

# EXECUTIVE BOARD

Monday, 4 February 2019

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

**Councillors:**

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

**Also in attendance:**

Councillor D.M. Cundy and J.G. Prosser

**The following Officers were in attendance:**

M. James, Chief Executive

J. Morgan, Director of Community Services

C. Moore, Director of Corporate Services

Mrs R. Mullen, Director of Environment

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

W. Walters, Director of Regeneration & Policy

L.R. Jones, Head of Administration and Law

J. Morgan, Head of Homes & Safer Communities

D. Hockenull, Marketing and Media Manager

L Morris, Senior Press Officer

K. Thomas, Democratic Services Officer

L. Jenkins, Democratic Services Officer

**Chamber, - County Hall, Carmarthen. SA31 1JP. - 10.00 - 11.10 am**

**1. APOLOGIES FOR ABSENCE.**

There were no apologies for absence.

**2. DECLARATIONS OF PERSONAL INTEREST.**

<b>Councillor</b>	<b>Minute Number</b>	<b>Nature of Interest</b>
H.A.L. Evans	8 – Housing Revenue Account Budget 2019/20 to 2021/22 and Housing Rent Setting for 2019/20	Sister is the Chief Executive of a local housing association
H.A.L. Evans	11 – Cartrefi Croeso Cyfyngedig – Financing Requirement	Sister is the Chief Executive of a local housing association
Wendy Walters – Director of Regeneration and Policy	11 – Cartrefi Croeso Cyfyngedig – Financing Requirement	Director of Cartrefi Croeso
Jake Morgan – Director of Communities	11 – Cartrefi Croeso Cyfyngedig – Financing Requirement	Director of Cartrefi Croeso

**3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE EXECUTIVE BOARD HELD ON THE 21ST JANUARY 2019**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Executive Board held on the 21<sup>st</sup> January, 2019 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. REVENUE BUDGET STRATEGY 2019/20 TO 2021/22**

The Executive Board considered a report which brought together the latest proposals for the Revenue Budget 2019/2020, provided indicative figures for the 2020/2021 and 2021/2022 financial years and summarised the latest budgetary position giving an update on the budget validation, spending pressures, the Welsh Government final settlement and the responses from the budget consultation.

The Executive Board Member – Resources outlined to the Board a number of factors influencing the budget, including, the final settlement received from the Welsh Government on the 19<sup>th</sup> December, 2018 that provided additional funding compared to the provisional settlement announced in October 2018. As a result of that additional funding, it had been possible to revisit some of the initial budget proposals and consider further options including, taking account of the latest pay award offer and supporting services that were demand led and faced continued pressure for service provision, such as Social Care. Whilst the final settlement for Carmarthenshire represented a slightly improved figure on the provisional settlement, it still remained a very challenging budget and represented a reduction in funding in real terms having regard to inflation and other price movements. Furthermore, the Welsh Government had only been able to provide figures at Authority level for one year, restricting scope in relation to medium term forecasting within the Medium Term Financial Plan. In particular, the Authority had to be aware of the Westminster Government's Comprehensive Spending Review to take place in 2019.

The Executive Board Member advised that whilst the full details of the settlement were included within the report, the most salient points were that on an all Wales basis, the funding for Local Government had increased by 0.2%, with Carmarthenshire receiving a flat cash settlement on a like for like basis compared with 2018-19. Whilst the final settlement provided the authority with an additional £1.557m on the provisional settlement, it also came with extra responsibilities including changes in the rates relief scheme and funding to cover additional free school meals eligibility.

The Executive Board was also advised that whilst the majority of the specific grants had been maintained at a cash neutral value, the authority was, as was typical at this time of year, still awaiting confirmation of some significant grants which would support the budget plan particularly, in respect of both waste and

sixth form funding. What was not typical, however, was the level of uncertainty regarding the funding of teachers' pensions. Although informal indications were that the funding would be met in full, as was proposed in England, the uncertainty regarding payment in Wales placed a significant risk on the 2019/20 budget.

The Executive Board Member - Resources advised that the Director of Corporate Services had made a number of adjustments to some of the figures within the strategy as part of the normal practice as clearer and more information became available, with the current total validation adding some £11.3m to the budget. One of those adjustments related to Adult Social Care to meet the increased costs the Council would face as a consequence of the collapse of Allied Health Care and the subsequent decision to bring the service in-house. Although that had been completed with minimal disruption to service users, the 2019/20 budget would need to provide for the harmonisation of employee terms and conditions, including payscales.

As was the case in 2018/19, the most significant validation for the 2019/20 budget related to the pay award offer made by the negotiating body for employees providing a 2% pay award plus the introduction of a new pay spine from April 2019 that consolidated some of the existing spinal points and 'ironed out' some of the current random gaps between pay points. For Carmarthenshire, the lowest paid staff, who were already in receipt of the foundation living wage, would receive a 4.9% increase. It was noted however, that the pay offer did not apply to teachers who were covered by separate national pay arrangements with increases of up to 3.5% on September 2018 and future years providing a 2% annual award.

The Executive Board Member – Resources also drew the Board's attention to the Council's budget proposals, as at November 2018, that assumed a cash neutral settlement for schools. He advised that, as a consequence of additional Welsh Government support received as part of the settlement, the current proposals would not only add £1.8m of grant funding to schools but also a further £0.75m of core funding, taking the total budgetary increase to over £2.57m.

The Executive Board Member - Resources advised that in light of the Authority having benefitted from a more positive settlement than originally anticipated, and after allowing for changes in validation, the sum of £528k was available to make some critical adjustments to the budget strategy. Accordingly, the following amendments were proposed to be made to some of the report's budget and efficiency proposals:-

- The budget reduction of £32k for winter gritting be removed
- That £186k of the Rural Road Sweeping proposal be re-established to mitigate against the most severe impacts of the proposed reduction;
- The proposed reductions to Youth Support Services and Educational Psychology be deferred by one year to recognise both the negative public response and concerns raised by councillors during the member seminar sessions;
- That in recognising the pressure placed upon the car parking service an additional £160k be provided to allow for more flexibility in the service and to limit any parking charges increases across Carmarthenshire;
- The Communities Department, over the next year revisits the proposal to close the Pendine Outdoor Education Centre and tries to identify a change

in service provision, which would allow the facility to continue to operate whilst providing the cost reductions proposed;

- The school meal prices be frozen for 2019/20

The Executive Board Member also referred to the negative sentiments received to the budget reductions on highways resurfacing and advised that the additional £1.5m grant per annum for three years secured by the Council, [as detailed in the five year capital programme] more than compensated for the proposed revenue budget reduction.

In concluding, the Executive Board Member recommended that the Council Tax increase for 2019/20 be set at 4.89% to enable the Council to deliver the strategy whilst having regard to the above amendments.

Reference was made to the year 2 efficiency proposal to amend the frequency of Council meetings from monthly to quarterly. It was suggested that as that proposal had not received wide spread member support, it be withdrawn and other avenues be examined to identify alternative ways of working.

Reference was also made to the efficiency proposal for Post 16 School Transport Policy whereby it was suggested the proposed efficiency savings for years 2 and 3 be withdrawn to enable a review to be undertaken of the usage, especially in regard alleged spare/ unused seats.

#### **UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL:-**

- 6.1 that the Budget Strategy for 2019/20, be approved subject to the amendments and proposals detailed above;**
- 6.2 that the Band D council Tax for 2019/20 be set at £1,255.17 (an increase of 4.89% for 2019-2020);**
- 6.3 That the £528k recurrent funding available balance be allocated, as detailed above**
- 6.4 That the provisional medium term financial plan be approved as a basis for future years planning.**
- 6.5 That the efficiency proposals to amend the frequency of council meetings from monthly to quarterly [year 2] and the Post 16 School Transport [years 2 and 3] be withdrawn**

#### **7. FIVE YEAR CAPITAL PROGRAMME (COUNCIL FUND) - 2019/20 TO 2023/24**

The Executive Board considered a report which brought together the latest proposals for the Five Year Capital Programme (Council Fund) 2019/20 to 2023/2024 taking into account the consultation exercise undertaken and the revenue implications arising from the capital programme.

The Board noted that the capital programme proposed gross expenditure for 2019/20 of £104.708m, with projected funding of £59.109m from the County Council through the use of borrowing, capital receipts, reserves and general capital grant and the balance of £45.599m coming from external sources. The Board was advised that the capital programme was projected to be fully funded over the five year period from 2019/20 through to 2023/24

The Executive Board Member – Resources informed the Board that, in total, the five year rolling programme would realise investment of nearly £261m (County Council funding estimated at £133m and £128m external funding). However, as with the revenue settlement, the authority had not been provided with any forward indicators from the Welsh Government in respect of general capital funding beyond 2019/10. As a consequence, the programme was based on future years supported borrowing and general grant being at the same level as 2019/20. There had however been additional capital grant for general purposes made available by the Welsh Government over a three year period from 2018/19 to 2020/21 amounting to some £6.6m, which had been included within the 5 year capital programme.

The Executive Board noted that as part of the programme a number of new additional schemes had been included for example:

- Communities Department - there was new funding for the Amman Valley Leisure centre together with the continued support for private sector housing in 2023/24 for Disabled Facilities Grant
- Environment Department – continued support for highways improvements, bridge maintenance and road safety schemes into 2023/24 and also for the Tywi Valley Path in 2019/20. Also, as a consequence of additional Welsh Government Funding, the budgeted spend for roads refurbishment had been increased by a further £1.5m per year for three years
- The MEP programme had been amended in 2019/20 to 2023/24 with the reprofiling of budgets and the introduction of some new schemes including Ysgol Gymraeg Cydweli, Hendy, Llandeilo and both Welsh Medium and Dual Stream schools at Ammanford. This had been possible as a result of the Welsh Government having announced its approval for the Council's Band B programme running to 2024 with the main change being the increase in the intervention rate from 50% to 65% for schools and 50% to 75% for special schools. That increase had provided the authority with scope to deliver more schools within the £129.5m Band B programme.
- Regeneration and Chief Executives budgets now incorporate the City Deal schemes, including the Wellness Village and Yr Egin. The proposed Llanelli Leisure Centre and the Llanelli Area review had also been identified as a key component within the proposed Wellness Village Development. There was also continued support for the Transformation Strategy Project Fund within Regeneration for 2023/24 which had the potential of external funding to match fund the Council's budget

## **UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL THAT**

- 7.1 the Five Year Capital Programme and funding, as detailed in Appendix B to the report, with 2019/20 being a hard budget and 2020/21 to 2023/24 soft/indicative budgets be approved;**
- 7.2 the programme be reviewed, as usual, if anticipated External or, County Council funding did not materialise.**
- 7.3 the Capital Strategy, as detailed in Appendix C, be approved.**

## **8. HOUSING REVENUE ACCOUNT BUDGET 2019/20 TO 2021/22 AND HOUSING RENT SETTING FOR 2019/20**

(NOTE: Councillor H.A.L. Evans had earlier declared an interest in this item).

The Executive Board considered a report prepared by the Director of Corporate Services, in conjunction with officers from the Communities Department that brought together the latest proposals for the Revenue and Capital Budgets for the Housing Revenue Account 2019/20 to 2021/22. It was noted that the report had been considered, and endorsed, by the Community Scrutiny Committee at its meeting held on the 23<sup>rd</sup> January 2018 as part of the budget consultation process.

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

The Executive Board Member – Resources advised that capital investment of £231m within the current business plan had delivered the Carmarthenshire Home Standard and a further budget had been developed to ensure appropriate funding was allocated to maintain the CHS+ standards for all properties into the future. It was anticipated that over the next three years an estimated £45m would be expended in maintaining and upgrading the stock. The budget also provided £44m of funding over the next three years to support the Council's Affordable Homes Programme facilitating an increase in the supply of affordable housing throughout the County through various solutions including the new build programme and the buyback scheme. The Council would also be undertaking the new build programme via its own capital programme and via the new Housing Company – Cartrefi Croeso.

The Executive Board Member- Resources reminded the Board that with regard to the setting of the Housing Rents, the Authority had previously adopted the Welsh Government Social Housing Rent Harmonisation Policy, which effectively meant that any proposed rent increase was prescribed by Welsh Government guidance and provided a more equitable distribution of rents for the social sector tenants. That policy ended in 2018/19 and an interim policy for one year introduced for 2019/20, with the anticipation the Welsh Government would introduce a new policy for implementation in 2020/21. That interim policy allowed local authorities within their target rent band to increase rent by CPI only. As Carmarthenshire was currently marginally within the target rent band, the current report had recommended a 2.4% increase across all properties.

However, on the 30<sup>th</sup> January, 2019 the Welsh Government had notified local authorities of an amendment to the interim policy that allowed local authorities with average rent within the Target Rent Band the flexibility to use the 'up to £2 per week' progression, subject to ensuring the overall rent increase for their general needs and sheltered housing stock did not exceed 2.4% and no individual tenant would receive a rent increase of more than the agreed policy uplift of 2.4% plus the £2.00 progression.

The Executive Board Member Resources advised that the change in the Welsh Government's position had provided the authority with an opportunity to meet its previous commitment to tenants by implementing the harmonisation policy and establishing a fairer rent level for all of its tenants. As a result, it was being

proposed that recommendation 1, within the report presented to the Executive Board that day be amended to read:-

“1. To increase the average housing rent as per the Welsh Government Interim Social Housing Rents Policy (amended 30 January).

- a. Properties at target rents will increase by 1.92%
- b. Those rents above target are frozen until such time that they meet the target rent
- c. Those rents below target rent are increased by 1.92% and are progressed by a maximum of £1 per week.

This will produce an increase on the average housing rent of 2.4% or £2.05 and will provide the Housing Account with the same overall collection value.”

The Executive Board Member – Resources advised that should the Executive Board endorse the amended recommendation, it would be reported to the Community Scrutiny Committee for consultation, with any response thereto being reported direct to Council on the 20<sup>th</sup> February.

#### **UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL TO:-**

- 8.1 **increase the average housing rent as per the Welsh Government’s Social Housing Rents Policy (amended 30 January) i.e.:-**
  - **Properties at target rents to increase by 1.92%**
  - **Those rents above target be frozen until such time as they meet the target rent**
  - **Those rents below target rent are increased by 1.92% and are progressed by a maximum of £1 per week****thereby producing an increase on the average housing rent of 2.4% or £2.05 and will provide the Housing Account with the same overall rent collection value**
- 8.2 **To maintain garage rents at £9.00 per week and garage bases at £2.25 per week;**
- 8.3 **Apply the service charge policy to ensure tenants who received the benefit from specific services paid for those services;**
- 8.4 **Increase charges for using the Council’s sewerage treatment works in line with the rent increases;**
- 8.5 **Approve the Housing Revenue Account Budget for 2019/20 (with 2020/21 and 2021/22 being soft budgets), as set out in Appendix B to the report**
- 8.6 **Approve the proposed Capital Programme, and applicable funding, for 2019/20 and the indicative spends for future years 2020/21 to 2021/22, as set out in Appendix A to the report,**

#### **9. THE CARMARTHENSHIRE HOMES STANDARD PLUS (CHS+) BUSINESS PLAN 2019-22**

The Executive Board considered the Carmarthenshire Homes Standard Plus (CHS+) Business Plan 2019-2022 plan the purpose of which was to:

- explain the vision and detail of maintaining and improving the Carmarthenshire Homes Standard Plus over the next three years, and what it means for tenants;
- outline how we can deliver transformational change and investment, and set even more ambitious affordable homes targets for the future;
- confirm the financial profile, based on current assumptions, for the delivery of the CHS+ over the next three years; and
- produce a business plan for the annual application to Welsh Government for Major Repairs Allowance (MRA) for 2019/20, equating to £6.1m.

The Executive Board Member for Housing advised that if the report and its recommendations were to be adopted, it would result in some £45m being spent over the next three years to maintain tenant homes. It would also allow the submission of an application to the Welsh Government for a £6.1 million Major Repair Allowance for 2019/20. The Executive Board Member outlined a plan for 2019 to include –

- £1million for building work on existing estates
- £2 million to bring empty council houses back to use as soon as possible and to the CHS+ standard
- £1.5 million to improve communal areas in Shelter Schemes
- £0.25 million for improvements in relation to fire safety

**UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL THAT:-**

- 9.1 the ambitious vision of the CHS+ and the financial and delivery programme over the next three years be confirmed;**  
**9.2 the submission of the plan to Welsh Government be confirmed.**

**10. TREASURY MANAGEMENT POLICY AND STRATEGY 2019-20**

The Executive Board was reminded that as part of the requirements of the revised CIPFA Code of Practice on Treasury Management, the Council had agreed to maintain a Treasury Management Policy detailing the policies and objectives of the Authority's treasury management activities and to also approve a Treasury Management Strategy annually before the start of the financial year to which it related. In addition, under the Local Government Act 2003, the Council was required to approve the Treasury Management Indicators for the coming year.

In accordance with the above requirements, the Executive Board considered the Council's Treasury Management Policy and Strategy for the 2019-20 financial year prior to its formal submission to the Council for final adoption.

**UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL that:-**

- 10.1 the Treasury Management Policy and Strategy for 2019-20 and the recommendations contained therein be approved,**  
**10.2 the Treasury Management Indicators, Prudential Indicators, Minimum Revenue Provision Statement and recommendations therein be approved.**

**11. CARTREFI CROESO CYFYNGEDIG - FINANCING REQUIREMENT**

(NOTE:



1. Councillor H.A.L. Evans had earlier declared an interest in this item;
2. Mrs W. Walters ( Director of Regeneration and Policy) and Mr J. Morgan (Director of Communities) having earlier declared interests in this item left the meeting during its consideration by the Executive Board)

The Executive Board was reminded that at its meeting held on the 4<sup>th</sup> June it had agreed on financing arrangements for Cartrefi Croeso Cyfngedig to sustain its operating and scheme development costs on the basis detailed within the report. Subsequent to that report, the Executive Board considered a report proposing to secure an appropriate consolidated finance facility to allow Cartrefi Croeso Cyfngedig to commence the development of two schemes and meet the on-going funding of operating costs and future scheme development costs, as well as the provision of headroom to commence future schemes identified as being viable.

Reference was made to the delegation arrangements to be made to the Chief Executive and Director of Corporate Service and a view was supported that paragraphs 5[d] and 5[f] within the report should be amended to read that the delegation be undertaken in consultation with the Executive Board Member for Resources

**UNANIMOUSLY RESLOVED TO RECOMMEND TO COUNCIL THE FOLLOWING FUNDING FOR CARTREFI CROESO CYFYNGEDIG:-**

- 11.1 **A maximum funding facility of £6m**
- 11.2 **Duration of arrangement – 5 years. This was based on the loan being for the scheme developments and repaid within the business plan timescales**
- 11.3 **Interest at 1.6% above the rate set by the Public Works Loan Board reflecting the part security that will be available to the Council from the land works prior to the sale**
- 11.4 **Funding facility to be operated as an overdraft arrangement – funds only drawn when required and balance reduced as receipts received**

- 11.5 Approval of the release of funding (up to the limit) is to be delegated to the Chief Executive and Director of Corporate Services, in consultation with the Executive Board Member for Resources, with the facility to be administered as follows:-**
- a) Release of the construction funding only when the tenders have been returned, the scheme is confirmed and assessed as still being viable, and the contractual arrangements are in place,**
  - b) Development Agreement to be in place for the sale of the social housing to the Authority;**
  - c) Operating Costs: loan arrangements for circa £280k per annum until the company is viable without that element of support;**
  - d) Project Development Costs. The original allocated ceiling of £750k will suffice, and for monitoring and control of project development costs, itemised quarterly reports to be presented to the Chief Executive and Director of Corporate Services in consultation with the Executive Board Member for Resources;**
  - e) Future Scheme Construction. Approval of funding in principle [not exceeding facility ceiling in total] upon completion of site specific development appraisals and the release of construction funding only when the tenders have been returned and the scheme is confirmed and assessed as still being viable and the contractual arrangements are in place;**
  - f) The conclusion of the detailed loan agreement to be delegated to the Chief Executive and the Director of Corporate Services in consultation with the Executive Board Member for Resources.**
- 11.6 The Company to submit its 3 year business plan to the shareholder by 31<sup>st</sup> March annually so that the progress and viability of the funding arrangements can be monitored.**

**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.**

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

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
DATE