

**TUESDAY, 12 SEPTEMBER 2023**

**TO: ALL MEMBERS OF THE CABINET**

I HEREBY SUMMON YOU TO ATTEND A **MULTI LOCATION** MEETING OF THE **CABINET** WHICH WILL BE HELD IN THE **CHAMBER, COUNTY HALL, CARMARTHEN, AND REMOTELY AT 10.00 AM, ON MONDAY, 18TH SEPTEMBER, 2023** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

*Wendy Walters*

**CHIEF EXECUTIVE**

<b>Democratic Officer:</b>	<b>Martin S. Davies</b>
<b>Telephone (direct line):</b>	<b>01267 224059</b>
<b>E-Mail:</b>	<b>MSDavies@carmarthenshire.gov.uk</b>

**This is a multi-location meeting.  
Members can attend in person at the venue detailed above or remotely via the  
Zoom link which is provided separately.**

**The meeting can be viewed on the authority's website via the following link:-  
<https://carmarthenshire.public-i.tv/core/portal/home>**

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

# **CABINET**

## **MEMBERSHIP – 10 MEMBERS**

<b>COUNCILLOR</b>	<b>PORTFOLIO</b>
<b>Councillor Darren Price</b>	<b>Leader</b>
<b>Councillor Linda Evans</b>	<b>Deputy Leader and Cabinet Member for Homes</b>
<b>Councillor Glynog Davies</b>	<b>Education and Welsh Language</b>
<b>Councillor Ann Davies</b>	<b>Rural Affairs, Community Cohesion and Planning Policy</b>
<b>Councillor Hazel Evans</b>	<b>Regeneration, Leisure, Culture and Tourism</b>
<b>Councillor Philip Hughes</b>	<b>Organisation and Workforce</b>
<b>Councillor Alun Lenny</b>	<b>Resources</b>
<b>Councillor Edward Thomas</b>	<b>Transport, Waste and Infrastructure Services</b>
<b>Councillor Jane Tremlett</b>	<b>Health and Social Services</b>
<b>Councillor Aled Vaughan Owen</b>	<b>Climate Change, Decarbonisation and Sustainability</b>

# **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 CABINET HELD ON THE 17TH JULY 2023.** 5 - 10
- 4. QUESTIONS ON NOTICE BY MEMBERS**
- 5. PUBLIC QUESTIONS ON NOTICE**
- 6. ANNUAL TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 2022-2023.** 11 - 26
- 7. REVENUE BUDGET OUTLOOK.** 27 - 42
- 8. DEVELOPMENT FUND APPLICATION.** 43 - 50
- 9. SECOND HOMES AND SHORT-TERM HOLIDAY LETS.** 51 - 62
- 10. COUNTY COUNCIL RURAL ESTATE MATTERS.** 63 - 88
- 11. TO NOTE THAT THE PLAID CYMRU GROUP HAS NOMINATED COUNCILLOR MEINIR JAMES TO REPLACE COUNCILLOR HAZEL EVANS ON THE LLESIANT DELTA WELLBEING GOVERNANCE GROUP.**
- 12. 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.**
- 13. 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 CABINET RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION.
- 14. COVID-19 IMPACT ON CONTRACTORS - MAJOR WORKS.** 89 - 122

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## CABINET

**MONDAY 17<sup>TH</sup> JULY 2023**

**PRESENT:** Councillor L.D. Evans (Vice-Chair in the Chair) (In Person)

**Councillors (In Person):**

C.A. Davies

G. Davies

P.M. Hughes

G.H. John

A. Lenny

E.G. Thomas

J. Tremlett

A. Vaughan-Owen

**Also in attendance (Virtually):**

Councillor D.M. Cundy

**Also Present (In Person):**

W. Walters - Chief Executive

G. Morgans - Director of Education & Children's Services

J. Jones - Head of Regeneration, Policy & Digital

L. Rees-Jones - Head of Administration and Law

R. Hemingway - Head of Financial Services

C. Higginson - Media Manager

N. Thomas - Early Years and Prevention Service Manager

L. Jenkins - Cabinet Support Officer

C. Llwyd - Simultaneous Translator

J. Owen - Democratic Services Officer

S. Hendy – Member Support Officer

**Also Present (Virtually):**

J. Coles – Head of Children & Families

J. Lewis – Regional Partnership Manager

M. Evans Thomas - Principal Democratic Services Officer [Note Taker]

**Chamber, County Hall, Carmarthen and remotely : 10.00 am to 10.35 am**

**1. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor D. Price, Chair, who was engaged in alternative Council business.

**2. DECLARATIONS OF PERSONAL INTEREST**

<b>Officer</b>	<b>Minute Number</b>	<b>Nature of Interest</b>
J. Jones – Head of Regeneration, Policy & Digital	10 – UK Shared Prosperity Fund Standalone Strategic Applications	He is named as a second applicant on one of the projects.

Note: These minutes are subject to confirmation at the next meeting.

**3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE CABINET HELD ON THE 3RD JULY 2023**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Cabinet held on the 3<sup>rd</sup> July, 2023 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. MATERNITY AND EARLY YEARS TRANSFORMATION EARLY YEARS STRATEGY WEST WALES**

Cabinet considered the Maternity and Early Years Strategy West Wales. Carmarthenshire County Council is working in partnership with Hywel Dda University Health Board (HDUHB), Ceredigion County Council and Pembrokeshire County Council in response to Welsh Government's Early Years Integration Transformation Programme. This programme focuses on the need for a joined up and responsive early years service to ensure that every child has the best start in life.

As part of the transformation programme, innovative ways of working are required to be tested and piloted and as a result officers in Carmarthenshire have worked closely with HDUHB in developing a pilot Early Years Integrated Team in Cwm Gwendraeth. This is a multi-disciplinary team of health professionals (Midwives, Health Visitors and Speech and Language Therapists), Local Authority professionals (Family Support Officers and a Community Connector).

On a regional level a Maternity and Early Years Steering Group was set up in 2019 and work has been underway in developing a Maternity and Early Years Strategy for the region, setting out an agreed vision, objectives and priorities for all services working within the Maternity and Early Years sector across HDUHB, Local Authority and third sector organisations.

By July 2022 the strategy was in its final stages of development and a cross section of professionals and families from across the region took part in the consultation process via focus groups and an online survey. This is a strategy with a difference as it is web-based, interactive and concise thereby allowing professionals with limited time to access the strategy as and when required. Following full sign off it was intended to launch the strategy across the region.

**UNANIMOUSLY RESOLVED** that the Maternity and Early Years Strategy West Wales be endorsed.

Note: These minutes are subject to confirmation at the next meeting.

**7. 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.**

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

**8. 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 items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

**9. SUSTAINABLE COMMUNITIES FUND - ROUND 2 APPLICATIONS**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 8 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act). The public interest test in respect of this report outweighed the public interest in disclosing the information contained therein as disclosure would have the potential to undermine the position of the organisations concerned in relation to other organisations operating in the same sphere of activity.

The Cabinet considered a report which provided an overview of applications submitted under the Sustainable Communities Fund (Round 2) which is funded via the UK Shared Prosperity Fund.

**UNANIMOUSLY RESOLVED**

- 9.1 That the projects listed be awarded funding as recommended by the Funding Panel and as detailed in the report;**
- 9.2 That the virement of an additional £250,000 from other unallocated elements of the SPF Programme, due to the high volume of quality applications submitted, be endorsed.**

**10. UK SHARED PROSPERITY FUND - STANDALONE STRATEGIC APPLICATIONS**

[NOTE: Mr J. Jones, Head of Regeneration, Policy & Digital, having earlier declared an interest in this item, left the meeting prior to the consideration and determination thereof.]

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 8 above, not to publicise the

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content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act). The public interest test in respect of this report outweighed the public interest in disclosing the information contained therein as disclosure would adversely affect the applicants in the market within which they operate by disclosing to competitors innovative business ideas.

The Cabinet considered a report which provided an overview of applications submitted under the open call for standalone strategic projects within the Communities and Place and Supporting Local Business priorities of the UK Shared Prosperity Fund.

#### **UNANIMOUSLY RESOLVED**

- 10.1 That the projects detailed in Appendix 1 and Appendix 2 be awarded funding, as detailed in the report;
- 10.2 That the recommendations of the Regeneration Partnership in relation to the redistribution of funding that may come back into the £5.85m budget for this call be approved.

#### **11. UK SHARED PROSPERITY FUND - STANDALONE STRATEGIC APPLICATIONS - PEOPLE & SKILLS AND MULTIPLY**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 8 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act). The public interest test in respect of this report outweighed the public interest in disclosing the information contained therein as disclosure would adversely affect the applicants in the market within which they operate by disclosing to competitors innovative business ideas.

The Cabinet considered a report which provided an overview of Standalone Strategic applications submitted under the open call for the People and Skills priority and Multiply objectives of the UK Shared Prosperity Fund.

**UNANIMOUSLY RESOLVED** that the projects detailed in Appendix 1 and Appendix 2 be awarded funding as recommended by the Regeneration Partnership, as detailed in the report.

#### **12. UK SHARED PROSPERITY FUND - SKILLS AND EMPLOYABILITY FUNDS**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 8 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act). The public interest test in respect of this report outweighed the public interest in disclosing the information contained therein as

Note: These minutes are subject to confirmation at the next meeting.



**disclosure would have the potential to undermine the position of the organisations concerned in relation to other organisations operating in the same sphere of activity.**

The Cabinet considered a report which provided an overview of applications submitted under the Skills and Employability Funds, funded via the UK Shared Prosperity Fund.

**UNANIMOUSLY RESOLVED that the projects detailed in Table 2 and Table 3 be awarded funding as recommended by the Funding Panel, as detailed in the report.**

\_\_\_\_\_  
**CHAIR**

\_\_\_\_\_  
**DATE**

Note: These minutes are subject to confirmation at the next meeting.

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## Cabinet 18/09/2023

<b>ANNUAL TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 2022-2023</b>		
<b>Recommendations / key decisions required:</b> That the report be approved.		
<b>Reasons:</b> To comply with the CIPFA Code of Practice on Treasury Management in the Public Sector.		
Cabinet Decision Required		YES
Council Decision Required		YES
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. A. Lenny		
Directorate: Corporate Services  Name of Director: Chris Moore  Report Author: Anthony Parnell	Designations:  Director of Corporate Services  Treasury and Pension Investments Manager	Tel/ Email address:  Tel: 01267 224120 E Mail: CMoore@carmarthenshire.gov.uk  Tel: 01267 224180 E Mail: AParnell@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY**  
**Cabinet**  
**18/09/2023**

**Annual Treasury Management and Prudential Indicator Report  
2022-2023**

The Council adopted the Treasury Management Policy and Strategy and the five year capital programme for 2022-2023 on the 2<sup>nd</sup> March 2022. This Annual Report lists the activities that took place in 2022-2023 under the headings of:

- Investments
- Borrowing
- Security, Liquidity and Yield
- Treasury Management Prudential Indicators
- Prudential Indicators
- Leasing
- Rescheduling

**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 2022-2023

**3. Finance**

The authority's investments during the year returned an average rate of 1.82%, exceeding the benchmark rates. Total investment balance at the year-end amounted to £148.50m.

£20m of new PWLB borrowing was taken during the year. Long term debt outstanding at the year-end amounted to £410.57m.



# 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)**

<b>1. Scrutiny Committee request for pre-determination</b>	Yes
<b>Scrutiny Committee</b>	Corporate Policy and Resources Committee
<b>Date the report was considered:-</b>	<b>19/07/2023</b>
<b>Scrutiny Committee Outcome/Recommendations:-</b>	

**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**

<b>CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED</b>	
YES	

**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>CIPFA Treasury Management in the Public Services - Code of Practice Revised 2017</b>		<b>County Hall, Carmarthen</b>

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# CABINET

## 18<sup>TH</sup> SEPTEMBER 2023

### ANNUAL TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 2022-23

#### 1. Introduction

The Treasury Management Policy and Strategy for 2022-23 was approved by Council on 2<sup>nd</sup> March 2022. Section B 1.1(2) stated that a year end annual report would be produced.

This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code) and outlines the Treasury Management activities in 2022-23 financial year.

#### 2. 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 Funds, 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 with the approved counterparties either via brokers on the Money Markets or direct. 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.

For 2022-23 investments to individual counterparties were limited to:

	Maximum to Lend £m
<b>Upper Limit</b> Any one British Bank and Building Society with a credit rating of at least F1, P-1 or A-1 short term or AA-, Aa3 or AA- long term	10
<b>Middle Limit</b> Any one British Bank and Building Society with a credit rating of at least F1, P-1 or A-1 short term	7
<b>UK Banks Part Nationalised</b> Included as investment counterparties, as long as they continue to have appropriate UK Government support	7
Any one Local Authority	5
Any one AAA Rated Money Market Fund	10
Debt Management Office*	125

The DMADF (DMO) limit was increased in April 2022 to £125m from £100m by the Director of Corporate Services under Emergency powers. The limits on Money Market Funds were also increased to £10m (each) from £5m.

The total investments at 1st April 2022 and 31st March 2023 are shown in the following table:

Investments	01.04.22				31.03.23			
	Call and notice	Fixed Term	Total		Call and notice	Fixed Term	Total	
	£m	£m	£m	%	£m	£m	£m	%
Banks and 100% Wholly Owned Subsidiaries	39.50	0.00	39.50	25	27.50	14.00	41.50	28
Building Societies	0.00	7.00	7.00	4	0.00	7.00	7.00	5
Money Market Funds	25.00	0.00	25.00	16	40.00	0.00	40.00	27
DMADF (DMO)	0.00	57.00	57.00	35	0.00	20.00	20.00	13
Local Authorities	0.00	32.00	32.00	20	0.00	40.00	40.00	27
<b>TOTAL</b>	<b>64.50</b>	<b>96.00</b>	<b>160.50</b>	<b>100</b>	<b>81.50</b>	<b>67.00</b>	<b>148.50</b>	<b>100</b>

The total investment figure of £148.50m at 31<sup>st</sup> March 2023 includes £33.45m Swansea Bay City Deal.

An analysis of the daily cash schedules indicates that the minimum balance lent over the twelve month period was £148.50m and the maximum balance lent was £251.02m. The average balance for the year was £206.41m.

The total investments made by the Council and repaid to the Council (the turnover) amounted to £1,853.00m. This averaged approximately £35.54m per week or £5.08m per day. A summary of the turnover is shown below:

	£m
Total Investments 1st April 2022	160.50
Investments made during the year	920.50
Sub Total	1081.00
Investments Repaid during the year	(932.50)
<b>Total Investments 31st March 2023</b>	<b>148.50</b>

The main aim of the Treasury Management Strategy is to manage the cash flows of the Council and the risks associated with this activity. Lending on the money market secures an optimum



rate of return, allows for diversification of investments and consequently reduction of risk, which is of paramount importance in today's financial markets.

For the period under review the average "90-day un compounded SONIA rate" was 1.81% whereas the actual rate the Council earned was 1.82%, an out performance of 0.01%.

This outperformance can be quantified as £50k additional interest earned compared to the average rate above.

The gross interest earned on investments for 2022-23 amounted to £3.614m, which was more than the estimated figure of £0.500m. The Bank of England Official rate was increased from 0.75% to 4.25% during 2022-23.

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

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

Within the Treasury Management Strategy Statement for 2022-23, 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 still considered appropriate to keep investments short term to cover cash flow requirements.

Attached at Appendix 1 is a list of the individual investments held as at the 31<sup>st</sup> March 2023 together with their credit ratings, historic risk of default and the risk weighting attached to each investment.

### **4. Borrowing**

As Members are aware the Authority has a capital investment programme. For 2022-23 actual capital expenditure was £100.20m. This was financed from:

	<b>£m</b>
Borrowing	16.87
Grants and Contributions	71.04
Usable Capital Receipts Applied	0.96
Revenue and Reserves	11.33
<b>Total</b>	<b>100.20</b>

Under the Treasury Management Strategy it was resolved:

- To borrow to meet the funding requirements of the Authority, after allowing for capital grants, capital receipts and capital contributions, and to stay within the Prudential Indicators to ensure affordability, prudence and sustainability.
- To borrow when interest rates are at their most advantageous, after considering cash flow requirements.

The following loans were borrowed during 2022-23 to fund the capital programme:

Loan Reference	Amount (£m)	Interest Rate	Start Date	Period	Maturity Date
PWLB 548866	5.00	3.91%	12th September 2022	47yrs	28th September 2069
PWLB 548868	5.00	3.90%	12th September 2022	48yrs	28th September 2070
PWLB 548870	5.00	3.90%	12th September 2022	49yrs	28th September 2071
PWLB 548872	5.00	3.89%	12th September 2022	49yrs 10mths	31st July 2072
<b>Total</b>	<b>20.00</b>				

The total loans outstanding at 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2023 were:

Loans	Balance at 01.04.22 £m	Balance at 31.03.23 £m	Net Increase/ (Net Decrease) £m
Public Works Loan Board (PWLB)	387.61	397.61	10.00
Market Loan	3.00	3.00	0.00
Salix, Invest-to-Save, HILS & TCL	10.13	9.96	(0.17)
<b>Total</b>	<b>400.74</b>	<b>410.57</b>	<b>9.83</b>

The total external interest paid in 2022-23 amounted to £16.42m, which compares favourably with the budget of £19.39m. The savings have arisen due to under borrowing on the capital programme and borrowing at lower than anticipated interest rates.

## 5. Treasury Management Prudential Indicators

Under the requirements of the Prudential Code of Practice for Capital Finance in Local Authorities, the Council are required to set a number of treasury management prudential indicators for the year 2022-23. The indicators set and the performance against those indicators is shown below:

5.1 The estimated and actual interest exposure limits as at 31<sup>st</sup> March 2023 were:

	Estimate 31.03.23 £m			Actual 31.03.23 £m		
	Fixed Interest Rate	Variable Interest Rate	Total	Fixed Interest Rate	Variable Interest Rate	Total
Borrowed	472.00	3.00	475.00	407.57	3.00	410.57
Invested	(40.00)	(35.00)	(75.00)	(67.00)	(81.50)	(148.50)
<b>Net</b>	<b>432.00</b>	<b>(32.00)</b>	<b>400.00</b>	<b>340.57</b>	<b>(78.50)</b>	<b>262.07</b>
Proportion of Total Net Borrowing	108%	(8%)	100%	130%	(30%)	100%
<b>Limit</b>	<b>125%</b>	<b>5%</b>		<b>125%</b>	<b>5%</b>	

The Section 151 Officer reports that the authority exceeded this requirement in 2022-23 due to increased investments in Variable Interest Rate products such as Money Market Funds. This PI is currently under review and the Section 151 officer will update members in the Quarter 1 2023 report.

### 5.2 Maximum principal sums invested > 365 days

	<b>2022-2023 Limit £m</b>	<b>2022-2023 Actual £m</b>
Maximum principal sums invested > 365 days	10	NIL

### 5.3 Interest rate exposure limits

	<b>2022-23 Limit £m</b>	<b>2022-23 Actual £m</b>
Limits on fixed interest rates based on net debt	512.00	340.57
Limits on variable interest rates based on net debt	51.00	(78.50)

5.4 The upper and lower limits set for the maturity structure of borrowing along with the actual maturity structure as at 31<sup>st</sup> March 2023.

	<b>Estimated Upper Limit 2022-2023 %</b>	<b>Estimated Lower Limit 2022-2023 %</b>	<b>Actual 31.03.23 %</b>
Under 12 months	15	0	2.02
12 months to 2 years	15	0	2.79
2 years to 5 years	50	0	6.01
5 years to 10 years	50	0	8.39
10 years to 20 years	50	0	21.19
20 years to 30 years	50	0	21.68
30 years to 40 years	50	0	21.12
40 years and above	50	0	16.80
<b>Total</b>			<b>100.00</b>

Details of the above maturity structure are shown below:

<b>Loan Maturities</b>	<b>PWLB Debt</b>	<b>Average Interest Rate</b>	<b>Market Loans/ Invest to Save/Salix/ HILS/TCL</b>	<b>Average Interest Rate</b>	<b>Total Debt Outstanding</b>
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>
Before 1st April 2024	8.00	6.69	0.29	0	8.29
1st April 2024 to 31st March 2025	11.16	5.13	0.29	0	11.45
1st April 2025 to 31st March 2028	23.82	4.13	0.87	0	24.69
1st April 2028 to 31st March 2033	30.83	4.18	3.62	0	34.45
1st April 2033 to 31st March 2043	82.10	4.31	4.90	0	87.00
1st April 2043 to 31st March 2053	89.00	4.16	0	0	89.00
1st April 2053 to 31st March 2063	83.70	4.84	3.00	4.72	86.70
After March 2063	69.00	2.77	0	0	69.00
<b>Total as at 31.03.23</b>	<b>397.61</b>		<b>12.96</b>		<b>410.57</b>

## **6. Prudential Indicators**

### **6.1 Affordability**

#### **6.1.1 Actual and estimated ratio of financing costs to net revenue stream.**

<b>Ratio of Financing Costs to Net Revenue Stream</b>		
	<b>2022-2023 Estimate</b>	<b>2022-2023 Actual</b>
	<b>%</b>	<b>%</b>
Non-HRA	3.95	3.27
HRA	30.90	29.70

The indicator shows the proportion of income taken up by capital financing costs.

## 6.2 Prudence

### 6.2.1 The Capital Financing Requirement (CFR).

	<b>31.03.2023 Estimate £m</b>	<b>31.03.2023 Actual £m</b>
Non-HRA	285	265
HRA	178	162
HRAS	69	69
<b>Total</b>	<b>532</b>	<b>496</b>

The Capital Financing Requirement reflects the underlying need to borrow for capital purposes.

### 6.2.2 Gross Borrowing against the Capital Finance Requirement indicator.

To ensure that borrowing levels are prudent over the medium term the Council's external borrowing must only be for a capital purpose. Gross borrowing must not exceed the CFR for 2022-23 plus the expected changes to the CFR over 2023-24 and 2024-25 but can in the short term due to cash flows. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

£m	2022-2023 Estimate	2022-2023 Actual
Debt at 1 <sup>st</sup> April 2022	411	401
Expected Change in Debt	64	10
<b>Gross debt at 31<sup>st</sup> March 2023</b>	<b>475</b>	<b>411</b>
<b>CFR</b>	<b>532</b>	<b>496</b>
<b>Under / (Over) borrowing</b>	<b>57</b>	<b>85</b>

The Section 151 Officer reports that the authority had no difficulty meeting this requirement in 2022-23.

### 6.2.3 The Authorised Limit and Operational Boundary.

The Authorised Limit is the "Affordable Borrowing Limit" required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2022-23 the Council has maintained gross borrowing within its Authorised Limit.

The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

The actual financing costs as a proportion of net revenue stream identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	<b>2022-2023 £m</b>
Authorised Limit	585.40
Gross borrowing	410.57
Operational Boundary	532.20
Average gross borrowing position	404.89
Financing costs as a proportion of net revenue stream	5.86%

## **7. Leasing**

No finance leases were negotiated during the year.

## **8. Rescheduling**

No rescheduling was undertaken during the year.

## **9. Conclusion**

This report demonstrates compliance with the reporting requirements of the CIPFA Treasury Management Code of Practice.

## **10. Recommendations**

It is recommended that this report be received by Cabinet.

Totals			
<b>Total</b>	<b>£148,500,000</b>		
<b>Calls &amp; MMFs</b>	£67,500,000	45%	
<b>Fixed Deposits</b>	£81,000,000	55%	
<b>Specified</b>	£0	0%	

Weighted Average			
<b>Yield</b>			3.75%
<b>Maturity (Days)</b>			
Total Portfolio	Total Portfolio		64.12
<b>Long Term</b>		<b>Short Term</b>	
AAA	-		1.00
AA	F1		79.42
A	F1		97.27
BBB	F2		0.00
CCC	C		0.00

Risk Factors			
<b>&lt; 1 year</b>	£14,325		0.010%
<b>1 - 2 years</b>	£0		0.000%
<b>2 - 3 years</b>	£0		0.000%
<b>3 - 4 years</b>	£0		0.000%
<b>4 - 5 years</b>	£0		0.000%
<b>Total Portfolio</b>	£14,325		0.010%

Maturity Structure			
<b>&lt; 1 Week</b>	£67,500,000		45%
<b>&lt; 1 Month</b>	£25,000,000		17%
<b>2 - 3 Months</b>	£20,000,000		13%
<b>3 - 6 Months</b>	£17,000,000		11%
<b>6 - 9 Months</b>	£7,000,000		5%
<b>9 - 12 Months</b>	£12,000,000		8%
<b>12 Months+</b>	£0		0%
<b>Total</b>	<b>£148,500,000</b>		<b>100%</b>

**SLY Model**

**Carmarthenshire County Council**

31/03/2023

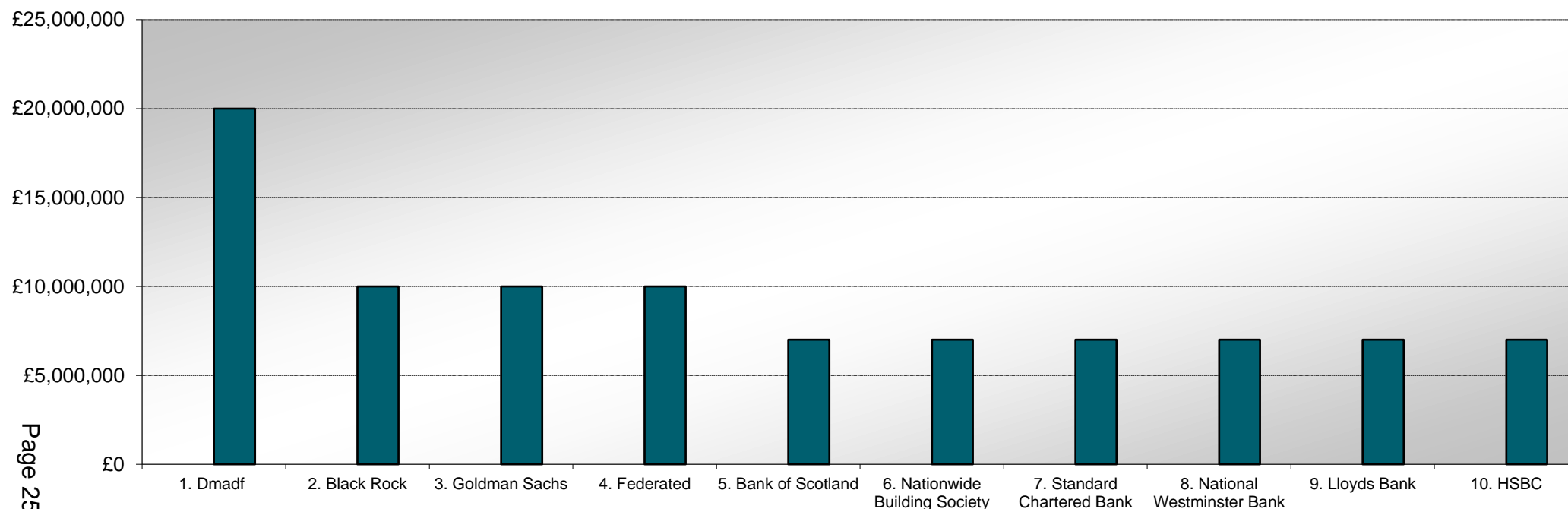
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## Top 10 Counterparty Holdings

Carmarthenshire County Council

Counterparty	Principal	% of Total Holding	WAM (Days)	WAYield	WADefault
1. Dmadf	£20,000,000	21.74%	26	4.02%	0.001%
2. Black Rock	£10,000,000	10.87%	1	3.99%	0.000%
3. Goldman Sachs	£10,000,000	10.87%	1	3.91%	0.000%
4. Federated	£10,000,000	10.87%	1	3.95%	0.000%
5. Bank of Scotland	£7,000,000	7.61%	1	3.92%	0.000%
6. Nationwide Building Society	£7,000,000	7.61%	210	3.58%	0.054%
7. Standard Chartered Bank	£7,000,000	7.61%	1	4.34%	0.000%
8. National Westminster Bank	£7,000,000	7.61%	362	4.55%	0.093%
9. Lloyds Bank	£7,000,000	7.61%	98	2.00%	0.025%
10. HSBC	£7,000,000	7.61%	1	4.08%	0.000%



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## CABINET 18<sup>TH</sup> SEPTEMBER 2023

### REVENUE BUDGET OUTLOOK

#### Recommendations / key decisions required:

1. The Cabinet receives the initial budget outlook and considers the level of Council Tax rises and the level of budget reductions across all services that it considers appropriate for developing the Medium Term Financial Plan.
2. Cabinet endorses the proposed approach to identifying the required savings.
3. Cabinet notes the proposed approach to the Budget Consultation.

#### Reasons:

To provide the Cabinet with an overview of the budget issues and outlook for the forthcoming year.

Cabinet Decision Required	YES
Council Decision Required	NO

#### CABINET MEMBER PORTFOLIO HOLDER:-

Cllr. Alun Lenny

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](mailto:CMoore@carmarthenshire.gov.uk)

Report Author:  
Randal Hemingway

Head of Financial  
Services

[RHemingway@carmarthenshire.gov.uk](mailto:RHemingway@carmarthenshire.gov.uk)

# EXECUTIVE SUMMARY

## Cabinet

18<sup>th</sup> September 2023

### REVENUE BUDGET OUTLOOK

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

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

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

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.

## 3. Finance

### Council Fund

The report provides an updated view of the Budget Outlook for 2024/25, with updated views of base case and best case scenarios.

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 in December 2023.

# 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 request for pre-determination**

If yes include the following information: -

<b>Scrutiny Committee</b>	
<b>Date the report was considered:-</b>	
<b>Scrutiny Committee Outcome/Recommendations:-</b>	

**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. Relevant Partners**

N/A

**5. 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.

<b>CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED</b>	Include any observations here
NO	

**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
2023/24 3 Year Revenue Budget		County Hall, Carmarthen

# REPORT OF DIRECTOR OF CORPORATE SERVICES

## CABINET

18<sup>th</sup> September 2023

### BUDGET OUTLOOK 2024/25 to 2026/27

<b>HEAD OF SERVICE &amp; DESIGNATION.</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO.</b>
R Hemingway, Head of Financial Services	Corporate Services	01267 224886
<b>AUTHOR &amp; DESIGNATION</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO</b>
R Hemingway, Head of Financial Services	Corporate Services	01267 224886

## 1. PURPOSE OF REPORT

The purpose of this report is to:

- 1.1. Update Cabinet on the current financial outlook
- 1.2. Review and agree our financial model assumptions
- 1.3. Agree savings targets and key deadlines for taking forward the budget preparation

## 2. BACKGROUND

- 2.1. The current three year Medium Term Financial Plan (MTFP) was agreed by Council on 1<sup>st</sup> March 2023 and was based on estimates of known commitments at that time, and formulated in the context of the Welsh Government (WG) financial settlement for 2023/24, including an indicative settlement for years 2 of the plan and estimates for other key inputs.

At the time of budget setting, it was noted that the greatest risk to the MTFP was inflation, and in particular its impact on nationally agreed

pay settlements as well as the uplift in commissioned care costs, linked to increases in the foundation living wage.

**2.2.** This picture remains true, with the additional changes to the external environment which will have a significant bearing on our budget going forward, most notably:

2.2.1. The headline rate of inflation is now clearly falling, though forward forecasts still remain highly uncertain

2.2.2. An unresolved position regarding the April 2023 NJC pay offer (details below), with the Employers offer already estimated at £3m above current budgeted figures

2.2.3. A risk of further dispute regarding the Teachers September 2023 offer (revised to 5% at the time of writing – details below)

2.2.4. Reduced energy prices not only reducing our corporate costs, but they have also materially reduced the cost of the UK Government price cap mechanism, thus improving public finances

### **3. CURRENT POSITION**

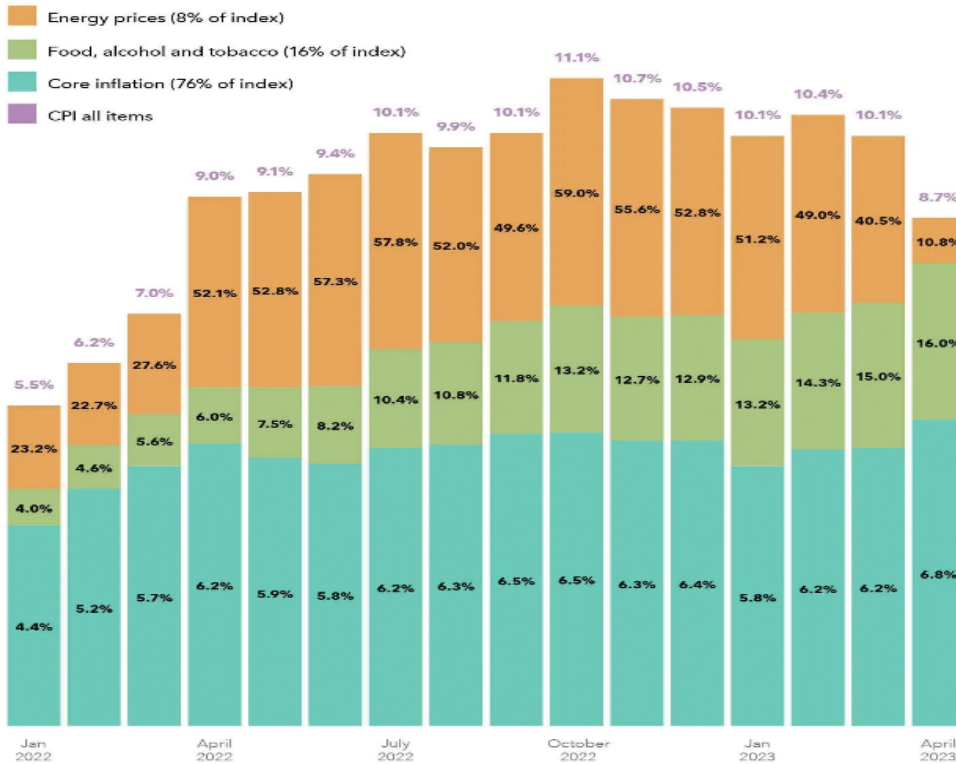
#### **GENERAL INFLATION**

UK inflation has remained stubbornly high for longer than economic forecasters predicted. Whilst it now shows signs of reducing and current stands at 6.8%, largely driven by falls in energy prices (including road transport fuel), the core level of inflation has persisted due to sustained increases in food costs and core inflation.

The Chart below illustrates the movement in key components month by month.



## Consumer price inflation ICAEW chart of the week



**3.1.** The Bank of England Monetary Policy Committee, responsible for targetting 2% inflation, has raised interest rates at successive meetings in 2023, with the base rate standing at 5.25% at the time of writing.

**3.2.** Following the disastrous Kwarteng/Truss mini-budget, UK public sector finances have stabilised under the current chancellor. The short to medium term picture has improved significantly due to reduced forecasts costs of the energy price cap mechanism, driven by falling international commodity prices. However, budgets remain tight – with Westminster expectations that national pay awards are largely met out of existing departmental allocations.

This approach impacts Welsh Government inasmuch as it will not generate any Barnett consequential – in August 2023, the First Minister called it “the toughest financial situation we have faced since devolution”.

**3.3.** Our previous inflation assumption for 2024/25 was 3%. Every 1% is worth more than expenditure budgets, but clearly this also impacts upon nationally agreed pay settlements as well as input figures when the real living wage is calculated.

Worst Case	Most Likely
5%	4%

N.B. PAY, COMMISSIONED CARE AND ENERGY TREATED SEPARATELY

### ENERGY & FUEL

3.4. The 2023/24 budget includes nearly £15m for Electricity, Gas and Oil. As wholesale commodity prices have fallen, the forecast is for a reduction of c. 15-20%, with nearly three quarters of volumes purchased for 2024/25, indicating a saving which could be as high as £2-3million. However Crown Commercial Services (CCS) have notified us of a risk of escalating distribution charges which could offset some of this benefit.

3.5. Likewise, Diesel prices, which reached nearly £2/litre at their peak in 2022, have now fallen back to around £1.50/litre, indicating a possible saving of c. £0.3million based on fleet fuel budgets

Worst Case	Most Likely
£1.5m	£2m

TO BE MONITORED MONTHLY TO IDENTIFY FURTHER REDUCTIONS AS PRICES ARE FIRMED UP

### STAFFING COSTS

3.6. The April 2023 employers pay offer for NJC staff was only made in late February 2023, with an estimated budget shortfall for 2023/24 of c.£3million. Unions have rejected the offer, but it appears there has been insufficient support to reach the legal level required for strike action, leaving the position uncertain.

As £1.5m of the estimated pay award costs is expected to be funded from general balances in 2023/24, it will be necessary to build this into base budgets from 2024/25. Beyond this, our working assumption is that future pay awards match our MTFP general inflation assumption, preserving the real terms value of wages over the longer term.

Additionally, budget preparation will need to include a detailed calculation of the value of “incremental drift” – that is, the budget

growth needed as individual officers move up spinal pay points on grades. It is estimated that this value is likely to be small, though this will be confirmed by detailed work to be carried out in Autumn to confirm this.

- 3.7. The Teachers pay offer for September 2023 is 5% in line with the MTFP agreed by Council in March, with assumption of 4% for September 2024 in line with NJC.

For 2023/24, the enhanced pay offers agreed by WG in March 2023 are funded by grants. For 2024/25 onwards, we would expect this sum to be fully built into the settlement on a full year basis. If this is not the case, it will represent a reduction in the settlement value which will need to be factored into decision making.

**BASE CASE ASSUMPTION – BUILD IN £1.5M “CATCHUP FOR 2023 NJC OFFER AND INCREASE 2024/25 AWARDS IN LINE WITH INFLATION FORECASTS**

Worst Case	Most Likely
5%	4%

**PRESSURES**

- 3.8. Commissioned care budgets have historically been linked to the National Living Wage. Last year saw a step increase, mandated by WG, to the sector paying the Foundation Living Wage which was implicitly funded through an increase in Revenue Support Grant. Next year’s calculation (published November) is based on everyday living costs, and is therefore likely to lead to another significant increase based on increased in household energy, food and fuel costs.

**ASSUMPTION – NLW INCREASE TO £11.50 (60p/6.4% INCREASE) TO BE MET FROM EXISTING GROWTH ALLOCATION.**

- 3.9. Teachers pensions employer contributions are widely expected to increase significantly in 2024/25, either in April or September. We are unlikely to have details until late in the budget process, therefore we are relying on experience from the previous increase in 2019, when employers contributions increased from 16% to 23.6%. At that time the increase was provided in the form of a specific grant in the first year and subsequently built into the settlement. It is estimated that the rate could rise as high as 30%, which could represent an increase of c. £5million to Carmarthenshire. There is a further risk that through distribution formulae, individual Local Authority allocations may not fully match liabilities.

**ASSUMPTION – INCREASE FULLY FUNDED, THEREFORE NO IMPACT ON CORE BUDGETS**

- 3.10.** Within departmental budgets, Childrens services and Learning Disabilities/Mental Health in particular experienced significant a high level of overspend in 2022/23. Monitoring of the initial position is that these pressures appear to be persisting into 2023/24, with departmental expenditure currently forecasted at more than £7m overspent and a draw on school balances approaching £9m. As the picture becomes clearer, this is likely to require consideration as part of the 2024/25 budget setting.

**MAINTAIN A WATCHING BRIEF**

**CORPORATE CONTINGENCY**

- 3.11.** The contingency budget for 2023/24 stands at £1.3m, of which £1m will be permanently required for NJC pay (paragraph 3.5 above refers). This leaves £0.3m which can be released

**ASSUMPTION – THIS IS NO LONGER REQUIRED AND CAN BE RELEASED**

**COUNCIL TAX PREMIUM – SECOND AND EMPTY HOMES**

- 3.12.** In March 2023, County Council agree in principle to apply a premium to both second and empty homes, commencing in April 2024. The public report provided indicative figures on potential additional revenue, ranging from £1.6million to £3.8million, depending on the average banding and level of premium charged.
- 3.13.** The exact level of income is highly uncertain – as a policy tool to encourage more properties to returned to mainstream usage, it is desirable for the number of properties in scope to reduce significantly, which would of course reduce the resuting revenue. It is therefore considered prudent to include £1million additional revenue for 2024/25.

**ASSUMPTION – INCREASE REVENUE OF £1MILLION IN 2024/25, UNHYPOTHECATED TO ANY SERVICE AREA.**

## WELSH GOVERNMENT FUNDING

**3.14.** The Welsh Government funding envelope indicative budget allocations provided an increase 3% 2024/25. Given the persistence of core inflation and continued wage pressures, this is likely to prove particularly challenging. The First Minister’s statement in August indicated that Welsh Government budgets are “up to £900m lower in real terms than when that budget was set... in 2021”.

**3.15.** Whilst the UK Chancellor presented the Spring Budget as a good news story - with Wholesale Energy price reductions as well as an improved economic forecast from the OBR – the only meaningful consequential for WG was childcare funding. Current spending commitments for the coming years are very small increases, with “even tighter plans ... pencilled in beyond ... the next election” (Institute for Government).

Whilst persistent inflation could provide improved tax receipts to UK Government, it may be the case that this is outweighed by the sharp increase in the cost of public sector borrowing as interest rates rise.

In a worst case, it is possible that WG could revert to the settlement figure of 2.4% indicated previously, though it is considered unlikely that this would coincide with higher inflation

Worst Case	Most Likely
2.4%	3%

## 4. CURRENT FINANCIAL OUTLOOK & FINANCIAL MODEL

Budget development always involves assumptions which are refined as the situation evolves and information becomes clearer. As described above, the key assumptions we need to revisit are:

- Pay award levels - both for NJC and Teachers
- Savings accruing from energy and fuel reductions
- The value of financial gain from Council tax premiums, and how that is directed

- Pressures allowed for in the budget – particularly childrens services and commissioned care
- WG settlement levels
- Corporate Contingency
- Local priorities and spending decisions

## 5. FINANCIAL MODEL

The financial model has been extended by one year and so covers the three year period up to 2026/27. The most important part for any financial plan or model is the underlying assumptions, these are summarised in the table below for the next financial year:

### BUDGETARY ASSUMPTIONS 2024-25

Driver	Previous Assumption	Revised MOST LIKELY	Revised WORST
Pay (NJC & Teachers)	3.0%	4.0%	5.0
General Inflation	3.0%	4.0%	5.0
Commissioned Care	£11.50	£11.50	£11.50
Energy & Fuel	£1.4m reduction	£2m reduction	£1.5m reduction
Teachers Pensions	Nil	Nil	Nil
NJC April 2023 Catchup	Nil	£1.5m	£1.5m
WG Funding	2.4%	3.0%	2.4%

- 5.1.** Service specific grants continue to 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. Many grants have historically been “cash flat” in previous years, meaning that inflation, continues to eroded the real terms value year on year. This is again raised as an acute risk given the current rate of inflation.
- 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. Given the possible scale of budget reductions required, consideration will need to be given to applying

an element to schools' delegated budgets. Without this, any savings figure required would result in an even larger impact on other service areas.

- 5.3.** The MTFP approved by County Council in March 2023 included a £2m budget reduction in 2023/24, and beyond that, £750k savings in schools linked to the review of our primary schools footprint as well as further departmental efficiencies from central support functions – given the value at stake, it is critical that these savings are taken forward. 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.

### **CAPITAL PROGRAMME**

- 5.4.** The 5 year capital plan was approved by Council in March 2022. Alongside revenue budget development work, a review of existing and new capital projects will be undertaken to inform future development of the five year Capital Programme. It is likely that any projects approved for the Levelling Up Fund (see paragraph 3.6 above) may require match funding which will need to be identified.
- 5.5.** Significant and rapid increases in both materials and labour costs in the construction sector is likely to put further pressure on the future capital programme.
- 5.6.** Depending upon how acute the revenue budget pressures are, consideration could be given to a temporary pause on validation of funding for capital charges and revenue implications of capital. Whilst possible, this change would have a clear knock on impact upon the capital programme, which would need to be downsized. This will need to be carefully considered, but could provide £900k of additional funding.
- 5.7.** The financial model assumes growth pressures of £7.5m per annum for every year. Based on the scale of bids received in previous years, it is imperative this level is retained at this stage in the budget development process and could even need to be increased as pressures become clearer.

With household budgets continuing to be squeezed by the cost of living crisis, the Authority will not again want to restrict any increase to the minimum level possible – the council tax assumptions for planning purposes are therefore suggested as:

**FINANCIAL MODEL ASSUMPTION – 4.0% INCREASE.**

**5.8.** 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			
	2023/24 FINAL	2024/25 DRAFT	2024/25 MOST LIKELY	2024/25 WORST CASE
<b>Previous Year's Budget</b>	<b>415.9</b>	<b>450.3</b>	<b>450.3</b>	<b>450.3</b>
General Inflation	5.4	3.5	4.6	5.8
Pay Inflation	14.3	8.0	10.7	13.1
Other (inc levies)	1.2	1.9	2.3	2.3
Growth – Energy & Fuel	9.4	-1.4	-2.0	-1.5
Growth pressures	12.2	7.5	7.5	7.5
Saving Proposals	-8.0	-6.4	-7.9	-12.2
Net Expenditure	450.3	463.4	465.4	465.4
Revenue Settlement	338.4	346.5	348.6	348.6
Council Tax Receipts	111.9	116.8	116.8	116.8
Council Tax increase	<b>6.8%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

**5.9.** Key points:

- 5.9.1. There is significant uncertainty over inflationary forecasts, consequential public sector pay awards, and how they are funded
- 5.9.2. However, even in our most likely scenario, our current savings proposals fall well short of what would be required next year.
- 5.9.3. Officers are need to develop **concrete and deliverable** proposals to meet the most likely case savings requirements of **£7.9million – proposals to be agreed by cabinet member**
- 5.9.4. Specific service reductions to be identified to reach **an overall target of £12.2 million** (i.e. £4.3m more) – agreed by cabinet member, should additional savings be necessary, recognising these will involve difficult choices.



## **6. BUDGET PREPARATION FOR 2024/25**

- 6.1.** The financial model tabled above will be updated as and when more information becomes available, key amongst which will be the provisional settlement, currently expected from WG in December 2023, in particular subject to any changes in Chancellor's Autumn Statement which is normally during November. A timetable is provided at Appendix A.
- As part of the current Medium Term Financial Plan, Departments are requested to update their efficiency/service rationalisation proposals for 2024/25 and 2025/26 and to consider possible areas to target for 2026/27. To support the process, it is critical that the Departmental service Director will agree proposed areas for cost reduction proposals in conjunction with the Cabinet Portfolio member.
- 6.2.** 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.
- 6.3.** Following positive feedback from Members on the value of the in-person Member seminars in January 2023, it is planned to be convened in January 2024.
- 6.4.** Public consultation on the budget proposals to take place as early as possible following the Welsh Government Provisional Settlement
- 6.5.** Scrutiny Committee consultation in January 2024.

## **7. RECOMMENDATION(S)**

It is recommended that:

- 7.1.** The Cabinet receives the initial budget outlook and considers the level of Council Tax rises and the level of budget reductions across all services that it considers appropriate for developing the Medium Term Financial Plan.
- 7.2.** Cabinet endorses the proposed approach to identifying the required savings
- 7.3.** Cabinet notes the proposed approach to the Budget Consultation

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## CABINET 18<sup>th</sup> SEPTEMBER 2023

### DEVELOPMENT FUND APPLICATION

**Recommendations / key decisions required:**

1. Approval is given in the sum of £175,000 for the electrification of additional pitches at Pembrey Country Park Campsite, generating increased income.
2. That the repayment for the above scheme be over four years.
3. That the repayments will commence in 2024/25.

**Reasons:**

To provide Cabinet with an update on the latest position of the Development Fund, and to seek Cabinet approval of a recent application to the Fund.

Cabinet Decision Required	YES
Council Decision Required	NO

**CABINET MEMBER PORTFOLIO HOLDER:**

Cllr. Alun Lenny (Resources)

Corporate Services Directorate		Tel No: 01267 224886
Name of Head of Service:	Designations:	E Mail Address:
Randal Hemingway	Head of Financial Services	RHemingway@carmarthenshire.gov.uk
Report Author:		
Randal Hemingway		

# EXECUTIVE SUMMARY

## Cabinet

18<sup>th</sup> September 2023

### DEVELOPMENT FUND APPLICATION

The report provides a brief update on the Development Fund and identifies that the Authority has £604k of funds available for new projects.

This sum will rise to £1.64m in 2024/25 and £1.68m in 2025/26 when future repayments to the fund are made. These values are dependent on the sale of the Grillo site in 2024/25 to reimburse the Development Fund.

This report seeks approval for the sum of £175,000 to fund the electrification of additional pitches, generating increased income. It is proposed that the repayment for the above scheme be over four years.

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: **R Hemingway** **Head of Financial 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>NONE</b>

### 3. Finance

Based on the latest profile of spending, it is estimated that there is some £604k available for new projects.

The application is for £175,000 with the fund repayments of £43,750 per annum being made from increased income.

# CONSULTATIONS

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

Signed: **R Hemingway**

**Head of Financial Services**

**1. Scrutiny Committee request for pre-determination**

Not applicable

**If yes include the following information: -**

**Scrutiny Committee**

**Date the report was considered:**

**Scrutiny Committee Outcome/Recommendations:**

**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:**

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Development Fund Application		County Hall, Carmarthen

## Report of the Director of Corporate Services

### Cabinet

18<sup>th</sup> September 2023

### Development Fund Application

Investment in the electrification of additional pitches at Pembrey Country Park Campsite

<b>Head of Service &amp; Designation.</b> R Hemingway – Head of Financial Services	<b>Directorate</b> Corporate Services	<b>Telephone No.</b> 01267 224886
<b>Author &amp; Designation</b> As above	<b>Directorate</b>	<b>Telephone No</b>

#### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

An application has been received from the Communities Department for an investment to electrify additional pitches at Pembrey Country Park Campsite.

#### 2. KEY DECISIONS REQUIRED, IF ANY

The report gives an update on the latest position of the Development Fund and seeks the approval for an application to the Fund.

#### 3. RECOMMENDATION(S)

- 3.1 Approval is given in the sum of £175,000 to upgrade the pitches on the campsite, thereby generating additional income due to a forecast increase in demand.
- 3.2 That the repayment for the above scheme be over four years.
- 3.3 That the repayments will commence in 2024/25.
- 3.4 That the repayments to the Insurance Earmarked Reserve from the Development Fund are deferred until 2024/25.

#### 4. REASON(S)

A recent application for financial assistance from the fund has been received from the Communities Department to electrify additional pitches at Pembrey Country Park Campsite. The upgrade to the pitches, including the installation of new Pay As You Go (PAYG) meters, would generate additional income and at the same time encourage campers to be more efficient in their use of energy at the site.

## **5. BACKGROUND AND EXPLANATION OF ISSUES**

### **Development Fund Criteria**

To qualify for Fund support, the following criteria were laid down:

- i. Applications are restricted to “one off” type projects and support for recurring costs are not considered.
- ii. All projects must demonstrate the ability to generate long-term savings to the Authority.
- iii. Financial assistance from the fund to be repaid over a four year period, with no interest being charged.
- iv. Minimum scheme cost eligible for support is set at £50,000.
- v. Financial assistance to any scheme is restricted to 25% of available fund resources.

It must be said however that since its inception the fund has supported projects that did not meet all the above criteria.

### **5.1 CURRENT POSITION**

- 5.1.1 Some 50 schemes have been supported to date to the value of approx. £8.36m by the Development Fund.
- 5.1.2 Based on the approvals to date, there is £604k available for new projects. This sum will rise to £1.64m in 2024/25 and £1.68m in 2025/26 when future repayments to the fund are made.
- 5.1.3 In 2016/17 a transfer from the Insurance Earmarked Reserve was made to support Development Fund applications at that time. To ensure that we could deliver on those applications there was an opportunity to make use of resources that were contained within the Insurance Earmarked Reserve and held for long term potential liabilities and therefore Members approved the short-term use of those resources to buffer the Development Fund.
- 5.1.4 It is felt that to continue to optimise Development Fund opportunities, this repayment can be deferred to a future date which allows funds to be made available for applications. It is therefore recommended that the repayment of £500k to the Insurance Reserve be deferred until 2024/25.

### **5.2 NEW APPLICATIONS**

- 5.2.1 An application has been received from the Communities Department for funding to electrify additional pitches at Pembrey Country Park Campsite, generating increased income, increasing the availability of pitches in high-season and increasing the usage of the pitches during the off-season period.



## 5.2.2 Scheme Costs and Fund Repayments

Against a cost of £195,000, the application is requesting £175,000 be met from the Development Fund with the additional £20,000 being funded by a departmental revenue contribution. The repayments to the Development Fund will be £43,750 per annum over four years, to be met through increased income.

Based on the current full season price of £2,415 per pitch, it is projected that this will generate additional income of £34k per annum. Added to this is the forecast savings on energy costs due to PAYG meters being installed.

## 5.2.3 Scheme Benefits

- Current demand often results in customers being turned away due to lack of available electric pitches. The additional pitches will increase availability thereby increasing the number of customers, which in turn will enhance secondary spending both locally and in the south Carmarthenshire area.
- The introduction of the PAYG model will encourage visitors to the site to be more efficient in their use of electricity.
- The additional pitches will reduce the cost of maintenance and out-of-hours call outs as the current electric hook-ups are unreliable due to the age of the equipment.
- The new facility will help ensure a more efficient and sustainable business.

## 6. OTHER OPTIONS AVAILABLE

To keep pace with demand and the changes in the tourism industry, the campsite needs the investment to upgrade the facilities. It is anticipated that without improvements, current demand could decrease and the site would not be attractive to new business.

## 7. COMMUNITY STRATEGY INTEGRATION TOOL

Not applicable

## 8. IMPLICATIONS:

### FINANCE

Based on the latest profile of spending, it is estimated that there is £604k available for new projects. The application is for £175,000, with the fund repayments of £43,750 per annum being made from savings on income generated.

There are efficiencies to be gained by using the PAYG method, both financially and environmentally.

**9. FEEDBACK FROM CONSULTATIONS UNDERTAKEN**

Experience has shown that customers will not book non-electric pitches at certain times of the year, i.e. off-season.

**10. LIST OF BACKGROUND PAPERS USED IN THE PREPARATION OF THE REPORT**

<b>Title of Document</b>	<b>File Ref No.</b>	<b>Where available for public inspection</b>
Development Fund Application		County Hall, Carmarthen.



**EXECUTIVE SUMMARY**  
**Cabinet**  
**18<sup>th</sup> September 2023**

**SECOND HOMES AND SHORT-TERM HOLIDAY LETS**

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

The report sets out the way forward in relation to second homes and short-term holiday lets. It will frame the way forward in developing a planning policy approach and will highlight the primary considerations and the potential mechanisms to control of the unrestricted change of use between the new use classes. In framing the way forward, the report sets out a series of steps as part of a staged approach to considering and implementing a new policy approach for second homes and short-term holiday lets within Carmarthenshire.

Following amendments to the Town and Country Planning Order (Use Classes) 1987 and the creation 3 new use classes for Primary Residence (C3), Second Homes (C5) and Short-Term Holiday Let (C6), this report seeks to set out the context and implications of these changes in relation to second homes and short-term holiday lets.

These amendments to planning legislation came into force on the 20 October 2022 and enable Local Planning Authorities to respond to the challenges associated with second homes and holiday accommodation in a way that was not previously possible.

This change in legislative provisions, and the potential impacts of the prevalence of second homes and short-term holiday lets, requires detailed consideration both of the extent of any impact and the strategy and future interventions open to the Authority.

The appended report provides further detail on the above.

**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: **R Griffiths**

**Head of Place and Sustainability**

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>YES</b>	<b>YES</b>	<b>NONE</b>

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

The Local Authority has a major role in ensuring that the housing needs of the local population can be met and ensuring that the Welsh language continues to be spoken through the County. To this end, the aims and objectives of the Local Development Plan (LDP) and the Well-being Objectives are supported. It will also reflect the Council's policies in relation to regeneration and economic development and the delivery of housing and affordable homes.

The impact of the presence of second homes and holiday homes could potentially impact upon the Welsh language and communities. In this regard, this work and potential actions resulting from it, would align positively with the Well-being of Future Generations Act's goal of creating a Wales of vibrant culture and thriving Welsh language. Equally, it aligns with the aims of creating a Wales of Cohesive Communities and a More Equal Wales in assessing and potentially improving access to housing within local communities and the communities' ability to sustain local services and facilities.

The Council is required (under the Equality Act 2010) to consider the impact that any change in any policy or procedure (or the creation of a new policy or procedure) will have on people with protected equality characteristics. The Council also has additional general duties to ensure fairness and to foster good relationships. An Equality Impact Assessment will therefore be undertaken before any decision is taken on any relevant change.

## **2. Legal**

The report highlights the legal consideration in relation to the legislative changes to the Town and Country Planning Order (Use Classes) 1987 and the Town and Country Planning (General Permitted Development) Order 1995.

Further information on the legal implications of the policy approach in relation to second homes and short-term holiday lets will be considered in detail as part of future reporting.

## **3. Finance**

The preparation of the evidence base and any legal opinions on progressing with the approaches identified will be met through current financial provisions or reserves. Anticipated evidence costs set out under stages 1 and 2 would be circa £50,000.

It is noted that should an Article 4 Direction come into force it will inevitably increase pressure on officers within the Place and Sustainability Service, and as the report highlights the need to consider additional resources and support. This will be considered as part of the staged approach and within future reports. In this respect stage 5 implementation and notably monitoring and compliance will result in pressures on resources which are currently unfunded. It should be noted that a compliance monitoring role would be required to ensure the policy approaches in relation to second homes and short-term holiday lets are implemented. It is anticipated any potential new compliance post would cost £60,664 based on 203/24 salary range (inclusive of NI, Super). Note: any role would link into other corporate responses/approaches in relation to the issue.

## **5. Risk Management Issues**

The financial and legal risks identified within the report will be further considered as part of the staged approach and will be detailed in future reports.

## **6. Staffing Implications**

It is noted that should an Article 4 Direction come into force it will inevitably increase pressure on officers within the Place and Sustainability Service. The report highlights the need for additional resources and support. This will be considered as part of the staged approach and within future reports.

# CONSULTATIONS

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

Signed: R Griffiths

Head of Place and Sustainability

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

<b>1. Scrutiny Committee request for pre-determination</b>	NO
<b>If yes include the following information: -</b>	
<b>Scrutiny Committee</b>	
<b>Date the report was considered:-</b>	
<b>Scrutiny Committee Outcome/Recommendations:-</b>	

**2. Local Member(s)**

Local members will be consulted as part of the development and implementation of the policy approach.

**3. Community / Town Council**

Community and Town Councils will be consulted where appropriate as part of the development and implementation of the policy approach.

**4. Relevant Partners**

Relevant partners will be consulted where appropriate as part of the development and implementation of the policy approach.

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

To be consulted where appropriate as part of the development and implementation of the policy approach.

<b>CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED</b>  YES	<b>Include any observations here</b>
<b>Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:</b>  <b>THERE ARE NONE</b>	



## **Appended Report - Second Homes and Short-term Holiday Lets**

### **Background - Legislative Changes**

In response to research on the impact of second homes and short-term lets on housing markets and communities in localities across Wales, the Welsh Government announced a series of measures aimed at providing greater controls in relation to the use of properties as second homes and short-term commercial lets. These include:

- Providing Local Authorities with the ability to charge 300% on Council tax for second homes.
- The introduction of a licensing scheme for short-term lets (a consultation on this is currently underway).
- Changes to planning legislation and policy. It is this measure that this report has primary focus, noting the planning interventions and implications and the remit as a Local Planning Authority (LPA).

In October 2022 the Welsh Government via an amendment to The Town and Country Planning (Use Classes) Order 1987 introduced the following three new use classes. At present, owners can change between these specific use classes without the need for planning permission:

- Use class C3 (dwelling houses; used as sole or main residences occupied for more than 183 days in a calendar year).
- Use class C5 (Dwelling houses; used otherwise than as sole or main residences covering a dwellinghouse other than as a sole or main residence and occupied for 183 days or fewer in a calendar year i.e., second homes).
- Use class C6 (Short-term lets, covers the use of a dwellinghouse for commercial short-term letting not longer than 31 days for each period of occupation).

New planning applications for main residences/second homes/short-term holiday lets will need to obtain planning permission for the relevant use class.

The Welsh Government has also amended the Town and Country Planning (General Permitted Development) Order 1995 to allow changes of use between the new use classes - C3, C5 and C6 or a mixture of those uses to be permitted.

### **Background: National Planning Policy: Planning Policy Wales**

As part of the changes to the legislative provisions, complementary amendments have also been made to section 4.2 of the forthcoming Edition 12 of Planning Policy Wales (PPW). This introduces a requirement for Local Development Plans (LDPs), where there is a prevalence of second homes and short term lets in a local area, to take them into account when considering future housing requirements and policy approaches.

PPW also refers to a co-ordinated approach being required with a need to explore options when drafting or redrafting LDPs. This includes:

- The introduction of a cap or ceiling on the number of second homes or short-term lets.
- Where clearly evidenced, the potential divergence from national policies in order to meet specific local housing needs for market housing. This should be accompanied

by specific justification, e.g. through, land supply, environmental or social impacts, including the prevalence of second homes and short-term lets.

- Area specific Article 4 Directions could be considered which may limit the use of all new housing to being sole or main residences.

Note: The preparation of the Second Deposit Revised LDP was sufficiently advanced so that the above provisions could not be incorporated within our evidence, and into any robust policy approaches within the emerging Plan.

However, these changes in legislation and national policy, along with the further evidence on second homes and short-term holiday lets within Carmarthenshire as proposed within this report, will be further considered as part of the LDP's examination in public.

## **Article 4 Directions**

Additional changes to the Town and Country Planning (General Permitted Development) Order 1995 introduced amended processes which now give LPAs the ability, where they have evidence, to disapply permitted development rights within a specific area. This is done by the LPA making an Article 4 Direction which must be accompanied by clear and robust evidence in support of the approach and in accordance with regulatory processes.

Where used, an Article 4 direction takes away permitted development rights within a specific area or site. Where an Article 4 Direction is in place, it would be possible for the LPA to remove the permitted development rights for some types of development. This would make it a requirement for instance for residential property owners to obtain planning permission from the Authority before changing their property to a specific use including second homes and short term lets. The potential introduction, scope, and content of an Article 4 Direction is for the LPA to decide. Indeed, any decision on how to take forward the response to the level of second homes or short-term holiday lets must be supported by evidence. In relation to an Article 4 Direction it, should demonstrate that there are exceptional circumstances that justify it.

It is important to note that the issuing of an Article 4 Direction does not prevent development, but rather it means that planning permission must be sought from the Local Planning Authority for the proposal.

## **Introducing an Article 4 Direction**

When introducing and implementing the Article 4 Direction, it is a requirement to follow the procedures set out in legislation through the Town and Country Planning (Permitted General Development) Act 1995 as amended.

It is possible to issue two types of Article 4 Direction, namely:

- A Direction with immediate effect which means that the Article 4 Direction comes into force prior to public engagement.
- A Direction that does not come into immediate effect which means that public engagement is held before the Article 4 Direction comes into force.

Whilst both approaches have their merits, should the authority in the future deem it appropriate to put an Article 4 Direction in place, it will need to consider the potential implications of each approach. In this respect the relative risks to the authority will need to be carefully considered - notably the right to potential compensation that would be payable in the context of an immediate effect Article 4 Direction. The significance of this risk will need

to be fully understood. The non-immediate Article 4 Direction would include issuing a 12 month notice prior to when the Article 4 Direction comes into force.

Irrespective of the approach adopted in relation to the Article 4, the evidence base supporting the exceptional local circumstances should be prepared following which the authority would need to determine what if any interventions are needed and if an Article 4 Direction is appropriate.

**Note:** Officers have begun to consider the implications of these legislative, national planning policy changes for future policy development. Initial evidence prepared in relation to the level of second homes by communities will be updated and expanded upon in light of the staged approach proposed in this paper and to reflect the need to consider the subsequent changes to legislation and national planning policy. It will also seek to ensure it reflects the evidential provisions needed to inform the potential introduction of an Article 4 Direction.

In this respect, it is considered that additional/updated data analysis and further research would be required to explore establishing an Article 4 Direction. Consideration is being given to the scope of this additional work.

Officers are working closely with other authorities and other groups on best practice, particularly where they are faced with similar issues.

## **Evidence Gathering**

The Authority has collated evidence previously in relation to second homes. However, whilst providing a useful context it is not up to date and further research is needed including drawing on and analysing other datasets before any conclusions regarding the use of Article 4 Directions or other approaches are reached.

This local evidence will highlight the impact of second homes and short-term lets including where appropriate on specific communities. It will also form part of a co-ordinated response which applies all available interventions and will include effective community engagement.

It is anticipated this evidence will be based on, and will develop further liaison and good practice with other authorities, and will include:

- a baseline assessment of the number of second homes and short-term holiday lets including their spatial spread.
- outline and assessment of potential planning and non-planning interventions
- a qualitative assessment of the housing market, community facilities and the latest Welsh language data.
- an assessment of impact (quantitative), and
- an options appraisal in terms of potential interventions along with options in relation to the use of Article 4 Directions.

A future report detailing the outcome of this evidence gathering and identifying options, including the potential for an Article 4 Direction, will be brought back to progress the implementation of any identified interventions.

## **Use of Planning Conditions**

Pending any future decision on the use of an Article 4 Direction, planning conditions may be used in the shorter term. For instance, new planning applications for C3 (dwelling houses; used as sole or main residences) may though condition be restricted to prevent a change of use to second homes (C5) or short-term holiday let (C6). However, this would not prevent those existing dwellings moving for instance from C3 to C6. The imposition of an occupancy condition may be considered on a case-by-case basis.

Planning conditions are subject to a number of tests established in the Welsh Government circular WGC016/2014 with any condition required to be: (i) necessary; (ii) relevant to planning; (iii) relevant to the development to be permitted; (iv) enforceable; (v) precise; and (vi) reasonable in all other respects.

## **Developments across Wales**

The authority continues to work closely and collaboratively with local authorities across Wales including through the Welsh Local Government Association (WLGA) and the Planning Officers Society for Wales (POSW). In terms of the progress of other authorities it is noted that in June 2023 Gwynedd County Council resolved to introduce an Article 4 Direction with a view to bringing it into force by summer 2024. It should be noted that other authorities are currently evaluating the next steps including evidence gathering to inform any future response.

## **A Staged Approach**

Amendments to planning legislation in Autumn 2022 created the opportunity for the Local Planning Authority to use both Article 4 Directions and the imposition of planning conditions to restrict the use of dwellinghouses to main residences in new developments.

The following stages will be adopted in developing a policy approach to second homes and short-term holiday lets:

### **Stage 1** Collaboration, Evidence Gathering and Short-Term solutions:

- Collaborate with LPA's across Wales, including through POSW Working Group and sub-task group, WG and WLGA.
- Internal partnerships e.g. corporate policy.
- Stakeholder/Partner Engagement.
- Planning Conditions – Utilise planning conditions where appropriate recognising their limitations on controlling permitted development.

### **Stage 2** Develop Evidence Base including the following elements:

- Non planning based interventions.
- Baseline and spatial spread of second homes and short-term holiday lets.
- Rural and community service impacts.
- Housing market impacts (process and affordability).
- Socio, cultural and Welsh language Impact.
- Economic and sectoral impact.
- Options Appraisal including use of Article 4 Direction(s).

**Stage 3** – LDP Policy framework – through the examination process examine and set out LDP policy approaches to respond to evidence and put necessary provisions in place. Any

potential changes to the LDP policies will be subject to matters arising changes as part of the examination, and consulted upon accordingly as well as the content of the independent Planning Inspector's Report into the Revised LDP.

#### **Stage 4 – Option Selection and Preferred Option**

- Reporting of evidence, options, and preferred options through democratic process.
- Risk identification.
- Legal process and counsel opinion (where required).
- Financial implications, including risk of compensation.
- Identified Options and informal consultation (incl. internal, cabinet, sectoral and public feedback).
- Preferred Option and Implementation requirements including potential Article 4 Direction.
- Formal public consultation/engagement.
- Publication of Notice of Article 4 Direction.
- Identification of resource pressures to manage and monitor compliance including potential staff recruitment.

#### **Stage 5 – Adoption of Policy Option and Implementation**

- Reporting of consultation responses and resolution to adopt and implement, including potential Article 4 Direction.
- Devise and implement compliance monitoring structure (including internal links to Council Tax) and staff structures/recruitment, charging schedules to effectively manage compliance monitoring and future legal actions.
- Adoption and adherence to legal processes.
- Web and other guidance material.
- Training and briefings incl. County Cllrs, agents/developers, Town and Community Councils etc.
- Monitoring and Compliance arrangements including staff and resource requirements.

#### **Legal Diligence**

It is essential to note that the evidence gathering, and processes involved in controlling changes of use, including through Article 4 Direction(s), requires due diligence to avoid legal challenge including through the high court. Stages 4 and 5 above will be undertaken with reference to understanding the legal implications of the policy approach and the processes being undertaken. Where necessary counsel opinion will be sought to ensure the approach and processes followed safeguard the authority from successful legal challenges, compensation claims and/or where appropriate appeals.

Further details will be set out in future reports.

#### **Timetable**

Using the Stage Approach outlined above as a template, the following sets out an indicative timeline for the delivery of a robust and deliverable planning policy approach for second homes and short-term holiday lets. It should be noted, the following are indicative and

include the reporting timescales associated with taking the various stages through the Council's democratic processes.

Stage		Completion
<b>Stage 1</b> Collaboration, Evidence Gathering and Short-Term solutions	Commenced.	Ongoing
<b>Stage 2</b> Develop Evidence Base including the following elements	Evidence gathering commenced. Development of options appraisal and reporting.	anticipated completion December 2023  January 2024
<b>Stage 3</b> LDP Policy framework	Commenced with Examination starting January 2024 and Adoption of LDP Policies December 2024.	December 2024
<b>Stage 4</b> Option Selection and Preferred Option	Reporting January 2024 through to public consultation April - June 2024, and Publication of Notice of Article 4 Direction (April 2024).	
<b>Stage 5</b> Adoption of Policy Option and Implementation	Reporting September – November 2024. Adoption non-immediate Article 4 Direction(s) following 12 months' Notice prior to the Article 4 Direction coming into force – April 2025.	Adoption - April 2025

## CABINET 18<sup>th</sup> September 2023

<b>COUNTY COUNCIL RURAL ESTATE MATTERS</b>		
<p><b>Purpose:</b> It was unanimously resolved at the Cabinet meeting on the 20<sup>th</sup> February 2023 that the County Farm Estate be retained and managed under the current policy whilst rationalising and considering development and sale opportunities as they arise. The purpose of this report is to seek Cabinet approval on two current matters relating to the Council's Rural Estate portfolio.</p>		
<p><b>Key decisions required:</b> A Cabinet decision is required for the following:</p> <ol style="list-style-type: none"> <li>1. To proceed with the planting of trees and woodland creation on Council land.</li> <li>2. To proceed with the Food Systems Development Project at Bremenda Isaf Farm, Llanarthney.</li> <li>3.</li> </ol>		
<p><b>Reasons:</b></p> <ol style="list-style-type: none"> <li>1. To meet the Council's carbon sequestration aims in relation to its Net Zero Carbon commitment and Nature Emergency aims.</li> <li>2. To meet the Council's aims of local food production, supporting rural initiatives and enabling diversification on its Farm Estate for the purposes of ensuring future sustainability.</li> </ol>		
<p>Cabinet Decision Required: YES (Pre Cabinet: 11.09.2023 / Cabinet: 18.09.2023)</p> <p>Council Decision Required: NO</p>		
<p><b>CABINET MEMBER PORTFOLIO HOLDER: Cllr. Alun Lenny (Cabinet Member for Resources)</b></p>		
<p><b>Directorate:</b> Chief Executives</p>	<p><b>Name of Head of Service:</b> Jason Jones</p> <p><b>Report Author:</b> Emily Hughes</p>	<p>Head of Regeneration, Policy and Digital</p> <p>Senior Asset Management Surveyor</p> <p>jajones@sirgar.gov.uk</p> <p>ehughes@sirgar.gov.uk</p>

## **EXECUTIVE SUMMARY**

### **CABINET**

**18<sup>th</sup> September 2023**

## **COUNTY COUNCIL RURAL ESTATE MATTERS**

### **BACKGROUND INFORMATION**

It was unanimously resolved at the Cabinet meeting on the 20<sup>th</sup> February 2023 that the County Farm Estate be retained and managed under the current policy whilst rationalising and considering development and sale opportunities as they arise.

There are several advantages of retaining and managing the Rural Estate under the current policy whilst rationalising and considering development and sale opportunities as they arise, to include the following:

- When holdings become vacant, a comprehensive review is undertaken of that farm and an appraisal carried out looking at key factors such as the potential market rent if re-letting was to be considered, the opportunities of establishing new viable agricultural diversification enterprises on the farm, renewable energy and biodiversity opportunities, the continued investment required on the farm and the potential capital receipt if sold.
- It allows for the land on the holdings to be available for renewable energy opportunities to generate further income and reduce the Council's carbon footprint. It also allows opportunity to maximise environmental benefits, including carbon sequestration and diversification. The Council's Strategic Land Use Review is currently underway with a group of officers across the Council reviewing the Council's property holdings in light of requirements emerging from net zero carbon commitments and meeting corporate aims across the Council's services. Phase 1 of the review has been carried out where the Council's Rural Estate was looked at to consider options for energy generation, carbon sequestration, phosphate mitigation, tree planning and opportunities for enhancing biodiversity.
- It will reflect the good practice of having a flexible and vibrant portfolio supporting the rural policies and initiatives consistent with the aims of good estate management.
- A Rural Estate Plan is in the process of being drafted and will be presented to Cabinet over the coming months to highlight the extent and performance of the current portfolio, together with the key issues and future strategy of the Estate to enable the Council to maximise the opportunities available to support its wellbeing objectives. We will also continue to engage with the Climate Change and Nature Emergency Advisory Panel and the Rural Affairs Advisory Panel to consider their views in finalising the Rural Estate Plan.



## MATTERS FOR CONSIDERATION

### 1. Tree Planting and Woodland Creation

In February 2019, Carmarthenshire County Council (CCC) declared a Climate Emergency and made a commitment to becoming a Net Zero Carbon local authority by 2030. The Council has since been the first local authority in Wales to publish a Net Zero Carbon action plan, which was endorsed by full Council in February 2020.

CCC and Welsh Government (WG) have both announced a Nature Emergency. The establishment of new woodland on CCC's estate will deliver outcomes against both these emergencies and is consistent with CCC's draft Tree and Woodland Strategy which is progressing through CCC's democratic process. CCC's Ash Dieback project also includes the planting of new woodland to mitigate the loss of ash trees and ash woodland in Carmarthenshire.

Parcels of land across the county have been identified by the Strategic Land Use Group as potential sites for woodland creation (a list of these sites along with plans of the areas can be seen in **Appendix 1**).

Trees help mitigate climate change. They remove carbon dioxide from the air, store carbon in their timber and the soil, and release oxygen into the atmosphere. New woodland planting also addresses the Nature Emergency as it creates new wildlife habitat and provide linkages between existing habitats, building essential ecological connectivity and ecosystem resilience. This approach is consistent with the Resilience Goal of the Well-being of Future Generations (Wales) Act 2015.

At present approximately 5% of CCC and 13% of Carmarthenshire land is woodland. The UK Climate Change Committee recommend that to address the Climate Change Emergency, woodland cover across the UK should be increased to 19%. Consistent with this guidance, CCC's draft Strategy for Trees and Woodlands is proposing that CCC increase the amount of woodland on its estate.

The cost of woodland planting is largely met by Welsh Government grants. At present any short fall and expected maintenance costs would need to be met by other budgets. By managing the Council's trees and woodlands appropriately and by planting more trees and woodland in the right places, for the right reason, the County Council will assist in mitigating the Nature Emergency and the Climate Change Emergency. This approach is also consistent with CCC's Ash Dieback project.

Potential loss of capital value - If all parcels of land are to be planted, there is a potential loss of capital value in the region of £130,000. However, it is likely that any farm entering WG's Sustainable Farming Scheme will be expected to have at least 10% woodland. These parcels could be rented out, as they have been, perhaps to provide the woodland necessary to make farm holdings eligible for WG support.

Potential loss of rental value - The sites identified for tree planting currently generate an annual rental income of £5,144. If all the sites are to be planted, they may no longer provide an income stream to the Council. See also reference to the WG's Sustainable Farming Scheme above. Any such loss in rental income could perhaps be balanced by CCC placing its bare land holdings that are rented on short term tenancies (together with the necessary 10% woodland cover) into WG's Sustainable Farming Scheme, as this would create a new income stream.

The options to consider are outlined below:

**Option 1** - To proceed with the planting of trees on all identified sites as proposed by officers as part of CCC's Strategic Land Use Review, and consistent with CCC's draft Tree and Woodland Strategy and with providing an initial response to the Climate and Nature Emergencies.

**Option 2** - To proceed with the planting of trees on some of the identified sites to mitigate effect on loss of future development potential (as outlined in the spreadsheet in **Appendix 1**).

**Option 3** - Not to proceed with the planting of trees.

**Recommendation:** It is recommended that a decision is made to plant trees and create woodland on all sites identified to date (as set out within the spreadsheet in **Appendix 1**).

## **2. Food Systems Development Project at Bremenda Isaf Farm, Llanarthney**

Funding has recently been secured from the Shared Prosperity Fund for the Strategic 'Food Systems Development Project'; a multi-partnership application led by Carmarthenshire County Council. The aim of the project is to put in place infrastructure, equipment and skilled staff for the development of a model market to field-scale sustainable fruit and vegetable production site at Bremenda Isaf Farm.

The holding comprises a farmhouse, outbuildings and approximately 100 acres (a plan of Bremenda Isaf Farm can be seen in **Appendix 2**). This is a pilot project with the aim of re-letting the entire holding to a suitable tenant to continue with managing the ongoing venture.

The project objectives are:

- **Create low-carbon infrastructure:** Develop the site to be capable of supporting a 1.5 - 2 acres intensive no-dig agroecological market garden, and wider field-scale cultivated areas of 10 - 15 acres. The market garden will be expected to produce approximately 7 tons per year. The additional cultivated area of the farm would exceed this to provide for further customer demand and would be nested in the wider land asset (approx. 80 acres) managed for optimum biodiversity, carbon sequestration and sustainable food production.
- **Engage with a wide range of stakeholders:** Including schools, green/social prescribers, civil society, community and small-scale growers, public and private sector

customers, as well as local, regional and national interested parties. This will include hosting site tours, recruiting and retaining horticultural volunteers, and training sessions for growers.

- **Grow new local markets for local and sustainable produce:** This will involve building on Social Farms and Gardens’ Sustainable Food for Local Prosperity pilot to supply a growing public sector market. One of the findings from this pilot was that there is currently insufficient supply to meet increasing demand. Additionally, to public sector supply, the project will explore sales to hospitality outlets and other local markets. By growing stable markets, the project will provide confidence to local enterprises, new entrants and for on-farm diversification.
- **Develop models of aggregation of supply:** Working with local small-scale horticultural enterprises to develop cooperative ways of working together to increase collective capacity, multi-sector supply and business growth.
- **Develop accredited training pathways:** Social Farms and Gardens and Bwyd Sir Gâr Food to work with local, regional and national partners including University of Wales Trinity Saint Davids, Coleg Sir Gâr, the National Botanic Garden of Wales, Food Sense Wales, Land Workers’ Alliance, Tyfu Dyfu, LANTRA, Horticulture Wales, and others. Increasing facilitation capacity on-site for nationally recognised accredited apprenticeships in Sustainable Commercial Horticulture. This diverse training offer will be targeted to support the existing Agri-Food sector with the necessary skills for business diversification ahead of the upcoming Sustainable Farming Scheme, creating a more economically resilient local sector.
- **Measure the benefits:** Evaluate the impact of growing food in a sustainable manner including carbon sequestration, biodiversity enhancement, economic impact, reduced food miles from short supply-chains, and social wellbeing.

Bremenda Isaf Farm became vacant on the 16<sup>th</sup> May 2023 and remains vacant whilst the potential opportunities to source funding for the Food Systems Development Project is being explored. Now that funding has been secured, the proposed Food Systems Development Project can be explored further.

**Recommendation:** It is recommended that a decision is made to proceed with the Food Systems Development Project at Bremenda Isaf Farm, Llanarthney.

**DETAILED REPORT ATTACHED?**

**Appendix 1 - Woodland Creation Spreadsheet and Plans**  
**Appendix 2 - Plan of Bremenda Isaf Farm**

## 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:** Jason Jones (Head of Regeneration, Policy and Digital)

Policy, Crime and Disorder and Equalities <b>YES</b>	Legal <b>YES</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>YES</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>YES</b>
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**Policy, Crime and Disorder and Equalities** - The Farm Estate seeks to deliver well equipped farm and business opportunities that enable tenants to establish and grow successful businesses which deliver a holistic approach to economic and environmental growth, including promoting health and wellbeing, and enhancing the landscape of Carmarthenshire. Appropriate and robust management of the Farm Estate will support several of the Council’s wellbeing objectives to achieve its vision. By creating a thriving and progressive Council Farms Estate which supports agricultural businesses, the Council enables both environmental and economic growth whilst directly supporting the agricultural sector. Appropriate and robust management of the Rural Estate will support several of the Council’s wellbeing objectives to achieve the above vision by:

- Creating more jobs and growth throughout the County
- Looking after the environment now and for the future
- Promoting Welsh language and culture
- Making better use of resources

The establishment of new woodland on CCC’s estate will deliver against both Climate Change and Nature Emergencies. New woodland planting will create new wildlife habitat and provide linkages between existing habitats, building essential ecological connectivity and ecosystem resilience. This approach is consistent with the Resilience Goal of the Well-being of Future Generations (Wales) Act 2015.

**Legal** - There is primary legislation in force to enable County Councils to own and operate smallholdings estates but not necessarily an obligation to do so. When a decision is made to re-let or sell assets within the Rural Estate, Legal will be instructed to represent the County Council in dealing with the various transactions.

**Finance** - Grant aid is expected to cover most tree planting costs with the need for CCC funding from existing budgets to cover any shortfall. Tree planting will affect future capital values with an estimated loss in the region of £130,000.

**Risk Management Issues** - Failure to establish new woodland on CCC land could compromise its corporate response to both the Climate and Nature Emergencies.

**Physical Assets** - The creation of new woodland will assist the Council in mitigating the Nature Emergency and the Climate Change Emergency and will address the impacts of Ash Dieback disease in Carmarthenshire.

## CONSULTATIONS

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

**Signed:** Jason Jones (Head of Regeneration, Policy and Digital)

<b>1. Scrutiny Committee request for pre-determination</b>	N/A
<b>If yes include the following information:</b>	
<b>Scrutiny Committee</b>	
<b>Date the report was considered:</b>	
<b>Scrutiny Committee Outcome/Recommendations:</b>	

**2. Local Member(s)** - Local Member (Cllr. Ann Davies - Llanddarog) has been consulted with in connection with the 'Food Systems Development Project' at Bremenda Isaf Farm and is supportive of the proposal. In relation to the proposed woodland creation, Local Members will be consulted with post Cabinet decision.

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

**4. Relevant Partners** - Relevant partners will be consulted post Cabinet decision.

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

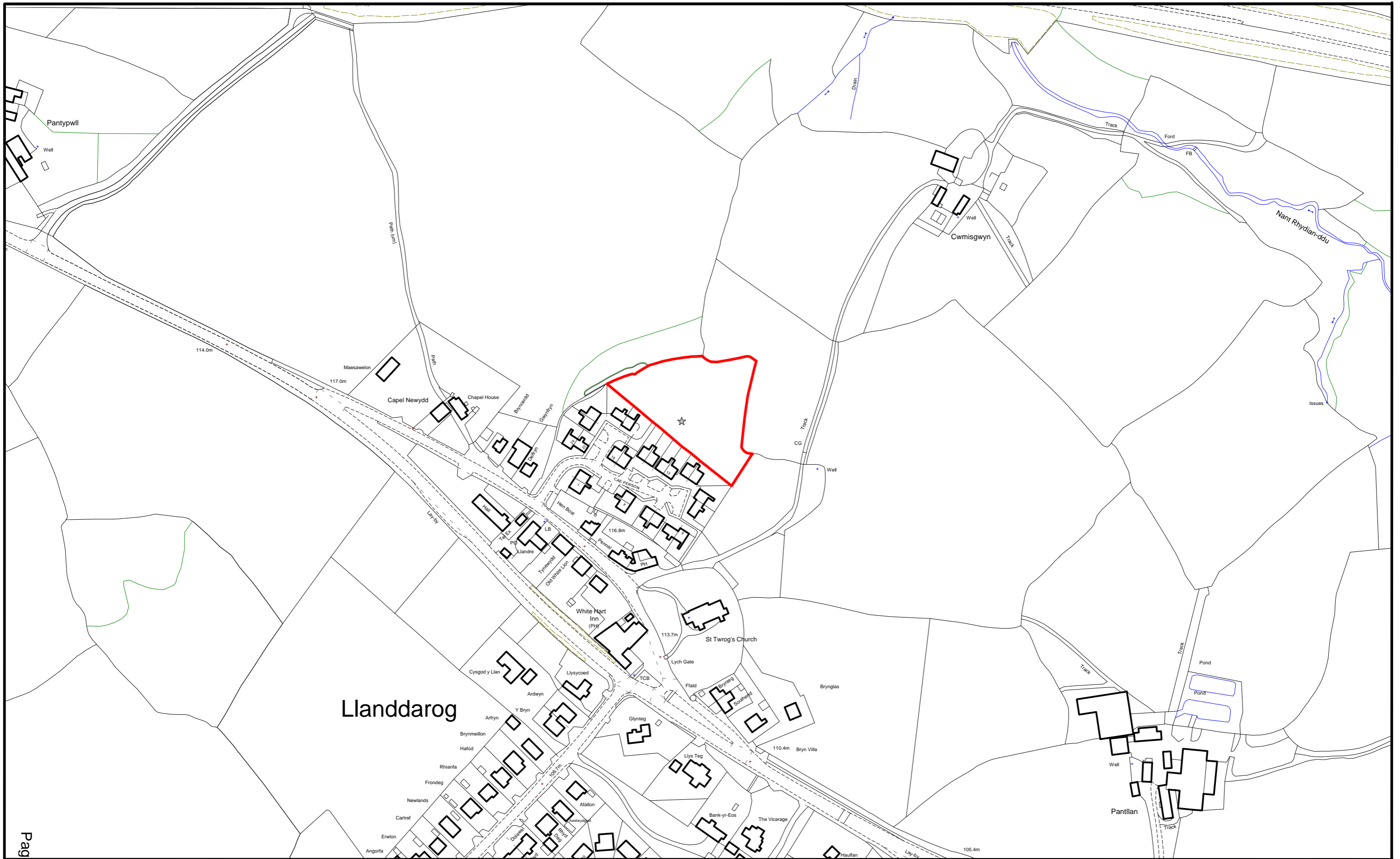
<b>CABINET MEMBER PORTFOLIO HOLDER(S) AWARE / CONSULTED</b>	Yes
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**Section 100D Local Government Act, 1972 - Access to Information**

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

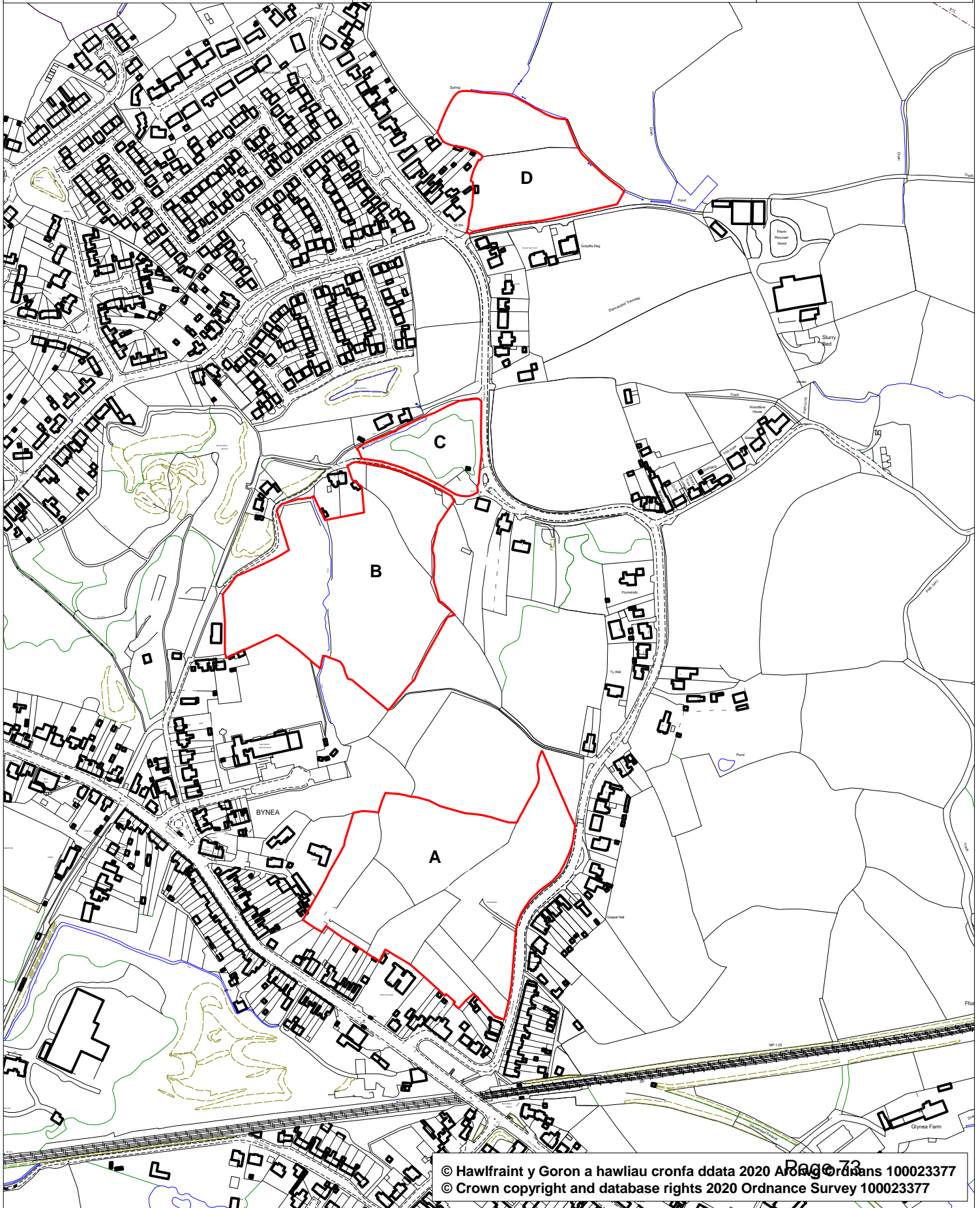
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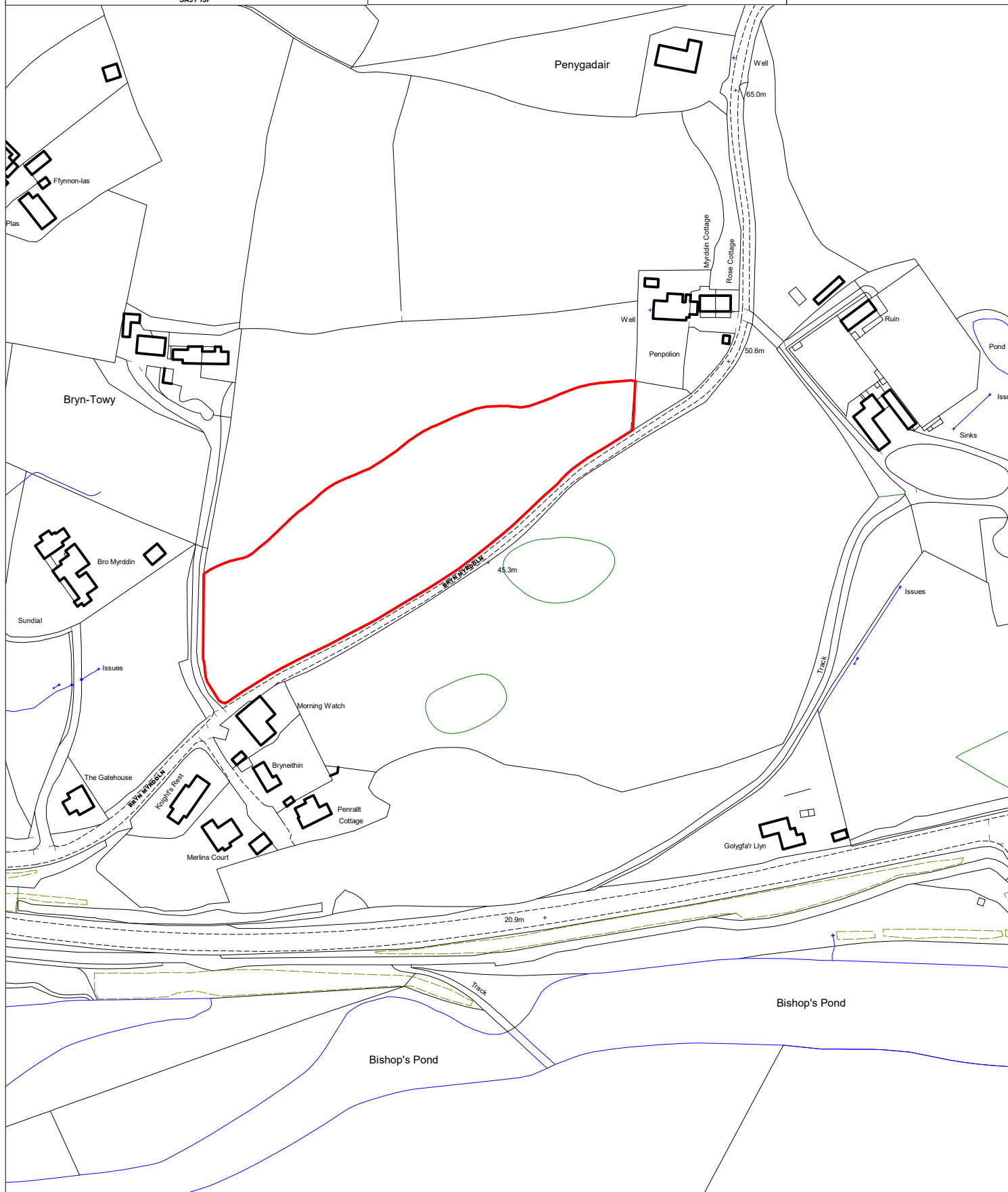


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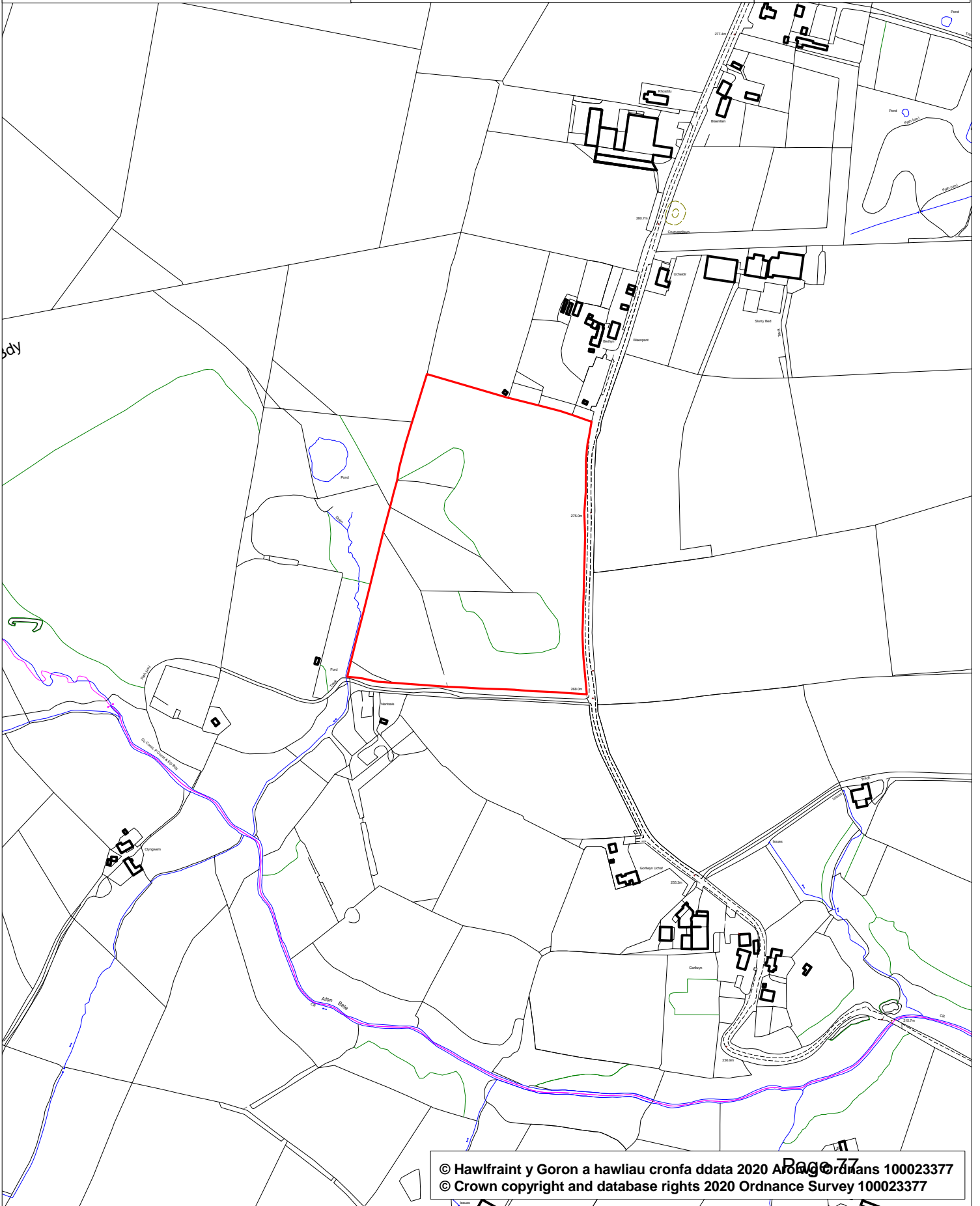




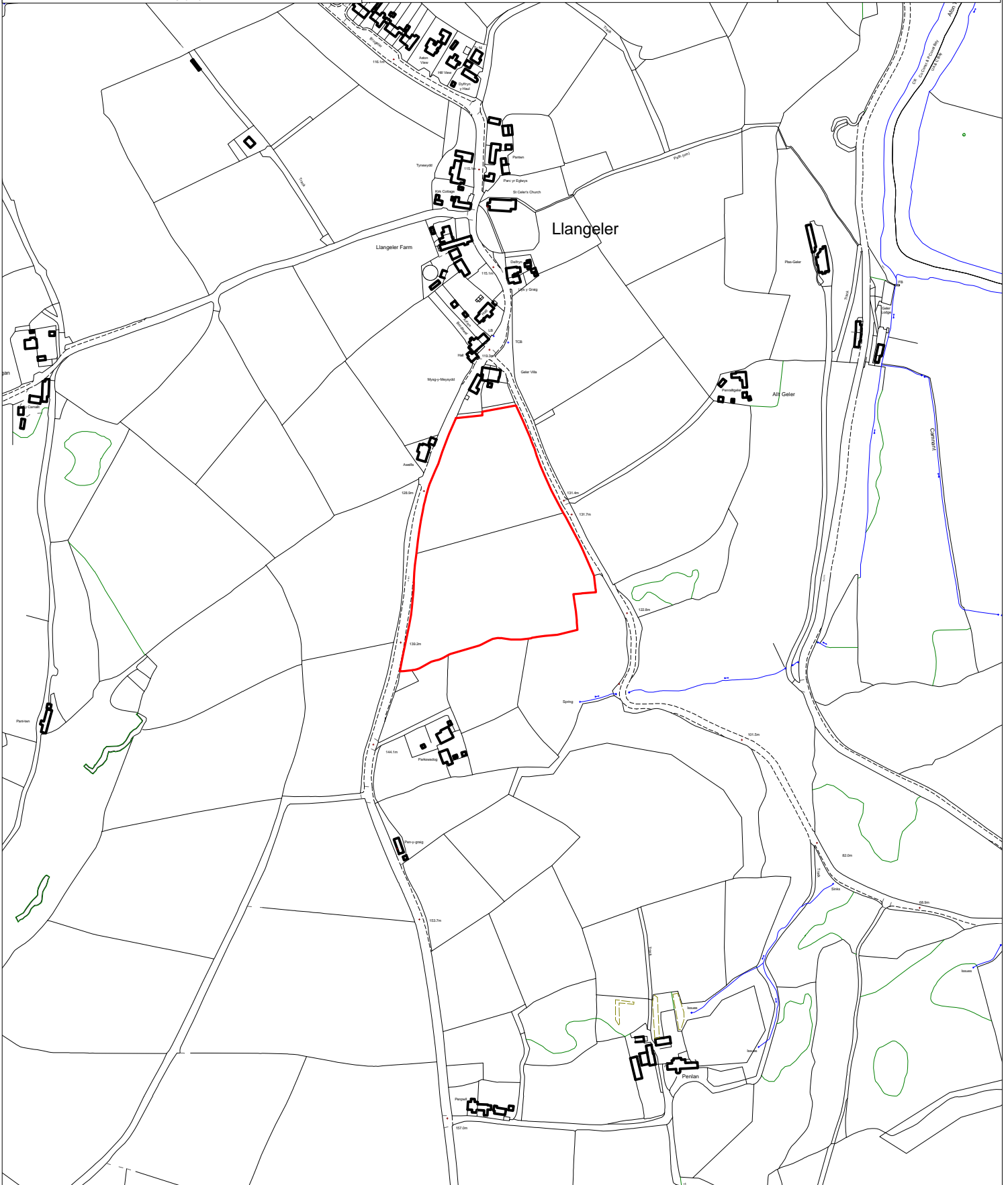
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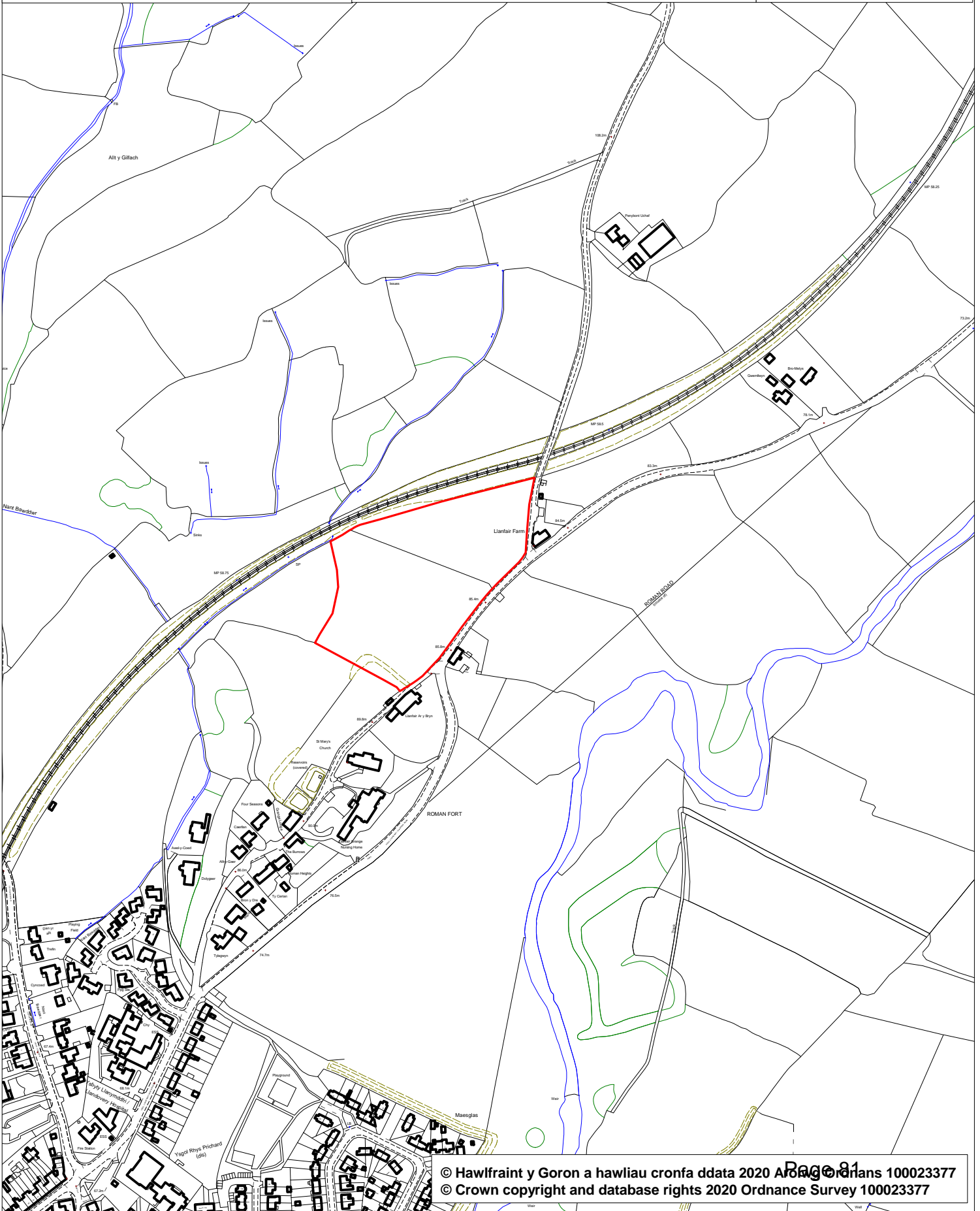


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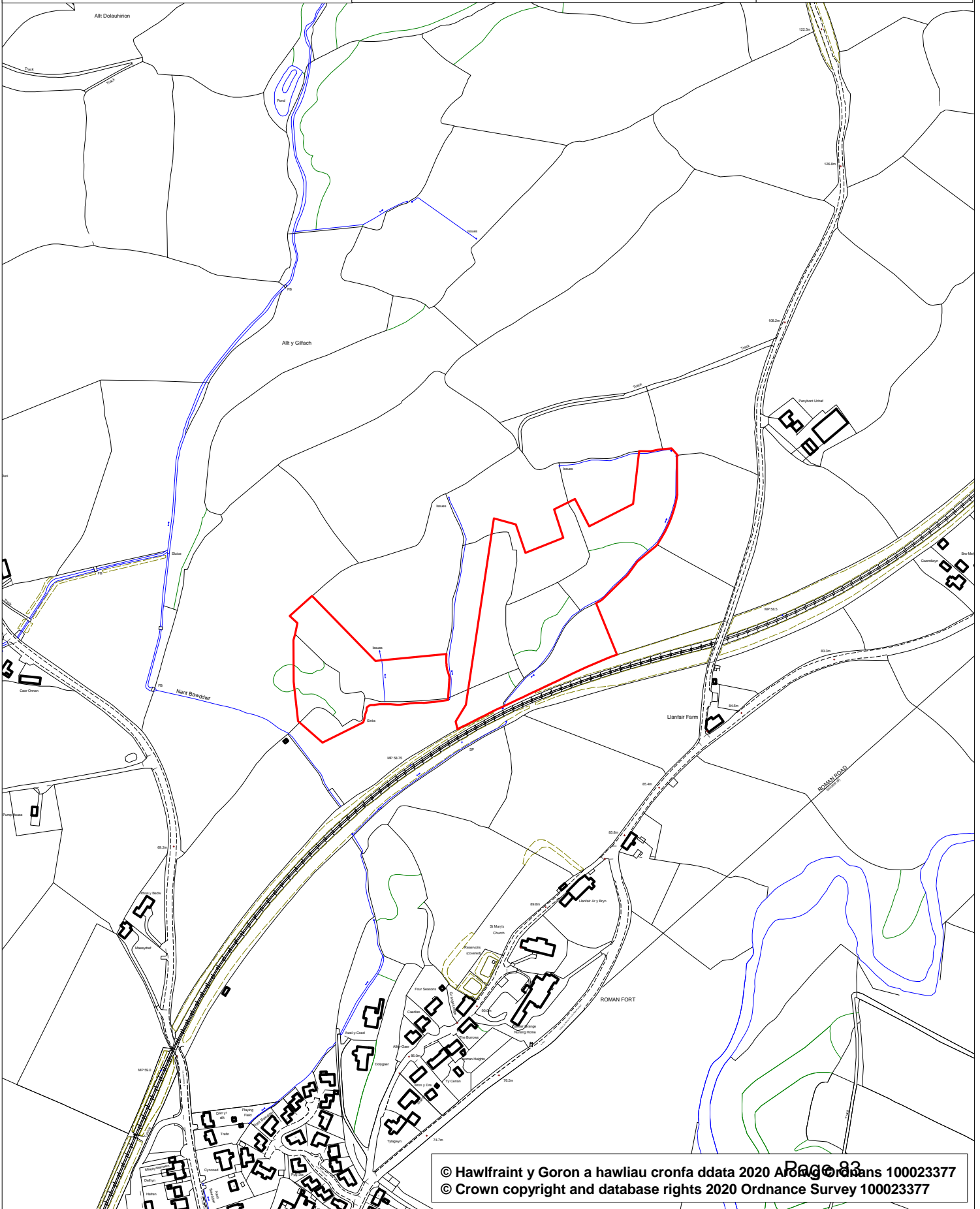


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**Woodland Planting**

Plan Number	Land	UPRN	Type	Size (acres)	Agreement	Notice Period	Area to be planted (acres)	Loss of Rental	Loss of Capital Value	Notes	Potential Development	Brief description of proposed planting site / Type of planting stock and size of trees / Grant information and timescales / Timing of proposed planting
1	Cae Person, Llanddarog	GL03200	Grazing	1.36	01.04.2022 - 31.03.2024	1 month	1.36	£130	£18,360	Grazing land, outside development limits. Although CCC own the housing estate adjacent to this field, access to the field for development would be limited due to the configuration of the existing site and roads.	No	High amenity value for any new woodland due to close proximity of housing. No current public access but permissive access could be created. Moderate potential biodiversity gain due to relatively small size of potential tree planting. Application for Welsh Government Small Grants Woodland Creation grant submitted in Jun 2023. Awaiting result of application but if approved would be planted winter 2023/24. Potential to plant entire site with native broadleaves.
2	Land at Bynea A	LR05500	Grazing	9.27	01.06.2022 - 31.03.2024	1 month	9.27	£830	£16,844	Potential scope for future development.	Yes	Very high amenity value due to position within Bynea community and as land is adjacent to Bynea CP School. There is a public footpath running through two fields but permissive access could be extended to include all areas and there is the potential to create a safe route to Bynea CP School from Station Road. High potential biodiversity gain as planting would link up existing trees and hedges within the landscape. A Welsh Government Woodland Creation Plan is currently in preparation and if this is approved planting could take place in winter 2024/25. Potential to plant with native broadleaves.
	Land at Bynea B	LR05500	Grazing	7.19	01.06.2022 - 31.03.2024	1 month	7.19	£650	£3,595	Poor access. Future development unlikely.	No	
	Land at Bynea D	LR05500	Grazing	3.93	01.06.2022 - 31.03.2024	1 month	3.93	£250	£7,315	Wet land with biodiversity habitats. An enclosures next to residential development could potential be sold as a pony paddock.	No	
	Gwndwn Mawr C	LR11700	Grazing	1.71	01.04.2022 - 31.03.2024	1 month	1.71	£410	£15,460	Gently sloping grazing fields. New housing development in proximity. Whilst the parcel is unlikely to appear in next LDP it is located next to current Persimmon development.	Yes	
3	Bryntowy, Abergwili	GL04900	Grazing	3.25	01.04.2023 - 31.03.2024	1 month	3.25	£300	£6,500	Grazing land, outside development limits.	No	Moderate amenity value. Site is in walking distance from Abergwili and Merlin's Hill. No current public access but permissive access could be created. Moderate biodiversity gain by enhancing existing hedgerows and trees and due to areas of existing woodland nearby. No grant funding yet applied for but planting could potentially take place in 2024/25 depending on grant application timescales. Potential to plant with native broadleaves.
4	Penboyr, Llangeler	30600	Bare Land	15.08	25.09.1991 -	12 months	15.08	£625	£17,380	Land in need of draining. Exposed high ground in remote location. 10 acres of pasture and 5 acres of rough land.	No	Low amenity value due to relative isolation of field but high potential biodiversity gain due to relatively large size of planting area. Would be a relatively easy field to plant with trees and make a significant contribution to any annual planting target. No grant funding yet applied for but planting could potentially take place in 2024/25 depending on grant application timescales. Potential to plant with native broadleaves.
5	Llangeler	30300	Bare Land	32.73	25.09.1991 -	12 months	7.77	£510	£7,770	Agricultural land, outside development limits.	No	High amenity value due to position in Llangeler. No current public access but permissive access could be created. High potential biodiversity gain due to proximity of other areas of semi-natural ancient woodland. No grant funding yet applied for but planting could potentially take place in 2024/25 depending on grant application timescales. Potential to plant with native broadleaves.
6	Llanfair, Llandovery	38701	Bare Land	6.71	01.04.2015 - 31.03.2027	12 months	6.71	£660	£16,775	Agricultural land, outside development limits.	No	Moderate amenity value due to proximity to Llandovery. No current public access but permissive access could be created. High potential biodiversity gain due to relatively large size of planting area, adjacent woodland corridor along railway and potential woodland area at Gilfach. No grant funding yet applied for but planting could potentially take place in 2024/25 depending on grant application timescales. Potential to plant with native broadleaves.
7	Gilfach, Llandovery	32900	Bare Land	60.03	25.03.2019 - 24.03.2028	12 months	9.74	£779	£19,480	Agricultural land, outside development limits.	No	High amenity value due to proximity to Llandovery and exiting public footpath. High potential biodiversity gain due to adjacent hedgerows and veteran trees, woodland corridor along railway and potential woodland area at Llanfair. No grant funding yet applied for but planting could potentially take place in 2024/25 depending on grant application timescales. Good opportunity to work with an existing tenant to increase the woodland cover on a larger holding. Discussion with tenant is ongoing to identify the most suitable planting areas but there is potential to plant with native broadleaves.
						<b>TOTAL</b>	<b>66.01</b>	<b>£5,144</b>	<b>£129,479</b>			

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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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