

Pecyn Dogfennau Cyhoeddus

Cabinet

Man Cyfarfod
**Siambwr y Cyngor - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Mercher, 28 Tachwedd 2018

Amser y Cyfarfod
10.30 am

I gael rhagor o wybodaeth cysylltwch â
Stephen Boyd
01597 826374
steve.boyd@powys.gov.uk



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

23/11/2018

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

AGENDA

1.	YMDDIHEURIADAU
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Derbyn ymddiheuriadau am absenoldeb.

2.	COFNODION
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Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod diwethaf a gynhaliwyd fel cofnod cywir.

(Tudalennau 1 - 4)

3.	DATGANIADAU O DDIDDORDEB
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Derbyn unrhyw ddatganiadau o ddiddordeb gan Aelodau yn ymwneud ag eitemau i'w hystyried ar yr agenda.

4.	SYLFAEN TRETH Y CYNGOR AR GYFER 2019-2020
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Ystyried adroddiad gan y Cynghorydd Sir Aled Davies, Aelod Portffolio ar faterion Cyllid, Cefn Gwlad a Thrafndiaeth.

(Tudalennau 5 - 12)

5.	GOROLWG A RHAGOLYGON ARIANNOL AR 31 HYDREF 2018
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Ystyried adroddiad gan y Cynghorydd Sir Aled Davies, Aelod Portffolio ar faterion Cyllid, Cefn Gwlad a Thrafnidiaeth.

(Tudalennau 13 - 16)

6.	ADOLYGIAD O BOLISI FFERMYDD
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Ystyried adroddiad gan yr Arweinydd, y Cynghorydd Sir Rosemarie Harris.

(Tudalennau 17 - 48)

7.	LOTERI AWDURDOD LLEOL
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Ystyried adroddiad gan yr Arweinydd, y Cynghorydd Sir Rosemarie Harris.

(Tudalennau 49 - 58)

8.	PROSIECT DI-ARIAN MEWN YSGOLION - ADRODDIAD CLOI
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Ystyried adroddiad gan y Cynghorydd Sir Phyl Davies, Aelod Portffolio ar faterion Priffyrdd, Ailgylchu ac Asedau.

(Tudalennau 59 - 66)

9.	MATERION EIDDO YN Y GELLI GANDRYLL
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Ystyried adroddiad gan y Cynghorydd Sir Phyl Davies, Aelod Portffolio ar faterion Priffyrdd, Ailgylchu ac Asedau.

(To Follow)

10.	COFNODION BWRDD SICRHAU A GWELLA
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Derbyn cofnodion y Bwrdd Sicrhau a Gwella a gynhaliwyd ar 26 Medi 2018, er gwybodaeth.

(Tudalennau 67 - 72)

11.	COFNODION BWRDD Y CYD-BARTNERIAETH
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Derbyn cofnodion drafft Bwrdd y Cyd-Bartneriaeth a gynhaliwyd ar 8 Hydref 2018.

(Tudalennau 73 - 76)

12.	RHEOLI'R TRYSORLYS ADRODDIAD CHWARTER 2
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Ystyried adroddiad gan y Cynghorydd Sir Aled Davies, Aelod Portffolio ar faterion Cyllid, Cefn Gwlad a Thrafnidiaeth.

(Tudalennau 77 - 96)

13.	GOHEBIAETH
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Derbyn unrhyw ohebiaeth sydd ym marn yr Arweinydd yn ddigon o frys i haeddu ystyriaeth.

14.	PENDERFYNIADAU DIRPRWYEDIG A WNAED ERS Y CYFARFOD DIWETHAF
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Nodi'r penderfyniadau dirprwyedig a gymerwyd ers y cyfarfod diwethaf.
(Tudalennau 97 - 98)

15.	BLAENRAGLEN WAITH
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Ystyried blaenraglen waith y Cabinet.
(Tudalennau 99 - 102)

**Yn dilyn y cyfarfod bydd sesiwn briffio ar gyfer y cabinet ar y Ganolfan Wledig
Rhanbarthol Gogledd Powys**

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**MINUTES OF A MEETING OF THE CABINET HELD AT COUNCIL CHAMBER -
COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 6 NOVEMBER
2018**

PRESENT

County Councillor M R Harris (Chair)

County Councillors MC Alexander, A W Davies, P Davies, J Evans, S M Hayes,
R Powell and M Weale

In attendance: County Councillors DR Jones, K Laurie-Parry, J Morris, E Vaughan and
G Williams.

1.	APOLOGIES
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All members of the Cabinet were present.

2.	MINUTES
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The Leader was authorised to sign the minutes of the Cabinet meetings held on
9th and 16th October 2018 as correct records.

3.	DECLARATIONS OF INTEREST
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There were no declarations of interest reported.

4.	FINANCIAL OVERVIEW AND FORECAST AS AT 30TH SEPTEMBER 2018
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The Portfolio Holder for Finance, Countryside and Transport reported on the budget position as at 30th September 2018. On the basis of expected savings delivery and capitalisation of transformation costs, the projected position was an overspend of £3.8m against the approved budget. 42% of the total £12.296m savings required had been made, with £7.171m yet to be achieved. Responding to the report of the Joint Audit Committee/Finance Scrutiny Panel, the Portfolio Holder advised that budget process would address unachieved savings, some of which dated back to 2015/16 by removing £3.9m from the base budget although this would add to the budget gap for 2019/20. As part of the budget process a Panel comprising the Leader, Portfolio Holder for Finance, Deputy Chief Executive and Head of Financial Services would examine savings proposals to ensure that they were supported with a robust business case and delivery plan. He also advised that a policy on the use of capital receipts was being considered in the Medium Term Financial Strategy.

The Chair of the Audit Committee highlighted the areas of concern that the Joint Audit Committee / Finance Scrutiny Panel had with the budget outturn report. The Panel was concerned that there was reliance on windfalls to balance the budget at year end and wanted to see a policy on capital disposals and better

business cases for transformational projects and savings proposals. The Audit Committee and Finance Scrutiny Panel remained concerned at the overspend in Children’s Services and at the state of schools delegated budgets. Councillor Morris noted that the example of Adult Social Care gave reassurance that overspending in services could be turned around.

The Portfolio Holder for Learning and Welsh Language agreed to provide a report on the current state of schools finances. She advised that the Schools Service was looking to improve schools’ financial resilience by reviewing the schools funding formula review and evaluating the effectiveness of cluster financial managers.

RESOLVED	Reason For Decision:
<p>1. That the contents of this report are noted.</p> <p>2. That the virements proposed in sections 6.1 to 6.3 are approved.</p>	<p>To monitor the council’s financial performance and ensure that spending remains within approved limits and that the 3% minimum general fund reserve is maintained.</p>

5.	CAPITAL PROGRAMME UPDATE FOR THE PERIOD TO 30TH SEPTEMBER 2018
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Cabinet received the capital programme update. The report also contained a number of requests for virements. The Portfolio Holder for Learning and Welsh Language advised that the 21st century schools projects for Welshpool Church in Wales School, Brecon High School and Ysgol Bro Hyddgen were all proceeding on time and in budget.

RESOLVED	Reason for Decision:
<p>1. The contents of this report are noted by Cabinet.</p> <p>2. The Capital virements set out in Section 2 of the report are approved, and those over £500k be submitted to full council for approval.</p>	<p>To outline the capital budget position as at 30th September 2018.</p> <p>To ensure appropriate virements, are carried out to align budgets with spending plans.</p>

6.	HOMELESSNESS REVIEW & STRATEGY
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Cabinet considered the Homelessness Strategy. In presenting the report the Portfolio Holder for Corporate Governance, Housing and Public Protection thanked officers for their work and acknowledged the contribution of Scrutiny, in particular County Councillor Jackie Charlton. Responding to Members’ questions the Head of Housing confirmed that the service was mindful of those living in caravans and he undertook to provide members with details of the numbers of homeless ex-servicemen in the county. The Leader reported that Powys was the only county in Wales that did not benefit from having a Welsh Government

funded officer working with ex-servicemen. She was lobbying with WLGA support to address this situation.

RESOLVED	Reason for Decision
To note the Review in Appendix 1 to the report and to approve and publish the Homelessness Strategy in Appendix 2 and the Action Plan in Appendix 3	To comply with Statutory Requirement

7. PRINCIPLES OF CORPORATE LANDLORD

Cabinet considered a proposal to investigate the feasibility of the council centralising in one department the management of PCC assets and the associated budgets to ensure that the maintenance of the assets were managed in a consistent, centralised, programmed manner. The property team would explore the advantages and disadvantages of a Corporate Landlord within approximately 3 months, and report back to Cabinet with an action plan.

RESOLVED	Reason for Decision:
To gain approval to proceed with further investigation into the advantages, disadvantages and the potential implications of Corporate Landlord.	To explore the advantages, disadvantages and potential implications of Corporate Landlord further to ascertain if there are any short and long term benefits to the Council.

8. LOCAL AUTHORITY LOTTERY

This item was deferred.

9. REVIEW OF FARMS POLICY

This item was deferred.

10. COMMUNICATIONS PLAN

The Portfolio Holder for Corporate Governance, Housing and Public Protection updated Cabinet on the Communications Plan.

11. CORRESPONDENCE

There were no items of correspondence.

12. DELEGATED DECISIONS TAKEN SINCE THE LAST MEETING

Cabinet received details of delegated decisions taken since the last meeting.

13.	FORWARD WORK PROGRAMME
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Cabinet received the forward work programme.

14.	EXEMPT ITEMS
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The Leader advised that the following item had been deferred and that there was no need to pass the access to information resolution.

15.	NORTH OFFICE REVIEW
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This item was deferred.

County Councillor M R Harris (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL.**CABINET EXECUTIVE
28th November 2018**

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Council Tax Base for 2019-2020

REPORT FOR: Decision

1. INTRODUCTION

- 1.1 Section 33 of the Local Government Finance Act, 1992 requires each Billing Authority to calculate the basic amount of its Council Tax by applying a formula which includes calculating the Council's Council Tax Base.
- 1.2 This report is to formally set the Council Tax Base for the financial year 2019-20 for tax setting purposes. Setting the Council Tax base is an annual statutory requirement and is an integral part of the setting of the Council's council tax level (at band D) in accordance with specified formulae, reflecting its budget requirements for the relevant financial year.
- 1.3 The Council Tax Base is the adjusted number of chargeable dwellings in the Council's area belonging to each valuation band modified to take account of a number of assumptions and factors including the proportion applying to dwellings in each Council Tax Band together with the number of discounts, exemptions, disablement reductions and premiums. An estimate for losses on collection is also made.
- 1.4 The Council made a determination to introduce a 50% Premium from April 2017, for Tax on long term empty homes (unoccupied and unfurnished) and periodically occupied dwellings (second homes/holiday homes- that are furnished and not someone's main residence). Notwithstanding that many properties will be subject to an exception from the Premium for a further period of 12 months, the Council Tax Base now also includes a projection of those properties that may be subject to the Council Tax Premium in 2019-20.
- 1.5 This calculation is made in accordance with the "Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016.
- 1.6 The Council Tax Base calculation for 2019-20 is based on the list prepared by the Valuation Office Agency, as at 31st October for the financial year.

- 1.7 The gross Council Tax Base calculation is supplied to Welsh Government and is used as part of the distribution of Revenue Support Grant in the annual provisional and final local Government Revenue Settlement.
- 1.8 The Council is not only required to calculate the Council Tax Base for the County Council as a whole, but also make separate calculations for areas that have their own Town or Community Council.
- 1.9 The net Council Tax Base is used by the Police & Crime Commissioner and Town/Community Council's to set their Council Tax precepts for 2019-20, which will be included in the annual demands sent to every Council Tax payer in March 2019.

2. THE CALCULATION

- 2.1 Appendix A sets out, in a standard format, the calculation of the 2019-20 Council Tax Base.
- 2.2 The estimated collection rate on non-military dwellings is **98.5%**. This is the same estimated collection rate as used in 2018-19.
- 2.3 For military dwellings the Regulations require Authorities to assume a 100% collection rate on dwellings.
- 2.4 The breakdown of the Council Tax Base for each Community is set out in paragraph 3.2 below.

3. RECOMMENDATION

It is recommended:

- 3.1 That the report on the calculation of the Council Tax Base for the whole and parts of its area for the year 2019-20 be approved.
- 3.2 That, pursuant to the report and in accordance with the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016, the amount calculated by Powys County Council as its Council Tax Base for the whole of its area for the year 2019-20 shall be **62,123:50** and for the parts of the area listed below for the year 2019-20 shall be for the:

Community of:

Community	Tax Base 2019-20
Abbeycwmhir	126.79
Aberedw	139.34
Aberhafesp	218.30
Abermule with Llandyssil	737.34
Banwy	320.87
Bausley with Criggion	364.73
Beguildy	377.70
Berriew	758.87
Betws Cedewain	225.48
Brecon	3454.84
Bronllys	438.10
Builth Wells	1072.08
Cadfarch	450.76
Caersws	710.33
Carno	354.87
Carreghofa	318.08
Castle Caereinion	304.23
Churchstoke	848.49
Cilmery	236.05
Clyro	421.45
Cray	137.17
Crickhowell	1116.33
Cwmdu and District	563.11
Disserth & Trecoed	549.15
Duhonw	153.90
Dwyrhiw	278.81
Erwood	252.79
Felinfach	384.37
Forden	797.35
Gladestry	225.77
Glantwymyn	650.32
Glasbury	563.71
Glascwm	262.85
Glyn Tarrell	302.44
Guilsfield	867.62
Gwernyfed	485.94
Hay-on-Wye	881.98
Honddu Isaf	226.68
Kerry	952.26
Knighton	1322.87
Llanafanfawr	239.63
Llanbadarn Fawr	339.82
Llanbadarn Fynydd	143.64
Llanbister	192.39

Llanbrynmair	498.80
Llanddew	121.81
Llanddewi Ystradenny	144.13
Llandinam	440.49
Llandrindod Wells	2381.29
Llandrinio & Arddleen	720.29
Llandysilio	546.64
Llanelwedd	191.39
Llanerfyl	217.21
LLanfair Caereinion	786.19
Llanfechain	270.74
Llanfihangel	277.81
Llanfihangel Rhydithon	121.31
Llanfrynach	329.15
Llanfyllin	710.43
Llangammarch	261.26
Llangattock	558.61
Llangedwyn	199.46
Llangorse	565.10
Llangunllo	206.43
Llangurig	381.68
Llangynidr	595.29
Llangyniew	310.61
Llangynog	196.47
Llanidloes	1186.01
Llanidloes Without	314.50
Llanigon	283.20
Llanrhaeadr Ym Mochnant	592.90
Llansantffraid	719.11
Llansilin	363.93
Llanwddyn	122.21
Llanwrthwl	105.86
Llanwrtyd Wells	402.02
Llanyre	587.21
Llywel	254.68
Machynlleth	877.20
Maescar	474.64
Manafon	178.73
Meifod	708.33
Merthyr Cynog	141.84
Mochdre with Penstrowed	249.70
Montgomery	724.49
Nantmel	350.38
New Radnor	233.85
Newtown & Llanllwchaiarn	4333.35
Old Radnor	404.21
Painscastle	289.88

Pen Y Bont Fawr	252.89
Penybont & Llandegley	204.54
Presteigne & Norton	1286.19
Rhayader	915.38
St Harmon	314.00
Talgarth	741.43
Talybont-on-Usk	398.73
Tawe Uchaf	570.28
Trallong	204.95
Trefeglwys	463.32
Treflys	227.87
Tregynon	394.74
Trewern	652.92
Vale of Grwyney	492.75
Welshpool	2660.89
Whitton	210.52
Yscir	261.16
Ystradfelte	257.77
Ystradgynlais	2912.75

62,123:50

4. SUPPORT SERVICES (Legal, Finance, HR, ICT, BPU)

- 4.1 The Capital and Financial Planning Accountant confirmed that the increase in the council tax base will allow additional income to be collected in 19/20. If the current council tax rate for a Band D property is used the additional income is £443k. This will be considered as part of the budget planning process.
- 4.2 Legal: The recommendations can be supported from a legal point of view.

5. STATUTORY OFFICERS

- 5.1 The Head of Financial Services (Deputy S151 Officer) confirms that the setting of the Council tax base is a significant part of the overall budget setting process and is a statutory requirement. Setting the Band D Council Tax level takes account of the requirement of specified formulae, reflecting its budget requirements for the relevant financial year. The collection rate of 98.5% is reasonable and prudent, being based on current and historic collection rates.
- 5.2 The Solicitor to the Council (Monitoring Officer) comments: "I note the legal comments and have nothing to add to the report."

6. MEMBERS' INTERESTS

6.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:		Reason for Recommendation:	
<p>1. That the calculation of the Council Tax Base for the whole of its area for the year 2019-20 of 62,123:50 be approved,</p> <p>2. That the calculation of the Tax Base for each Town & Community Council contained within section 3.2 above, be approved.</p>		To meet the legal requirement of the Council to set a Council Tax Base for 2019-20	
Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y
Relevant Local Member(s):		All Members	
Person(s) To Implement Decision:		Strategic Director - Resources	
Date By When Decision To Be Implemented:		Immediately	
Contact Officer Name:	Tel:	Fax:	Email:
A Griffiths	01874 623309		andrewg@powys.gov.uk

APPENDIX A

COUNCIL TAX BASE 2019-20

	@	A	B	C	D	E	F	G	H	I	TOTAL
Banding:											
Chargeable Dwellings.		5462	8783	12444	9983	11864	9201	4005	576	199	62,517
Disabled Band Reduction		11	46	85	78	143	101	63	7	28	562
Adjusted Chargeable Dwellings	11	5497	8822	12437	10048	11822	9163	3949	597	171	62,517
Adjustments:											
No Discount	5	2274	4508	7619	6722	8527	7245	3275	472	140	40,787
One Discount	6	3217	4306	4808	3314	3277	1888	665	97	29	21,607
Two Discounts	0	6	8	10	12	18	30	9	28	2	123
Total											62,517
Discount Calculations:											
Total Discounts	6	3229	4322	4828	3338	3313	1948	683	153	33	21,853
Reduction for Discounts	1.5	807.25	1080.50	1207.00	834.50	828.25	487.00	170.75	38.25	8.25	5,463.25
Premiums (50%)	0	191	206	257	259	264	162	77	20	4	1,440
Increase for Premiums	0	95.50	103	128.50	129.50	132	81	38.5	10	2	720
Net Chargeable Dwellings.	9.50	4785.25	7844.50	11358.50	9343.00	11125.75	87757	3816.75	568.75	164.75	
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
Band D Equivalent	5.28	3190.17	6101.28	10096.44	9343.00	13598.14	12649.00	6361.25	1137.50	384.42	62,866.48

Military Properties:											
Number of Properties	0	1	47	37	67	22	15	1	4	2	196
Band D Equivalent	0	0.67	36.56	32.89	67.00	26.89	21.67	1.67	8.00	4.67	200.02

Collection Rate 98:5%	61,923.48
Military Band D Equivalent	200.02
COUNCIL TAX BASE:	62,123.50

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

5

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

28th November 2018

REPORT AUTHOR: County Councillor Aled Davies

Portfolio Holder for Finance

SUBJECT: Financial Overview and Forecast as at 31st October 2018

REPORT FOR: Decision / Discussion / Information

1. Summary

- 1.1 This briefing paper provides an update on the projected revenue spend against budget for the 2018/19 financial year and reflects the position as at 31st October 2018, it provides an updated estimate of the 2018/19 full year financial forecast.
- 1.2 The revenue expenditure outturn against budget is now projected to be £3.7m (September £3.8m) over budget, this is based on savings achieved to date but also reflects assurance that further savings will be achieved in year.
- 1.3 All mitigating actions previously identified and reported are now reflected in the revised position. These include £3.2m of costs relating to transformation which have been capitalised under the Welsh Government capitalisation direction.

2 Revenue Position

- 2.1 The revenue forecast is summarised in the table below, underlying expenditure is projected to exceed the budget by £5.217m (September £8.676m), excluding Housing Revenue Account (HRA) and Delegated Schools. It is important to note that this position is reported based on the current delivery of efficiency savings and does not reflect those that remain to be achieved, we maintain this approach to ensure a prudent position.
- 2.2 To counter the prudent approach to reporting savings and better predict the year-end position, a second forecast is provided which includes the savings projected to be achieved following assurance from Directors.
- 2.3 The flexibility offered by the Welsh Government capitalisation directive has been utilised, with £3.2m of costs relating to transformation being funded from Capital receipts, this will release the revenue budget originally set aside to fund these costs to reduce the projected deficit.
- 2.4 On the basis of expected savings delivery and capitalisation of transformation costs the projected position will be an overspend of £3.7m (September £3.8m) against the approved budget
- 2.5 Both projections are included in the table below.

Summary Forecast by Directorate	Total Working Budget	Forecast Spend	Variance (Over) / Under Spend		Variance including expected savings delivery	
	£'000	£'000	£'000	%	£'000	%
Social Services	84,347	90,036	(5,689)	(7)	(5,388)	(6)
Environment	30,809	32,221	(1,412)	(5)	(70)	(0)
Schools	36,014	35,407	607	2	607	2
Resources	18,091	18,015	76	0	76	0
Central Activities	2,405	1,204	1,201	50	1,101	46
Total	171,666	176,883	(5,217)	(3)	(3,674)	(2)
Housing Revenue Account (HRA)	0	(18)	18		18	
Schools Delegated	75,337	75,822	(485)	(1)	(485)	(0)
Total including HRA and Delegated Schools	247,003	252,687	(5,684)	(2)	(4,141)	(2)

2 Reserves

- 2.1 Based on the projections included in this report the overspend position would be financed from the General Fund Reserve. With the assurance around the delivery of savings and the capitalisation of transformation costs the impact on the General fund would be £3.7m, reducing the balance to £6m, this would then represent 3.5% of the total net revenue budget (excluding Schools and HRA) or 5.6% when including the budget management reserve. This revised position would be in line with the policy set.
- 2.2 Specific reserves will also be reviewed to identify alternative reserve funding to limit the impact on the General Fund Reserve.

3 Revenue forecast

- 3.1 The forecast at the end of October remains in line with that reported for September. Further capitalisation of redundancy costs borne by the Schools Service has improved the forecast for this area. Expenditure in Childrens Services has again increased due to additional placements and changes in provision, mitigated by a reduction in agency costs as a result of the recruitment of permanent staff. Expenditure is now projected to exceed the budget by £6.23m.
- 3.2 The projected outturn against budget plans submitted by the Schools has increased by £217k to a forecast deficit position of £485k. This will be scrutinised and challenged by the Schools finance support team to ensure the figures are robust and accurate.

4 Options Considered/Available

No alternative options are considered appropriate as a result of this report.

5 Preferred Choice and Reasons

None to consider.

6 Impact Assessment

Is an impact assessment required? Yes/No

7 Corporate Improvement Plan

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. These capital and revenue monitoring reports are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

8 Local Member(s)

This report relates to all service areas across the whole County.

9 Other Front Line Services

This report relates to all service areas across the whole County.

10 Communications

Budget information is of interest to internal and external audiences and regular updates are provided by the Portfolio Holder for Finance. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

11 Support Services (Legal, Finance, HR, ICT, BPU)

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

12 Scrutiny

Has this report been scrutinised? Yes / No

13 Data Protection

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

14 Statutory Officers

The Head of Financial Services (Deputy Section 151 Officer) has provided the following comment:

The projected position continues to report a deficit outturn. The option to capitalise transformation costs provides an opportunity to improve the revenue position and this together with assurance that savings for some Directorates will be delivered significantly reduces the overall deficit projected.

The Council has made a significant level of investment into social care services in Powys. The additional funding provided budget to support the increased level of demand experienced in both service areas and also funded the detailed plans for improvement. Demand within Children's services continues and placement costs are already exceeding the increased level of budget. This continues to be an area of financial risk for the Council.

Assurance received that further savings will be delivered is reassuring, however the outstanding savings removed from the base budget within children’s services remain an issue, further consideration of these will to be taken through the budget process, any change in this requirement will add to the savings gap for 2019/20. A further report will be submitted on a quarterly basis detailing the position on the delivery of savings. This report will assist Cabinet in tracking and challenging savings delivery.

The council needs to further address the projected deficit and deliver an outturn more in line with the approved budget. The actions taken to date have improved the projected forecast, but further action to limit or delay spend will improve the position further and limit the impact on the general fund reserve.

School budgets particularly those within the secondary sector, remain a risk that needs to be addressed, compliance work and action is crucial to ensure that this is managed effectively.

The Monitoring Officer has no specific concerns with this report.

15 Members’ Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:		Reason for Recommendation:	
<p>a. That the contents of this report are noted.</p> <p>b. That a further specific report on savings is submitted to Cabinet on a quarterly basis.</p>		<p>To monitor the council’s financial performance and ensure that spending remains within approved limits and that the 3% minimum general fund reserve is maintained.</p>	
Relevant Policy (ies):		Financial Regulations	
Within policy:	Yes	Within Budget:	n/a
Relevant Local Member(s):			
Person(s) To Implement Decision:		Jane Thomas	
Date By When Decision To Be Implemented:		Ongoing	
Contact Officer	Tel	E mail	
Jane Thomas	01597 827789	jane.thomas@powys.gov.uk	

CYNGOR SIR POWYS COUNTY COUNCIL.**CABINET EXECUTIVE
28th November 2018**

REPORT AUTHOR: County Councillor Rosemarie Harris
Leader of Council

SUBJECT: Review of Farms Policy

REPORT FOR: Decision

1. Summary

- 1.1 For the last 18 years the Farms Estate management strategy has focussed on continued restructuring to create an estate of fewer but larger holdings whilst delivering capital receipts for the Council.
- 1.2 In that time the face of the Estate has changed significantly. The number of Holdings has fallen by some 35% and capital receipts of approximately £16m have been generated through disposals. See Appendix 1 for more detail on the financial aspects of the estate.
- 1.3 As with any such management approach it is important that this management strategy is reviewed regularly; in particular it must be recognised that a policy of reorganising and restructuring cannot be sustained indefinitely.
- 1.4 It is considered appropriate that progressive rationalisation is maintained as the overarching management strategy but with a renewed focus on the interests and aspirations of service users and an explicit intention to maintain the number and quality of opportunities available to new entrants to farming.
- 1.5 Whilst it is appropriate that the Estate disposes of certain surplus assets, it should be remembered that a disposal may reduce the opportunities offered by the Estate to new entrants to agriculture and furthermore, limit opportunities to grow revenue in future. It is important that the critical physical mass of the Estate is maintained if it is to continue to fulfil its prime objective as an operational asset and not simply to deliver capital receipts.
- 1.6 The long term interests of the Estate and its current and future tenants are at the heart of this revision of the FEDP.
- 1.7 The following key amendments have been made:

- A more succinct Vision has been included: *“To provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy.”*
- We have moderated rationalisation so that it is “appropriate and considered” and have included a matrix of considerations to determine whether assets are core
- We have included a commitment to “Work with tenants to explore diversification opportunities which complement the primary agricultural purpose of the letting.”

2. Proposal

- 2.1 It is proposed that County Farms Estate Delivery Plan 2018 (see Appendix 3 attached) is adopted as the estate management plan to provide structure and promote good practice for continued management of the Estate.

3. Options Considered / Available

- 3.1 Option 1- adopt the new plan
- 3.2 Option 2- do nothing and retain the previous FEDP

4. Preferred Choice and Reasons

- 4.1 The preferred choice is Option 1 to adopt the FEDP as revised for the reasons set out above.

5. Impact Assessment

- 5.1 Is an impact assessment required? Yes

6. Corporate Improvement Plan

- 6.1 Retention of the Estate and introducing refreshed focus on maximising the opportunities it offers is consistent with the aims of the Corporate Improvement Plan and Vision 2025.
- 6.2 The Estate contributes (by both revenue and capital) to all the objectives of the Council.

7. Local Member(s)

Not applicable.

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? ~~Yes~~/No

If so please provide their comments: N/a

9. **Communications**

Have Communications seen a copy of this report? Yes/No

Have they made a comment? If Yes insert here.

The Communications Manager comments: "The report is of public interest and requires use of news release and appropriate social media to publicise the recommendation."

10. **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal : The recommendations can be supported from a legal point of view.

10.2 Finance - The Farm Estate is due for full valuation in this financial year, 2018/19. As the strategy seeks to reconfigure some of the existing farms in terms of size and scope, the revaluation exercise which is required by statute may have to be delayed to avoid a second revaluation after the reconfiguration.

The revenue impact of the loss of rental income as a result of the rationalisation of the farm estate needs to be considered and managed throughout the process. There will be accounting implications as a result of the reconfiguration of the lands.

10.3 Corporate Property- The Professional Lead for Strategic Property supports this proposal. The strategy to reconfigure will be a very gradual process as opportunities arise (when tenancies expire) and so there is no need to delay the revaluation exercise. To date, our rationalisation (c. £16m) has not diminished our income –in fact we have now started to see a slight increase (see Appendix).

11. **Scrutiny**

Has this report been scrutinised? Yes / No?

If Yes what version or date of report has been scrutinised? V7 of this report has been Scrutinised by the Learning Skills and Economy Scrutiny Committee.

What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

The following amendments have been made to this report to address the observations of the LSE Scrutiny Committee:

- 1) Expanded the SWOT analysis in the FEDP to reference Brexit, the outstanding Condition Survey liability and highlight the revenue surplus produced by the Estate.

- 2) Added text to s.2 of the FEDP to reference tenancy renewals.
- 3) Added trading figures provided by Finance to the Appendix 1 of this report to show the revenue profit made by the Estate.
- 4) Included the number of farms let, and tenancy renewals completed, over the past 4 yrs to Appendix 1.
- 5) Added point 1.6 above confirming that giving consideration to sale of the Farms Estate is beyond the scope of the FEDP review.

The observations of LSE Scrutiny Committee are included at Appendix 2 together with detailed responses.

12. Statutory Officers

12.1 The Solicitor to the Council (Monitoring Officer) commented as follows :
“ I note the legal comments and have nothing to add to the report.”

12.2 The Head of Financial Services (Deputy Section 151 Officer) notes the comments of both Finance and Property. Appropriate and considered rationalisation and use of the Estate will ensure that revenue can be maximised or a capital receipt can be generated. Both are key elements in the Councils Medium Term Financial Strategy.

13. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
The Farms Estate Development Plan 2018 in Appendix 3 to the report is adopted as the estate management plan for the County Farms Estate.	To maintain the Estate as a viable operational asset.

Relevant Policy (ies):	Farms Estate Development Plan		
Within Policy:	Y	Within Budget:	Y / N

Relevant Local Member(s):	Not applicable
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Person(s) To Implement Decision:	Natasha Morgan
Date By When Decision To Be Implemented:	28th November 2018

Contact Officer:	Hugo Van Rees
Tel:	(01686) 611 812
Email:	hugo.van-rees@powys.gov.uk

Background Papers used to prepare Report:

APPENDIX 1

- The County Farm Estate is held under the provisions of Part 3 of the Agriculture Act 1970 which states that the Authority should make it its general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them.
- The Estate is presently made up of about 140 farms, smallholdings and cottages spanning some 11,250 acres.
- Of the holdings, there are now 26 'lifetime' tenancies and 16 'retirement' tenancies let under the Agricultural Holdings Act, the remainder being fixed-term or periodic tenancies under the Agricultural Tenancies Act 1995. There are a further 30 bare land/secondary lettings and 1 cottage, the latter let under a secure 'Rent Act' tenancy.
- From 2014 to-date the Estate has offered and let 31 starter farms to new entrants. A further 27 tenancies have been renewed in the same period.
- The County Farms trading account for the period 2012/13 to 2017/18 is summarised in the table below provided by the Finance team:

	2012	2013	2014	2015	2016	2017
Rental Income	£935,038	£972,434	£997,142	£1,047,375	£1,055,679	£1,075,692
Other income	£31,706	£24,350	£9,809	£38,242	£33,158	£25,948
Total Income	£966,744	£996,784	£1,006,951	£1,085,617	£1,088,837	£1,101,640

Management costs	£104,100	£130,614	£131,462	£111,235	£104,384	£106,855
Premises costs	£430,039	£436,202	£531,065	£451,474	£398,896	£273,807
Total costs	£534,139	£566,816	£662,527	£562,709	£503,280	£380,662

Surplus of income over expenditure	£432,605	£429,968	£344,424	£522,908	£585,557	£720,978
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- Budget rental income for 18/19 has been increased to £1,060,000 from £1,000,050 in 17/18; we hope to increase rental income by a further £50,000 in 19/20.

- Capital receipts for the financial year 2016/17 were £1,774,861 whilst in 2017/18 capital receipts of £554,000 were achieved (with sales agreed in respect to a further £463,000 of receipts). For 2018/19 capital receipts of c.£1.6m are anticipated (to include the agreed sales of £463k carried forward).
- The total of all market values reported by DVS in November 2014, and based on a valuation date of 1 April 2013, and on certain provisos*, was £98,573,675. Please note that this value is based on the sum of individual valuations and is not necessarily indicative of the value of the estate as a complete portfolio.
- The “existing use” value of the estate for accounting purposes, was given as £41,757,375 in 2013. The estate is due to be valued again in 2018/19.

* DVS provided separate market valuations for each element of the County Farm Estate on an indicative basis only. In providing these Market Value figures, DVS stated their figures did not take into account of issues such as reducing the service potential, or disruption, or any costs incurred in achieving alternative use (which is a key consideration when providing market values). The figures reported as Market Value were based upon individual local DVS valuers’ knowledge of prevailing values in each area, with no formal planning enquiries made or investigations made in respect of market demand, development costs or conversion costs.

APPENDIX 2

Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: Review of County Farms Policy

Response to Scrutiny Observations

1. The proportion of holdings subject to lifetime tenancies will naturally decrease over time, providing the County Council with an opportunity to re-let more holdings on improved terms. Lifetime tenancies are a product of the statutory tenancy framework pre-1995 and neither the Council nor any other Landlord is in a position to unilaterally bring them to an end.
2. The 2012 Re-letting and Tenancy Renewal policy offers new tenants the prospect of tenure of a Farms Estate Holding for up to 36 years providing they move to a progression farm in that time. The terms offered are designed to encourage progression whilst providing tenants with the necessary security to underpin what may be long-term investment decisions. The appeal of a County Council tenancy to new entrants will be greatly diminished if it is of insufficient duration to permit sustainable business growth and there are no progression opportunities within the Estate- it would be questionable to suggest that a reduction in the length of tenancies offered by the Estate would genuinely support the interests of new entrants.
3. Linked to the above, tenants are required to invest in the property to make it suitable for their occupation (for example it is unusual for an Estate farmhouse to be let with carpets or a fitted kitchen- tenants are generally expected to fund such items). Longer periods of tenancy give the tenant the necessary assurance to invest in necessary infrastructure and equipment.
4. Whilst it is acknowledged that Brexit has introduced significant uncertainty to the farming industry, the implications for the County Farms Estate cannot be accurately evaluated as there remain too many 'unknowns'. In the meantime competition for lettings remains intense, with tenders showing continued increases in rental values for farm units; there is no evidence to suggest new entrants are being deterred from seeking a Council holding on account of Brexit uncertainty.
5. The figures set out in the 2015 Condition Survey were estimates. Furthermore the liabilities identified by the Condition Survey excluded project management fees (typically 14.5%) and ancillary costs such as ecology surveys.
6. Tender prices have in many cases exceeded the estimated cost of work set out in the Condition Survey. For example the replacement of

12 foul drainage systems has cost £125,829 against a liability identified by the surveys of £63,050.

7. Immediate liabilities are now estimated to be in the region of £4.55m to include provision for fees at 14.5% (£3.8m being the value of outstanding work as per the 2015 Survey figures accounting for building maintenance cost inflation at 1.6%). However, the longer it takes to address these immediate issues, the worse the situation gets, and therefore the higher the cost.
8. The rationalisation programme will continue to yield up surplus property for sale over a period of years. There remain on the Estate a number of properties identified as 'non-core' which may be offered for sale at the appropriate time to optimise value (i.e. at the end of a tenancy when vacant possession can be offered); it is estimated that such sales will, over time, generate capital of £6m, in addition to the value of any 'opportunity sales' that may come forward.
9. Vacant possession of non-core properties may be obtained by offering inducements to sitting tenants to surrender tenancies, thereby allowing sale with vacant possession, but the funding of such inducements is unlikely to be favoured in the present financial climate. The value of the inducement would be subject to negotiation with the tenant.
10. If a target of £1m capital receipts per annum is maintained, non-core property will of necessity have to be sold subject to tenancy which will significantly suppress the value of capital receipts, with the additional sale of core assets likely to make up any shortfall.
11. Disposal of assets from the estate will impact on rental income and reduce the contribution made by the Farms Estate to the County Council's wider revenue position. The general application of accounting rules on Capital Receipts is that their use can only be applied to capital expenditure to procure, construct or enhance an asset. There is a current exception to this under a Welsh Government Directive which allows a more flexible use of capital receipts to fund revenue transformational costs. Transformational costs are defined as those that generate ongoing savings for the authority

The flexibility of using capital receipts in this way supports the Councils Medium Term Financial Strategy and disposals from the Farm Estate will contribute to this.
12. The Farms Estate has been allocated £500k from the Corporate budget to address Condition Survey liabilities in 2019/20, in addition to previous allocations. Whilst this will allow the known liability to be reduced it will leave some £4m of outstanding work to be addressed.
13. The options for addressing the balance of liabilities will include:

- the continuing allocation of Corporate funds of £500k per annum (or such enhanced amount to reduce the timeframe for bringing down the liability)
- the retention of a greater proportion of the revenue surplus generated by the Estate for reinvestment in it
- the accelerated sale of non-core assets to realise additional capital which is not favoured for the reasons set out above.

As to the specific recommendations:

Recommendations:

- 1. That Cabinet be given the opportunity to consider alternative proposals to the status quo.**

The Policy being proposed allows flexibility for an appropriate and considered rationalisation of the estate.

The disposal of any part of the estate has a consequential loss of rental income and this is a key consideration against the benefit of the capital receipts raised.

Marketing the estate in its entirety would distort the market for farmland locally and potentially undermine the prospect of achieving best value.

A further issue that would arise from the wholesale or substantial disposal of the Estate is the extent to which such a proposal would align with the Authority's obligations under the Wellbeing of Future Generations Act. The proposals set out in the FEDP, being retention and improvement of the asset, would appear a better fit with the requirements of that legislation whilst allowing the Authority to be benefit from the revenue surplus generated by the Estate.

- 2. That Cabinet make clear the contribution that County Farms are expected to make to the central capital receipts in the immediate and medium term.**

A Policy is currently being drafted that sets out the strategy for the generation and use of Capital receipts funding to support the Council's Medium Term Financial Strategy. County Farm disposals will form part of this strategy.

- 3. That Cabinet make clear how the landlord liabilities will be dealt with in a timely manner.**

Response: The Cabinet has so far allocated £2m over 4 years towards addressing liabilities. We intend to submit a business case to justify the allocation of further budget resource to this programme.

- 4. That given the issues raised during pre-cabinet scrutiny the Finance Scrutiny Panel be tasked with undertaking the report agreed at Cabinet on 1st November 2016 (That a further report be drafted for Cabinet in January on the long term financing of the County Farms Estate).**

Response: Cabinet do not consider that this work is necessary.

- 5. That the Policy is revised to ensure that the objectives of supporting new entrants is achieved.**

Response: We feel that this is achieved within an agricultural context and where the constraint of statutory lifetime tenure is recognised. See paragraphs 1-3 above.



County Farm Estate Delivery Plan 2018

Powys County Council

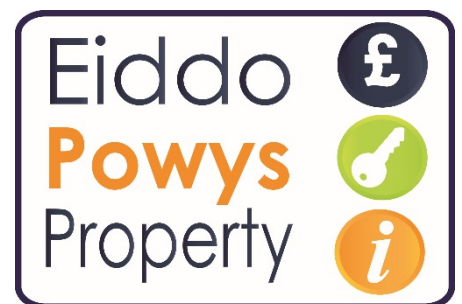


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APPENDICES	
1	Action Plan
2	Tracker
3	Disposal List

Final Draft	5 th December 2014	Environment Infrastructure and Crime and Disorder Committee
Version 1	10 th June 2015	County Farm Project Board
Version 2	23 February 2016	Cabinet
Version 3	10 July 2018	<i>Awaiting Cabinet Approval</i>

Foreword by Cllr Rosemarie Harris, Leader of the Council

In a time of continued economic uncertainty, the role and purpose of the County Farm Estate remains important: land and farm prices continue to remain beyond the reach of most new entrants to the industry, and unless portfolios such as the Council's estate are retained and improved, the ability of younger generations to enter the agricultural industry will be limited and in most cases (unless the entrant is a natural successor to a family farm) probably impossible. Retention and investing in the County Farm Estate therefore offers support to one of the largest industries in Wales – agriculture - and provides the opportunities that many of our future farmers and food producers need to get on the ladder of establishing their own farm businesses, with further opportunities to progress to larger farms either within the portfolio or in the private sector. It is essential for the success of our rural communities that these links are maintained and that this important function is preserved into the future.

The Council continues to face year on year real-term funding cuts in its Welsh Government budgetary settlements. It therefore remains essential that the Council manages its agricultural estate prudently, efficiently, and professionally. As with any property asset, judicious investment will be required to ensure the portfolio continues to both meet the requirements of Service users and generate a financial return to the Council.

One of the key issues considered as part of this review of the Plan is whether the previous strategy of 'progressive rationalisation' remains appropriate and in the interests of both the Estate and the wider County Council. That strategy has significantly changed the structure of the Estate but it must be recognised that rationalisation cannot continue indefinitely- the long term sustainability of the Estate relies on its physical integrity being maintained.

I therefore welcome this revision of the "Farm Estate Delivery Plan", which continues to provide structure and promotes good practice for the future management of the County Farm Estate. It replaces the previous Farm Estate Delivery Plan of 2015.

Whilst the County Farm Estate is seen by many as non-core Council business, I would remind everyone this is an area guided by legislation and is a Service which I strongly believe to be important in such a rural area as Powys. It will offer opportunities for many people who wish to enter, and progress in, the farming industry but who would otherwise be unable to do so in their own right.

The Farms Estate Estate Delivery Plan is part of a suite of documents and should be read in conjunction with these:

Vision 2025	Is our key corporate strategy document. It sets out our vision and what we should all be aiming to achieve.
Strategic Asset Management Plan (StAMP)	Overarching policy for dealing with our assets. It reduces risk and liability and supports Vision 2025. This contains the: <ul style="list-style-type: none"> • Farms Estate Delivery Plan (FEDP) • Commercial Estate Delivery Plan (CEDP) • Service Asset Management Plans (SAMP) which detail the services view of its property and land holdings.
Corporate Asset Policy (CAP)	The framework within which the Council operates its property on a day-to day basis.
Management Systems	Compliance Management System Asbestos Management System Farm Business Tenancy - County Farms re-letting strategy covering tenancy term and renewals (Cabinet Paper 2011)

1. Introduction

The FEDP 2015 focussed on the continued delivery of Estate rationalisation which has remained the overarching management strategy since the first comprehensive review of the Estate in 1999/2000. In that time the rationalisation process has generated £16m in capital receipts.

Whilst sales have obviously reduced the number of farms in the portfolio, to-date this has not been at the cost of reduced revenue income: through the retention of most of the original acreage of the sold properties, and adding that to existing holdings the Portfolio has generally sustained its revenue income, whilst at the same time helping to make those retained holdings more commercially and operationally viable in the prevailing farming climate.

Estate rationalisation has been driven by a desire to create larger farm units and a requirement to generate capital, with target receipts of £1m per annum, to fund Corporate priorities, in particular the 21st Century Schools programme. The Estate cannot generate capital receipts indefinitely with compromising its future sustainability and ability to generate revenue which must underpin its long term viability.

In overall terms, the Estate currently now extends to around 11,250 acres, but whereas in 2005 it comprised 188 tenancies, there are now 140 let equipped farms with 30 secondary lettings. Of the equipped farms, 97 (69%) are now let under fixed term Farm Business Tenancies with terms of either 8 years (Starter farms), or 12 years (Progression farms). The remaining farms are let under older Agricultural Holding Acts legislation which generally offers the tenant lifetime security of tenure.

A comprehensive condition assessment of buildings and infrastructure on the Estate, completed in 2015, identified urgent liabilities of £4.5m. A comprehensive programme has been underway since 2016 to address these issues within the budget that has been allocated for this work (£500k per year). It is critical that these liabilities are addressed in a sustainable fashion so that the Estate may continue to fulfil its operational function whilst maintaining and enhancing its financial performance and ensuring that risk to the Authority is minimised.

In our last policy we had a target for income generation of 1.3% of the existing use value of the estate (this figure from industry analysis undertaken by Strutt & Parker and Savills). We are now achieving 1.7%. As stated in our last policy, it is anticipated that when other income streams are taken into consideration such as diversification activity and targeted sales of specific sites, income generation could exceed 2% of existing use value and we will continue to work towards this

2. The Purpose of the Farm Estate Delivery Plan

The County Farm Estate is held under the provisions of Part 3 of the Agriculture Act 1970 which states that the Authority should make it its general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them. The Estate is therefore held as an operational asset rather than an investment vehicle, where properties are held solely for capital or revenue gain. Consequently, whilst these types of gain are important, they should not be seen as the main driver behind the retention of the Estate.

The letting of County Council starter farms is largely unique in offering a route into farming for those unable to inherit a family farm or without the necessary capital to acquire one. The high capital cost of establishment, the scarcity of equipped farms to rent in the private sector and the low returns generated by conventional farming form a matrix of obstacles facing new entrants to farming that is rarely encountered in other industries.

The Estate gives the Authority a direct link to one of the largest industrial sectors in Powys and an opportunity to introduce new vitality to it.

Whilst the impact from the Estate in the overall context of service delivery in Powys may be seen as modest, as the service only provides active employment (and homes) for around 140 families of Powys, it plays an important role in community cohesion, skill development and the retention of young people who might otherwise leave the area. Indeed the Estate retains the ability to attract economically active young people to Powys which is of course an increasingly rare attribute.

As with all its assets the Council must ensure that the Farm Estate is used as effectively as possible, and also that it continues to offer young entrants an opportunity to enter the agricultural industry and develop their businesses.

Whilst the County Farm Estate provides an opportunity for new entrants, the use of modern Farm Business Tenancies helps to ensure that these opportunities are available to as large a group as possible, and the Tenancy process is managed to ensure that upward mobility of tenants is encouraged as much as is possible, with options for lease renewal and progression allowing a new FBT tenant to remain on the Council Estate for up to 36 years. This process (which recognises that returns from farming investments can often only be maximised over a relatively long-term) sets down clearly the length of tenancy available to each new entrant, with the ultimate outcome being reached when the most successful tenants move into the private sector, either as tenants or in some cases farm owners. The availability of larger farms on the Estate is crucial in allowing progressive tenants to genuinely compete for the commercial farm units that are generally offered to let by private landowners.

The length of tenure offered by the Estate may be perceived to limit the number of 'starter farm' opportunities available to new entrants. However, there is a balance to be struck between maximising the number of starter farm lettings offered by the Estate, and providing opportunities for tenants to grow their business to the extent such that they are able make genuinely competitive applications for the very limited number of opportunities that are currently becoming available in the private-rented sector.

The Farm Estate Delivery Plan (FEDP) will provide a further tool to the Council to review, challenge and change its behaviours and the management of its agricultural estate.

The FEDP will seek to support and lay out how we will meet our vision for the County Farm Estate as set out below: -

FARMS VISION

“To provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy.”

3. Mechanisms of the Farm Estate Delivery Plan (FEDP)

The FEDP will seek to use a range of tools to identify a clear focus and a framework within which Powys will operate its Estate safely and efficiently. The Corporate Property team will be responsible for setting targets via their Rationalisation Strategy and for meeting those targets.

A - Financial Management

Capital Bids – The Farm Estate is currently able to submit bids for corporate capital funding, along with all other service areas of the County Council as part of the Financial Resource Model process.

Capital spend is supported by revenue and with decreasing levels of funding now available to the Council, it has become increasingly difficult to identify monies. This poses a risk to the Council.

Remedial funds – The Authority holds two types of Remedial funds, each having clear application criteria. These funds support services where Compliance Management (servicing, testing and inspection) works have identified significant failure and urgent repairs or upgrading works have to be undertaken.

Receipts – In the case of the County Farm Estate, 90% of all capital receipts are currently treated as corporate resources and allocated to central reserves, with the remaining 10% ring-fenced to the Service for reinvestment.

B – Other Initiatives

The Council will also employ other approaches to help it maximise the efficient and effective operation of its Estate. Where appropriate we will work in partnership with tenants to maximise potential benefits from Government industry support and funding programmes.

4. Application Dependencies

4.1 Application

The Farm Estate Delivery Plan principally applies to the Place Directorate, being the Directorate in which the Service sits. It is considered it will have only limited impact on each of the other Directorates – People and Finance. However, the capital receipts and revenue income generated from the Estate contributes to the entire Council.

Strategy	Outcomes or dependencies
<p>1. The County Farm Estate will continue to provide opportunities to new entrants into the agricultural industry and support them in their progression to larger holdings.</p>	<ul style="list-style-type: none"> • Appropriate movement of tenants in all sectors – both Council and Private
<p>2. The Estate will provide efficient, good quality farms that serve the needs of both new entrants and progression tenants.</p>	<ul style="list-style-type: none"> • Appropriate levels of financial support being provided by Cabinet • Good basic range of farm buildings to enable a business to establish and grow, without additional heavy investment , thereby curtailing end of tenancy compensation claims and securing enhanced rental income.
<p>3. We will identify and provide rationalisation opportunities through appropriate and considered Estate amalgamation to provide more viable farms and provide capital receipts/ service benefits through a strategic disposals programme and a continued income stream for the Medium Term Financial Plan.</p>	<ul style="list-style-type: none"> • Member support for sale of identified rationalisation opportunities • Movement of tenants across the portfolio • “Live” disposals programme • Improved Estate Holding • Identification of Programme of works
<p>4. The 10% funding from capital receipts which the Estate can retain and revenue income will be used to upgrade and improve the quality of retained holdings.</p>	<ul style="list-style-type: none"> • Member and Cabinet support for capital improvement programme • Implementation of Programme of Works • Improved rental values • Reduced liability

4.2 How will we achieve this?

WHAT WE'LL DO

1. Offer genuine good quality commercial opportunities to new entrants to agriculture.
2. Offer good quality opportunities for progression and business growth through the application of sound Estate Management principles, lease duration and renewals policy.
3. Work with tenants to explore diversification opportunities which complement the primary agricultural purpose of the letting.
4. Maintain & enhance revenue income.
5. Facilitate provision of retirement accommodation and / or opportunities for AHA tenants, thereby freeing up more letting opportunities for new entrants.
6. Continually review the Estate, investing in those farms that contribute to a viable business operation to manage risk and add value to the portfolio.
7. Review potential disposals to ensure the long-term integrity and viability of the Estate is not compromised.
8. Work with colleagues in Regeneration, Housing and Welsh Government to promote business opportunities and awareness to our Tenant Farmers.
9. Develop a costed programme of works to tackle identified maintenance issues.
10. Identify potential development opportunities to maximise capital income or otherwise support Council services for the corporate benefit of the Council.
11. Seek to maximise income through diversification opportunities and commercial management of the Woodland Estate and renewable energy initiatives.
12. Implement and review our tenant liaison to ensure that all available opportunities are communicated, that feedback from tenants is recorded and actioned where appropriate, and that a genuine partnership is developed in the future management of the Estate

HOW WE'LL DO IT

A. Identify a core estate of farm units both at starter and progression level by reference to the following matrix of considerations:

<ul style="list-style-type: none">• The extent to which the property, if re-let, will offer a genuine commercial opportunity to a progressive new entrant to farming.
<ul style="list-style-type: none">• The condition of the property and the extent of any current and future maintenance liabilities.
<ul style="list-style-type: none">• Whether the sale of a house and amalgamation of retained land with an adjoining farm will allow the creation of a larger more commercial farm unit, and possibly a progression opportunity for tenants of smaller farms.
<ul style="list-style-type: none">• The availability of Farms Estate holdings in the area and the level of demand for new lettings locally.

- B.** Invest in the core Estate to ensure all core Estate holdings are fit for purpose and compliant with statutory standards.
- C.** Identify non-core assets for future disposal or service use when appropriate to shape the Estate to fit our future requirements.
- D.** Maintain rental income through the letting of Holdings with good quality residential accommodation and adequate fixed equipment.
- E.** Evaluate opportunities to enhance income streams through renewable energy schemes and the use of the woodland estate.
- F.** Adopt asset management policies which support regeneration and reduce risk to the Authority.

5.1 The Authority will be faced with many challenges when seeking to deliver this plan. The key analysis is outlined below in order to identify at an early stage those areas that require attention or opportunities that need to be taken.

SWOT Analysis:

Strengths	Weakness
<ul style="list-style-type: none"> • Unique opportunities for starter farmers to grow their businesses. • Continued and ready demand for starter and progression farm tenancies. • The County Farm Estate is still relevant and remains true to its original rationale of providing opportunities for new entrants • Adds value to Powys County Council's property portfolio. • The Estate continues to deliver a revenue trading surplus with scope to increase revenue income in the short term. • Secures capital value appreciation. • Enshrined in legislation, thereby providing a measure of safeguard. • Beneficial to the wider agricultural industry of Wales. • Provides opportunities to develop renewable energy initiatives • Support of Regeneration and Housing colleagues 	<ul style="list-style-type: none"> • Lack of positive investment over many years, (revenue and capital) resulting in a generally low standard of condition – both in respect of the tenants' houses and farm buildings. • Most holdings are located in Montgomeryshire – limited opportunity in Brecon and Radnorshire. • Security of Tenure of older AHA tenants limiting opportunities for new entrants. • Inconsistent political interest, involvement, support, and policy determination in the past. • Largely historic lack of mobility within and off the estate, thereby frustrating ability of able and ambitious tenants to grow their farming businesses
Opportunities	Threats
<ul style="list-style-type: none"> • Exploitation of renewable energy development initiatives. • Service modernisation • Promotion of local produce to local markets. • Forging closer linkages with RDP and YES schemes to lever in additional funding sources for the direct benefit of individual tenants • Diversification opportunities – not just for Tenants (e.g. redundant buildings = craft workshops / holiday lettings?) • Opportunity to identify land within the Estate suitable for valuable development – e.g. residential development. • Best practice agreements with other farm estate authorities to encourage movement. • To review and endorse the retention of the Farm Estate in times of need, to maximise income generation, promote strong communities etc • Brexit- there may be opportunities for funding to research diversification options and bring added value enterprises onto the Estate 	<ul style="list-style-type: none"> • Increasing financial pressures on L.A. • Vulnerability as a discretionary Service. • Urgent repairs of some £3.8m remain outstanding amid a continuing lack of funding to improve essential estate infrastructure exposing the Authority to risk. • Lack of political awareness and appreciation of Service Rationale and future direction • Decisions of other authorities to dispose of their Farm Estates – precedent impact • Geography – lack of mobility • BREXIT- the precise implications for farming industry of withdrawal from the EU remain unclear but the viability of upland & hill livestock-rearing units in particular appears most at risk.

5.2 Investment Portfolio

Although the primary role of the Farm Estate is as an operational portfolio, with its key objective being to introduce entrants to the agricultural industry, it is recognised the Estate needs to be self-financing, and it therefore sits within the commercial property portfolio. Based upon current market evidence, it is proposed a target for income generation of 1.3% of the existing use value of the estate will be established (this figure from industry analysis undertaken by Strutt & Parker and Savills).

6. ACTION PLAN

6.1 The following 'live' appendices will be used:

Live Documents intended for General Internal Publication:

1. Action Plan – summary of Farm Estate Rationalisation proposals, including not only identified sales, but also issues such as retirement accommodation, development opportunities, and farm diversification schemes.
2. Trackers – used to monitor progress of all workstreams identified within the Farms Estate Delivery Plan
3. Disposal List – Assets declared and accepted as surplus

The Action Plan outlines which holdings it is proposed will be retained and (where possible through amalgamation) enlarged through the process of Farm Estate rationalisation. By implication, the Action Plan will also identify those holdings which can be disposed of, further reducing the Landlord liability of property maintenance issues, whilst generating capital receipts for reinvestment across the authority and within the Farm Estate.

As indicated above, the Action Plan will also identify those holdings where opportunities exist to increase revenue by encouraging the older (over 70 years of age) tenants to retire and move into suitable retirement accommodation thereby freeing up farms for new entrants or progression tenants, identify potential capital receipts through targeted land sales for development, and diversification opportunities such as tourism and craft workshops as well as the more obvious residential conversion opportunities.

As these appendices will be 'live' they are not attached or published with this document. Therefore, any officer seeking the latest position will need to contact the following:

Contact	Phone	E-mail
<u>Commercial Property Manager</u> - David Micah	01597 82 6054	david.micah@powys.gov.uk
<u>Estate Manager</u> - Hugo Van-Rees	01686 61 1812	hugo.van-rees@powys.gov.uk

The Action Plan, Tracker and Disposals List will be maintained at least quarterly or as circumstances prove necessary.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**Learning, Skills and Economy Scrutiny Committee
Scrutiny Observations to Cabinet on: Review of County Farms Policy**

The Learning, Skills and Economy Scrutiny Committee met on the 13th August 2018 and considered the following documents:

- Cabinet Report on the Review of Farms Policy v5
- County Farm Estate Delivery Plan 2018 (FEDP18)
- Answers to questions asked before Committee
- Extract from PCC Strategic Asset Management Plan 2017-2020 agreed at Cabinet 14th March 2018
- Outcome of Condition Survey of County Farm Estate considered at Cabinet on 1st November 2016
- Extract from Capital Strategy 2018-2023 agreed at County Council on 22nd Feb 2018

The Learning, Skills and Economy Scrutiny Committee thank the Portfolio Holder for County Farms Leader of the Council R Harris, Portfolio Holder for Finance, the Professional Lead – Strategic Property and Estate Manager for attending scrutiny and in particular commend the service for providing written answers to initial questions in time for inclusion with agenda papers.

Scrutiny undertook pre-Cabinet Scrutiny of the Review of Farms Policy which is due to come to Cabinet on 18th September 2018 for the following decision:

<i>Recommendation:</i>	<i>Reason for Recommendation:</i>
<i>The Farms Estate Development Plan 2018 in Appendix 2 to the report is adopted as the estate management plan for the County Farms Estate.</i>	<i>To maintain the Estate as a viable operational asset.</i>

Background information relating to this paper is attached at Appendix A.

Scrutiny make the following observations:

- The Cabinet Report puts forward the FEDP for adoption with a new vision 'to provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progressions which support the Powys economy'. The Cabinet report includes the following statements:
 - 'it is considered appropriate that progressive rationalisation is maintained...'
 - 'whilst it is appropriate that the Estate disposes of certain surplus assets it should be remembered that a disposal may reduce the opportunities offered by the estate to new entrants to agriculture and furthermore, limit opportunities to grow revenue in future. It is important that the critical mass of the Estate is maintained if it is to continue to fulfil its prime objective as an operational asset and not simply to deliver Capital receipts'

One of the aims of the estate is to attract new entrants to farming. It appears that limited progress can be made in this respect with approximately one third of the holdings occupied by lifetime tenants. In addition, the FEDP states those on Farm Business Tenancies are able to occupy a starter farm and have options of lease renewal and progression for up to 40 years. This effectively means once a tenant has an estate farm they can potentially remain tenants on the estate for the whole of their working life. This part of the policy does not contribute to the aims of promoting opportunity for new entrants to agriculture. It is understood that the current policy gives an initial 8 years for a starter farm with opportunity to renew for a further 8 years after which the tenant would be required to move to a progression farm. This policy was introduced in 2012 and therefore the effect of this policy is not yet being felt.

The analysis undertaken at section 5 makes no mention of Brexit and the issues that are now being faced by the farming industry. This omission needs to be addressed in this section.

- Financial Management

This section of the FEDP is unclear. It mentions capital bids but is silent on the capital funds it requires to meet its landlord liabilities for repairs and maintenance and improvements (noted in the introduction as £4million in 2015). This section needs to be updated to reflect the current position regarding repairs and maintenance and improvement.

- Repairs and maintenance and improvements

Whilst there has been ongoing investment in the estate since 2001 to address the following liabilities:

- Pollution Control
- Investment following Amalgamation
- Health and Safety
- Tenants Compensation

and costs associated with rationalisation, liabilities continue to exist and, although stated in the report as £4million (2015 figures) scrutiny were advised that since 2015 £1million has been invested from the central capital strategy to address the liabilities. The £4million had been an estimate which, when

investigated had risen to £4.5million. Outstanding liabilities stand at £3.8million.

- Contributions to central capital receipts

The Farms Estate is currently expected to contribute £1million of capital receipts to central funds (retaining 10% of capital receipts for use by the service). Welsh Government currently allow capital receipts to be used for revenue purposes related to transformational projects.

Scrutiny were provided with detail of capital receipts since 2010:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£1,283,097	£1,999,083	£494,705	£742,500	£545,000	£1,447,600	£1,774,861	£553,938

and projected capital receipts to 2020/21

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

It is acknowledged that opportunity receipts (sales of land or property with added value due to for example planning consents) are not included in these projections as these are uncertain.

Attention is drawn to this decrease in projected capital receipts to 2021/22 and the impact this will have on Council finances going forward.

It appears that the service consider that the Estate has been rationalised to the extent that in general only core assets remain. This is contrary to section A of 'How we will do it' which outlines 'identify a core estate of farm units both at starter and progression level by reference to the following matrix of considerations'. This action is similar to the 2015 iteration of the policy which stated: 'Identify a core estate of farm units both at starter and progression level'. This is one of a number of actions which appear not to have been acted upon during the intervening years and is a fundamental part of administering the plan.

The section on Financial Management needs to be amended to show the detailed position regarding the repairs liability (noting the risk to the Council regarding outstanding liabilities)

Summary

The proposals submitted to Cabinet appear to offer little choice other than the status quo. It is not clear the extent to which the Estate is meeting the aims of 'providing a good quality and efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy'. It is clear that with the backlog of maintenance and repairs, and improvements that are required the estate holdings are not all of good quality and this will impact on the level of rental income that can be achieved. The estate consists of one third of Agriculture Holding Act holdings which will only be able to be offered to new tenants at the end of the lifetime of existing tenants. This leaves some 84 farms available for starter/progression tenancies at present. The lettings policy allows for tenants to remain on the estate for 40

years which again does not support the promotion of farms to new entrants. The estate is required to provide £1million of capital receipts to central capital funds each year. The Strategic Asset Management Plan notes a declining contribution to central capital receipts in the immediate future and this issue needs to be given serious consideration given the severe financial situation the authority is facing.

Recommendations:

1. That Cabinet be given the opportunity to consider alternative proposals to the status quo.
2. That Cabinet make clear the contribution that County Farms are expected to make to the central capital receipts in the immediate and medium term
3. That Cabinet make clear how the landlord liabilities will be dealt with in a timely manner
4. That given the issues raised during pre-cabinet scrutiny the Finance Scrutiny Panel be tasked with undertaking the report agreed at Cabinet on 1st November 2016 (That a further report be drafted for Cabinet in January on the long term financing of the County Farms Estate)
5. That the Policy is revised to ensure that the objectives of supporting new entrants is achieved.

Membership of the Learning, Skills and Economy Scrutiny Committee on 13th August 2018

County Councillors **D R Jones (in the Chair)**, M Barnes, G Breeze, K W Curry, L George, E M Jones, D Jones-Poston, S McNicholas, L Roberts, P Roberts, E Roderick and D Selby.

Background

Powys County Council is a small-holding authority under the provisions of Part 3 of the Agriculture Act 1970 of which the general aim is:

'having regard to the general interests of agriculture and of good estate management, shall make it their general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them' ¹

It holds the largest farm estate in Wales.

In 1999/2000 the Estate was reviewed by Bruton Knowles and a Farms Rationalisation Programme agreed which was reviewed in 2004 by Bruton Knowles reporting to Board in April 2005. ²

Since 2000 the Estate has generated capital receipts of £16million ³ through disposals as part of the rationalisation of the Estate and sale of non-core assets. It is the Estates Department view that the non-core Estate has largely been disposed of and predicts that capital receipts are set to fall in the near future. Opportunity sales are not included in these predictions.

Since 2009 the Council has required 90% of capital receipts to fund the central capital programme. ⁴

At present there is an expectation that the Farms Estate will contribute £1million annually of capital receipts.

The Cabinet Report and FEDP under consideration states that in 2015 a condition survey of the Estate was undertaken which found that repairs of £4million were required. ³ However, on the 1st November 2016 Cabinet had received a report on the outcome of the condition surveys of the Farms Estate which identified a backlog of works to be £7.65million. ⁵ Cabinet were asked to consider that £500,000 /annum would be made available for urgent repairs and agreed that this would be taken into account when setting future Medium Term Financial Strategies. ⁵

These points are explored in further detail below:

Size of the County Farms Estate

Source	Date	Size - acres	No of holdings
Bruton Knowles	1999	?	212
Bruton Knowles – Board Report	April 2005	11,910	188
Briefing to scrutiny	2013	11,218	151
Cabinet report	2018	11,250	140

Capital Receipts

Capital receipts since 2010/11 were provided to Scrutiny and are:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£1,283,097	£1,999,083	£494,705	£742,500	£545,000	£1,447,600	£1,774,861	£553,938

Capital receipts provided to scrutiny are projected to be -

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

Originally the service retained 33% of capital receipts above £200,000 per annum (Agricultural Committee 1999) ⁶ but by 2001 the service were retaining 75% of receipts to address landlord liabilities in the following areas:

- Pollution Control
- Investment following Amalgamation
- Health and Safety
- Tenants Compensation

. (Agricultural Committee 2001) ⁷

In 2005 a review undertaken by Bruton Knowles was considered at Cabinet where it was agreed to *'adopt in principle Bruton Knowles' recommendations and to continue a programme of farm rationalisations based on the Model A+ prescribed in the Bruton Knowles Review 2005 and that the matter receive detailed consideration by the Corporate Property Panel'*. Model A+ was described in the report as:

'a slightly more aggressive approach to rationalisation than the current process. This scenario anticipates, over a ten-year period, some £14.295 million being released through sales of redundant property and land. A reduced number of tenants of combined with a reduced land holding will mean that rental income reduces to £806,261 annually. This model envisages the sale of isolated smallholdings, amounting to 309 acres, which cannot be amalgamated with other farms'

(Board Minutes 2005) ⁸

In 2006 pressure on Council finances led to the retention of capital receipts by the Estate dropping to 60% (Board minutes 2006) ⁹ and in January 2009 this was further reduced to 10% *'to provide a capital programme for the next 3 years'* (Board Minutes 2009) ¹⁰

At present retention of capital receipts by the Farms Estate remains at 10%.

The additional information provided to scrutiny notes a projected contribution to the Councils capital receipts for the next 3 years as:

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

Papers provided to scrutiny 18 September 2018 ³

Repairs

It appears the Estate has been maintained to a varying degree over the years and a significant level of repairs and maintenance, and improvements are outstanding. There has been investment funded from varying levels of retained capital receipts since 2000 and more recently capital investment of £500,000 for at least two years agreed by Cabinet. This appears to be making little inroad into the outstanding repairs and maintenance required.

Section 2 of the 2018 FEDP notes that urgent liabilities of £4million were identified in 2015 but 4.2 of the same report notes that the services will 'Develop a costed programme of works to tackle identified maintenance issue'. From this it appears that no action has been taken to address the 2015 maintenance liabilities despite the Cabinet providing £500,000 for at least 2 years to address this. It is understood that the 2015 figure rose to £4.5 million when further investigation of work required was undertaken and at this stage £3.8million of outstanding repairs and maintenance are required.

Revenue income

Revenue income is outlined in the reports provided to scrutiny as:

2016/17 £1,117,000 (before capital charges but including internal corporate charges of 575,000)

2017/18 £1,126,578 before capital charges but including internal corporate charges of £732,941)

Capital charges were confirmed as an accounting tool and in this case do not affect the revenue accounts.

References

1. Agricultural Act 1970 Part 3 Section 39
2. Board Minutes 5th April 2005
3. Cabinet report and FEDP provided to scrutiny 18 September 2018
4. Minutes of Board 13th January 2009
5. Minutes of Cabinet 1st November 2016.
6. Minutes of Agriculture Committee 21st September 1999
7. Minutes of Agricultural Committee 11th January 2001
8. Minutes of Board 5th April 2005
9. Board minutes 14th November 2006
10. Board Minutes 13th January 2009

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.**CABINET EXECUTIVE
28th November 2018****REPORT AUTHOR: County Councillor Rosemarie Harris
Leader of the Council****SUBJECT: Local Authority Lottery**

REPORT FOR: Decision

1. Summary

This report explores the options relating to the establishment of a local authority lottery for Powys which would support the local voluntary and community sector.

2. Background

The establishment of a local authority lottery is a concept being explored by a number of local authorities (no scheme currently exists in Wales). At a time when there are increasing pressures on financial support that local authorities are able to provide to the voluntary and community sectors, they are seen as a way of providing support and to bring in additional funding.

The Gambling Act (2005) includes as a permitted category a 'local authority lottery'. Local authority lotteries are promoted by the local authority and must be licenced by the Gambling Commission. Authorities may use the proceeds for any purpose for which they have power to incur expenditure.

Aylesbury Vale was the first local authority to launch a lottery (November 2015), this is administered in partnership with Gatherwell, an External Lottery Manager (ELM)¹. Since then there have been over 50 lottery launches in the UK. However no such lottery has been launched by a Welsh local authority. Therefore, should Powys County Council opt to launch a lottery, they would be the first local authority in Wales to do so.

Developing such a lottery in Powys would help fund discretionary support for local third sector and community groups, and enable such organisations to raise funds directly for themselves. Additionally all funds raised by the lottery would be spent within Powys, and provide benefits to the people and communities of Powys.

¹ An ELM is defined in Section 257 of the Gambling Act (2005) as someone that is a person or a body who makes arrangements for a lottery of behalf of the local authority but is not a member, officer, or employee of the authority. All ELM must hold a lottery members operating licence issued by the Gambling Commission before they can manage a local authority lottery with a local authority.

3. Lottery Operation

There are two options for running a local authority lottery:

- a) Running it in house – research undertaken by other local authorities has found significant costs (relating to staffing, software purchasing costs etc.) with regards to running a lottery in house.
- b) Partnering with an ELM – other than initial start-up costs, the operation of the lottery would be fully funded through the ticket proceeds, and the ELM would bring all the skills and expertise to manage the lottery process.

Should Powys County Council wish to develop a local authority lottery, it is considered that appointing an ELM (option b) would be the most cost effective solution. If it was decided to run a lottery in-house, the lack of expertise within the Council, and the costs of launching an in house lottery would be prohibitive (appointing an ELM is consistent with other local authorities). Whilst other lottery providers exist, Gatherwell Ltd is the only provider of a dedicated online local authority lottery. Other ELMs do exist but these do not specialise in the operation of a local authority lottery.

If a model similar to that of Aylesbury Vale (and other local authorities) is developed using Gatherwell, a potential scheme would operate as follows:

- Tickets are purchased (online) for £1 and each ticket has a 1 in 50 chance to win. Players sign up online, and payment is via Direct Debit or payment card (taken either on a monthly recurring plan or on a 3/6/12 month, one off payment).
- Players can choose to either support a central fund, or a specific good cause (authorised by the Council);
- Prizes are likely to be in the range of free tickets for matching 2 out of 6 numbers, to a maximum prize of £25,000 for matching all 6 numbers. To win the jackpot, the ticket must match both the numbers and the sequence as drawn;
- Draws take place every Saturday using the Australian Super 66 Lotto², with results posted online and winners notified by email. Prize money is transferred into a nominated account, or it can be donated to a good causes.
- Money raised for good causes is paid automatically on a monthly basis.

Those participating in the lottery have two playing options to support:

- a) Specific Good Cause – Players support a specific organisation who have signed up to, and have been authorised by Powys County Council to be part of the scheme. This motivates participating organisations to encourage more players to support them, and therefore generate more income for themselves. Organisations who have signed up get their own branded webpage, and regularly updated bespoke marketing materials to help them engage with payers. This option would remove barriers for organisations who may struggle to

² <https://www.australiangambling.lv/lotto/super-66-lotto-strike/>

access other funding streams of aspire to run their own lottery. Organisations keep 50% of all ticket sales generated through their page, whilst 10% goes to the central fund. The Council would control which organisations can join the umbrella scheme, and the criteria that organisations would need to meet in order to join.

- b) Central Fund – Players do not specify an organisation to benefit from their ticket purchase. All monies raised would be distributed through a new grant scheme – the details of how this works are to be developed. As the lottery grows, it could help towards the cost of funding and support arrangements that the Council may have with the third sector and community groups. This approach may also have organisations who may have fewer local supporters and/or less ability to generate funding support.

Gatherwell are fully insured in respect of the prize fund commitments, and the charitable proceeds from ticket sales. Under the arrangement with the ELM there is a guaranteed pay out of £25,000 per winner (if multiple people win the jackpot it is not shared). In the event of no winners, the prize does not rollover.

The income from each £1 would be broken down as follows:

	Specific Good Cause (% allocation)	Central Fund (% allocation)
Prizes	20	20
Specific good cause	50	-
Central fund (Council nominated good causes)	10*	60*
Administration	17	17
VAT (can be reclaimed)	3	3

**minus licence and marketing costs*

60% of all ticket sales would therefore go to good causes, this compares to 28% in the National Lottery. Based on the performance of local authorities that have already launched a lottery, it is estimated that typically between £30,000 and £60,000 can be raised for good causes in Powys, on an annual basis. An organisation only needs to sell 20 tickets a week, for a year, to generate £520 for their good cause.

Set out below is a player modelling analysis (based on 2016 mid-year population data). It shows that a very conservative level of participation can generate considerable funds for voluntary/third sector organisations:

Percentage of Powys population (16+) playing	Number of players	Gross Return (£)*	Received by voluntary/third sector organisation (£)*
0.5	554	28,833	17,300
1	1109	57,666	34,600
1.5	1663	86,499	51,899
2	2218	115,332	69,199
2.5	2772	144,165	86,499

**based on £1 per ticket per person per week.*

Role of Powys County Council

In order to operate a Local Authority Lottery, a Local Authority Lottery Licence would need to be granted by the Gambling Commission. There would need to be a contractual agreement with Gatherwell to run the lottery, however the Council would retain obligations to the Gambling Commission, including policies on fair and open gambling. Powys County Council are required to have two officers named on this licence from the Gambling Commission. It is recommended that the Section 151 Officer and Head of Regeneration are these named officers.

The Council would need to promote and launch the lottery to good causes who may wish to sign up, and to ensure that these organisations are compliant with the conditions as set out in Annex A. The Project Officer Events/Civil Contingencies) will undertake this role. This officer will also draw up guidance for how the money accumulated in the central fund will be distributed, and be responsible/provide support for the Powys Lottery Project Group/Lottery Management Panel.

Apart from at its launch, Powys County Council would not be required to promote the lottery, and it is not required to be council branded, the promotion itself is undertaken by Gatherwell and the causes that will benefit from the scheme. This ensures that the public are not under the perception that the council is fundraising to deliver services.

4. Financial and Resource Implications

Based upon entering an agreement with Gatherwell Ltd. there would be an initial set up cost of £5000. Followed by an annual cost of £348 for the Gambling Commission Licence and £350 for Lottery Council Membership, plus an additional application cost of £275 in the first year. The annual costs can be reclaimed through the lottery ticket sales income. Aylesbury Vale Council allocated £3000 to launch and market the scheme, something which is deemed necessary.

There would be initial officer time required to apply for the relevant licence, and develop the required policies and criteria. This can be managed within the existing resources of the Regeneration and Economic Development Team. In addition there will need to be some marketing and promotion of the lottery with the good causes and the general public. Gatherwell undertake the majority of the administration of the scheme, however there will be an ongoing administration requirement from the Council to accept/reject prospective good

causes on application based on an agreed criteria and distribute payments from the Central Fund to good causes on a monthly basis based on agreed criteria, this will be funded within existing resources of the Regeneration Service. The majority of the financial transactions will be undertaken by Gatherwell Ltd, Powys County Council will receive on a monthly basis, the money raised for the central fund, and this will then be redistributed as grant funding administered by the Regeneration and Economic Development Team, within existing budgets.

There is very little financial risk to Powys County Council, as once the lottery is up and running, all costs are met through income from ticket sales. Should the lottery fail, the only loss to the Council would be start-up costs, licence fee, and Lottery Council membership fee (approximately £6,300). The ELM has insurance for the jackpot prize, protecting the lottery from financial difficulty in the event of one or more jackpot winners.

5. Summary

Through the establishment of a Local Authority Lottery, Powys County Council has the potential to raise additional funds for the third sector. Whilst the Council can do some promotion, the success of the lottery will be down to the promotion of the lottery by the third sector to the community. Should the scheme be successful it is anticipated that there will be a reduced need for community grants provided by the Council.

If Powys County Council decide to launch a Local Authority Lottery, they would be the first Welsh local authority to do so, demonstrating the commitment of the Cabinet and the wider Council to develop innovative approaches to supporting communities within Powys.

6. Proposal

To invite Gatherwell to develop a Local Authority Lottery in Powys, the proceeds of which will be able to directly support third sector and community organisations, as well as contribute to a central fund. The proposal would generate good publicity for Powys County Council as well as help third sector and community organisations to raise funds directly for themselves.

7. Vision 2025

This proposal will directly contribute to the residents and communities' priority of Vision 2025. The Local Authority Lottery will allow the Council to work alongside voluntary and community organisations to support them in delivering a range of services, enabling the building of stronger, more resilient communities. The proposal will also contribute to the generation of a prosperous economy in Powys, by helping to strengthen the fundraising capability in the voluntary and community sector in Powys.

Obviously no change in business practice is without an element of risk, the main identified risks and mitigating actions are below:

Identified Risk	Mitigating actions
Lottery does not perform, and tickets	Robust communications plan to be

are unsold.	put in place, voluntary and third sector groups would also undertake marketing.
Low take up from voluntary and third sector groups.	Strong marketing to Powys County Council database, and through PAVO. Utilise case studies from other successful local authorities.
ELM does not perform sufficiently.	Project monitoring.
Reputational risk to the Council is affected due to poor performance.	Project monitoring and marketing.
Gambling responsibilities	Being only playable by direct debit and pre-arranged sign up. A section will be provided on the website to link to gambling support organisations.

8. Options Considered/Available

Option 1: Not to agree to the proposals. This is not recommended as this proposal will help to fund discretionary support to the voluntary and community organisation and enable such organisations to raise funds directly for themselves. All funds raised through the lottery would be spent in Powys and benefit local people and communities.

Option 2: To set up an in house lottery. This option would require staffing, including a lottery manager, and the purchase/running of software systems. The costs of this have been explored in detail by other local authorities, and found to be prohibitive in the short term.

Option 3: To agree to the proposals, and invite Gatherwell to manage a local authority lottery in Powys. This option would be cost effective, as other than the initial start-up costs, the operation of the lottery would be fully funded through the ticket proceeds, and Gatherwell would bring in the skills and expertise required to run all elements of the lottery process. Proceeds from the lottery would be used to support the third sector and community groups in Powys. The Council's operational involvement would be minimal, but Powys County Council would retain full control, oversight and governance of the scheme.

9. Preferred Choice and Reasons

Option 3, to agree to the proposals, and use the services of Gatherwell to manage a local authority lottery in Powys, which would be of benefit to good causes in Powys³.

³ In terms of procurement rules, the provision of lottery services is a public service concession. However, under the current Concessions Contract Regulations 2016, specifically under Regulation 10(13), lottery services are expressly excluded from being governed by the procurement rules. Given the Council would be an enabler and not be taking any money. All that would be required would be a contract between the Council and the ELM. Notwithstanding the appointment of an ELM, the Council would retain obligations to the Gambling Commission to ensure that the lottery is conducted in a lawful and fully compliant way.

There is no requirement to carry out a competition to appoint Gatherwell because of the exclusion of lottery services from the procurement rules; however the Council's procurement guidelines will be followed. The Council must satisfy itself that Gatherwell holds a valid operating licence, personal management licences (if appropriate) and will conduct the lottery in a lawful and compliant way. The Council will be required to complete any due diligence on Gatherwell.

Under this proposal Gatherwell would carry out all the day-to-day management of the lottery, including processing new players, distributing prizes, income for the third sector and community organisations (once approved by the Council), and assisting the players should they experience difficulties.

Launching a local authority lottery fits in with the changing business model of the Council from being the provider of all services to one where there is a mix of delivery models for buying and selling services. Given changes that are occurring to voluntary/third sector funding, a Powys Lottery would create a new income stream for these organisations, helping to address funding pressures and provide benefits to the people and communities in the county.

A local authority lottery scheme will enable voluntary and community organisations within Powys to develop new fundraising capability with minimal or no cost, and allow the Council to continue to support good causes by supplementing the community grants budget.

Until the level of funds being raised is known, it is difficult to anticipate how much money may be generated. An annual review would be undertaken to ensure the lottery is operating in line with its aims, and to agree to any necessary changes.

By agreeing this proposal, Powys County Council would adopt a proactive approach and be the first local authority in Wales to run a lottery. The proposal follows a method that has been tried and tested by many English Councils. Namely to procure the services of Gatherwell to run and promote a Powys Lottery.

Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies etc

Lotteries are the most common type of gambling activity across the world, and considered to be a low risk form with respect to the emergence of problem gambling. This is due to its relatively controlled form. Licence holders and operators must comply with legislation and are regulated by the Gambling Commission. To minimise risks such as underage gambling, weak financial management, and potential fraud, the proposed Powys Lottery would follow the Gambling Commission's operational guidelines.

Assurance has been sought to ensure that all materials relating to the lottery will be available bilingually (Welsh/English), Powys County Council Translation Unit will assist with the translation of documents/website content.

Data Protection

Powys County Council and Gatherwell will be joint data controllers, for the personal information to be processed. Appropriate documentation and agreements will be developed in support of the use of personal data and to ensure compliance with current data protection legislation.

Children and Young People's Impact Statement - Safeguarding and Wellbeing

Those aged under 16 will be prevented from participating in the proposed local authority lottery, and it will be delivered in accordance with strict Gambling Commission and industry guidelines.

Local Member(s)

The proposed local authority lottery will be available to all Powys residents and will be marketed as such, therefore it will not have a particular impact on, or significance on any individual electoral divisions.

Other Front Line Services

The proposed local authority lottery has the potential to support front line services. It will allow the voluntary sector to generate new fundraising capability with little or no cost to the Council. Which will allow them to further support our activities.

Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)

Legal Comments: The recommendations can be supported from a legal point of view.

Finance Comments: The proposed lottery would be of benefit to good causes in Powys especially in this time of austerity when grants to the Voluntary and Community Sectors are being reduced. The start-up costs of the lottery will be funded from the Regeneration budget and the ongoing administration costs of the lottery will be funded from the existing revenue budget of the Regeneration Service.

Corporate Communications

The Regeneration Team have confirmed that the selected ELM will be responsible for creating the branding for the lottery as well as the ongoing marketing of the scheme. The council's corporate communications team will help cross promote the scheme through corporate channels e.g. Twitter, Facebook and other social media and re-issue all relevant communications and marketing outputs developed by the ELM through corporate channels. The EMT will be responsible for the marketing campaign of the lottery

Statutory Officers

The Head of Financial Services (Deputy) S151 Officer acknowledges the comments from Finance and confirms that this approach will have a set up

costs of £5k. Appropriate advice has been sought from Commercial Services and Insurance, and if necessary further due diligence around these areas will take place before the scheme commences.

The Solicitor to the Council (Monitoring Officer) commented as follows: "I note the legal comments and have nothing to add to the report".

Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
<p>1. To use the services of an ELM to manage a local authority lottery in Powys, with proceeds being used to support the third sector/community groups in Powys.</p> <p>2. To agree that 50% of the proceeds will directly support an organisation of the players choice (or a central fund), an additional 10% of proceeds will contribute to a central fund for community/third sector grants.</p> <p>3. To adopt the eligibility criteria for participating organisations as outlined in Annex A</p>	<p>To enable voluntary and community organisations within Powys to develop new fundraising capabilities with minimal or no cost, and allow the Council to continue to support good causes by supplementing the community grants budget.</p>

Relevant Policy (ies):	Non-applicable		
Within Policy:	Yes	Within Budget:	Yes

Relevant Local Member(s):	All
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Person(s) To Implement Decision:	Greg Thomas
Date By When Decision To Be Implemented:	January 2019

Contact Officer Name:	Tel:	Fax:	Email:
Dr Greg Thomas	01597 82 6149		greg.thomas2@powys.gov.uk

ANNEX A – GOOD CAUSE ELIGIBILITY CRITERIA

We want to enable as many organisations as possible to join the good causes lottery under the Powys Community Lottery. As you will be joining under our overall gambling licence (Gambling Act 2005) we have to ensure that organisations meet certain criteria. There is no application fee.

Your organisation must:

- Provide community activities or services within Powys, which are of benefit to the residents of Powys;
- Have a formal constitution or set of rules;
- Have a bank account requiring at least two unrelated signatories;
- Operate with no undue restrictions on membership.

And be either:

- A constituted group with a volunteer management committee with a minimum of three unrelated members that meets on a regular basis (at least three times per year);
- A registered charity, with a board of trustees.

Or:

- A registered Community Interest Company (CIC), and provide copies of your Community Interest Statement, details of the Asset Lock included in your Memorandum and Articles of Association, and a copy of your latest annual community interest report.

We will not permit applications from:

- Groups promoting a particular religious or political belief or activity, or a campaign that does not directly relate to the provision of community activities or services within Powys;
- Organisations that do not do work within the boundaries of Powys;
- Individuals;
- Organisations which aim to distribute a profit;
- Organisations with no established management committee/board of trustees (unless a CIC).

We are also unable to accept applications that are incomplete.

The Council reserves the right to reject any application for any reason.

The Council will reserve its rights to not accept or cease to license any organisation with a minimum of 7 days notice for any reason. If fraudulent or illegal activity is suspected cessation will be immediate.

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
28th November 2018

REPORT AUTHOR: County Councillor Phyl Davies
Portfolio Holders for Highways, Recycling and Assets

SUBJECT: Schools Cashless Project – Closing Report

REPORT FOR: Information

1. Summary

This report acknowledges the closure of the schools cashless project.

The council has introduced cashless payments systems into all its 96 Primary, Secondary and Special Schools, which includes payments for school meals and other parental payments such as trips, music lessons, exam fees, and breakfast and after schools clubs.

Links to Vision 2025 – Transforming the way we work is important to the Council and this project is an example of process improvements to deliver better outcomes and this ethos is very much at the heart of Vision 2025

The cashless roll out is now complete in Powys and we are the only County in Wales to have rolled out an electronic payment system to all our schools for school meals and other payment items. We have been recognised by Welsh Government for achieving this.

The cashless project is an example of cross departmental working throughout a number of services across boundaries to deliver a successful outcome. This project has been delivered under budget and within the set timescale.

2. Proposal

2.1 Background and System

The project was commissioned in November 2014 and a Project Manager was appointed to oversee the introduction of the new system. The following are some key milestones that have been achieved throughout the project:

Milestone	Narrative	Date
Business Case produced	Approved by Chief Executives Management Team	August 2014
Project Sponsor identified	Project Sponsor (Mark Evans) in place	October 2014
Project Manager seconded	Project Manager (Nicola Williams) in place	November 2014
Project Board established	Cross Service Senior Officers / Stakeholders identified and appointed to the Project Board	October 2014
Funding for project approved	Capital funding of £952k approved by Cabinet and Full Council.	January / February 2015
Potential Procurement Framework identified by Commercial Services	Project Manager and Board to work with Commercial Services throughout Procurement Process.	June 2015
Research carried out, information gathered and site visits undertaken.	Other local authorities in England and Wales who have successfully implemented a cashless system throughout their schools have been consulted with and visited by Project Sponsor, Project Manager and members of the Project Board.	November 2014
The Technical Specification and Scoping document has been completed.	Signed off by Project Sponsor	21 st August 2015
Tender Documentation completed published and evaluated	Project Team working with Commercial Services	August 2016 – November 2016
Tender Awarded	Suppliers are NRS and ParentPay	30 th November
Inception Meeting with Supplier		12 th December 2016
Contract	The four year contract was drawn up and signed by PCC & NRS	March 2016
Pilot	Pilot undertaken in Crickhowell Catchment Area	March 2016 – May 2016
Secondary School implementation	Project Board decided to implementation in the Secondary Schools first.	July 2016 – March 2017
Catering Manager appointed to support the Project Manager with implementation plan		September 2016
Primary and Special School implementation		March 2017 – March 2018
Last Primary School to go live	Clyro Church in Wales School (new build)	June 2018

The system procured encompasses an electronic online payment method. In the primary schools the pupils pre-order their school meals in the classroom on an interactive whiteboard and are then go through the till lunchtime where the operator recognises the pupil by name and photograph and enters what the pupil is purchasing, this is then deducted from the pupils school meals account balance.

All secondary schools operate a biometric system where the pupil places their thumb on a reader at the point of sale. The items purchased are then entered into the till by the operator and the corresponding amount is deducted from the pupils' account.

All schools are able to use the system for other payment items including trips, music lesson, exam fees etc. Payment for these items is also done electronically via the online ParentPay system.

2.2 Objectives

The objectives of the project were:

- Increased uptake of school meals
- Increased uptake of free school meals
- Reduced potential for fraud
- Reduced staff costs
- Provide a more convenient and efficient service for pupils, parents and schools

2.3 Budget / Savings

Capital funding was secured for the introduction of the cashless system, this was £959K. The total spend incurred was approximately £626k resulting in an underspend of around £333K

The revenue budget for the annual running cost of the system is £143k, which includes annual maintenance and support, licences and transaction (bank) charges. For every payment made to ParentPay the sum of 1.27% is charged. This is paid centrally for school meal payments and the respective school picks up the cost for all other payments.

Due to the introduction of the cashless system there is no longer the need to have Cashier posts in the Primary Schools. Therefore as each school went live on the system the Cashier post was made redundant. This generated efficiency savings of £175k.

2.4 Benefits

These are some of the benefits that the cashless system has introduced:

- Increased uptake of paid and free School Meals
- Anonymity for FSM pupils
- Service Improvements – Reduced queuing time, parents able to see what pupil has purchased
- Reduced risks as money held in school has reduced
- A more convenient method of payment for parents / carers
- Schools using the system for other payment items
- Improved information and data for the Council's catering service
- Improved hygiene as catering staff are no longer handling money

2.5 Debt

As at the end of the Summer Term – July 2018 the total amount of debt that has accumulated on the system amounts to £58k which mainly relates to Primary Schools.

From January 2018 following consultation with Portfolio Holders a 'zero' tolerance was introduced in Secondary schools. This means that pupils are not able to make purchases unless there is credit on their accounts. This implementation of this has resulted in a significant reduction in debt in Secondary schools.

The Council still operates the policy that we will not refuse a pupil a meal in a Primary school. Therefore this has contributed to the level of debt that has accrued on the system.

At the last meeting of the Project Board it was decided that a separate group would be formed to address the debt. This will include representation from Finance, Catering, Schools and Income and Awards.

This group has now met and an action plan was put into place to attempt to recover as much of the debt as possible over the summer months.

Whilst the task undertaken during the summer holidays had a positive impact reducing debt to £42k this has now increased since the start of the new term in September to £56k

A recent meeting has taken place with the Portfolio Holders to discuss a way forward with the debt relating to schools in the primary sector.

At this meeting it was decided that with effect from 7th January 2019 Powys County Council will adopt a strict no-debt policy in relation to the payment and provision of school meals for all schools. This is to ensure that, other than where there is an entitlement to free school meals, parents or carers pay for children's meals.

A new School Meal debt policy has been drafted to reflect the change and this will be presented to Schools Service Management Team and Primary and Secondary Heads together with the Schools Forum.

2.6 Communications and Support

The project from its infancy has been supported by a very robust communications strategy which has resulted in some very positive internal and external media coverage.

The project has been fully supported by Members including Cabinet and Portfolio Holders and Executive Management Team. Successful launches at the appropriate juncture of the project have taken place at Crickhowell High School following the pilot and Newtown and John Beddoes Schools.

A completion event took place on the 15th June 2018 in Clyro School which was a celebration of the last of the Council's schools to go 'cashless'. This was attended by the Leader, Portfolio Holders, Project Sponsor and Project Board Members.

In addition Kirsty Williams, Cabinet Secretary for Education has been very supportive of the project since it commenced which has been recognised by her attendance at the launch in Newtown High School (John Beddoes site) and Clyro Primary School. The Education Secretary stated:

"I'm very pleased to see that Powys Council is taking up this new system.

There are many benefits to schools using cashless payment systems. As well as protecting the identity of learners who receive free school meals – something that schools are required to do – these systems also speed at time at the till and make it much easier for payments to be made for a variety of activities"

Implementation of the project has resulted in improvements in relationships between schools and the Council and this has been evidenced when speaking with the schools and Head teachers.

2.7 Project Board

The last meeting of the Schools Cashless Project Board took place on 20th June 2018 where the project was signed off as being complete, subject to the following actions being undertaken:

- A sub group consisting of Finance, Schools, Catering, Business Support and Income & Awards will be set up to monitor and address the ongoing debt on the system.
- Work is undertaken to explore further functionality of the cashless system within schools and corporately.

2.8 Further Usage of the System

In order to ensure that the Council is fully reaping the benefits of the investment made with the introduction of the Cashless system it is proposed that during September and October 2018 further training sessions are undertaken in the North, Mid and South of the County. This will provide users with further support to develop their knowledge and skills to ensure that schools are using the system for all payment items and not just school meals and this will help towards making the council schools totally 'cashless'.

Work has commenced on exploring other opportunities for use of the system. This includes pupil attendance (registration), premises / door access, printing, vending and stock control.

Once all the appropriate information has been gathered together with the associated costs a decision will be made as to if the Council is going to 'widen' the use of the cashless system.

3. Options Considered / Available

N/A

4. Preferred Choice and Reasons

N/A

5. Impact Assessment

5.1 Is an impact assessment required? No

6. **Corporate Improvement Plan**

Making it Happen is the overarching programme of Vision 2025: Our Corporate Improvement Plan 2018-23

Within this programme the plan includes a commitment to '**Changing how we work** - Making best use of what we have and working in new, innovative ways to deliver our priorities for the benefit of the county's residents and communities.' The Schools Cashless project demonstrates an example of 'Changing how we work'

7. **Local Member(s)**

N/A

8. **Other Front Line Services**

Does the recommendation impact on other services run by the Council or on behalf of the Council? No

9. **Communications**

Have Communications seen a copy of this report? No

10. **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

Legal: The report is noted.

Finance: The Schools Finance Manager notes the comments of the report but has concerns over the level of debt. The policy for collecting the debt needs to have a clear process of ensuring the debt does not continue.

11. **Scrutiny**

Has this report been scrutinised? No

12. **Data Protection**

The Data Protection Officer has reviewed the Data Processing Agreement between the Data Controller and the Data Processor

13. Statutory Officers

The Solicitor to the Council (Monitoring Officer) commented as follows:
“The report is noted”

The Head of Financial Services (Deputy Section 151 Officer) welcomes the introduction of Schools cashless system but also raises concern over the level of debt that has arisen. A clear policy and process for managing and collecting debt must be implemented to reduce and limit the level of debt.

14. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
For Cabinet members to note the content of this report.	To acknowledge the closure of the Schools Cashless Project

Relevant Policy (ies):	N/A		
Within Policy:	Y / N	Within Budget:	Y

Relevant Local Member(s):	
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Person(s) To Implement Decision:	Nicola Williams
Date By When Decision To Be Implemented:	End of November 2018

Is a review of the impact of the decision required?	N
If yes, date of review	
Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

Contact Officer:	Nicola Williams
Tel:	01597 826024
Email:	Nicola.williams@powys.gov.uk

IMPROVEMENT AND ASSURANCE BOARD

MINUTES

Wednesday 26 September 2018, 13:00 – 16:19

Committee Room A, County Hall, Llandrindod Wells

Present

Jack Straw (Chair)	JS	Independent Chair
Bozena Allen	BA	Independent Member
Jaki Salisbury	JSa	Independent Member
Cllr Rosemarie Harris	RH	Executive Leader
Cllr Aled Davies	AD	Deputy Leader
Cllr James Gibson-Watt	JGW	Leader of the Liberal Democrat Group
Cllr Matthew Dorrance	MD	Leader of the Labour Group

In Attendance – PCC Representative

			Present for Item:
Alison Bulman	AB	Director of Social Services	All
Catrin Jones	CJ	Welsh Government	All
Cllr Stephen Hayes	StH	Portfolio Holder for Adult Services	All
Cllr. Rachel Powell	RP	Portfolio Holder for Young People	2 - 5
David Johnston	DJ	Interim Head of Children Services	5 - 11
David Powell	DP	Acting Deputy Chief Executive	All
Dylan Owen	DO	Head of Transformation for Adult Services	2 - 3
Emma Palmer	EP	Head of Strategic Policy and Performance	1-5
Felicity Llewellyn	FL	Minute Taker	All
Geoff Burrows	GB	WLGA Adviser	All
Ian Budd	IB	Director of Education	5 - 11
Jane Thomas	JT	Head of Financial Services	All
Jeremy Evans	JeE	Performance Audit Director, Wales Audit Office	All
John Byrne	JB	Union Convener, Unison	All
Louise Barry	LB	Head of Operations for Adult Services	2 - 3
Mohammed Mehmet	MM	Acting Chief Executive	All
Phil Hodgson	PH	WLGA Adviser	All

Apologies

Alistair Davey	AD	Welsh Government Social Services Division
Caroline Evans	CE	Corporate Policy, Assurance and Inspection Officer
Cllr James Evans	JaE	Portfolio Holder for Corporate Governance
Denise Moultrie	DM	CIW
Rachel Thomas	RT	WLGA Adviser

<p>1.</p>	<p>Minutes from Last Meeting and Action Log</p> <p>The minutes of the last meeting, dated 05 September 2018, were agreed as an accurate record, noting that apologies for CJ were not recorded; the minutes will be amended.</p> <p>Actions Outstanding:</p> <p><u>ACTION:</u> CE will schedule an update from AB for the next agenda re: “AB will bring draft plans to a future Board meeting, dealing with the reductions in agency workers and their impact. The service is reviewing these over the next 6 weeks.</p> <p><u>ACTION:</u> Board members will feedback comments to AB re: the governance model/process which was circulated today.</p> <p><u>ACTION:</u> CE to collate information on actions prior to the next meeting.</p>
<p>2.</p>	<p>Adult Services – Performance Report</p> <p>A monitoring visit is expected in December; <u>ACTION:</u> DO/LB/AB will provide an update to the November meeting regarding progress/preparation ahead of the monitoring visit.</p> <p>The implications of proposed changes to the overnight (8pm to 8am) A&E services at Princes Royal Hospital are being monitored due to expected impacts.</p> <p>Technology enabled care is having a positive impact (234 people have been provided with assistive technology in Powys); <u>ACTION:</u> DO to ensure that this is further considered at tomorrow’s workshop and develop a model to capture the impact financially and outcome wise re: these changes.</p> <p>Domiciliary Care recruitment is still a challenge.</p> <p>Work is underway to identify delineation, and clarify the detail, between services being provided [in reference to 25a-26a – Undertake analysis to understand residential and nursing care provision and the net effect on the total system]. Some care homes are embargoed, and this impacts upon capacity; work is being undertaken with PTHB and Commissioning colleagues to mitigate this. The emotional and psychological needs of service users are important when identifying best outcomes and appropriate placements.</p> <p><u>RECOMMENDATION:</u> AB/EP to continue to develop the performance report to ensure that it is relevant and appropriate to the needs of the various audiences.</p> <p>In relation to the as yet unpopulated elements of the report, definitions of performance indicators are being agreed; significant advances will be visible in the next report. There will be a delay in reporting on items that will require changes to the reporting system, but work is ongoing. <u>ACTION:</u> EP will provide a realistic, broad timeline for developments and include in the next report.</p> <p><u>RECOMMENDATION:</u> To provide greater depth of finance information within future reports. [Noting that commercially sensitive information will be shared directly with the</p>

	Board Independent Members and not included within reports.] In particular, differentiating between service types (e.g. Mental Health, Learning Disabilities etc.)
3.	Adult Services – Progress Against CIW Recommendations
	<p>Forecast items (for the current month) are noted as 'N/A' as such are not BRAG colour code.</p> <p><u>ACTION:</u> LB will ensure that the full set of recommendations (and progress against each) is brought to the Board for future meetings instead of reporting the priority items only.</p>
4.	Corporate Leadership and Governance Highlight Report
	<p>An updated format for the report was circulated to the Board; it is under development.</p> <p><u>ACTION:</u> JS/DP/BA/AB to meet on 30 October 2018 to agree the standardisation of reporting (outcome focused reporting and BRAG colour coding).</p> <p><u>ACTION:</u> MM/DP to reflect on cultural change and whether a discussion should be brought to a future Board meeting (aside from the transformative senior management change).</p> <p>MM provided an update on the Transformation paper previously circulated. The cultural changes that have occurred to date were not fully addressed within the paper. The discussion on the paper will close on 30 September 2018; feedback suggests that there is a desire within the Council for transformational change as outlined in the report.</p> <p>Scrutiny remains under discussion within the authority; the political conversations are ongoing with external assistance. An 18-month work programme is being produced by Cabinet, and this will be discussed with Scrutiny leads. MM noted that Cabinet reports will be limited to four sides of A4 in future.</p> <p><u>ACTION:</u> JT/DP will bring a finance update to the October meeting. A series of workshops have been held around the budget; the settlement is expected in a fortnight. The Board need assurance that social care is adequately funded.</p> <p>WCCIS functionality continues to cause considerable [local and national] issues, and is affecting the ability to record items on the system in real-time; this leads to a lot of aborted entries which have to be restarted. <u>ACTION:</u> AB will consider whether the Board can support by making representations, and will discuss with JS.</p>
5.	Children's Services – Performance Report
	<p>AB advised that:</p> <p>The re-inspection starts on Monday, as does the new Head of Service.</p> <p>The method for reporting statutory visits is currently flawed and performance remains an issue.</p> <p>Cllr. Powell and AB have issued instructions to the service that all statutory visits are to be up-to-date by the end of September, and then maintained.</p> <p>The Implementation Plan for 'signs of safety' has now been agreed.</p>

All staff have attended the 2-day training and there is a rolling programme of continued training through 2018/19.

As part of the preparation for the inspection significant numbers of files have been audited. This has highlighted some good practice which is being acknowledged and recognised with the individual front-line workers; there are some areas for further improvement.

ACTION: AB/EP to urgently agree definitions re: statutory visits and amend accordingly.

ACTION: AB to advise future Board in relation to actual performance on statutory visits irrespective of the action above.

The safe reduction of Children looked after strategy has been shared with colleagues through the Corporate parenting group and was presented to scrutiny earlier today. This will then be reviewed following comments from colleagues and signed off with the service.

The service had a 'technical rehearsal' of the presentation for CiW this morning and this went well and the passion and commitment from front line & Senior Managers was evident.

It is clear there is more to do in the service to drive sustainable change and improvement but AB is confident the progress to date will be recognised by the inspectorate.

The national LAC standard for visiting children is within 6-weeks (statutory); The authority follows the national definitions.

PH shared some very positive comments about his engagement with Managers within the service, and noted the upcoming CiW inspection will provide a new baseline for the authority. The authority welcomed the positive feedback received.

Page 26 (Supervision) was discussed; the supervision queries are being addressed e.g. for situations where annual leave prevents colleagues meeting.

Page 8 (5. No. of Approaches referred to Team Around the Family (TAF)); it was clarified that the 30 in August were referred from PPD to TAF. **ACTION: DJ will provide TAF team workload data.** It was noted that advice and guidance being provided to members of the public may have been mistakenly recorded/reported as NFA; this is being addressed.

ACTION: IB will provide a TAF report at the next meeting detailing performance and links to statutory services.

ACTION: IB will circulate a briefing highlighting how the 'voice of the child' commitment is being delivered for discussion at the next meeting.

Staffing and workloads were considered; a strategic partner has been engaged to fill permanent vacancies.

ACTION: DJ will ensure that staff details, vacancies, agency numbers, recruitment statistics etc. are in future performance reports.

6. Children's Services – Progress Against CiW Recommendations

	<p>Item 15 was discussed; a draft workforce structure is currently being considered under internal governance processes.</p> <p>The narrative approach was discussed; the commentary needs to reflect the actual outcomes, and that the BRAG colour coding is appropriate and accurate.</p>
7.	Output from LAC Strategic Framework Workshop
	The actions were circulated with the agenda, and were noted.
8.	Adoption Report
	<p>The report was received by the Board.</p> <p>ACTION: AB to ensure that sufficiently skilled and competent staff are identified in the establishment as the new structure is identified in October.</p>
9.	DRAFT LAC Strategic Framework
	<p>EP provided attendees with an updated hardcopy draft strategic framework at the start of the meeting. It is aligned to Ministerial Advisory Group work. Action is being undertaken on an ongoing basis, whilst strategies are being written and implemented.</p> <p>Subject to the recommendations below, the Board supported the Council in adopting the framework.</p> <p><u>RECOMMENDATION:</u> AB/EP to urgently develop specific actions to drive implementation focused on prevention and creating permanence.</p> <p><u>RECOMMENDATION:</u> AB/EP to ensure the establishment being proposed in October contains dedicated resources in line with this strategy.</p>
10.	External Advisers Updates
	The updates had been circulated with the meeting agenda.
11.	Any Other Business
	<p>Ministers have received, read and understood the report submitted by JS, the Independent Chair.</p> <p>Geoff Burrows, WLGA Advisor, was thanked for his positive contribution to the I&AB; this will be GB's last meeting.</p>

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**MINUTES OF A MEETING OF THE JOINT PARTNERSHIP BOARD HELD AT
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON
MONDAY, 8 OCTOBER 2018**

Cllr Stephen Hayes, Cabinet Member Chair

PCC

Vivienne Harpwood, Chair, PTHB

Vice-Chair

Cllr. Aled Davies

Cabinet Member, PCC

Carol Shillabeer,

Chief Executive. PTHB

Melanie Davies,

Independent Member, PTHB

In attendance:

Mohammed Mehmet, Acting Chief Executive, PCC

Mandy Collins, Board Secretary PTHB

Dylan Owen, Head of Transformation for Adult Services

Clive Pinney, Solicitor to the Council PCC

Julie Rowles, Director of Workforce and Organisational Development, PTHB

Hayley Thomas, Director of Planning and Performance, PTHB

1.	WELCOME AND APOLOGIES
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Apologies for absence were received from County Councillors Rosemarie Harris and Rachel Powell and from Ali Bulman.

2.	MINUTES
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Item 4: The first paragraph was amended to read:

Hayley Thomas and Ali Bulman gave an update and advised that work would be undertaken to identify a preferred site in Newtown giving the opportunity for a multi-agency campus to be developed.

Subject to this amendment the minutes of the last meeting held on 19 July 2018 were agreed as a correct record.

2.1. Matters Arising

Section 33 Agreements

Mandy Collins and Clive Pinney had met to work through outstanding issues. Subject to scrutiny by the two Chief Executives, the S33s would be reported to the next meeting for formal sign off.

Carol Shillabeer reported that the ICT S33 agreement had been signed off but that there were still some outstanding trade union concerns over the County Council being the lead employer and no formal agreement in place. Jobs would continue to be advertised with the employer being either PCC or PTHB. John

Bevan was nominated as PCC's contact to work with Julie Rowles. The Chair asked for an update at the next meeting.

Mental Health Integration

Both PCC and PTHB had put structures in place to enable the integration of mental health services to progress.

3. RPB/JPB REVIEW

There was a discussion on the future role of the Joint Partnership Board given the increasing prominence of the Regional Partnership Board. The JPB's role had initially been to manage S33 agreements but its role had developed to include the broader integration agenda and as a forum for bipartite discussions. There was a risk of JPB duplicating work that should be in the remit of the RPB raising the question of whether the JPB should be disbanded.

There was a feeling that the role of the RPB needed to be better defined. At the moment the RPB was too involved at an operational level rather than a strategic level. It had a large membership and the PCC and PTHB could be outvoted. There was also a feeling that the Council and Health Board needed a forum for bipartite discussions.

DECISION: Mohammed Mehmet, Carol Shillabeer, Clive Pinney and Mandy Collins to meet to consider the respective roles of JPB and RPB and report back to the next meeting.

4. NORTH POWYS RRC

JPB was briefed on the Regional Rural Centre project. Hayley Thomas and Ali Bulman had regular meetings with Arcadis and had established an officer delivery team. There would be an engagement event with key PTHB, PCC and Third Sector staff on 19th October and a meeting on 5th November to look at potential sites. A report would be prepared by the end of December for the JPB to consider in the New Year.

The governance arrangements and scope of the project were discussed. MM wanted clarity on what the project was trying to achieve so that governance arrangements could be built around it. The scope of the project could not be agreed until Arcadis completed their work and reported in January. It was agreed that the current arrangements were adequate until then.

ACTION: MC and SB were asked to arrange a joint presentation for the Board and the Cabinet in early December.

5. GROW MID WALES: HEALTH & CARE OPPORTUNITIES

JPB discussed the potential for elements of the Health and Care Strategy such as the Regional Rural Centre to form a component of the proposed Mid Wales Growth Deal, which up to now had focussed on the economy and digital

connectivity; and noted that further education providers were keen to work with PCC and PTHB.

6. RESIDENTIAL HOMES/GLAN IRFON
--

JPB discussed options for going to the market to seek expressions of interest in running the Council's 11 care homes and Glan Irfon / Brynhyfryd once the current contract with BUPA ended in May 2019. Glan Irfon and Brynhyfryd was a joint health and social care facility built with NHS capital that shared facilities and staff and there would be sensitivities for PTHB involving the private sector. In order not to delay going to the market it was felt that Glan Irfon/Brynhyfryd should be dealt with separately.

DECISION: to go out to tender on the 11 Council care homes, identifying Glan Irfon/Brynhyfryd within the documentation as a separate package for possible later inclusion.

7. ICF CAPITAL BIDS

JPB was advised that capital bids were due to come to RPB next week.

8. MID WALES WORKFORCE EVENT

Julie Rowles reported on the Mid Wales workforce event held on 19th September to discuss the challenge of recruiting and retaining staff. From 1st October Health Education and Improvement Wales (HEIW) would bring together several organisations into a single body to support the development of the health workforce.

9. APPROVAL OF ANNUAL WORK PLAN
--

Noted.

10. DATES OF FUTURE MEETINGS

In addition to the dates listed a further meeting would be needed early to mid January 2019.

**County Councillor Stephen Hayes
Chair**

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

24th October 2018

CABINET

28th November 2018

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Treasury Management Qtr 2 Report

REPORT FOR: Information

1. Summary

- 1.1 CIPFA's 2009 Treasury Management Bulletin suggested:
"In order to enshrine best practice it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly."

The CIPFA Code of Practice on Treasury Management emphasises a number of key areas including the following:-

- xi. Treasury management performance and policy setting should be subject to scrutiny prior to implementation.

- 1.2 In line with the above, this report is providing information on the activities for the quarter ending 30th September 2018.

2. Economic Background and Forecasts

- 2.1 The economic background is attached at Appendix B.
- 2.2 The most recent forecast of interest rates by the Authority's advisor is as follows:

	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Bank rate	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%
5yr PWLB	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%
10yr PWLB	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%
25yr PWLB	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%
50yr PWLB	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%

3. Treasury Management Strategy

- 3.1 The Treasury Management Strategy approved by Full Council on 8th March 2018 is at Appendix A.
- 3.2 The Authority's investment priorities outlined in the Strategy are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

3.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments.

4. **Current Investments**

4.1 The current investment market is difficult in respect of earning the level of interest rates commonly seen in previous years as rates are very low and in line with the 0.75% Bank Rate.

4.2 The Authority had no investments at 30th September 2018.

Invested with:	Principal £000's	Interest Rate	Start Date	Maturity Date
Total	0			

4.3 Higher return rates are difficult to achieve as the Authority is not in a position to invest its cash for more than a short period of time.

4.4 Redemption Penalties:
There are no current fixed investments to redeem.

4.5 Investment returns in future years:
Our advisors' current suggested earning rates for investments for budgeting purposes are as follows:-

2018/19	0.75%
2019/20	1.00%

These are based on investments for up to three months duration.

5. **Credit Rating Changes**

5.1 There have been no credit rating changes relevant to this Authority's position during the last quarter.

5.2 The credit rating list for end of September is attached as a separate file to this report.

6. **Borrowing / Re-scheduling**

6.1 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.

6.2 The Authority's Capital Position:

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.

Net external borrowing (borrowings less investments) should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

Original CFR Position:

	As at 31.03.18 Actual	2018/19 Original Estimate	2019/20 Original Estimate	2020/21 Original Estimate
	£M	£M	£M	£M
Capital Financing Requirement	318,036	382,916	416,618	434,710

Updated CFR position as at 30.09.18:

	As at 31.03.18 Actual	2018/19 Current Estimate	2019/20 Current Estimate	2020/21 Current Estimate
	£M	£M	£M	£M
Capital Financing Requirement	324,480	362,099	411,690	456,454

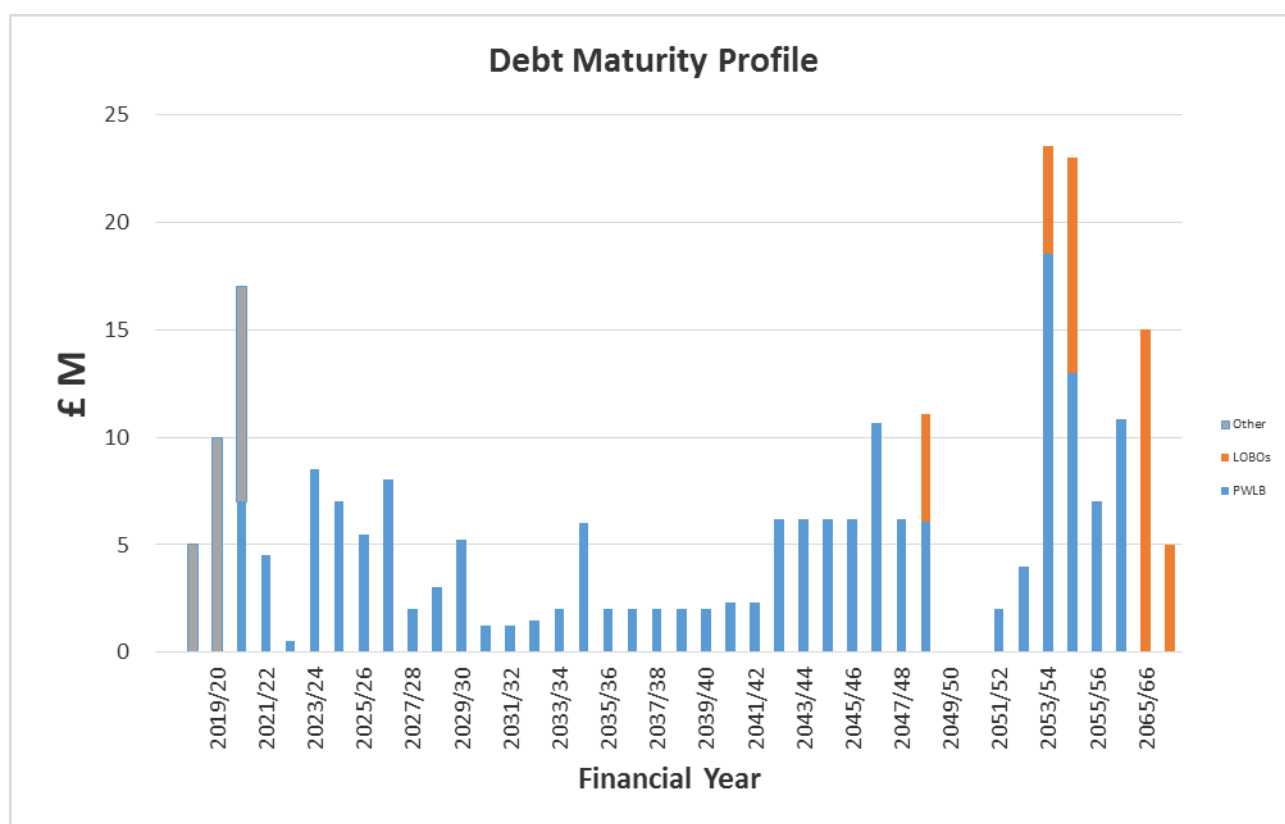
- 6.3 The Authority had outstanding long-term external debt of £251.4M at 31st March 2018. In relation to the CFR figure for 31st March 2018, this equated to the Authority being under borrowed by £73.1M. This is a prudent and cost effective approach in the current economic climate. However, members will be aware that internal borrowing is only a temporary situation and officers have advised that, based on capital estimates, it will be necessary for the Authority to borrow at stages over the next few years. In line with this, £10M of longer-term borrowing has taken place in the current financial year. This was a prudent approach to ensure some borrowing takes place whilst interest rates are at their low levels as opposed to borrowing at a future date at increased rates.

6.4 Capital Budget/Spend per efinancials:

Capital:	Approved Budget £	Working Budget £	Actual Capital Spend (not including commitments) £	%age spend
	85,725,189			
June		124,856,235	6,518,210	5.22%
Sept		126,377,477	25,547,244	20.2%

The financing of the approved capital budget included £17.9M of Prudential borrowing in total.

6.5 Debt Maturity Profile as at 30.09.18:



6.6 Rescheduling:

The Public Works Loans Board released a circular regarding rates on 20th October 2010. As a result of this, rates immediately increased by 0.87-0.88 basis points across the board. The overall impact of this circular was that it is far more difficult for authorities to reschedule debt. PWLB interest rates in the last quarter have not been conducive towards any rescheduling.

7. Prudential Indicators

7.1 All TM Prudential Indicators were complied with in the quarter ending 30th September 2018.

8. VAT

8.1 The Technical Section of Finance act as the authority's VAT section. VAT can pose a risk to the authority hence the TM has been asked to include VAT information in these quarterly reports.

8.2 The monthly VAT returns were submitted within the required deadlines during the quarter ending 30th September 2018.

8.3 Key Performance Indicators:

The VAT KPI's for 2018/19 are attached at Appendix C.

Proposal

It is proposed that the Treasury Management quarterly report is received.

Statutory Officers

The Head of Financial Services (acting s151 officer) notes the content of the report and supports the recommendation.

The Solicitor to the Council (Monitoring Officer) has made the following comment: "I have nothing to add to the report".

Future Status of the Report

Not applicable

Recommendation:		Reason for Recommendation:	
That the Treasury Management Quarterly Report be received		To ensure Cabinet remains informed about current Treasury Management performance	
Relevant Policy (ies):		Treasury Management Policy	
Within Policy:	Y	Within Budget:	N/A
Person(s) To Implement Decision:		N/A	
Date By When Decision To Be Implemented:		N/A	
Contact Officer Name:	Tel:	Fax:	Email:
Ann Owen	01597 826327	01597 826290	ann.owen@powys.gov.uk

Background Papers used to prepare Report:

CIPFA Code of Practice on Treasury Management and Cross Sectoral Guidance Notes
Treasury Management Policy Statement
Advisors' Information
WAG Guidance on Local Government Investments 2010
PWLB circulars

Appendix A:

Approved Treasury Management Strategy 2018/19:

7.5 "High" credit quality:

7.5.1 It is proposed that the Authority continue with the following in respect of defining a "high" credit quality. If a rating is not available from any of the rating agencies then the available ratings will be used. Members will note that this proposal excludes investments with some banks off the advisors' suggested list:-

Long Term Ratings (in respect of long-term investments):

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-

Short Term Ratings (in respect of short-term investments):

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
F1+	N/A	A-1+
F1	P-1	A-1

7.6 Country limits:

7.6.1 It is proposed that the Authority will use approved counterparties from the UK and approved counterparties from other countries with the following sovereign credit ratings:-

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
AAA	Aaa	AAA

Country	Maximum Investment per Country	Credit Rating/Other Assessment of Risk
AAA countries	£20M (held in call accounts)	As per rating list
UK	No Maximum Investment	As per rating list

7.7 Group/Institutions - Counterparty Criteria/Limits:

Specified Investments:

Institution	Maximum Investment per Group/Institution £M	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	20 (a maximum £10M to be held in fixed term investments)	Up to 364 days	As per Link's matrices and the Authority's definition of a high credit rating
Foreign Banks	5	Up to 364 days	As per Link's matrices and the Authority's definition of a high credit rating
Other Local Authorities	25	Up to 364 days	N/A

Non-Specified Investments:

Institution	Maximum Investment per Group/Institution £M	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	10 (£5M limit with any one institution)	Up to 2 years	As per Link's matrices and the Authority's definition of a high credit rating
Foreign Banks	2	Up to 2 years	As per Link's matrices and the Authority's definition of a high credit rating
Money Market Funds (max. of 5)	10	N/A	All are AAA rated
Other Local Authorities	10	Up to 5 years	N/A
<i>Note: Limits for Specified and Non-Specified are combined limits. The maximum limit will also apply to a banking group as a whole.</i>			

Appendix B

Economic Background

UK

The Q2 pick up in GDP was put down to a catch up from the weather effect on Q1, but driven primarily by inventories rebuilding which is not a basis of ongoing, sustained economic growth. Q2 retail sales volumes did pick up but consumer spending growth was more modest, which indicates that spending away from the high street moderated. Business investment was an area of positivity with firms not overly concerned about Brexit. Surveys of firms' investment intentions point to this strength being maintained going forward. This suggests that the bounce in growth in the last quarter has held up in early Q3.

July retail sales volumes were strong again. However, demand for borrowing eased and the outlook for consumption growth looks a little less rosy. Furthermore, the British Retail Consortium's forward looking indices are suggestive of high street sales slowing. The August Gfk consumer confidence survey, however, saw a rise in the major purchases balance indicating that spending will not be curbed in the short term. Headline wage growth has slowed but the expectation is that real wages should turn upwards. Net trade weighed on Q2 GDP, largely down to export volumes falling at a faster rate than for imports. There has been a slowing in EU/global trade but the UK export performance has been particularly bad. Surveys suggest a recovery but the most recent manufacturing PM Index saw a sharp fall in the export orders balance. Improvements in the trade balance and increased investment income pulled the current account deficit down to 3.4% GDP in Q1. However, that improvement has now been reversed in Q2 based on a larger goods deficit the size of about 1% of GDP.

There was a modest increase in the number of workers to June which slowed the annual rate of employment growth. On the other hand, the similar decline in unemployment, along with a dip in participation, was sufficient to pull the unemployment rate down to 4.0%. Job switching is back to pre-crisis levels but the flow from unemployment to employment has slowed. Though the supply of available workers is dwindling, employment growth is expected to be maintained. Earnings are not reflective of the battle for workers so far, with bonus payments weaker and annual income growth, net of bonus, also softening. Industry reports indicate that acceleration is potentially on the cards.

CPI rose for the first time in eight months in July, rising to 2.5% driven by recreation and culture. Nevertheless, given that this is a volatile sector, this could be reversed in August. Rising oil prices also had an impact and fuel and energy prices will underpin inflation in the coming months. Supply side price pressures have been building on the oil price move. Analysts believe that CPI will return to below the 2% target as the upside effect of Sterling weakness dissipates.

VAT - Key Performance Indicators:

Creditor Invoices

VAT return for	No of high value Creditor invoices checked	No of Creditor invoices highlighted as requiring "proper" document for VAT recovery	%age of creditor invoices checked requiring "proper" document for VAT recovery
Apr-18	130	17	13.08%
May-18	108	5	4.63%
Jun-18	169	11	6.51%
Jul-18	222	11	4.95%
Aug-18	220	18	8.18%

Cash Receipting Entries

VAT return for	No of cash receipting entries checked by formula per the ledger account code used	No of cash receipting entries needing follow up check	%age of cash receipting entries needing follow up check
Apr-18	907	15	1.65%
May-18	810	8	0.99%
Jun-18	848	6	0.71%
Jul-19	499	10	2.00%
Aug-18	882	34	3.85%

Debtor Invoices

VAT return for	No of Debtor invoices checked (value >£5k)	No of checked debtor invoices with incorrect VAT code used	%age of debtor invoices with incorrect VAT code
Apr-18	38	7	18.42%
May-18	50	4	8.00%
Jun-18	40	8	20.00%
Jul-18	57	11	19.30%
Aug-18	72	11	15.28%

Purchase Cards

VAT return for	No of transactions for previous month for which paperwork requested for checking	No of Amazon invoices included in check	Resolvable errors discovered	No of transactions for which no response received within timescale	Value of VAT potentially claimable but recharged to budget due to non-response	No of transactions where VAT claimed incorrectly	%age of transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-18	260	13	12	6	£1,395.07	6	2.36%	£674.06
May-18	240	10	20	11	£1,127.77	15	6.55%	£563.64
Jun-18	440	15	14	9	£2,055.92	11	2.55%	£596.35
Jul-18	190	8	15	11	£2,003.66	8	4.47%	£300.39
Aug-18	107	4	5	5	£575.32	2	1.96%	£18.16

Voluntary Declarations

Per HMRC regulations, any vat errors discovered can be adjusted in the current VAT account if they are:

- below the reporting threshold (>£10,000 or up to 1% of the VAT return Box 6 figure up to a maximum of £50,000)
- not deliberate
- for an accounting period that ended less than 4 years ago.

Any errors that do not meet these conditions have to be reported to HM Revenue and Customs and are referred to as voluntary declarations.

There are no voluntary declarations to date in 2018/19.

Chargebacks to service areas

As a result of the monthly Creditor invoice checking, Treasury Management produce a list of Creditor payments for which a “proper” vat document has not been received. Any VAT amounts on these invoices are held in the vat account and are not claimed until such time as a valid invoice is received. The relevant budget holder is emailed the details and asked to source a correct document. Failure to do this results in the relevant budget being charged with the vat amount that cannot be reclaimed due to the lack of a proper document.

Further to the above, the upload of appropriate documents to the Barclaycard purchase card system to enable vat recovery was made mandatory in September 2017 as a result of the lack of response from service areas/establishments to provide documents when requested. Where no document has been uploaded, any VAT amount input against the transaction is charged to the service area.

The total amount charged back in 2018/19 to date is £38,414.91. The breakdown of this is as follows:-

Reason	£
Not a tax invoice	1,348.00
Not a tax invoice – no response from service area	7,974.77
PCC not the named customer	2,335.29
No VAT registration number on invoice	93.20
No invoice uploaded to Barclaycard system	17,155.08
No evidence supplied to enable vat recovery	5,828.66
Foreign VAT (not recoverable)	309.58
No VAT amount on invoice in first place	2,187.28
Supplier not vat registered	59.95
Supply not to PCC	675.96
Overaccounting for VAT	447.14

Of the above, £34,735.00 was potentially recoverable. The majority of these errors are in respect of purchase card transactions and 44% of these errors were schools.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Trwy rinwedd paragraff(au) 14 Rhan 1 Atodlen 12A
Deddf Llywodraeth Leol 1972.

Document is Restricted

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Delegated Decision List

2 November	Portfolio Holder for Highways Recycling and Assets	Approved a proposal that storage along with a records management service by the Council's Information Management Service is marketed to external organisations.
22 November	Portfolio Holder for Learning and Welsh Language	Approved the appointment of the following school governors: Reverend J Hancocks to Brynhafren CP School, Mrs M Jones to Llanfyllin CP School, Mrs L Loader to Buttington/Trewern CP School, Mrs M Thomas to Federation of Carno, Glantwymyn and Llanbrynmair, Reverend M Rich to Ysgol Brynlywarch and County Councillor Kath Roberts-Jones to St Michaels C in W School.

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

Cabinet Date	Cabinet/Manai	Title	Portfolio Holder	Lead	Decision Maker
28/11/18	16/10/18	Treasury Management Report for Quarter 2 2017/18	Aled Wyn Davies	Ann Owen	Cabinet
28/11/18	13/11/18	Hay Town Council	Phyl Davies	Clive Pinney	Cabinet
28/11/18	16/10/18	Farms Policy	Rosemarie Harris	Natasha Morgan	Cabinet
28/11/18	16/10/18	Schools Cashless Project - Closing Report	Aled Wyn Davies	Nicola Williams	Cabinet
28/11/18	16/10/18	Powys Lottery	Rosemarie Harris	Greg Thomas	Cabinet
28/11/18	13/11/18	Council Tax Base	Aled Wyn Davies	Andrew Griffiths	Cabinet
30/11/18		Highways Winter Plan	Phyl Davies	Shaun James	Portfolio Holder
30/11/18		Traffic Regulation Orders	Phyl Davies	Tony Caine	Portfolio Holder
30/11/18		Parking Charges and Concessions	Phyl Davies	Tony Caine	Portfolio Holder
30/11/18		Food Hygiene Rating System Audit by FSA	James Evans	Beverley Cadwallader	Portfolio Holder
18/12/18		Update from the Anti-Poverty Champion		Joy Jones	Cabinet
18/12/18	04/12/18	Budget Outturn Report as at 31 October	Aled Wyn Davies	Jane Thomas	Cabinet
18/12/18	04/12/18	Capital Programme Update	Aled Wyn Davies	Jane Thomas	Cabinet
18/12/18	16/10/18	North Office Paper Final Recommendations	Phyl Davies	Natasha Morgan	Cabinet
18/12/18	04/12/18	Vision 2025: Our CIP Quarter 2 2018-19 Performance Report – 4th December 2018	Aled Wyn Davies	Rhian Jones	Cabinet
21/12/18		Llandrindod On-Street Parking	Phyl Davies	Tony Caine	Portfolio Holder
21/12/18		Llanfyllin Parking Review	Phyl Davies	Tony Caine	Portfolio Holder
21/12/18		Welshpool One-Way and Parking Restrictions	Phyl Davies	Tony Caine	Portfolio Holder
15/01/19	08/01/19	WHQS Completion	James Evans	Simon Inkson	Cabinet
15/01/19	08/01/19	Review of Day Time Activities for Older People	Cllr Stephen Hayes	Dylan Owen	Cabinet
15/01/19	08/01/19	Joint Dementia Action Plan	Cllr Stephen Hayes	Dylan Owen	Cabinet
15/01/19	08/01/19	Fair Funding Review & Scheme for Financing Schools (post-consultation)	Myfanwy Catherine Alexander	Richard Waggett	Cabinet
15/01/19	08/01/19	Rights of Way Improvement Plan	Aled Wyn Davies	Mark Stafford-Tolley	Cabinet
15/01/19	08/01/19	Prosecution enforcement policy	James Evans	Clive Jones	Cabinet
15/01/19	08/01/19	Development of National Significance	Martin Weale	Gwilym Davies	Cabinet
15/01/19	08/01/19	ALN Strategic Review	Myfanwy Catherine Alexander	Imtiaz Bhatti	Cabinet
15/01/19	08/01/19	Changes of Functions of NTSEAT	James Evans	James Munro	Cabinet

15/01/19	08/01/19	Budget Outturn report as at 30 November	Aled Wyn Davies	Marie Jones	Cabinet
15/01/19	08/01/19	Provision of Respite Care	Rachel Powell	Jan Coles	Cabinet
15/01/19	08/01/19	Budget for 2019/20	Aled Wyn Davies	Jane Thomas	Cabinet
15/01/19	08/01/19	Capital Receipts	Phyl Davies	Natasha Morgan	Cabinet
31/01/19		Lake Vrwynwy	Phyl Davies	Alastair Knox	Portfolio Holder
12/02/19	29/01/19	Love where you live Strategy	James Evans	Simon Inkson	Cabinet
		School Organisation Proposal Banw and Llanerfyl	Myfanwy Catherine		
12/02/19	29/01/19	Schools	Alexander	Marianne Evans	Cabinet
12/02/19	29/01/19	Treasury Management Quarter 3 report	Aled Wyn Davies	Ann Owen	Cabinet
		HRA rent increase and increase in charges for other			
12/02/19	29/01/19	housing services	James Evans	Simon Inkson	Cabinet
		Development of a Gypsy and Travellers site in			
12/02/19	29/01/19	Machynlleth	James Evans	Simon Inkson	Cabinet
12/02/19	29/01/19	Changes to the Housing Allocation Scheme	James Evans	Simon Inkson	Cabinet
		Review of ECOFLEX and the adoption of an ECO 3			
12/02/19	29/01/19	Proposed statement of intent	James Evans	Simon Inkson	Cabinet
12/02/19	29/01/19	Budget Outturn as at December 2018	Aled Wyn Davies	Jane Thomas	Cabinet
12/02/19	29/01/19	Welsh Public Library Standards performance 2017/18	Rachel Powell	Kay Thomas	Cabinet
			Myfanwy Catherine		
12/02/19	29/01/19	Newtown Schools Capital Development	Alexander	Marianne Evans	Cabinet
			Myfanwy Catherine		
12/02/19	29/01/19	Schhols Major Improvements Programme	Alexander	Marianne Evans	Cabinet
		North Powys Wellbeing Programme - Approval of First			
12/02/19	29/01/19	Phase	Cllr Stephen Hayes		Cabinet
12/02/19	29/01/19	Feasibility Study Crematorium	James Evans	Nia Hughes	Cabinet
28/02/19		Highways Capital	Phyl Davies	Shaun James	Portfolio Holder
05/03/19	19/02/19	HRA Business Plan	James Evans	Simon Inkson	Cabinet
		Vision 2025: Our CIP Quarter 3 2018-19 Performance			
05/03/19	19/02/19	Report	Aled Wyn Davies	Rhian Jones	Cabinet
05/03/19	19/02/19	Budget Outturn as at January 2019	Aled Wyn Davies	Jane Thomas	Cabinet
05/03/19	19/02/19	Brecon Outline Business Case	Phyl Davies	Natasha Morgan	Cabinet
26/03/19	12/03/19	Corporate Safeguarding 6 monthly update	Rachel Powell	Alison Bulman	Cabinet

26/03/19	12/03/19	Post 16 Review update	Myfanwy Catherine Alexander	Joni Hughes	Cabinet
26/03/19	12/03/19	Home to school Transport - Post 16 and Welsh Medium	Myfanwy Catherine Alexander	Marianne Evans	Cabinet
29/03/19		Consolidation of Parking	Phyl Davies	Shaun James	Portfolio Holder
30/04/19	16/04/19	HAMP	Phyl Davies	Alastair Knox	Cabinet
30/04/19	16/04/19	South Office Review	Phyl Davies	Natasha Morgan	Cabinet
30/04/19	16/04/19	Public toilets strategy	Martin Weale	Peter Morris	Cabinet
30/04/19	16/04/19	Scrap Metal Dealers & Delegation	James Evans	Beverley Cadwallader	Cabinet
30/04/19	09/04/19	Gender Pay report	James Evans	Bets Ingram	Cabinet
30/04/19	09/04/19	Housing association development programme (PDP)	James Evans	Simon Inkson	Cabinet
30/04/19	09/04/19	Supplementary Planning Guidance - Renewable Energy & Landscape	Martin Weale	Peter Morris	Cabinet
30/04/19	09/04/19	South Office Review	Phyl Davies	Natasha Morgan	Cabinet
30/04/19	09/04/19	Budget Outturn as at February 2019	Aled Wyn Davies	Jane Thomas	Cabinet
30/04/19	16/04/19	School Reorganisation – Llanfyllin All Through School Consultation Report	Myfanwy Catherine Alexander	Marianne Evans	Cabinet
30/04/19	09/04/19	BESD & Pupil Referral Unit Provision	Myfanwy Catherine Alexander	Imtiaz Bhatti	Cabinet
30/04/19	09/04/19	Specialist Centre Provision	Myfanwy Catherine Alexander	Imtiaz Bhatti	Cabinet
21/05/19	07/05/19	Implications of Grenfell (awaiting Inspector's report)	Martin Weale	Ian Maddox	Portfolio Holder
21/05/19	07/05/19	Treasury Management Quarter 4 report	Aled Wyn Davies	Ann Owen	Cabinet
21/05/19	07/05/19	Annual employment monitoring report	James Evans	Bets Ingram	Cabinet
21/05/19	07/05/19	Light review of the Strategic Equality Plan	James Evans	Bets Ingram	Cabinet
21/05/19	07/05/19	Evaluation of the impact of the roll out of full service universal credit on HRA rent arrears	James Evans	Simon Inkson	Cabinet
21/05/19	07/05/19	Budget Outturn as at 31 March 2019	Aled Wyn Davies	Jane Thomas	Cabinet
21/05/19	07/05/19	Budget Ouuturn 2018/19	Aled Wyn Davies	Jane Thomas	Cabinet
21/05/19	07/05/19	Minumum Unit Prices	James Evans	Clive Jones	Cabinet

31/05/19		Minimum Unit Prices	James Evans	Clive Jones	Portfolio Holder
18/06/19	04/06/19	Review of WHQS compliance policy	James Evans	Simon Inkson	Cabinet
18/06/19	04/06/19	Local Housing Market Assessment	James Evans	Simon Inkson	Cabinet
18/06/19		Vision 2025: Our CIP Quarter 4 2018-19 Performance Report	Aled Wyn Davies	Rhian Jones	Cabinet
18/06/19	04/06/19	FINAL Vision 2025: Our CIP 2019/20 Update and Annual Report 2018-19	Aled Wyn Davies	Rhian Jones	Cabinet
18/06/19	04/06/19	Towards 2040 (PSB Well-being Plan) Annual Report	Aled Wyn Davies	Rhian Jones	Cabinet
18/06/19	04/06/19	Medium Term Financial Strategy	Aled Wyn Davies	Jane Thomas	Cabinet
18/06/19	04/06/19	School Reorganisation – Llanerfyl and Banw Objection Report	Myfanwy Catherine Alexander	Marianne Evans	Cabinet
18/06/19	04/06/19	Regional Technical Statement	Martin Weale	Peter Morris	Cabinet
09/07/19	25/06/19	Strategic Equality Plan End of Year Monitoring Report	James Evans	Bets Ingram	Cabinet
09/07/19	25/06/19	Implementation of the Renting Homes Act 2014	James Evans	Simon Inkson	Cabinet
09/07/19	25/06/19	HRA New Build Programme	James Evans	Simon Inkson	Cabinet
09/07/19	25/06/19	Budget Outturn Report as at 31 May 2019	Aled Wyn Davies	Jane Thomas	Cabinet
30/07/19	16/07/19	Treasury Management Review Report 2018/19	Aled Wyn Davies	Ann Owen	Cabinet
30/07/19	16/07/19	Treasury Management Quarter 1 Report	Aled Wyn Davies	Ann Owen	Cabinet
30/07/19	16/07/19	Budget Outturn Report as at 30 June 2019	Aled Wyn Davies	Jane Thomas	Cabinet
17/09/19	03/09/19	Outcome of the tenants' satisfaction survey	James Evans	Simon Inkson	Cabinet
17/09/19	03/09/19	Budget Outturn as at 31 July 2019	Aled Wyn Davies	Jane Thomas	Cabinet
30/09/19		Highways Winter Plan	Phyl Davies	Shaun James	Portfolio Holder
08/10/19	24/09/19	3 x Supplementary Planning Guidance	Martin Weale	Peter Morris	Cabinet
08/10/19	24/09/19	National Development Framework – Welsh Government consultation	Martin Weale	Peter Morris	Cabinet
08/10/19	24/09/19	Budget Outturn as at 31 August 2019	Aled Wyn Davies	Jane Thomas	Cabinet
05/11/19	22/10/19	Treasury Management Quarter 2 Report	Aled Wyn Davies	Ann Owen	Cabinet
05/11/19	22/10/19	HRA Asset Management Strategy	James Evans	Simon Inkson	Cabinet
05/11/19	22/10/19	Budget Outturn as at 30 September 2019	Aled Wyn Davies	Jane Thomas	Cabinet
27/11/19	12/11/19	Council Tax Base	Aled Wyn Davies	Andrew Griffiths	Cabinet
17/12/19	03/12/19	Budget Outturn as at 31 October 2019	Aled Wyn Davies	Jane Thomas	Cabinet