predicted to reach its highest level in peace time Britain.
- 3.3. The timeline is however far from clear. Whilst the outlook for public finances is undeniably worse as a result of Covid-19, there may be a gradual transition towards addressing public sector borrowing, driven by the need for public sector investment to boost economic recovery.
- 3.4. Brexit Trade talks, once the top daily news headline, continue but with no clear sense of an agreed deal. Should a deal not be agreed with the EU before the end of the year, economists widely predict a negative impact on UK business and prosperity.

- 3.5. The Westminster Government held a Comprehensive Spending Review (CSR) over the summer months, the outcome of which will now only be for one year only and whilst unavailable at the time of writing is due to be announced on 25th November. Whilst this is a clear threat of budget reductions, it is unlikely to be a popular move to cut budgets such as health, education and local government/social care. A verbal update will be provided in the meeting.
- 3.6. Whatever the outcome of the CSR, it will have a direct impact on Welsh Government budgets through the Barnett Consequential. During 2020/21 WG received very substantial additional funding through this mechanism which it has deployed to support the NHS, Local Authorities, businesses and others to respond to the pandemic.
- 3.7. On 29 October, Welsh Local Authorities received confirmation from the Minister for Finance that WG will confirm provisional settlement data on 22nd December. Whilst this is clearly driven by the CSR timeline, it will unquestionably compress the budget timetable more than at any time in recent history.

FUNDING PRIORITIES

- 3.8. In February 2018, County Council endorsed the Executive Board's plan for Moving Forward in Carmarthenshire over the next 5 years. This document sets strategic priorities and aspirations and will underpin the key policy decisions to be taken in the development of the Medium Term Financial Plan. Consideration will need to be given to the impact which Covid-19 will inevitably have upon progress in delivering these goals.
- 3.9. Members will note that it is necessarily much later and more compressed than in normal budget cycles, leaving just a three week window for public consultation. Consultation activities will of course this year all take place electronically due to public health measures.

4. CURRENT FINANCIAL OUTLOOK

Budget development always involves assumptions which are refined as the situation evolves and information becomes clearer. However it is hard to recall such a great degree of uncertainty at such a late stage in the process. Given this, it is recommended that preparations are made based on the current MTFP parameters as set out in the budget papers agreed by Council Council in March 2020. Further details are provided in the subsequent paragraphs.

5. FINANCIAL MODEL

The financial model has been extended by one year and so covers the three year period up to 2023/24. It is realistically expected, however, that less progress will be made on this than under normal circumstances. During the coming months of the budget development, officers and members priorities must be the addressing the immediate challenge of balancing the 2021/22 budget. Notwithstanding this, the most important part for any financial plan or model is the underlying assumptions, the current key assumptions being:

- 5.1. For the purposes of our financial outlook, the base model reflects the Aggregate External Finance (AEF) increasing by 2.0% each year. Service specific grants currently account for around £100 million and it is assumed that EITHER any further reductions are contained within the AEF reduction above OR that activity/expenditure is reduced in line with grant funding.

There are no significant planned reductions that officers are aware of, however members should note that we still have no details of the proposed “Shared Prosperity Fund” which is due to replace existing EU funding streams.

- 5.2. As for all Local Authorities, the treatment of delegated school budgets has a significant impact on the scale of savings proposals across every other service area. Our planning assumption is currently that schools’ delegated budgets do not have a specific savings target applied. School budget outturns have been in deficit for the last two financial years, with progress to address this understandably and unavoidably impacted by Covid-19. As a consequence of validation for pay and price inflation, it is recognised this budget will grow, and that proportionally larger savings would need to be found elsewhere. Should there be new or additional pressure put on the budget, for example from a worse than planned WG settlement, schools funding would need to be reassessed.

- 5.3. The MTFP approved by County Council in March 2020 included substantial savings in the Education department linked to the rationalisation of primary school provision. This would not see an adverse funding outcome for delegated budgets, but is instead about capturing the financial benefit of an overall more efficient schools system and the support services behind it. As with a number of other council transformation agendas, progress has inevitably been disrupted due to Covid-19. As such these proposals are being critically assessed for scale and speed of deliverability.

- 5.4.** The current pay settlement for NJC staff was a one year settlement covering 2020/21 at 2.75%, which was the same for the majority of our teaching staff. There are pulls in both directions in national negotiations on staffing costs – on one hand the recognition and reward for the role which many have played in delivering services above and beyond at a time of great need; on the other hand there is the possible re-introduction of restraint at a time of significant private sector job losses and worsening public finances. Given these opposing forces, the financial model maintains the current assumption of 2.75% per annum. Allowances have been made with pressures funding for national living wages increases.

There are similarly opposing forces likely to influence inflation going forward. Consumer Price Indices have been below 1% since April 2020, however the transition to new trade arrangements will bring inflationary pressures in 2021. As such assumptions are maintained at 2% for now.

- 5.5.** The 5 year capital plan was approved by Council in March 2020, however the pandemic has highlighted the need to consider possible new investment to support the local economy, jobs and livelihoods. With this in mind it is recognised that there may be further schemes the council wishes to pursue for which either additional funding would required or members may need to consider deferral or removal of previously approved schemes.

- 5.6.** Validation assumptions for the three years have been revisited and are currently:

	Financial Model		
	2021/22 %	2022/23 %	2023/24 %
Expenditure Inflation	2.0	2.0	2.0
Income Inflation	2.0	2.0	2.0
Pay Awards	2.75	2.75	2.75
Employers Pension Rates	0	0	0
Fuel	5.0	5.0	5.0
Energy Costs	5.0	5.0	5.0
Capital charges	£500k	£500k	£500k

- 5.7.** Service Pressures:

The financial model assumes growth pressures of £6m per annum for next year and £5.5m for each of the following two years.

Clearly the pandemic, and nature of ongoing public health response measures to contain it, will have a substantial impact on future expenditure for the Authority. An overarching holding assumption has been added to service pressures of £1m. Over and above this, it is assumed for planning purpose that existing funding mechanisms from WG will remain in place. The initial growth bids for non-covid pressures submitted by departments for 2021/22 exceeds £10m and is currently being critically reviewed.

Over the MTFP period, there are likely to be additional funding requirements in respect of the City Deal projects. These include both interest costs (as it is forecast they will exceed the business rates retention deal agreed with WG) and additional staffing costs. These will be addressed within the individual business case appraisals before their commencement, and as such it is not anticipated these will impact upon 2021/22 budgets.

- 5.8.** The modelling is based on Council Tax increases of 4.89% each year in line with the MTFP indicative figures approved in March 2020, extended to year 3 purely for planning purposes.
- 5.9.** Based upon the above assumptions a financial model has been constructed (see table below) which highlights the impact of the proposed changes, and identifies the likely budget shortfall. Comparative figures from the current MTFP are included for information.

Summary of Financial Model

	Current MTFP		Financial Model		
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Previous Year's Budget	371,593	382,147	371,593	382,147	393,075
General Inflation	2,462	2,462	2,462	2,462	2,632
Pay Inflation	6,688	6,849	6,688	6,849	7,037
Other	1,334	1,345	1,334	1,345	1,357
Growth	6,000	5,500	6,000	5,500	5,500
Original & approved PBB Proposals	-5,297	-4,694	-5,297	-4,694	0
Net Expenditure	382,147	393,075	382,147	393,075	404,392
Revenue Settlement	-279,643	-285,235	-279,643	-285,235	-290,940
Council Tax Receipts	-102,505	-107,840	-102,505	-107,840	113,452
Shortfall	633	515	633	515	5,208

5.10. Key points:

5.10.1. We are looking at requiring cumulative reductions of £16m over the three years.

5.10.2. Our budget, in common with all authorities will contain a number of expenditure items that are essentially 'fixed' such as our debt costs, payments to those in receipt of council tax reduction support, the cost of levies, insurance costs, external audit fees, etc. In terms of managing and addressing any reductions we need to exclude these budgets. It is proposed that the savings requirements for each of the financial years be allocated between departments as follows, according to controllable budgets:

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Chief Executive	492	432	432
Schools Delegated Budget	0	0	0
Education & Children	1,029	904	904
Communities	2,813	2,471	2,470
Corporate Services	205	180	180
Environment	1,391	1,222	1,222
	5,930	5,209	5,208

5.10.3. The above model, as stated above, is based upon increases to the AEF of 2% each year and council tax increases of 4.89%.

6. SENSITIVITY ANALYSIS

- 6.1.** Any budget forecast has an element of risk and a large degree of uncertainty when planning over the medium term, and this is particularly so in with the current outlook.
- 6.2.** Any changes to the assumptions will inevitably be the result of a number of factors. The following table identifies the individual impact of the main components of the budget:

Budget element	Movement	Annual Impact
Pay inflation	1%	£2.4m
General inflation	1% (expenditure only)	£2.3m
General inflation	1% (income only)	-£1.4m
WG Settlement	1%	£2.8m
Specific Grants	1%	£1.0m
Council Tax	1%	£1.0m

- 6.3.** The following table illustrates the scale of the impact on departmental savings targets in 2021/22 if some of the movements outlined above materialised (Tables do not reflect a cumulative effect) :

Department	1% change in WG settlement	1% change in Council Tax Increase	No schools protection – i.e. increased schools efficiencies
	£'000s	£'000s	£'000s
Chief Executive	+/-232	+/-85	-182
Schools Delegated Budget	0**	0**	2,192
Education & Children	+/-485	+/-178	-380
Communities	+/-1,327	+/-486	-1,040
Corporate Services	+/-97	+/-35	-76
Environment	+/-656	+/-240	-514
	+/-2,568	+/-1,025	0

** Based on assumption that no savings target is applied to school budgets

- 6.4.** The Budget modelling will be monitored and refined as the likely position becomes clearer.

7. TAKING THE WORK FORWARD

There are a number of strands to develop in bringing about change to ensure we achieve balanced budgets:

- 7.1.** A continued real and focused drive to achieve efficiency in what we do – including business processes, taking advantage of technology and reviewing non-employee spend.

- 7.2.** Establishing what is important to members (and other stakeholders) in terms of what they wish to prioritise and importantly what is not and can be 'given up'/or reduced, recognising that prioritising in one area unavoidably leads to difficult choices elsewhere;
- 7.3.** Demand management which explores all the drivers of demand for our services and asks whether we can reduce or manage that demand by other methods and/or by doing things differently – e.g. earlier intervention in a cycle; changing user expectations of services; use of the third sector/other organisations or alternative delivery models etc;
- 7.4.** Innovation and alternative funding sources – whilst innovation will be evident in all the other strands it is felt useful to also have it as standalone to allow some free thinking to emerge and understand whether that free thinking leads to approaches that may generate further avenues for attracting revenue support or generating income.
- 7.5.** All of the above will involve:
 - 7.5.1. Consideration of alternative delivery models/providers;
 - 7.5.2. Acceptance of lower performance/reduction/cessation in some areas as an acceptable price to prioritise/protect others;
 - 7.5.3. Consideration of alternative and perhaps as yet untapped sources of finance;
 - 7.5.4. Some analysis of the cost/benefit equation of what we currently do and what we would propose to do.
 - 7.5.5. Council will need to implement measures in 2020/21 to increase as far as possible its options in respect of the 2021/22 budget setting process. The aims of these measures would be to partially mitigate the risk of the council not achieving a balanced budget for 2021/22 and would need to be undertaken following consultation with members.
- 7.6.** 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.

8. BUDGET PREPARATION FOR 2021/22

- 8.1.** The financial model tabled above will be updated as and when more information becomes available, key amongst which will be the provisional settlement expected from WG in December 2020. A timetable is provided at Appendix A.
- 8.2.** As part of the current Medium Term Financial Plan, Departments are requested to update their efficiency/service rationalisation proposals for 2021/22 and 2022/23 and to consider possible areas to target for 2023/24. To support the process, the Departmental service Director will challenge/draw up the cost reduction proposals in conjunction with:
- Executive Board portfolio member, plus
 - Executive Board Portfolio Holder for Resources and/or Deputy Leader.
- 8.3.** Officers will continue to refine the budget projections taking account of inflation factors, the collection rate and reviewing the potential for the use of reserves etc.
- 8.4.** Virtual Member seminars on budget proposals to be convened in January 2021.
- 8.5.** Public consultation on the budget proposals to commence in January 2021. This will not necessarily involve public gatherings, but additional efforts will be made to engage as widely as possible given the circumstances, including the use of virtual meetings, and digital communications.
- 8.6.** Scrutiny Committee consultation in January/February 2021.

9. RECOMMENDATION(S)

It is recommended that:

- 9.1.** The Executive Board receives the initial budget outlook and considers the level of Council Tax rises and budget savings that it considers appropriate for developing the Medium Term Financial Plan;
- 9.2.** Executive Board endorse the proposed approach to identifying the required savings
- 9.3.** Executive Board note the proposed approach to the budget consultation

Medium Term Financial Planning

2021/22 - 2023/24

Timetable (including consultation & engagement process)

	Meeting Date	Event / Session	Purpose
	30 November 2020	Executive Board	Budget outlook report
	22 December 2020	Welsh Government (WG)	PROVISIONAL SETTLEMENT
	18 January 2021	Executive Board	Budget Strategy report with key data and savings proposals Launch public consultation
	January 2021	Member Seminars	Departmental Budget Seminars – virtual
	January - February 2021	Scrutiny Committees (Budget)	Scrutiny Budget consultation – virtual meetings
	January – 1 February 2021	Public Consultation / Commercial Rate Payers Consultation	Outline Budget
	22 February 2021	Executive Board	Update on Budget, Feedback on Consultation, consider final Budget proposals
	2 March 2021	WG	FINAL SETTLEMENT
	3 March 2021	Full Council	Final decision on budget and Approval of Budget Strategy
	March 2021	Public communication of decisions	Public awareness of final budget decisions
	10 March 2021	Full Council	Council Tax Setting report and final decision on budget

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Executive Board 30th November 2020

<p align="center">Ombudsman's Annual Letter 2019/20 Carmarthenshire County Council</p> <p>Purpose: to receive the Public Services for Wales Annual Letter 2019/20 (the Letter)</p>		
<p>Recommendations / key decisions required: to receive the Letter and to assess performance and consider any actions thereupon.</p>		
<p>Reasons: Each year the Public Services Ombudsman for Wales (PSOW) provides every Welsh Local Authority with a letter in the form of a fact sheet and accompanying data. It is provided to assist in reviewing performance.</p>		
<p>Relevant scrutiny committee to be consulted NA</p> <p>Exec. Board Decision Required YES</p> <p>Council Decision Required NO</p>		
<p>EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Y Cyngorydd/Councillor Emlyn Dole</p>		
<p>Directorate:</p> <p>Name of Head of Service: Linda Rees Jones</p> <p>Report Author: Nigel J Evans</p>	<p>Designations:</p> <p>Head of Administration and Law</p>	<p>Tel: 01267 224694</p> <p>Email addresses: NEvans@carmarthenshire.gov.uk</p>

EXECUTIVE SUMMARY

30th November 2020

Ombudsman's Annual Letter 2019/20 Carmarthenshire County Council

- 1. Annually, the PSOW provides to each County Council a letter in the form of a factsheet with accompanying data. It is provided to assist in reviewing performance.**
- 2. This year's Letter is attached to this summary. Selected items include:**
 - The impact of the Covid 19 pandemic;
 - In May, the Public Services Ombudsman (Wales) Act 2019 received Royal Assent. The Act has a number of new features, but two that the Ombudsman mentions are the new Standards Agency and "own initiative" investigations;
 - The overall number of new complaints against Local Authorities has decreased by 2.4% over the figure for last year;
 - In addition, the number of Code of Conduct referred to a Standards Committee or the Adjudication Panel for Wales has also fallen;
 - The Ombudsman received 42 complaints against Carmarthenshire. Factsheet A. In terms of population this equated to 0.22 complaints per 1000 residents, with the average for Wales being 0.28 (Carmarthenshire is the fourth most populous county in Wales). Last year the figure of received complaints was 49;
 - Factsheet B shows how Carmarthenshire complaints are broken down into subject area. Planning and Housing traditionally generate the largest proportion of complaints. It is also mentioned that the classification of subject area is ascribed by the Ombudsman, so does not take into account service structures at Carmarthenshire. Subject areas may therefore contain individual cases that Carmarthenshire would categorise to a different area of service;
 - Factsheet C shows that there were no public interest reports issued against Carmarthenshire, however there were two other complaints upheld. One related to MH and LD and the other Planning. The first was a Children's Services case, where the Ombudsman found that the time taken to complete an investigation was excessive. The Authority provided an apology, a financial redress of £500 and shared the findings with staff. The second was upheld in part only, the Ombudsman finding that communication with the complainant had been insufficiently clear, leading to delays in process. The Authority provided an apology, a financial redress of £250, and was required to set out clearly to the complainant what it required to determine the application before it.
 - Factsheet D shows to what extent the Ombudsman has intervened in cases. These are cases that are settled, resolved early, or where he has issued a report. Carmarthenshire's figure falls exactly on the average figure of 13%;
 - Code of Conduct figures at E shows the smaller proportion of cases referred to in the Letter, when compared with the position last year. It hopefully also reflects the results of the programme of training delivered by Carmarthenshire officers to Community and Town Councils;

3. The Public Services Ombudsman (Wales) Act 2019 and the new Complaints Standards Agency (CSA)

- This new Agency is tasked with gathering data, monitoring performance and promoting improvements;
- Officers from Carmarthenshire met with representatives of the new Standards Agency in November 2019, and since that time have been delivering performance statistics to the Agency on a quarterly basis. The Ombudsman makes reference in the Letter to the data from Welsh Authorities and what it has been showing. The Authority has also arranged three training sessions to be delivered to officers by the Agency. It is also worth mentioning that the Ombudsman has also brought into being a new, all-Wales model complaints policy. This Authority has localised its policy in light of the Ombudsman's model, with a view to formal approval of this draft in due course.

DETAILED REPORT ATTACHED?

YES – the PSOW's Annual Letter 2019/20

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: Head of Administration and Law

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

1. Legal - the PSOW Annual Letter asks that the annual letter is presented in order for performance to be reviewed. The Letter is attached to this report.

CONSULTATIONS

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

Signed; Linda Rees-Jones Head of Administration and Law

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

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

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

YES

Include any observations here – no consultations required. This report is to receive data and information.


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

THESE ARE DETAILED BELOW


Title of Document	File Ref No.	Locations that the papers are available for public inspection
The PSOW's Annual Letter 2019/20	CCOM-881	https://www.ombudsman.wales/annual-letters/ https://www.ombwdsmon.cymru/llythyrau-blynyddol/
The PSOW's Annual report 2019/20	CCOM-881	http://www.ombudsman.wales/wp-content/uploads/2020/07/PSOW-Annual-Report-and-Accounts-2019-20.pdf http://www.ombwdsmon.cymru/wp-content/uploads/sites/2/2020/07/OGCC-Adroddiad-a-Chyfrifon-Blynyddol-2019-20.pdf

Our ref: NB

Ask for: Communications

 01656 641150

Date: 7 September 2020

 Communications
@ombudsman-wales.org.uk

Councillor Emlyn Dole
Council Leader
Carmarthenshire County Council

By Email Only
EDole@carmarthenshire.gov.uk

Dear Councillor Dole

Annual Letter 2019/20

I am pleased to provide you with the Annual letter (2019/20) for Carmarthenshire County Council.

I write this at an unprecedented time for public services in Wales and those that use them. Most of the data in this correspondence relates to the period before the rapid escalation in Covid-19 spread and before restrictions on economic and social activity had been introduced. However, I am only too aware of the impact the pandemic continues to have on us all.

I am delighted to report that, during the past financial year, we had to intervene in (uphold, settle or resolve early) a smaller proportion of complaints about public bodies: 20% compared to 24% last year.

We also referred a smaller proportion of Code of Conduct complaints to a Standards Committee or the Adjudication Panel for Wales: 2% compared to 3% last year.

With regard to new complaints relating to Local Authorities, the overall number has decreased by 2.4% compared to the previous financial year. I am also glad that we had to intervene in a smaller proportion of the cases closed (13% compared to 15% last year). That said, I am concerned that complaint handling persists as one of the main subjects of our complaints again this year.

Amongst the main highlights of the year, in 2019 the National Assembly for Wales (now Senedd Cymru Welsh Parliament) passed our new Act. We are now the first ombudsman's office in the UK to have full and operational powers to drive systemic improvement of public services through investigations on our 'own initiative' and the Complaints Standards role.

Page 1 of 7

During 2019/20, we have engaged intensively with Local Authorities on this issue, starting to exercise our new Complaints Standards powers.

Local Authorities in Wales submitted data about the complaints they handled to the Complaints Standards Authority (CSA) for the first time in 2019/2020, revealing much more about the complaints landscape in Wales.

The data submitted for 2019/2020 shows:

- Over 13,000 complaints were recorded by Local Authorities – 4.25 for every 1000 residents.
- Nearly half (42%) of those complaints were upheld in full or in part.
- About 80% (79.51%) were investigated within 20 working days.
- About 7% (6.91%) of all complaints ended up being referred to PSOW.

The CSA will work with public bodies to ensure the data submitted is an accurate representation of complaints being submitted by service users.

A summary of the complaints of maladministration/service failure received relating to your Council is attached.

Also attached is a summary of the Code of Conduct complaints relating to members of the Council and the Town & Community Councils in your area.

Action for the Council to take:

- Present my Annual Letter to the Cabinet to assist members in their scrutiny of the Council's performance.
- Engage with my Complaints Standards work, accessing training for your staff and providing complaints data.
- Inform me of the outcome of the Council's considerations and proposed actions on the above matters by 30 November.

This correspondence is copied to the Chief Executive of your Council and to your Contact Officer. Finally, a copy of all Annual Letters will be published on my website.

Yours sincerely



Nick Bennett
Ombudsman

CC: Wendy Walters, Chief Executive
Nigel Evans, Contact Officer

Factsheet

A. Complaints Received

Local Authority	Complaints Received	Complaints received per 1000 residents
Blaenau Gwent County Borough Council	17	0.24
Bridgend County Borough Council	34	0.23
Caerphilly County Borough Council	49	0.27
Cardiff Council*	122	0.33
Carmarthenshire County Council	42	0.22
Ceredigion County Council	31	0.42
Conwy County Borough Council	29	0.25
Denbighshire County Council	32	0.34
Flintshire County Council	61	0.39
Gwynedd Council	37	0.30
Isle of Anglesey County Council	26	0.37
Merthyr Tydfil County Borough Council	13	0.22
Monmouthshire County Council	16	0.17
Neath Port Talbot County Borough Council	22	0.15
Newport City Council	39	0.25
Pembrokeshire County Council	25	0.20
Powys County Council	72	0.54
Rhondda Cynon Taf County Borough Council	39	0.16
Swansea Council	92	0.37
Torfaen County Borough Council	5	0.05
Vale of Glamorgan Council	30	0.23
Wrexham County Borough Council	33	0.24
Wales	866	0.28

* inc 1 Rent Smart Wales

B. Complaints Received by Subject

Carmarthenshire	Complaints Received	Complaints Percentage Share
Adult Social Services	3	7.14%
Benefits Administration	1	2.38%
Children's Social Services	2	4.76%
Community Facilities, Recreation and Leisure	1	2.38%
Complaint Handling	1	2.38%
Education	3	7.14%
Environment and Environmental Health	5	11.90%
Housing	3	7.14%
Planning and Building Control	17	40.48%
Roads and Transport	2	4.76%
Various Other	4	9.52%

C. Complaint Outcomes

(* denotes intervention)

Complaints Closed	Premature/ Out of Time/Right to Appeal	Out of Jurisdiction	Other cases closed after initial consideration	Early Resolution/ voluntary settlement*	Discontinued	Other Reports- Not Upheld	Other Reports Upheld - in whole or in part*	Public Interest Report *	Grand Total
Carmarthenshire County Council	21	4	14	4	1	0	2	0	46
Percentage Share	45.65%	8.70%	30.43%	8.70%	2.17%	0.00%	4.35%	0.00%	

D. Number of cases with PSOW intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	1	17	6%
Bridgend County Borough Council	1	34	3%
Caerphilly County Borough Council	6	50	12%
Cardiff Council	21	120	18%
Cardiff Council - Rent Smart Wales	-	1	0%
Carmarthenshire County Council	6	46	13%
Ceredigion County Council	4	30	13%
Conwy County Borough Council	6	34	18%
Denbighshire County Council	2	32	6%
Flintshire County Council	8	57	14%
Gwynedd Council	4	39	10%
Isle of Anglesey County Council	3	28	11%
Merthyr Tydfil County Borough Council	2	15	13%
Monmouthshire County Council	2	15	13%
Neath Port Talbot Council	4	25	16%
Newport City Council	4	38	11%
Pembrokeshire County Council	7	29	24%
Powys County Council	14	71	20%
Rhondda Cynon Taf County Borough Council	5	40	13%
Swansea Council	4	93	4%
Torfaen County Borough Council	1	5	20%
Vale of Glamorgan Council	4	27	15%
Wrexham County Borough Council	4	33	12%
Grand Total	113	879	13%

Code of Conduct Complaints Closed

County/County Borough Councils	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
Carmarthenshire	4	-	-	-	-	-	-	4

E. Town/Community Council Code of Complaints

Town/Community Council	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
Laugharne Township Community Council	1	-	-	-	-	-	-	1
Llangunnor Community Council	1	-	-	-	-	-	-	1
Llangyndeyrn Community Council	1	-	-	-	-	-	-	1
Pembrey & Burry Port Town Council	-	-	-	1	-	-	-	1

Appendix

Explanatory Notes

Section A provides a breakdown of the number of complaints against the Local Authority which were received during 2019/20, and the number of complaints per 1,000 residents (population).

Section B provides a breakdown of the number of complaints about the Local Authority which were received by my office during 2019/20. The figures are broken down into subject categories with the percentage share.

Section C provides the complaint outcomes for the Local Authority during 2019/20, with the percentage share.

Section D provides the numbers and percentages of cases received by the PSOW in which an intervention has occurred. This includes all upheld complaints, early resolutions and voluntary settlements.

Section E provides a breakdown of all Code of Conduct complaint outcomes against Councillors during 2019/20.

Section F provides a breakdown of all Code of Conduct complaint outcomes against town or community councils.

Feedback

We welcome your feedback on the enclosed information, including suggestions for any information to be enclosed in future annual summaries. Any feedback or queries should be sent via email to communications@ombudsman-wales.org.uk

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EXECUTIVE BOARD 30th November, 2020

Mid-Year Treasury Management and Prudential Indicator Report 1st April 2020 to 30th September 2020

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 1st April 2020 to 30th September 2020.

Relevant scrutiny committee to be consulted YES

Policy & Resources Scrutiny Committee 2nd December 2020

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@cararthenshire.gov.uk

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

EXECUTIVE SUMMARY
EXECUTIVE BOARD
30th November, 2020

Mid-Year Treasury Management and Prudential Indicator Report 1st April 2020 to 30th September 2020

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To provide members with an update on the treasury management activities from 1st April 2020 to 30th September 2020.

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

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

1. Policy, Crime & Disorder and Equalities

Within the requirements of the Treasury Management Policy and Strategy Report 2020-2021

3. Finance

The authority's investments during the period returned an average return of 0.28%, exceeding the 7 day LIBID rate.

Gross interest earned on investments for the period amounted to £0.209m and interest paid on loans was £8.96m.

The Authority did not breach any of its Prudential Indicators during the period. At the period end the investments included £0.53m 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

1. Scrutiny Committee

For information to Policy and Resources Scrutiny Committee on the TBC.

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

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
CIPFA Treasury Management in the Public Services - Code of Practice Revised 2017		County Hall, Carmarthen

MID YEAR TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT

1ST April 2020 – 30TH September 2020

A. TREASURY MANAGEMENT REPORT

1. Introduction

The Treasury Management Policy and Strategy for 2020-2021 was approved by Council on 3rd March 2020. 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 1st April 2020 to 30th September 2020 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

As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August 2020. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

The fall in GDP in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.

The peak in the unemployment rate was revised down from 9% in Q2 to 7½% by Q4 2020.

It forecast that there would be excess demand in the economy by Q3 2022 causing CPI inflation to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

It also squashed any idea of using negative interest rates, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.

3. Prospects for Interest Rates

Based on the average projection from a number of sources we can expect the trend in base rates over the year to be as follows:

	Apr 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021
Base Rate %	0.10	0.10	0.10	0.10	0.10

(Source: LINK Asset Services)

Link Asset Services undertook its last review of interest rate forecasts on 11th August 2020 after the Quarterly Inflation Report of the Bank of England and Monetary Policy Committee (MPC) meeting 6th August 2020, where the decision was made to keep the Bank Rate unchanged at 0.10% due to the ongoing uncertainty surrounding the Coronavirus outbreak.

The revised projection based on this review:

	2020-21	2021-22	2022-23
	%	%	%
Revised Average Bank Rate	0.10	0.10	0.10
Original Average Bank Rate (TM Strategy 2020-21)	0.81	1.00	1.25

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 1st April 2020 and 30th September 2020 analysed between Banks, Building Societies, Local Authorities and Money Market Funds, are shown in the following table:

Investments	01.04.20				30.09.20			
	Call and notice £m	Fixed Term £m	Total £m	%	Call and notice £m	Fixed Term £m	Total £m	%
Banks	19.00	0.53	19.53	27	26.00	0.53	26.53	22
Building Societies	0.00	3.00	3.00	4	0.00	7.00	7.00	6
Money Market Funds	12.00	0.00	12.00	16	20.00	0.00	20.00	17
DMADF (DMO)	0.00	18.00	18.00	24	0.00	33.00	33.00	28
Local Authorities	0.00	21.00	21.00	29	0.00	32.00	32.00	27
TOTAL	31.00	42.53	73.53	100	46.00	72.53	118.53	100

Investments on call are available immediately on demand. Fixed term investments are fixed to a maturity date. The current longest investment is maturing on 31st March 2021.

The £118.53m includes £0.53m (13.33% 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 £1,432.01m. This averaged approximately £54.78m per week or £7.83m per day. A summary of turnover is shown below:

	£m
Total Investments 1st April 2020	73.53
Investments made during the period	738.50
Sub Total	812.03
Investments Repaid during the period	(693.50)
Total Investments 30th September 2020	118.53

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 2020-2021 the Council has compared its performance against this "7 day LIBID rate". For the period under review the average "7 day LIBID rate" was -0.05% whereas the actual rate the Council earned was 0.28%, an out performance of 0.33%.

This outperformance can be quantified to £249k additional interest earned compared to the “7 day LIBID rate”.

The gross interest earned on investments for the period amounted to £0.209m.

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)

As at 30th September 2020 the sum of £3.47m principal and £212k interest had been received from the Administrators, which equates to 86.67% of the claim submitted. The Administrators estimate total dividends payable to non-preferential creditors at 86.80%.

A further update will be provided in future reports.

6. Security, Liquidity and Yield (SLY)

Within the Treasury Management Strategy Statement for 2020-2021, 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 £0.53m in KSF) as at 30th September 2020.

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 1st April 2020 and 30th September 2020 are shown in the following table:

Loans	Balance at 01.04.20 £m	Balance at 30.09.20 £m	Net Increase/ (Net Decrease) £m
Public Works Loan Board (PWLB)	425.42	415.38	(10.04)
Market Loan	3.00	3.00	0.00
Salix, Invest to Save, HILS & TCL	4.11	4.11	0.00
TOTAL	432.53	422.49	(10.04)

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

No new loans were borrowed during the period.

7.2 Interest Paid

Interest paid on loans during the period was:

PWLB Interest Paid £m	Market Loan Interest Paid £m	Total Interest Paid £m
8.89	0.07	8.96

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 1st April 2020 to 30th September 2020.

B. PRUDENTIAL INDICATOR REPORT

1. Prudential Indicators

As part of the 2020-2021 Budget and the Treasury Management Policy and Strategy 2020-2021, 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 2020-2021 in the Budget was:

	2020-2021 %
Non-HRA	4.74
HRA	33.93

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)

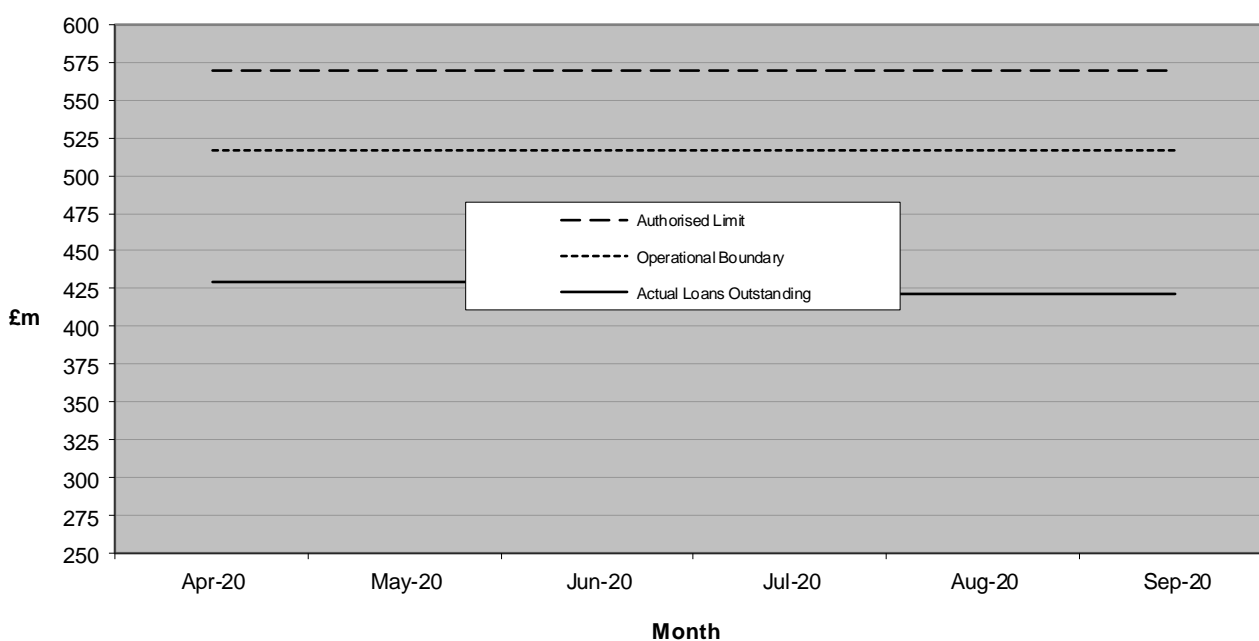
The Director of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

	2020-2021 Estimate £m	As at 30.09.20 £m	2020-2021 Forecast £m
Capital Financing Requirement			
CFR – non housing	282	272	272
CFR – housing	176	175	175
CFR - housing subsidy buy-out	71	71	71
Total CFR	529	518	518

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	
	2020-21 Estimate £m	2020-21 Forecast £m	2020-21 Estimate £m	2020-21 Forecast £m
Borrowing	568.5	568.5	516.9	516.9
Other Long-Term Liabilities	0.5	0.5	0.1	0.1
Total	569	569	517	517



	Apr-20 £m	May-20 £m	Jun-20 £m	Jul-20 £m	Aug-20 £m	Sep-20 £m
Authorised Limit	569	569	569	569	569	569
Operational Boundary	517	517	517	517	517	517
Loans Outstanding	430	430	430	422	422	422

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 30th September 2020:

	Fixed Interest Rate £m	Variable Interest Rate £m	TOTAL £m
Borrowed	419.49	3.00	422.49
Invested	(72.53)	(46.00)	(118.53)
Net	346.96	(43.00)	303.96
Limit	510.00	51.00	
Proportion of Net Borrowing Actual	114.14%	(14.14)%	100.00%
Limit	125.00%	5.00%	

The authority is within limits set by the 2020-2021 indicators.

2.1.2 Maturity Structure of Borrowing

	Structure at 30.09.20 %	Upper Limit %	Lower Limit %
Under 12 months	3.02	15	0
12 months to 2 years	3.73	15	0
2 years to 5 years	6.90	50	0
5 years to 10 years	9.45	50	0
10 years to 20 years	18.31	50	0
20 years to 30 years	18.84	50	0
30 years to 40 years	23.65	50	0
40 years and above	16.10	50	0

The authority is within the limits set by the 2020-2021 indicators.

2.1.3 Maximum Principal Sums Invested Longer than 365 Days

	2020-2021 £m
Limit	10
Actual as at 30 th September 2020	NIL

RECOMMENDATION

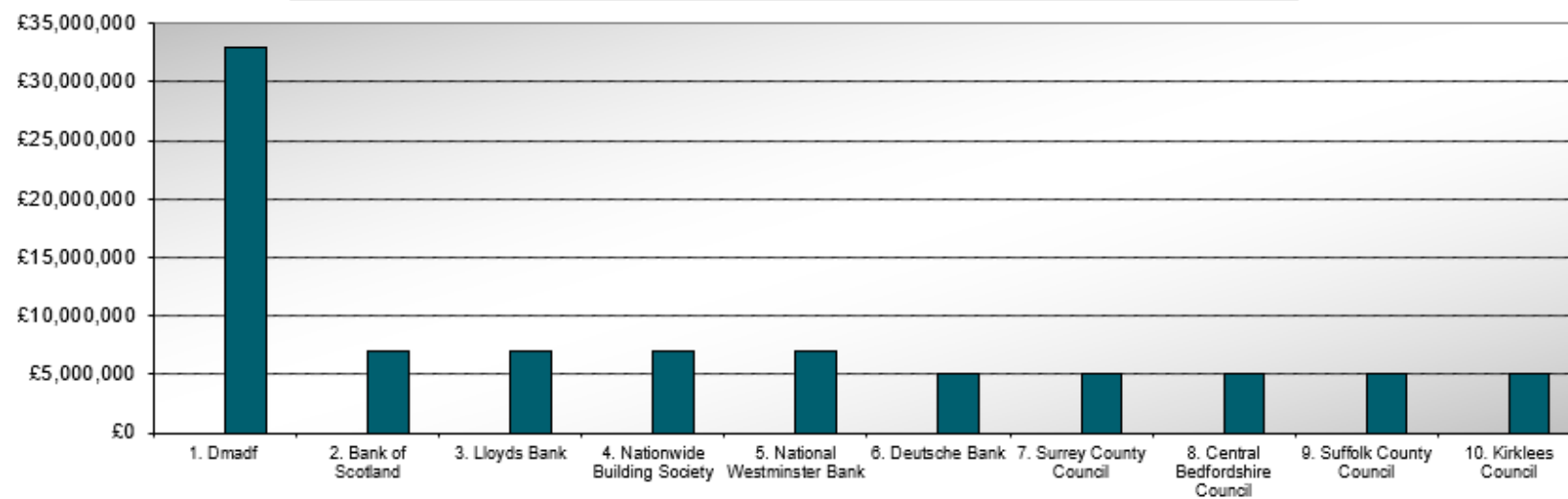
That Executive Board considers and approves the report.

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Top 10 Counterparty Holdings

Carmarthenshire County Council

Counterparty	Principal	% of Total Holding	WAM (Days)	WAYield	WADefault
1. Dmadf	£33,000,000	29.73%	19	0.01%	0.001%
2. Bank of Scotland	£7,000,000	6.31%	1	0.00%	0.000%
3. Lloyds Bank	£7,000,000	6.31%	1	0.20%	0.000%
4. Nationwide Building Society	£7,000,000	6.31%	4	0.16%	0.001%
5. National Westminster Bank	£7,000,000	6.31%	26	0.03%	0.007%
6. Deutsche Bank	£5,000,000	4.50%	1	0.01%	0.000%
7. Surrey County Council	£5,000,000	4.50%	15	0.35%	0.001%
8. Central Bedfordshire Council	£5,000,000	4.50%	47	0.05%	0.002%
9. Suffolk County Council	£5,000,000	4.50%	72	0.40%	0.003%
10. Kirklees Council	£5,000,000	4.50%	15	0.10%	0.001%



SECTOR

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Totals		
Total	£118,000,000	
Calls & MMFs	£39,000,000	33%
Fixed Deposits	£79,000,000	67%
Specified	£118,000,000	100%

Weighted Average		
Yield		0.12%
Maturity (Days)		
Total Portfolio	Total Portfolio	28.96
Long Term Short Term		
AAA	-	1.00
AA	F1	48.82
A	F1	6.79
BBB	F2	0.00
CCC	C	0.00

Risk Factors		
< 1 year	£2,026	0.002%
1 - 2 years	£0	0.000%
2 - 3 years	£0	0.000%
3 - 4 years	£0	0.000%
4 - 5 years	£0	0.000%
Total Portfolio	£2,026	0.002%

Maturity Structure		
< 1 Week	£49,000,000	42%
< 1 Month	£46,000,000	39%
2 - 3 Months	£11,000,000	9%
3 - 6 Months	£12,000,000	10%
6 - 9 Months	£0	0%
9 - 12 Months	£0	0%
12 Months+	£0	0%
Total	£118,000,000	100%

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Executive Board November 30th, 2020

Subject- Variation of the Regional Consortia's Legal Agreement (ERW)

Purpose: For the Executive Board to consider the Variation of the Legal Agreement to enable interim services to be provided to Neath Port Talbot schools, remaining Authorities withdraw and for dissolution of ERW.

Recommendations / key decisions required: To agree to the variation of ERW's Legal Agreement in relation to-

1. To agree changes to the ERW Legal Agreement to facilitate provision of agreed services to Neath Port Talbot schools during 2020/21 (as set out in the draft Deed of Variation - Appendix 1);
2. To agree that changes are made to the Legal Agreement, to:
 - i. *facilitate dissolution/termination of the ERW Consortium,*
 - ii. *Address any subsequent liabilities/indemnities of all present (and former) Authorities.*
 - iii. *facilitate a reduced notice of withdrawal period to 3 months.*
 (as set out in the draft amended clause 15 - Appendix 2)
3. Delegates authority to the Chief Legal Officer and Director of Education to make any necessary changes to the Legal Agreement (in consultation with the other ERW partners) and to enter into any documentation necessary to implement any of the recommendations in this report and to protect the Council's interests.

Reasons:

1. To enable remaining authorities to give notice to withdraw,
2. To vary the Legal agreement
3. To provide services to NPT.
4. The Legal Agreement does not offer clarity in how the consortium can be dissolved.
5. Facilitate dissolution/termination of the ERW Consortium.
6. Provide clarity in relation to any subsequent liabilities/indemnities of all present (and former) Authorities.

Relevant scrutiny committee to be consulted NA

Exec. Board Decision Required YES

Council Decision Required NA

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr Emlyn Dole

Directorate: Education and Children's Services

Name of Director / Head of Service: Gareth Morgans

Report Author: Gareth Morgans

Designations:

Director of Education and Children's Services

Tel:

Email addresses:

EDGMorgans@sirgar.gov.uk

EXECUTIVE SUMMARY

EXECUTIVE BOARD November 30th, 2020

Variation of Legal Agreement to School Improvement through Regional Working (ERW)

ERW is an alliance of six local authorities created to deliver school improvement services across Mid and South West Wales. ERW is governed by a Joint Committee bound by a Legal Agreement.

The Executive Board on the 16th of March agreed the following-

- a) That the Swansea Bay City Deal footprint be considered as the preferred option for Carmarthenshire.
- b) That Carmarthenshire County Council issues Notice to Withdraw from ERW
- c) That subject to the provisions of the Legal Agreement a one year transition period to 2020/21 be agreed
- d) That the Director of Education and Children's Services, the Executive Board Member for Education and Children's Services, in liaison with the Leader and Chief Executive Officer develop the preferred model and ascertain the impact of any changes (including legal, HR and financial), subject to the provisions of the Legal Agreement.

Decisions a) and d) remain outstanding and will need to be implemented before 31/3/21, to facilitate Carmarthenshire leaving ERW at the end of the financial year. We will need to ensure a suitable alternative provision to the current Consortium to provide support for Carmarthenshire's schools.

Recent developments within the ERW Consortium and Joint Committee decisions also need to be taken into account, including:

- Neath Port Talbot left ERW on 31/3/20.
- Ceredigion and Swansea County Councils have also given notice to leave ERW.
- Powys and Pembrokeshire County Councils have not given notice.

On the 13th of November ERW's Joint Committee considered two reports on proposed changes to the ERW Legal agreement subject to approval being obtained from each of ERW's local authorities.

Report 1- To facilitate provision of agreed services to Neath Port Talbot schools during 2020/21.

The Joint Committee agreed:

1. the proposed changes to the Legal Agreement to enable ERW to provide Neath Port Talbot schools with access to agreed services as detailed within the variation report, subject to the assurance of no costs falling on ERW (save for legal costs incurred in amending the Legal Agreement).
2. to the preparation of a separate legal agreement between ERW and NPT

A draft Deed of Variation between the remaining ERW authorities setting out the services to be provided to NPT considered by the Joint Committee is shown at Appendix 1.

Report 2- To make changes to the Joint Legal Agreement in accordance with Clause 25 Variation.

Clause 25 states that ERW can recommend changes to the Legal Agreement by giving notice to each partner authority. Each authority shall, on receipt of a notice, use all reasonable endeavours to consider within 6 weeks of such receipt, whether to accept the recommendation. If all the authorities agree to the recommended changes, a memorandum of variation shall be prepared on behalf of each authority and appended to the Agreement.

The Joint Committee recommended:

1. to each Authority, in accordance with Variation clause (Clause 25) of the ERW Joint Legal Agreement (2014) ("Legal Agreement"), that changes are made to the Legal Agreement, to:
 - i. *facilitate dissolution/termination of the ERW Consortium,*
 - ii. *address any subsequent liabilities/indemnities of all present (and former) Authorities.*
 - iii. *facilitate a reduced notice of withdrawal period to 3 months.*
2. That notice in writing is given to each Authority of Recommendation 1 (above)

The Joint Committee also considered a Consortium Update report and recommended that Leaders should meet to discuss issues surrounding ERW, including dissolution/termination date.

Current position

The Legal Agreement does not contain an appropriate exit (dissolution/termination) clause. In order to implement the ERW Joint Committee decisions, and in particular, to facilitate dissolution/termination of ERW it is necessary for the ERW Legal Agreement to be varied.

The Executive Boards/Cabinets of each Authority will need to consider the proposed variations to the Legal Agreement and advise ERW if they are supportive of the proposals.

The draft variation proposals are in relation to clause 15 Withdrawal and Indemnity for Consequences of Withdrawal of the Legal Agreement are shown at Appendix 2.

This includes an amendment to clause 15.1 in order to reduce the withdrawal notice period from 12 months to 3 months. It also proposes a new clause 15.6 to facilitate withdrawal, address liabilities, indemnities and costs.

The draft variation proposals have not (yet) been agreed by respective Heads of Legal. It was necessary to wait until the ERW joint committee had made its recommendations on 13/11/20.

If agreed, upon receipt of a notice to withdraw from all (remaining) authorities the changes will enable the Legal Agreement "to determine" (i.e. for ERW to be dissolved). The current proposal is that this should take place at the end of the 2020/21 financial year (i.e. 31/3/21). This timeline may change depending on the agreements reached by respective Leaders as the 31st of August has been suggested as an alternative implementation date.

In order that Powys and Pembrokeshire County Councils may give notice to withdraw (should they wish to do so), and for this to be effective from 31/3/21 (rather than 31/3/22), that notice must be issued by 31/12/20.

The final version of the Local Government & Elections (Wales) Bill has still not been published. The Bill includes reference to Corporate Joint Committees (CJC) to oversee several regional functions, including School Improvement.

DETAILED REPORT ATTACHED?

NO

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: 

Director of Education and Children's Services

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

Legal

In order to implement the decisions of ERW's Joint Committee the current Legal Agreement needs to be revised specifically in providing specific services to NPT schools; changing the notice period and clarifying dissolution and termination issues.

Finance

The Legal Agreement specifies clearly the financial responsibility on each partner should they leave ERW. The revised Legal Agreement will clarify matters even further. There could be additional costs in relation to current liabilities and staff redundancies which will have to be borne by all partners authorities.

Risk Management

The current consortium provides our schools with support and services currently not provided by the local authority. Should ERW cease to exist we will have to ensure our schools are still able to access support for *Professional Learning and Research, Leadership, Curriculum, Digital Skills, Equity and Well-being and Welsh*.

Staffing Implications

Although we're not the direct employer, as a partner in ERW we have a responsibility to the staff currently employed by the entity and their wellbeing. Should we move to an alternative model we will have to follow the HR advice and guidance in line with Pembrokeshire County Council's policies (As lead Authority) to ensure that staff are dealt with fairly.

Physical Assets

ERW's current base is Y Llwyfan and it has an agreement with the University of Wales Trinity St David's. In addition the consortium has numerous contracts and owns furniture and technology.

CONSULTATIONS

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

Signed:



Director of Education and Children's Services

1. ERW Scrutiny Committee- will be consulted with on the 3rd of December, 2020

4.Relevant Partners- All partner County Councils will be part of this discussion.

5.Staff Side Representatives and other Organisations- there will be appropriate consultation with staff and their trade unions.

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

The portfolio Member is aware of the developments and is supportive of a new partnership to deliver school improvement.

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
Appendix 1	Attached	Available as part of this pack.
ERW's Legal Agreement	ERW LAg	Available from our Legal Department

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Agenda Item 12

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 13

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 14

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 15

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