



SPECIAL CABINET

MINUTES OF THE MULTI-LOCATIONAL MEETING HELD AT PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON THURSDAY 27TH FEBRUARY 2025 AT 1PM

Councillors:

S. Morgan (Leader), J. Pritchard (Cabinet Member for Prosperity, Regeneration and Climate Change), N. George (Cabinet Member for Corporate Services, Property and Highways), P. Leonard (Cabinet Member for Planning and Public Protection), C. Morgan (Cabinet Member for Waste, Leisure and Green Spaces), E. Stenner (Cabinet Member for Finance and Performance), C. Andrews (Cabinet Member for Education), S. Cook (Cabinet Member for Housing) and E. Forehead (Cabinet Member for Social Care).

Together with:

R. Edmunds (Chief Executive), D. Street (Deputy Chief Executive), G. Jenkins (Interim Corporate Director Social Services)

Also in Attendance:

R. Tranter (Head of Legal Services and Monitoring Officer), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), S. Harris (Head of Financial Services and Section 151 Officer), L. Sykes (Deputy Head of Financial Services and Deputy S151 Officer), R. Hartshorn (Head of Public Protection, Community and Leisure Services), S. Pugh (Head of Communications), L. Donovan (Head of People Services), A. Dallimore (Regeneration Services Manager) and E. Sullivan (Senior Committee Services Officer)

RECORDING AND VOTING ARRANGEMENTS.

The Leader reminded those present that the meeting was being live streamed, and a recording would be made available to view via the Council's website, except for discussions involving confidential or exempt items. [Click Here To View.](#)

1. APOLOGIES FOR ABSENCE.

An apology for absence was received from M.S. Williams (Corporate Director Economy and Environment).

2. DECLARATIONS OF INTEREST.

There were no declarations of interest of received at the start or during the course of the meeting.

3. UPDATE ON RESERVES

Considered by Joint Scrutiny Committee on the 23rd January 2025.

Consideration was given to the report that provided Cabinet with the annual update on the usable reserves held by the Authority as at the 31st March 2024 along with a three-year forecast for 2024/25 to 2026/27.

Cabinet noted that reserves are an essential part of good financial management, that help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time and held to fund any in-year overspending. The level, purpose, and planned use of reserves are important factors for Elected Members and Officers to consider in developing Medium-Term Financial Plans and setting annual budgets.

Cabinet was advised that the report includes a recommendation to maintain the General Fund balance at 3% of the Net Revenue Budget as in previous years, which requires a balance of £14.329m for 2025/26 based on the Draft Budget Proposals. To achieve this and support the 2025/26 wider budget proposals it is proposed to release £2.099m from capital earmarked reserves and £3.579m from other earmarked reserves. This reduces the level of contingency in the Capital Programme and releases uncommitted funding from earmarked reserves.

It was further noted that reserves were forecast to reduce from £189m to £41m by the 31st March 2027. Therefore, moving forward if further calls on reserves are required to balance the revenue budget, then some capital projects that are either partly or fully funded through reserves could be at risk.

In response to a question in relation to the impact of inflation on reserves, the Section 151 Officer confirmed that there had been major increases in inflation rates in recent years, reaching a peak at 11.1% in October 2022 and although this reduced to 1.7% in September 2024 it has increased to 3% in recent months. Consequently, the Council has seen numerous increases in tender prices for capital projects which have been the subject of reports requesting additional funding. Cabinet noted that the concern going forward was that further inflationary increases would put additional pressure on capital reserves and that this could reduce balances even further.

Following due consideration and for the reasons given in the Officer's report it was moved and seconded that the recommendations contained therein be approved and by way of Microsoft Forms this was unanimously approved.

RESOLVED that: -

1. The Net 2024/25 Revenue underspend position forecast at £0.057m be noted.
2. In the event of a Net 2024/25 Revenue underspend position, 100% of the Net underspend be transferred to the General Fund to support the 2025/26 Revenue Budget be approved.
3. The release of the following uncommitted reserves to the General Fund be approved to support the 2025/26 Budget and increase the General Fund balance to £14.329m, which is 3% of the draft 2025/26 Net Budget: -
 - a. £2.099m from Capital Earmarked Reserves
 - b. £3.579m from Other Earmarked Service Reserves
4. The transfer of £0.250m from the Social Services Over/Underspend Reserve to Social Services Other Earmarked Reserves to extend a number of fixed term staff contracts to the 31st of March 2026 be approved.

4. BUDGET PROPOSALS FOR 2025/26.

Consideration was given to the report which sought Cabinet endorsement of the 2025/26 Budget Proposals prior to final determination by Council.

At its meeting on the 16th of January 2025, Cabinet endorsed the 2025/26 Draft Budget Proposals based on the WG Provisional Local Government Financial Settlement for 2025/26. The report detailed a range of cost and service pressures that required funding, proposed permanent and temporary savings, the proposed one-off use of reserves, and a proposed increase of 7.9% in Council Tax to enable the Council to set a balanced budget for the 2025/26 financial year.

Cabinet was advised that following a period of consultation, today's report also contains additional information for Cabinet consideration in respect of movements on the General Fund and the proposed Capital Programme for the three-year period 2025/26 to 2027/28. Cabinet noted that since the 16th of January 2025, there had been a reduction in WG funding of £81k for Caerphilly CBC in the Final Local Government Financial Settlement, which was announced on the 20th of February 2025. Furthermore, there had been increased cost pressures in some areas and some changes in proposed savings, which included the withdrawal of the proposed saving in relation to School Crossing Patrols. Cabinet was referred to Table 2 of the report which detailed an additional savings requirement of £570k, and it was proposed that this is funded through an increased call on reserves.

Cabinet noted that the budget proposals also included a proposed increase of 7.9% in Council Tax for the 2025/26 financial year. This would increase the Caerphilly CBC Band D precept from £1,446.37 to £1,560.63 i.e. an annual increase of £114.26 or weekly increase of £2.20. It was emphasised that even with a 7.9% increase, Caerphilly will still have one of the lowest levels of Council Tax in Wales.

Cabinet was also advised that following receipt this week of the expected WG Bus Network Grant support funding for local bus services in 2025/26, it now transpired that the way the funding would be administered regionally makes it far more complex to achieve the proposed bus subsidy savings of £197,780 for 2025/26 without wider knock-on implications to other bus services.

However, on a positive note, the expected Bus Network Grant funding allocated to the Council in 2025/26 was likely to be greater than that received in 2024/25 and therefore required a reduced level of funding contribution from the Council than was currently allocated in the revenue budget. Furthermore, this situation was likely to continue in future years if Bus Network Grant funding is maintained. It was therefore proposed that the original saving proposal referenced as EE4 in Appendix 3 of the report be removed and replaced with a proposal that the £197,780 saving will now be achieved through confirmed additional WG grant funding and a reduced level of funding contribution from Caerphilly CBC.

Cabinet was cautioned that the situation moving forward remains extremely challenging with a further savings requirement of £23.353m anticipated for the two-year period 2026/27 to 2027/28. However, after allowing for Mobilising Team Caerphilly savings targets of £5.5m for 2026/27 and £3.4m for 2027/28, the residual savings requirement for the two-year period reduces to £14.453m. These figures demonstrate the urgency of progressing the "in-flight" projects in the Mobilising Team Caerphilly transformation programme to meet the savings targets, and it was clear that a number of other change projects would need to be developed, defined, approved, and implemented at pace to meet the residual savings requirement. It was emphasised to Cabinet that it is inevitable that further difficult decisions will need to be made but this is unavoidable in the current financial environment.

Following due consideration, it was moved and seconded that subject to an amendment to original savings proposal EE4 (Appendix 3) in that it be removed and replaced with a proposal that the £197,780 saving will now be achieved through confirmed additional WG Grant

Funding and a reduced level of funding contribution from Caerphilly CCBC, the recommendations contained within the Officer's report be approved and by way of Microsoft Forms this was unanimously approved, and for the reasons contained within the Officers report it was:

RECOMMENDED to Council that: -

1. The revenue budget proposals for 2025/26 of £477.646m as detailed throughout the report and summarised in Appendix 1 be endorsed.
2. The proposed 20% increase in charges for Caerphilly Adventures & Positive Futures as detailed in paragraph 5.4.5. be endorsed.
3. 100% of any 2024/25 Service Directorate revenue budget underspends will be transferred into the General Fund Reserve as outlined in paragraph 5.6.3. be agreed.
4. The movements on the General Fund in Appendix 4 and the projected balance as at 31 March 2025 of £14.329m be noted.
5. The proposed Capital Programme for the period 2025/26 to 2027/28 as set out in Appendix 5 be endorsed.
6. The proposal to increase Council Tax by 7.9% for the 2025/26 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,560.63, which equates to a weekly increase of £2.20 for a Band D property) be supported.
7. The Council Tax Resolutions for 2025/26 as detailed in Appendix 7 be endorsed.
8. The indicative Mobilising Team Caerphilly savings targets of £5.5m and £3.4m for 2026/27 and 2027/28 respectively be noted.
9. The indicative residual savings requirement of £14.453m for the two-year period 2026/27 to 2027/28 be noted.

The meeting closed at 13.30 p.m.

Approved and signed as a correct record subject to any corrections made at the meeting held on 19th March 2025.

Chair