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## Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

### Bridgend County Borough Council



Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont, CF31 4WB / Civic Offices, Angel Street, Bridgend, CF31 4WB

*Rydym yn croesawu gohebiaeth yn Gymraeg.  
Rhowch wybod i ni os mai Cymraeg yw eich  
dewis iaith.*

*We welcome correspondence in Welsh. Please  
let us know if your language choice is Welsh.*



Annwyl Cyngorydd,

#### **CYNGOR**

Cynhelir Cyfarfod Cyngor yn Siambr y Cyngor, Swyddfeydd Dinesig, Stryd Yr Angel, Penybont Ar Ogwr CF31 4WB ar **Dydd Mercher, 26 Chwefror 2020 am 15:00.**

#### **AGENDA**

1. Ymddiheuriadau am absenoldeb  
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o fuddiant  
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.
3. Cymeradwyaeth Cofnodion 3 - 18  
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 22/01/20
4. I dderbyn cyhoeddiadau oddi wrth:  
(i) Maer (neu'r person sy'n llywyddu)  
(ii) Aelodau'r Cabinet  
(iii) Prif Weithredwr  
(iv) Swyddog Monitro
5. I dderbyn cyhoeddiadau gan yr Arweinydd
6. Cyflwyniad gan yr Awdurdod Tân ac Achub De Cymru 19 - 20
7. Cynllun Corfforaethol 2018-2022 Adolygwyd ar gyfer 2020-21 21 - 66
8. Strategaeth Ariannol Tymor Canolig 2020-21 i 2023-24 67 - 182
9. Y Dreth Gyngor 2020-21 183 - 192

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11. Materion Brys

I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Yn ddiffuant

**K Watson**

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

**Dosbarthiad:**

Cynghowrwr

S Aspey  
SE Baldwin  
TH Beedle  
JPD Blundell  
NA Burnett  
MC Clarke  
N Clarke  
RJ Collins  
HJ David  
P Davies  
PA Davies  
SK Dendy  
DK Edwards  
J Gebbie  
T Giffard  
RM Granville  
CA Green  
DG Howells

Cynghorwyr

A Hussain  
RM James  
B Jones  
M Jones  
MJ Kearn  
DRW Lewis  
JE Lewis  
JR McCarthy  
DG Owen  
D Patel  
RL Penhale-Thomas  
AA Pucella  
JC Radcliffe  
KL Rowlands  
B Sedgebeer  
RMI Shaw  
CE Smith  
SG Smith

Cynghorwyr

JC Spanswick  
RME Stirman  
G Thomas  
T Thomas  
JH Tildesley MBE  
E Venables  
SR Vidal  
MC Voisey  
LM Walters  
KJ Watts  
CA Webster  
DBF White  
PJ White  
A Williams  
AJ Williams  
HM Williams  
JE Williams  
RE Young

CYNGOR - DYDD MERCHER, 22 IONAWR 2020

COFNODION CYFARFOD Y CYNGOR A GYNHALIWIYD YN SIAMBR Y CYNGOR,  
SWYDDFEYDD DINESIG, STRYD YR ANGEL, PENYBONT AR OGWR CF31 4WB DYDD  
MERCHER, 22 IONAWR 2020, AM 15:00

## Presennol

Y Cyngorydd SE Baldwin – Cadeirydd

S Aspey	TH Beedle	JPD Blundell	NA Burnett
MC Clarke	N Clarke	RJ Collins	HJ David
P Davies	PA Davies	SK Dendy	DK Edwards
T Giffard	RM Granville	CA Green	DG Howells
A Hussain	RM James	B Jones	MJ Kearn
DRW Lewis	JE Lewis	JR McCarthy	D Patel
RL Penhale-Thomas	AA Pucella	KL Rowlands	B Sedgebeer
RMI Shaw	CE Smith	SG Smith	JC Spanwick
G Thomas	T Thomas	JH Tildesley MBE	E Venables
SR Vidal	CA Webster	DBF White	PJ White
A Williams	AJ Williams	HM Williams	JE Williams
RE Young			

## Ymddiheuriadau am Absenoldeb

J Gebbie, JC Radcliffe, MC Voisey, LM Walters a/ac KJ Watts

## Swyddogion:

Susan Cooper	Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol a Lles
Lindsay Harvey	Cyfarwyddwr Corfforaethol – Addysg a Chymorth i Deuluoedd
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Richard Matthams	Arweinydd Tîm Cynllunio Datblygiadau
Adam Provoost	Uwch Swyddog Cynllunio Datblygu
Andrew Rees	Rheolwr Gwasanaethau Democraidaidd
Mark Shephard	Prif Weithredwr
Kevin Stephens	Cynorthwy-ydd Gwasanaethau Democataidd
Kelly Watson	Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

## 387. DATGAN BUDDIANT

Datganwyd y buddiannau a ganlyn:

Datganodd y Cyngorydd R Shaw fuddiant personol yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 oherwydd ei gysylltiad ag elusen leol sy'n cynnal Canolfan Gymuned William Trigg.

Datganodd y Cyngorydd JC Spanwick fuddiant personol yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21 gan fod aelod o'i deulu yn elwa ar y cynllun.

Datganodd y Cyngorydd DBF White fuddiant personol yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21 gan fod perthynas agos yn elwa ar y cynllun.

Datganodd y Cyngorydd HM Williams fuddiant personol yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21 gan fod perthynas agos yn elwa ar y cynllun.

Datganodd y Cynghorydd JE Lewis fuddiant personol yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 - am ei bod yn aelod o Ganolfan Gymuned Sarn.

Datganodd y Cynghorydd DRW Lewis fuddiant personol yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 - am ei fod yn aelod o Ganolfan Gymuned Sarn.

Datganodd y Cynghorydd RM James fuddiant personol yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21, gan fod aelod o'i deulu yn elwa ar y cynllun, a gadwodd y cyfarfod tra'r oedd yr eitem yn cael ei hystyried.

Datganodd y Cynghorydd HJ David fuddiant personol yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 gan mai ef yw Cadeirydd Canolfan Gymuned Cefn Cribwr, sy'n cael ei defnyddio fel gorsaf bleidleisio. Gadawodd y cyfarfod tra'r oedd yr eitem yn cael ei hystyried.

Datganodd y Cynghorydd P Davies fuddiant a oedd yn rhagfarnu yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21 gan fod aelod o'i deulu yn elwa ar y cynllun. Datganodd y Cynghorydd P Davies fuddiant a oedd yn rhagfarnu yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 gan ei fod yn Gyfarwyddwr Ymddiriedolaeth Datblygu Caerau, lle ceir gorsaf bleidleisio. Gadawodd y Cynghorydd Davies y cyfarfod tra'r oedd yr eitemau'n cael eu trafod.

Cyhoeddodd y Cynghorydd CE Smith fuddiant personol yn eitem 8 ar yr agenda - Cynllun Gostyngiadau'r Dreth Gyngor 2020-21 gan fod aelod o'i deulu yn rhedeg busnes.

Datganodd y Cynghorydd MJ Kearn fuddiant personol yn eitem 10 ar yr agenda - Adolygiad o Ardaloedd, Mannau a Gorsafoedd Pleidleisio 2019-20 gan mai ef yw Cadeirydd Canolfan Gymuned Talbot a ddefnyddir fel gorsaf bleidleisio.

388. CYMERADWYO'R COFNODION

PENDERFYNWYD: Cymeradwyo bod cofnodion cyfarfod y Cyngor dyddiedig 18 Rhagfyr 2019 yn wir ac yn gywir.

389. DERBYN CYHOEDDIADAU GAN:

Y Maer

Cyhoeddodd y Maer ei fod wedi derbyn llythyr o werthfawrogiad a diolch oddi wrth Fanc Bwyd Pen-y-bont ar Ogwr am y cyfraniad ariannol a wnaed i'r Banc gan Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr, ac am y bwyd a gyfrannwyd yn hael gan y staff a'r aelodau dros y flwyddyn ddiwethaf. Yn y 10 mlynedd ers sefydlu Banc Bwyd Pen-y-bont ar Ogwr, mae'r Banc wedi darparu bwyd i oddeutu 50,000 o bobl. Bydd y Banc yn gwneud defnydd da o'r arian a'r rhoddion er mwyn bwydo pobl y fwrdeistref sirol sydd mewn argyfwng.

Diolchodd y Maer hefyd i'r 100 a mwy o bobl sy'n gwirfoddoli ym Manc Bwyd Pen-y-bont ar Ogwr. Mae pob un ohonynt yn gweithio'n galed iawn i frwydro yn erbyn tlodi bwyd yn y fwrdeistref sirol. Byddai'n bleser i'r Maer gael mynd i'r Cyfarfod Blyneddol heno, ac edrychai ymlaen at gael mynegi diolch a gwerthfawrogiad wyneb yn wyneb ar ran y Cyngor.



Cyhoeddodd y Maer hefyd fod enwebiadau ar gyfer Gwobrau Dinasyddiaeth Blynnyddol y Maer yn cau y dydd Gwener yr wythnos hon. Croesewir pob enwebiad a gellir lawrlwytho ffurflen gais o wefan y Cyngor neu wneud cais am ffurflen drwy gysylltu â Swyddfa'r Maer. Anogodd yr Aelodau i beidio â cholli cyfle i ddatlu cyflawniadau pobl a sefydliadau o fewn eu cymunedau.

#### Y Dirprwy Arweinydd

Cyhoeddodd y Dirprwy Arweinydd fod y Cyngor wedi ymuno â Chyngor Tref Porthcawl i dreialu dull newydd dyfeisgar o ddatrys problem ludiog gwm cnoi sy'n cael ei ollwng. Mae biniau 'Gollwng Gwm' arbennig yn cael eu gosod ar byst lamp ar hyd John Street, a phobl yn cael eu hannog i waredu eu gwm cnoi ynddynt yn lle ei ollwng ar y stryd a chreu staen hyll y mae'n anodd cael gwared arno. Gan fod y biniau wedi'u creu o gwm cnoi wedi'i ailgylchu, gellir eu tynnu i lawr a'u hailgylchu gyda'u cynnwys i greu amrywiaeth o gynnyrch, gan gynnwys biniau newydd ac esgidiau glaw. Dywedodd mai dyma gynllun diweddaraf y bartneriaeth â Chyngor Tref Porthcawl i ymdrin â sbwriel, a bydd yn golygu mai Porthcawl fydd un o'r trefi cyntaf yng Nghymru i gynnwys y biniau arloesol.

Mae trafodaethau wedi cael eu cynnal â siopau cludfwyd lleol, ac mae tri bin arbennig newydd yn cael eu hychwanegu yn ardaloedd Promenâd y Gorllewin, John Street a Pharc Griffin er mwyn cefnogi ymdrechion i ailgylchu pecynnau bwyd brys. Roedd cyllid wedi dod i lawr oddi wrth Lywodraeth Cymru, ac yn fuan byddai dwy ffynnon ddŵr yn cael eu gosod ar hyd glan y môr er mwyn annog pobl i ail-lenwi poteli ailddefnyddadwy am ddim yn hytrach na phrynu poteli plastig untro. Yr oedd yn gobeithio y byddai'r cynlluniau arloesol newydd hyn yn cefnogi ymdrechion i newid ymddygiad ac agweddau at wastraff, ac yn annog mwy o bobl i ailgylchu.

#### Aelod Cabinet Cymunedau

Hysbysodd yr Aelod Cabinet Cymunedau y Cyngor fod y Cyngor wedi gwneud amryw o ymrwymadau i Gyfamod Cymunedol y Lluoedd Arfog, a'i fod wedi ennill gwobr i gydnabod hynny oddi drwy'r Cynllun Cydnabod Cyflogwyr Amddiffyn a gynhelir gan y Weinyddiaeth Amddiffyn. Mae gwaith yn mynd rhagddo i gefnogi cyn-aelodau ac aelodau presennol o'r lluoedd arfog, fel y dangoswyd yng nghynllun diweddar y Cyngor i warantu cyfweliad i gyn-filwyr. Canlyniad hyn oedd datblygu menter cwbl newydd a anelai i roi profiad ymarferol i bobl sy'n gadael y lluoedd arfog gael gweithio mewn amgylchedd dinesig. Bwriedir i'r fenter helpu cyn-filwyr lleol i oresgyn rhwystrau i gyflogaeth ddinesig, eu helpu i feithrin sgiliau trosglwyddadwy, ymaddasu i weithio mewn lleoliad y tu allan i'r fyddin, a lleihau'r risg o broblemau iechyd a llesiant ymhlith aelodau o gymuned y lluoedd arfog. Bydd y cynllun lleoliad gwaith yn creu manteision pellach gan y bydd yn helpu'r Cyngor hefyd i ganfod a datblygu detholiad ehangach o ymgeiswyr o ansawdd uchel ar gyfer rolau o fewn y Cyngor, o blith pobl na fyddai fel arall wedi ystyried gyrfa mewn llywodraeth leol. Dywedodd fod y Cyngor yn parhau i ymrwymo i gefnogi aelodau o'r gymuned filwrol, a gobeithiai y byddai'r Aelodau'n croesawu'r datblygiad diweddaraf hwn.

#### Aelod Cabinet y Gwasanaethau Cymdeithasol a Chymorth Cynnar

Cyhoeddodd Aelod y Cabinet, Gwasanaethau Cymdeithasol a Chymorth Cynnar, y bydd cartref gofal Tŷ Cwm Ogwr ym Mhantyravel yn dychwelyd i reolaeth y Cyngor ar 31 Ionawr. Trosglwyddwyd y cartref i ddarparwydd gofal annibynnol ym mis Ionawr 2018 yn rhan o'r cynlluniau i ailfodelu gofal cymdeithasol oedolion. Dywedodd ei bod hi wedi dod yn amlwg na fyddai'r darparwydd yn gallu bodloni gofynion penodol o fewn y contract, ac y byddai'r cartref yn awr yn cael ei drosglwyddo'n ôl i'r Cyngor. Hysbysodd yr Aelodau nad oedd yr un o'r gofynion contract yn ymwneud â safonau gofal yn y cartref, sydd yn

parhau i fod yn uchel iawn, ac na fyddai'r trosglwyddo yn cael unrhyw effaith ar staff na phreswylwyr. Cafodd preswylwyr a'u teuluoedd wybodaeth gynhwysfawr drwy gydol y broses hon, er mwyn lleihau anghyfleustra a chynnal y safonau uchel y maent yn eu disgwyl bellach. Dywedodd fod Tŷ Cwm Ogwr hefyd wedi bod yn rhoi cefnogaeth i leihau'r pwysau ar Ysbyty Tywysoges Cymru, a bod y Cyngor hefyd wedi helpu i ryddhau gofod gwelyau gwerthfawr drwy sicrhau bod modd rhyddhau cleifion sydd wedi cael eu croesawu i'r cartref gofal preswyl. Cyhoeddodd fod y Cyngor yn parhau i fod wedi ymrwymo i ehangu'r fenter hon, ac i sicrhau y manteisir ar bob cyfle i sicrhau bod cynifer o welyau ar gael ag sy'n bosibl, a lleihau'r amser y bydd yn rhaid i bobl ei dreulio yn yr ysbyty. Roedd gwaith eisoes yn digwydd i ystyried opsiynau pellach ar gyfer Tŷ Cwm Ogwr, a byddai'n dod â newyddion pellach i'r Aelodau cyn gynted â phosibl.

#### Aelod Cabinet Llesiant a Chenedlaethau'r Dyfodol

Cyhoeddodd yr Aelod Cabinet Lles a Chenedlaethau'r Dyfodol fod 'Caffi Argyfwng' aml-asiantaeth wedi cael ei sefydlu yn y Zone yng nghanol tref Pen-y-bont ar Ogwr, i gefnogi aelodau mwyaf bregus y gymuned a oedd yn aml yn ddigartref oherwydd eu problemau ac anhrefn eu ffordd o fyw. Cynhelir y Caffi Argyfwng ar foreau Gwener, ac mae'n rhoi cyfle i unigolion bregus gyrchu amrywiaeth eang o wasanaethau wedi'u dylunio i'w helpu i newid a gwella eu bywydau. Cynigir hynny mewn amgylchedd anfygythiol a chyfeillgar o safbwynt y trigolion bregus, sy'n seiliedig ar fodolau a argymhellwyd gan sefydliadau fel Shelter a modelau a dreialwyd yn llwyddiannus mewn ardaloedd fel Wrecsam. Dywedodd mai un o brif fanteision darparu ystod o wasanaethau mewn un lle oedd sicrhau bod modd i unigolyn bregus iawn ymgysylltu â'r holl wasanaethau sydd ar gael mewn un lleoliad.

#### Aelod Cabinet Addysg ac Adfywio

Cyhoeddodd yr Aelod Cabinet Addysg ac Adfywio fod cynlluniau wedi cael eu cyflwyno i Lywodraeth Cymru ar gyfer cam nesaf ymdrechion y Cyngor i amddiffyn Porthcawl rhag llifogydd ac erydu arfordirol. O'u cymeradwyo, bydd Llywodraeth Cymru yn darparu 75% o'r cyllid, a bydd yn golygu bod mwy na £6m yn cael ei fuddsoddi yn yr ardal i amddiffyn 531 o gartrefi a 174 o fusnesau. Mae hyn yn dilyn y prosiect £3 miliwn i osod amddiffynfeydd môr Traeth y Dref, sydd wedi helpu i drawsnewid ardal y glannau ac amddiffyn 260 o gartrefi, busnesau ac adeiladau hanesyddol fel Pafiliwn y Grand. Yr oedd yn gobeithio cyflwyno mwy o newyddion i'r Aelodau'n fuan.

Cyhoeddodd hefyd y byddai 'sgwâr marchnad' newydd yn cael ei datgelu yn ardal ganolog Marchnad Dan Do Pen-y-bont ar Ogwr ddydd Llun nesaf. Yn rhan o brosiect parhaus i adfywio'r farchnad, mae ardal ganolog y farchnad yn cael ei neilltuo ar gyfer digwyddiadau arbenigol, adloniant i deuluoedd, cyfleusterau chwarae i blant a gweithgareddau eraill wedi'u dylunio i ddenu ymwelwyr a chefnogi masnach. Dros y flwyddyn ddiwethaf, mae cyfres o baneli darluniadol sy'n darparu gwybodaeth am hanes cyfoethog y farchnad wedi cael eu sefydlu i groesawu siopwyr, ac mae cloch y farchnad sy'n dyddio'n ôl i 1837 wedi cael ei hadleoli i'r brif fynedfa. Mae gwaith paratoadol yn mynd rhagddo i ddatblygu toiledau newydd fydd ar gael i'r cyhoedd yn y farchnad. Rhagwelwyd y byddai'r masnachwyr yn darparu'r rhain yn ddiweddarach yn y gwanwyn, ac y byddent yn hygyrch i gadeiriau olwyn ac yn cynnwys cyfleusterau newid cewyn. Yr oedd yn gobeithio cyflwyno manylion pellach am y gwaith hwn gerbron yr Aelodau, a byddai'r farchnad dan do yn cael ei hyrwyddo wrth i'r sefyllfa ddatblygu.

#### Y Prif Weithredwr

Cyhoeddodd y Prif Weithredwr fod arolwg newydd o staff mewnol wedi cael ei lansio yr wythnos hon, ac mai bwriad yr arolwg oedd canfod sut yr oedd staff yn teimlo ynghylch eu rolau o fewn y Cyngor, helpu i wella prosesau ac arferion mewnol, a chefnogi'r

awdurdod wrth iddo geisio bod yn llai gwastraffus ac yn fwy effeithlon. Bydd yr arolwg yn cael ei gynnal hyd 1 Mawrth, ac mae'n gofyn i'r staff fynegi eu barn ar faterion sy'n cynnwys cyfleoedd i ddysgu a datblygu, llesiant yn y gweithle, rheoli, cyfathrebu a mwy. Yn yr arolwg blaenorol o staff yn 2018, cafwyd cipolwg gwerthfawr o'r modd y mae'r Cyngor yn ei weld ei hun fel sefydliad, ac mae hyn wedi'i gwneud hi'n bosibl i gyflwyno nifer o newidiadau a gwelliannau. Tynnodd y Prif Weithredwr sylw at benawdau arolwg staff 2018, a oedd wedi cael ei gwblhau gan fwy na 900 o staff. Defnyddiwyd yr adborth o'r arolwg yn sail ar gyfer nifer o gamau, fel newid i anfon negeseuon e-bost wythnosol i'r staff, a lansio cynllun awgrymiadau'r staff a oedd wedi arwain at archwilio a gweithredu amrywiaeth o syniadau. Yn sgil y ffocws ar lesiant y staff hefyd, cyflwynwyd clinigau gwirio iechyd hynod o boblogaidd, a gweithdai a drafodai ystod eang o faterion. Mae llawer o'r rhain wedi bod â ffocws neilltuol ar lesiant meddyliol y staff, gyda sesiynau'n cael eu cynnal ar ymwybyddiaeth ofalgar, rheoli straen, trechu iselder a mwy. Ar ôl cwblhau'r arolwg newydd a dadansoddi'r canlyniadau, dywedodd y Prif Weithredwr wrth yr Aelodau y byddai'n cyflwyno mwy o wybodaeth am y datgeliadau newydd.

Estynnodd y Prif Weithredwr groeso swyddogol i Elizabeth Bradfield i Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr. Dywedodd y byddai'r Aelodau eisoes wedi gweld Liz yn bresennol mewn llawer o gyfarfodydd pwyllgor fel gohebydd democratiaeth lleol, ond roedd hi'n bleser ganddo gael dweud y byddai'n dechrau ar ei gwaith yr wythnos hon fel swyddog cyfathrebu newydd yr awdurdod. Yr oedd yn siŵr y byddai'r Aelodau am ei llongyfarch am ei rôl newydd.

390. DERBYN CYHOEDDIADAU GAN YR ARWEINYDD

Cyhoeddodd yr Arweinydd fod un o adeiladau tirlnod newyddaf y Fwrdeistref wedi cael ei ddewis fel lleoliad i lansio strategaeth genedlaethol yn amlinellu gweledigaeth Llywodraeth Cymru ar gyfer dyfodol twristiaeth ledled Cymru. Bydd y Prif Weinidog a'r Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth yn ymweld â'r Ganolfan Chwaraeon Dŵr newydd yn Rest Bay yfory i ddatgelu 'Croeso i Gymru: Blaenoriaethau ar gyfer yr Economi Ymwelwyr 2020-2025' yn y ganolfan gwerth £1.5m a ariannwyd gan yr UE.

Cyhoeddodd yr Arweinydd hefyd y bu'n brofiad dirdynnol bod yn bresennol yn nigwyddiad Diwrnod Coffa'r Holocaust eleni, a gynhaliwyd ddoe yn Theatr Sony yng Ngholeg Penybont. Thema 2020 oedd 'Safwn Gyda'n Gilydd', ac roedd y digwyddiad yn atgoffa pawb sut mae llywodraethau hil-laddol ar hyd hanes wedi mynd ati'n fwiadol i chwalu cymdeithas drwy wthio grwpiau penodol i'r cyrion. Roedd y digwyddiad yn annog y rhai a oedd yn bresennol i gyd-sefyll â'u ffrindiau, eu cydweithwyr a'u cymdogion, ac i godi llais yn erbyn gorthrwm. Yr oedd yn cynnwys anerchiad teimladwy a bythgofiadwy gan Dieu-Donne Ganza Gahizi, a oedd wedi goroesi Hil-laddiad 1994 yn erbyn y Tutsi yn Rwanda. Siaradodd am ei brofiadau personol fel bachgen 9 oed yn ffoi am ei fywyd ac yn colli 50 o aelodau o'i deulu, cyn cyflwyno neges o heddwch, gobaith a maddeuant. Yr oedd yn ddiolchgar i Ganza am deithio i'r Fwrdeistref Sirol i rannu ei stori a'i neges â phawb a oedd yn bresennol, a diolchodd i bawb fu'n gweithio i gynnal y digwyddiad.

391. Y DIWEDDARAF AM Y RHAGLEN GYFALAF - CHWARTER 3 2019-20

Cyflwynodd y Pennaeth Cyllid a Swyddog 151 Dros Dro adroddiad i gydymffurfio â gofyniad Cod Cyllid Cyfalaf Darbodus 2018 y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth; rhoddodd y newyddion diweddaraf am Raglen Gyfalaf 2019-20 ar 31 Rhagfyr 2019; gofynnodd am gymeradwyaeth ar gyfer rhaglen gyfalaf ddiwygiedig ar gyfer 2019-20 hyd 2028-29, ac i'r Cyngor nodi'r Dangosyddion Darbodus a'r Dangosyddion Eraill a ragamcanwyd ar gyfer 2019-20.

Adroddodd y Pennaeth Cyllid a Swyddog 151 Dros Dro fod Rheoliadau Awdurdod Lleol (Cyllid Cyfalaf a Chyfrifyddu) (Cymru) 2003, fel y cawsant eu diwygio, yn cynnwys darpariaethau manwl ar gyfer rheolaethau cyllid cyfalaf a chyfrifyddu, gan gynnwys y rheolau ar ddefnyddio derbyniadau cyfalaf, a'r hyn y dylid ei drin fel gwariant cyfalaf. Yn ogystal â hynny, mae'r Cyngor yn rheoli ei weithgareddau Rheoli Trysorlys a Chyfalaf yn unol â chanllawiau cysylltiedig. Yn ôl y Cod Darbodus ar gyfer Cyllid Cyfalaf mewn Awdurdodau Lleol mae'n ofynnol i Awdurdodau Lleol sefydlu Strategaeth Gyfalaf sy'n dangos bod yr awdurdod yn gwneud penderfyniadau ynghylch gwario a buddsoddi cyfalaf yn unol ag amcanion gwasanaethau, a'i fod yn rhoi ystyriaeth briodol i stiwardiaeth, sicrhau gwerth am arian, darbodusrwydd, cynaliadwyedd a fforddiadwyedd.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod y Cyngor, ar 20 Chwefror 2019, wedi cymeradwyo rhaglen gyfalaf, a gafodd ei diweddarau ddiwethaf ar 23 Hydref 2019. Dywedodd fod y rhaglen ddiwygiedig ar gyfer 2019-20 yn cynnwys cyfanswm o £33.700m. Defnyddir adnoddau'r Cyngor i dalu £15.057m o'r swm hwn, ac adnoddau allanol i dalu'r £18.643 sy'n weddill. Rhoddodd grynodedd o'r sefyllfa fesul Cyfarwyddiaeth, a'r rhagdybiaethau cyllido cyfredol ar gyfer rhaglen gyfalaf 2019-20. Rhoddodd fanylion am y gwariant a ragamcanwyd ar gynlluniau unigol o fewn y rhaglen, o gymharu â'r gyllideb a oedd ar gael. Roedd nifer o gynlluniau wedi'u nodi'n gynlluniau yr oedd angen arian llithriant ar eu cyfer i'r blynyddoedd nesaf. Yn chwarter 3, cyfanswm yr arian llithriant a geisiwyd oedd £5.158 miliwn, yn gysylltiedig â'r canlynol:

- Neuadd y Dref Maesteg (£1.6m)
- Hyb Cymunedol - Ysgol Gyfun Brynteg (£0.768m)
- Darpariaeth Anghenion Dysgu Ychwanegol yn Ysgol Gynradd Cefn Cribwr (£0.387m)
- Llys y Gigfran (£0.442m)
- TAC Parciau / Pafiliynau / Canolfannau Cymuned (£0.66m)
- Asedau Anweithredol (£0.48m)

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod nifer o gynlluniau newydd wedi'u hariannu'n allanol ac incwm ychwanegol wedi cael eu cymeradwyo, a bod y rheiny wedi'u hymgorffori yn y rhaglen gyfalaf:

- Hyb Cymunedol - Ysgol Gyfun Brynteg (£0.284m)
- Cymorth cyfalaf i weithredu ac ehangu casgliadau cartref ar wahân ar gyfer gwastraff cynnyrch hylendid amsugol (£0.238m)
- Cronfa Gwella Eiddo Canol Trefi (£0.1m) a'r Grant Byw yng Nghanol y Dref (£0.5m)
- Cynllun Rheoli Risg Arfordirol - Porthcawl (£6.032m)
- Rhaglen Band B Ysgolion yr 21<sup>ain</sup> Ganrif
- Darpariaeth Gofal Plant Cyfrwng Cymraeg
- Grant Cynnal a Chadw Ysgolion
- Gwaith ar Anghenion Cymhleth a Meddygol mewn Ysgolion
- Benthyciad Cwm Llynfi

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro hefyd ar waith monitro Dangosyddion Darbodus a Dangosyddion Eraill ar gyfer 2019-20. Bwriedir i'r Strategaeth Cyfalaf a gymeradwywyd ym mis Chwefror 2019 roi trosolwg o'r modd y mae gwariant cyfalaf, cyllid cyfalaf a gweithgarwch rheoli trysorlys yn cyfrannu at ddarparu gwasanaethau, a rhoi trosolwg o'r modd y rheolir risg gysylltiedig a'r goblygiadau o ran cynaliadwyedd i'r dyfodol. Cafodd nifer o ddangosyddion darbodus eu cynnwys, a'u cymeradwyo gan y Cyngor. Yn unol â gofynion y Cod Darbodus, mae'n ofynnol i'r Prif Swyddog Cyllid sefydlu gweithdrefnau i fonitro perfformiad yn erbyn yr holl

ddangosyddion darbodus sy'n edrych i'r dyfodol a'r gofyniad a nodwyd. Manylodd ar y dangosyddion gwirioneddol ar gyfer 2018-19, y dangosyddion a amcangyfrifwyd ar gyfer 2019-20 a nodwyd yn Strategaeth Cyfalaf y Cyngor, a'r dangosyddion a ragamcanwyd ar gyfer 2019-20 ar sail y Rhaglen Gyfalaf ddiwygiedig, sy'n dangos bod y Cyngor yn gweithredu'n unol â'r terfynau cymeradwy.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod y Strategaeth Cyfalaf hefyd yn ei gwneud hi'n ofynnol i fonitro buddsoddiadau rheoli nad ydynt yn gysylltiedig â'r trysorlys a rhwymedigaethau eraill hirdymor. Dywedodd fod gan y Cyngor bortffolio presennol o fuddsoddiadau sydd wedi'i seilio'n llwyr yn y Fwrdeistref Sirol, a hynny'n bennaf yn y sectorau swyddfa a diwydiannol. Caiff ffrydiau incwm eu gwasgaru rhwng buddsoddiadau swyddfa sengl ac aml-osod ym Mharc Gwyddoniaeth Pen-y-bont ar Ogwr, y stadau diwydiannol aml-osod a'r buddsoddiadau rhent tir rhydd-ddaliadol. Cyfanswm gwerth yr Eiddo Buddsoddi oedd £4.635 miliwn ar 31 Mawrth 2019. Dywedodd wrth y Cyngor fod ganddo nifer o Rwymedigaethau Hirdymor Eraill yn y Strategaeth Gyfalaf, ac nad oedd unrhyw fenthyciadau newydd wedi'u derbyn yn Chwarter 3.

Roedd aelod o'r Cyngor yn falch o nodi y byddai gwaith i gwblhau'r ddarpariaeth ADY yn cael ei ariannu yn Ysgol Gyfun Pencoed. Hysbysodd y Cyfarwyddwr Corfforaethol Addysg a Chymorth i Deuluoedd y Cyngor y byddai amgylchedd yr ysgol yn cael ei newid er mwyn galluogi dysgwyr â phroblemau symudedd i gyrchu'r holl gyfleusterau yn yr ysgol.

Mynegodd aelod o'r Cyngor bryder bod gwaith arolygu ychwanegol a gwaith i dynnu asbestos wedi cynyddu cost cynllun Neuadd y Dref Maesteg, ac y byddai angen i'r Cyngor dalu £1.9m yn ychwanegol, gan gynyddu cost y prosiect o £6.3m i £8.2m. Gofynnodd aelod a ddylai'r Cyngor dderbyn adroddiad ar y cynllun oherwydd y cynnydd mewn costau. Dywedodd yr Arweinydd wrth y Cyngor fod y Cabinet wedi derbyn adroddiad ar gyllideb ddiwygiedig y prosiect y diwrnod cynt. Dywedodd fod y penderfyniad i fwrw ymlaen i ailosod y to yn fodd i sicrhau bod gwaith ar Neuadd y Dref yn cael ei gyflawni'n briodol, ac y byddai'r adeilad yn dirnod yn unol â dymuniadau'r Cyngor, yn hytrach na bod y Cyngor yn mynd ati i drwsio darnau o'r to yn unig. Dywedodd ei bod hi'n bwysig rheoli'r risg llifogydd yn yr adeilad, ac nad oedd y Cyngor eisiau gorfod dychwelyd i drwsio'r to yn y dyfodol, Pwysleisiodd pa mor bwysig oedd buddsoddi yn Neuadd y Dref gan na chafwyd y buddsoddiad gan awdurdodau blaenorol. Rhannodd aelod o'r Cyngor bryderon ynghylch cost ychwanegol y prosiect, er ei fod yn croesawu'r buddsoddiad yn Neuadd y Dref, a fyddai o fudd i'r rhai sy'n defnyddio'r cyfleuster. Dywedodd y Prif Weithredwr wrth y Cyngor fod y prosiect yn seiliedig ar ddarluniau cysyniadol pan gafodd ei gynnwys yn rhan o'r rhaglen gyfalaf, nes i'r tendrau ddod i law. Dywedodd fod ystod o astudiaethau ac arolygon dichonadwyedd wedi cael eu cynnal, a bod y prosiect yn nesáu at gam 4 Sefydliad Brenhinol y Penseiri o ran cwblhau'r dyluniad technegol a chostau. Ceir swm wrth gefn o £500k, ac mae'r ymarfer peirianeg gwerth yn cael ei gynnal ar y prosiect er mwyn ceisio gostwng cyfanswm cost y cynllun lle bo modd, heb i hynny amharu ar yr ailddatblygiad cyffredinol. Credai fod cost y prosiect yn realistig ac mai'r ystyriaeth bob tro oedd a ddylid ysgwyddo gwariant ymlaen llaw neu reoli'r prosiect fel contract dylunio ac adeiladu. Esboniodd y Prif Weithredwr ei bod hi'n well buddsoddi i warchod yr adeilad eiconig drwy osod to newydd arno yn hytrach na thrwsio rhannau o'r to yn unig.

Credai aelod o'r Cyngor y dylid bod wedi cyflwyno gwybodaeth i'r Cyngor ynghylch costau'r prosiect a chanlyniadau'r arolygon, a bod cynnydd o 30% mewn costau yn ormodol, ac y dylai'r Pwyllgor Archwilio adolygu'r prosiect hwn a chynlluniau cyfalaf eraill. Credai aelod o'r Cyngor hefyd fod angen sicrhau bod prosiectau adeiladu yn cynnig gwerth am arian.

Dyweddodd yr Arweinydd wrth y Cyngor y gellid bod wedi trwsio'r to, ond bod manyleb newydd wedi cael ei llunio ar gyfer y prosiect i'w ailosod fel y gallai cenedlaethau'r dyfodol elwa ar yr adeilad, ac er mwyn i'r prosiect fod o'r ansawdd gorau. Dywedodd y Prif Weithredwr wrth y Cyngor fod y dull o fynd ati i ariannu prosiectau cyfalaf wedi cael ei ystyried, yn yr ystyr y gellid creu llinell yn y gyllideb lle cynhelir ymarfer dichonadwyedd ymlaen llaw neu fwrw ymlaen â chontract dylunio ac adeiladu. Pe bai'r gwariant yn cael ei ysgwyddo ymlaen llaw, gallai'r Cyngor fod yn gwario ar brosiect na fyddai'n dwyn ffrwyth. Dywedodd yr Arweinydd y gallai'r Pwyllgor Archwilio edrych ar y broses o ariannu prosiectau cyfalaf. Dywedodd Aelod Cabinet y Gwasanaethau Cymdeithasol a Chymorth Cynnar wrth y Cyngor fod yr aelodau lleol wedi cael eu briffio ynghylch gwariant ar y prosiect.

Cyfeiriodd aelod o'r Cyngor at y ffaith bod safle ar Heol Ewenni yn annatblygadwy gan fod hen waith cloddio arno. Gofynnodd a allai swyddogion gydweithio â Llywodraeth Cymru i ariannu gwaith adfer er mwyn datblygu'r safle. Dywedodd y Prif Weithredwr fod trafodaethau'n mynd rhagddynt â Llywodraeth Cymru ynghylch y safle, sydd yn parhau i fod yn flaenoriaeth. Mae'n bosibl y gellid datblygu cyfleuster parcio a theithio, canolfan fenter a thai arno.

PENDERFYNWYD: Bod y Cyngor:

- yn nodi Rhaglen Gyfalaf y Cyngor ar gyfer 2019-20 ar gyfer y cyfnod hyd 31 Rhagfyr 2019;
- yn cymeradwyo'r Rhaglen Gyfalaf ddiwygiedig;
- yn nodi'r Dangosyddion Darbodus a'r Dangosyddion Eraill ar gyfer 2019-20.

392. RHEOLI'R TRYSORLYS - ADRODDIAD CHWARTER 3 2019-20

Cyflwynodd y Pennaeth Cyllid a'r Swyddog Adran 151 Dros Dro adroddiad er mwyn cydymffurfio â gofyniad y Rheoli Trysorlys mewn Gwasanaethau Cyhoeddus: Cod Ymarfer (y Cod) gan Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (CIPFA) i lunio Adroddiadau Rheoli Trysorlys Interim; adrodd ar Ddangosyddion Rheoli Trysorlys rhagamcanol 2019-20 a gofyn am gymeradwyaeth ar gyfer gweithgareddau Rheoli Trysorlys yn y cyfnod 1 Ebrill 2019 hyd 31 Rhagfyr 2019.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro mai Rheoli Trysorlys yw'r rheolaeth ar lifoedd arian, benthyciadau a buddsoddiadau'r Cyngor, a'r risgiau cysylltiedig. Mae'r Cyngor yn agored i risgiau ariannol, gan gynnwys colli arian a fuddsoddiwyd ac effaith cyfraddau llog newidiol ar refeniw. Cynhelir gweithgareddau rheoli risg Trysorlys yn y Cyngor o fewn fframwaith Rheoli Trysorlys mewn Gwasanaethau Cyhoeddus: Cod Ymarfer Rhifyn 2017 y Sefydliad Siartredig Cyllid Cyhoeddus (Cod CIPFA). Yn ôl y cod, mae'n ofynnol i'r Cyngor gymeradwyo Strategaeth Rheoli Trysorlys (SRhT) cyn dechrau pob blwyddyn ariannol. Arlingclose sy'n cynghori'r Cyngor ynghylch rheoli'r trysorlys.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod y farn ynghylch cyfraddau llog a gafwyd yn SRhT y Cyngor ar gyfer 2019-20 yn seiliedig ar farn swyddogion, ar sail rhagolygon gan Arlingclose. Pan luniwyd SRhT 2019-20 ym mis Ionawr 2019, oherwydd y cyfnod byr a ragwelwyd i ddod i gytundeb ymadael yn gysylltiedig â Brexit, a'r posibilrwydd o gyfnod estynedig o ansicrwydd yn sgil hynny, senario achos canolog Arlingclose oedd rhagweld 0.25% o gynnydd yng Nghyfradd y Banc yn ystod 2019-20 a fyddai'n codi cyfraddau llog swyddogol y DU i 1.00% erbyn mis Rhagfyr 2019. Dechreuodd Cyfradd y Banc y flwyddyn ariannol ar 0.75%, ac yn ôl y rhagolygon cyfredol bydd yn parhau ar y lefel hon ar ôl diwedd y flwyddyn ariannol.

Rhoddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro grynodedb o'r sefyllfa o ran buddsoddiadau a dyledion allanol ar 31 Rhagfyr 2019, sef bod y Cyngor yn dal £96.87m o fenthyciadau hirdymor allanol a £38.945m o fuddsoddiadau. Tynnodd sylw at y strategaeth fenthyca a'r alldro a ragfynegai y byddai angen i'r Cyngor fenthyca £16m yn 2019-20. Rhagwelwyd na fyddai angen unrhyw fenthyciadau hirdymor yn 2019-20, gan fod grantiau ychwanegol wedi'u derbyn yn chwarter olaf 2018-19, ac yn sgil newid i'r rhaglen gyfalaf ar gyfer 2019-20. Rhoddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro grynodedb o'r strategaeth a'r alldro fuddsoddi gan esbonio mai'r prif amcanion yn ystod 2019-20 oedd cadw cyfalaf yn ddiogel; cynnal hylifedd cyllid fel bo modd cael gafael ar gyllid ar gyfer gwariant angenrheidiol, a sicrhau'r enillion ar fuddsoddiadau sy'n gymesur â lefelau diogelwch a hylifedd priodol. Balans buddsoddiadau ar 31 Rhagfyr 2019 oedd £38.945m Rhoddodd grynodedb o'r proffil buddsoddi o 1 Ebrill hyd 31 Rhagfyr 2019; y dangosydd Rheoli Trysorlys ar gyfer Prif Symiau a fuddsoddiwyd am gyfnodau hwy na blwyddyn, a'r sefyllfa'n gysylltiedig â chyfraddau llog posibl ar fenthyciadau a buddsoddiadau

Gofynnodd aelod o'r Cyngor a roddwyd ystyriaeth i fodolau buddsoddi amgen a ffafrir gan awdurdodau lleol eraill. Cadarnhaodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod nifer o fentrau buddsoddi ar gael, ac mai ystyriaeth gyntaf y Cyngor bob tro fydd diogelu arian cyn sicrhau enillion, ond mae'r Cyngor yn archwilio gwahanol fentrau a modelau.

Cwestiynai aelod o'r Cyngor y strategaeth o fenthyca arian i awdurdodau lleol eraill. Dywedodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod benthyciadau rhwng awdurdodau lleol yn cael eu cydnabod fel dull diogel o fuddsoddi.

PENDERFYNWYD: Bod y Cyngor:-

1. Yn cymeradwyo gweithgareddau rheoli'r trysorlys ar gyfer y cyfnod 1 Ebrill 2019 hyd 31 Rhagfyr 2019;
2. Yn nodi'r Dangosyddion Rheoli Trysorlys a Materion Ariannol ar gyfer 2019-20 yn erbyn y rhai a gymeradwywyd yn Strategaeth Rheoli Trysorlys 2019-20.

### 393. CYNLLUN GOSTYNGIADAU'R DRETH GYNGOR 2020-21

Cyflwynodd y Pennaeth Cyllid Dros Dro adroddiad er mwyn rhoi gwybodaeth i'r Cyngor ynghylch gweithredu Cynllun Gostyngiadau'r Dreth Gyngor 2020-21, ac er mwyn esbonio'r gofyniad i Gynghorau fabwysiadu cynllun Gostyngiadau'r Dreth Gyngor erbyn 31 Ionawr 2020, ynghyd â'r goblygiadau ariannu cysylltiedig.

Adroddodd y Pennaeth Cyllid Dros Dro fod Cynllun Gostyngiadau'r Dreth Gyngor yn rhoi cymorth i rai ar incwm isel sydd yn gorfod talu'r Dreth Gyngor. Mae Llywodraeth Cymru wedi datblygu cynllun sengl wedi'i ddiffinio'n genedlaethol, a'i nodi yn y rheoliadau, er mwyn darparu cymorth ar gyfer y Dreth Gyngor yng Nghymru. Mabwysiadodd y Cyngor Gynllun Gostyngiadau'r Dreth Gyngor ar gyfer 2019-20 yn unol â Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor a Gofynion Rhagnodedig 2013, a ddaw i ben ar 31 Mawrth 2020. Ar hyn o bryd, roedd 13,423 o aelwydydd yn derbyn Gostyngiad i'r Dreth Gyngor. Roedd 8,445 o'r rheiny o oed gwaith a 4,978 o oed pensiwn. O'r 13,423 o aelwydydd a dderbynai Ostyngiadau'r Dreth Gyngor, roedd gan 10,017 ohonynt hawl i ostyngiad llwyr.

Adroddodd y Pennaeth Cyllid Dros Dro fod cynllun Gostyngiadau'r Dreth Gyngor yng Nghymru wedi'i seilio ar reoliadau a wnaed o dan Atodlen 1B o Ddeddf Cyllid Llywodraeth Leol 1992 (fel y cafodd ei mewnosod gan Ddeddf Cyllid Llywodraeth Leol 2012). Roedd

Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor (Gofynion Rhagnodedig a Chynllun Diofyn) (Cymru) (Diwygio) 2018 bellach wedi'u gosod ac yn cyflwyno diwygiadau er mwyn:

- Sicrhau bod partneriaethau sifil rhwng unigolion o rywiau gwahanol yn cael eu trin yn gydradd â phriodasau rhwng unigolion o rywiau gwahanol a'r un rhyw, a phartneriaethau sifil rhwng unigolion o'r un rhyw, o ganlyniad i Ddeddf Partneriaethau Sifil, Priodasau a Marwolaethau (Cofrestru ac ati) 2019;
- Darparu i gyflwyno hawl penodol, statudol i absenoldeb profedigaeth rhiant o ganlyniad i Ddeddf Profedigaeth Rhiant (Absenoldeb a Thâl) 2018.
- Newid cyfeiriadau at Reoliadau Mewnfudo (Ardal Economaidd Ewropeaidd) 2006, i gyfeiriadau at Reoliadau Mewnfudo (Ardal Economaidd Ewropeaidd) 2016.
- Cynnwys darpariaeth nad yw nifer yr hawliau i breswyllo (a sefydlwyd ar gyfer gwladolion yr Ardal Economaidd Ewropeaidd yn gysylltiedig ag ymadawiad y DU â'r UE) yn hawliau preswyllo perthnasol i ddibenion sefydlu lle maent yn preswyllo fel arfer.

Dyweddodd y Pennaeth Cyllid Dros Dro nad oedd y rheoliadau newydd yn cynnwys unrhyw newidiadau o bwys i'r cynllun cyfredol o safbwynt yr hawlwr, a bod hawlwr cymwys yn dal i allu ymgeisio am uchafswm o 100% o gymorth. Esboniodd fod yr ychydig o ddisgresiwn a roddwyd i'r Cyngor, sef cymhwyso elfennau dewisol a oedd yn fwy hael na'r cynllun cenedlaethol fel a ganlyn:-

- Y gallu i gynyddu'r cyfnod estynedig safonol o 4 wythnos o ostyngiad a roddir i unigolion ar ôl iddynt ddychwelyd i'r gwaith (os ydynt wedi bod yn derbyn Gostyngiadau'r Dreth Gyngor a fydd yn dod i ben o ganlyniad i ddychwelyd i'r gwaith);
- Disgresiwn i gynyddu swm y Pensiynau Anabledd Rhyfel a'r Pensiynau Gweddwr Rhyfel sydd i'w ddiystyru wrth gyfrifo incwm yr hawlwr; a'r
- Gallu i ôl-ddyddio cais am Ostyngiad i'r Dreth Gyngor yn gysylltiedig â hawliadau hwyr cyn y cyfnod safonol o dri mis cyn yr hawliad.

Adroddodd y Pennaeth Cyllid Dros Dro ei bod hi'n ofynnol i'r Cyngor fabwysiadu Cynllun Gostyngiadau'r Dreth Gyngor waeth a yw'n cymhwyso unrhyw elfennau disgresiwn ai peidio. Os na fydd y Cyngor yn creu Cynllun, bydd cynllun diofyn yn berthnasol. Ni chaiff y Cyngor ond arfer disgresiwn os yw'n creu ei gynllun ei hun o dan y Rheoliadau Gofynion Rhagnodedig.

Adroddodd y Pennaeth Cyllid Dros Dro fod ymgynghoriad wedi'i gynnal ar y Rheoliadau Gofynion Rhagnodedig yn 2016, a bod canlyniadau'r ymgynghoriad hwnnw wedi'u cynnwys yn adroddiad y Pennaeth Cyllid i'r Cyngor ar Gynllun Gostyngiadau'r Dreth Gyngor ar 11 Ionawr 2017. Gan mai'r cynnig oedd peidio newid yr elfennau disgresiwn, nid oedd ymarfer ymgynghori pellach wedi cael ei gynnal. Cynigiwyd y dylid cadw'r elfennau disgresiwn fel a ganlyn:

- Cadw'r cyfnod talu estynedig yn unol â'r safon ofynnol o 4 wythnos.
- Diystyru Pensiynau Anabledd Rhyfel a Phensiynau Gweddwr Rhyfel yn llwyr wrth gyfrifo'r hawl i dderbyn Gostyngiadau'r Dreth Gyngor. Amcangyfrifir mai cost y cynnig hwn o fewn y flwyddyn ariannol fydd £11,100.
- Cadw'r drefn ôl-ddyddio yn unol â'r safon ofynnol o 3 mis.



Adroddodd y Pennaeth Cyllid Dros Dro mai cyfanswm amcangyfrifedig y tri chynnig i'r Cyngor yw £11,100 ar gyfer 2020-21. Dywedodd y Pennaeth Cyllid Dros Dro wrth y Cyngor fod yn rhaid iddo ystyried a ddylid disodli neu ddiwygio ei gynllun Gostyngiadau'r Dreth Gyngor, a'i bod yn rheidrydd arno i greu cynllun yn ôl gofynion y Rheoliadau Gofynion Rhagnodedig. Mae'r rhwymedigaeth yn ddyletswydd statudol ac yn berthnasol hyd yn oed os yw'r Cyngor yn dewis peidio cymhwyso unrhyw elfennau disgresiwn sydd ar gael iddo. Dywedodd mai'r ymagwedd a argymhellwyd i'r Cyngor o ran yr elfennau disgresiwn sydd ar gael yw cymhwyso'r argymhellion yn Nhabl 1, ym mharagraff 4.23 yr adroddiad. Nid oes unrhyw gyllid ychwanegol i bontio unrhyw fwlch, a bydd disgwyl i bob awdurdod ariannu unrhyw ddiffyg.

Dywedodd dy Pennaeth Cyllid Dros Dro ei bod hi'n ofynnol i'r Cyngor fabwysiadu cynllun erbyn 31 Ionawr 2020 o dan Reoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor a Gofynion Rhagnodedig (Cymru) 2013, waeth a yw'n dewis cymhwyso unrhyw elfennau disgresiwn ai peidio. Os na fydd y Cyngor yn creu cynllun, bydd cynllun diofyn yn berthnasol o dan Reoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor (Gofynion Rhagnodedig a Chynllun Diofyn) (Cymru) (Diwygio) 2013. Hysbysodd y Pennaeth Cyllid Dros Dro y Cyngor ynghylch goblygiadau ariannol y cynllun, sef bod Setliad Llywodraeth Leol Dros Dro 2020-21 yn dangos bod y swm a ddarparwyd ar gyfer Cynllun Gostyngiadau'r Dreth Gyngor ledled Cymru ar yr un lefel â 2019-20. Mae setliad dros dro'r Cyngor oddi wrth Lywodraeth Cymru ar gyfer 2020-21 yn cynnwys £13.184 miliwn i ariannu Cynllun Gostyngiadau'r Dreth Gyngor, sydd £104,000 yn fwy na'r £13.080 miliwn a gafwyd yn 2019-20; nid yw'r swm yn cymryd i ystyriaeth unrhyw gynnydd yn nhaliadau'r dreth gyngor, ond fe'i dosberthir yn seiliedig ar wariant ar gynlluniau gostyngiadau'r dreth gyngor y blynyddoedd cynt, ac mae'n annhebygol o newid yn y setliad terfynol. Ar sail y llwyth achosion cyfredol, amcangyfrifir mai cost y cynllun ar gyfer 2020-21 yw oddeutu £15.3 miliwn (gan gynnwys cost yr elfennau disgresiwn), sydd £2.116 miliwn yn fwy na'r cyllid a ddarperir gan Lywodraeth Cymru. Y gyllideb arfaethedig gyfredol ar gyfer 2020-21 yw £15.254 miliwn, sy'n cynnwys cyllid ychwanegol i dalu am y cynnydd arfaethedig i'r dreth gyngor yn y SATC. Er bod hyn yn cael ei ystyried yn ddigonol i fodloni'r galw ar hyn o bryd, bwriedir parhau i adolygu'r sefyllfa dros gyfnod y SATC.

**PENDERFYNWYD:** Bod y Cyngor:

1. Yn nodi Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor a Gofynion Rhagnodedig (Cymru) 2013 a rheoliadau diwygio 2014 a 2020.
2. Yn mabwysiadu Cynllun Gostyngiadau'r Dreth Gyngor 2020-21, fel y'i nodir ym mharagraff 4.18 i 4.23 yr adroddiad.

394. **ADRODDIAD YMGYNGHORI'R STRATEGAETH A FFAFRIR AR GYFER Y CYNLLUN DATBLYGU LLEOL**

Adroddodd y Rheolwr Cynllunio Datblygu ar Adroddiad Ymgynghori'r Strategaeth a Ffeffir ar gyfer y Cynllun Datblygu Lleol (CDLI), i'r Cyngor ei ystyried a'i gefnogi.

Adroddodd fod Rheoliad 15 yn Rheoliadau'r CDLI yn ei gwneud hi'n ofynnol i'r Cyngor gyhoeddi ei gynigion cyn adneuo (y Strategaeth a Ffeffir) i'r cyhoedd gael eu harchwilio ac ymgynghori arnynt cyn penderfynu ar gynnwys ei CDLI ar gyfer Adneuo. Dywedodd fod y cyfnod ymgynghori statudol ar y Strategaeth a Ffeffir wedi cael ei chynnal o 30 Medi 2019 hyd 8 Tachwedd 2019, a bod cyfanswm o 70 o sylwadau ffurfiol wedi dod i law. Wrth baratoi am Gam Adneuo'r CDLI, mae'n rhaid i'r Cyngor ddrafftio Adroddiad Ymgynghori cychwynnol i'w gyhoeddi cyn gynted ag y bo'n rhesymol ymarferol yn dilyn yr ymgynghoriad cyn-adneuo, o dan Reoliad CDLI 16A. Dywedodd wrth y Cyngor fod Adroddiad Ymgynghori wedi cael ei lunio yn amlinellu sut yr oedd y Cyngor wedi

cynnwys ac ymgynghori â'r cyhoedd ar y Strategaeth a Ffefrir ei hun. Dywedodd fod yr Adroddiad yn nodi'r camau a gymerwyd i roi cyhoeddusrwydd ynghylch y gwaith o baratoi'r cynllun, yn unol â'r Cynllun Cynnwys Cymunedau, cyn amlinellu'r cyrff penodol a gymerodd ran, a chrynhof'r prif faterion a godwyd a nodi pa ymateb a gafwyd/a geir i'r sylwadau. Roedd yr Adroddiad yn cynnwys esbonio'n fanwl sut y byddai'r cyfnod ymgynghori allweddol hwn yn dylanwadu ar ddatblygiad y CDLI Adneuo.

Adroddodd y Rheolwr Cynllunio Datblygu fod nifer o ddulliau ymgynghori wedi cael eu defnyddio er mwyn sicrhau ymgynghoriad a chyfranogiad effeithlon ac effeithiol, yn unol â'r Cynllun Cynnwys Cymunedau. Dywedodd nad oedd bwriad i'r Adroddiad Ymgynghori fod yn adroddiad cynhwysfawr ar bob sylw a gafwyd, ond ei fod yn hytrach yn grynoded o'r prif faterion a godwyd mewn ymateb i'r cwestiynau penodol ar y ffurflen gais. Roedd nifer sylweddol o'r sylwadau hefyd yn canolbwyntio ar safleoedd penodol, ond nid oedd yr Adroddiad yn gwneud unrhyw ymgais i werthuso holl rinweddau'r darpar safleoedd. Dywedodd y byddai'r holl ddarpar safleoedd yn cael eu gwerthuso yn rhan o'r Fethodoleg Asesu Darpar Safleoedd, a gynhelir ar wahân i'r Ymgynghoriad ar y Strategaeth a Ffefrir. Dywedodd wrth y Cyngor fod yr Adroddiad Ymgynghori wedi'i drefnu i gyd-fynd â phob cwestiwn yn yr ymgynghoriad, ac yn nodi'r prif bwyntiau cyfatebol a gafwyd a manylion ymatebion dilynol y Cyngor. Mae'r Adroddiad Ymgynghori yn rhoi trosolwg thematig manwl o'r prif sylwadau a gyflwynwyd gan gynrychiolwyr.

Dywedodd yr Uwch Swyddog Cynllunio wrth y Cyngor fod y diwydiant datblygu wedi rhoi pwysau ar yr Adran Cynllunio i ryddhau safleoedd maes glas i'w datblygu, ond bod yr Adran wedi gwrthateb hynny, gyda chefnogaeth adroddiadau Arolygwyr. Cymeradwyodd aelod o'r Cyngor y modd yr oedd yr Adran Gynllunio wedi gwrthateb datblygiadau ar safleoedd maes glaw, a bod angen datblygiadau o ansawdd da yn y Fwrdeistref Sirol.

Gofynnodd aelod o'r Cyngor a oedd yr Adran Gynllunio yn sicrhau bod datblygiadau yn y dyfodol yn hygyrch i bobl ag anableddau. Hysbysodd y Rheolwr Cynllunio Datblygu y Cyngor fod yr Adran yn cydweithio â lechyd Cyhoeddus Cymru i sicrhau bod datblygiadau'n hygyrch i bawb, ac y byddai hyn wedi'i gynnwys yn y CDLI.

Gofynnodd aelod o'r Cyngor am sicrwydd y ceid datrysiad i'r groesfan reilffordd fel bo modd datblygu i'r dwyrain o Bencod. Hysbysodd y Rheolwr Cynllunio Datblygu y Cyngor y bydd y gwaharddiad ar ddatblygu yn parhau, ond pan fyddai canfyddiadau'r asesiad yn hysbys, byddai adroddiad yn cael ei lunio arnynt i'r Aelodau.

**PENDERFYNWYD:** Bod y Cyngor yn cymeradwyo cynnwys yr adroddiad ac y gofynnir am gymeradwyaeth y Cyngor cyn cyhoeddi'r Cynllun Adneuo ar gyfer ymgynghoriad cyhoeddus.

**395. ADOLYGIAD O ARDALOEDD, MANNAU A GORSAFOEDD PLEIDLEISIO 2019-2020**

Adroddodd y Prif Weithredwr ar ganfyddiadau'r adolygiad o Orsafoedd Pleidleisio ac ar unrhyw newidiadau arfaethedig yn deillio o'r adolygiad. Dywedodd ei bod hi'n ddyletswydd i'r awdurdod, o dan adran 16 o Ddeddf Gweinyddu Etholiadau 2006, gynnal adolygiad o ardaloedd, mannau a gorsafoedd pleidleisio o fewn ei ardal ar bob pumed blwyddyn. Roedd rhybudd ynghylch yr adolygiad wedi'i gyhoeddi ar 7 Hydref 2019, gyda chais am sylwadau erbyn 8 Tachwedd 2019. Cafodd yr holl sylwadau a'r awgrymiadau a gafwyd erbyn y dyddiad hwn wedyn eu postio ar-lein, eu harddangos ar y Bwrdd Hysbysiadau Etholiadol, yn y Swyddfeydd Dinesig a'u hanfon at holl Glercod y Cynghorau Tref a Chymuned fel bo modd derbyn unrhyw sylwadau pellach ar y cynigion a awgrymwyd erbyn 22 Tachwedd 2019.

Dyweddod y Prif Weithredwr mai amcan yr adolygiad oedd pennu ffiniau ar ardaloedd pleidleisio sy'n rhoi ystyriaeth i'r newid ym mhoblogaeth rhai ardaloedd (yn dilyn datblygiadau newydd) ac i sicrhau bod gorsafoedd pleidleisio yn y lleoliad gorau ac mewn adeiladau addas sy'n cynnig mynediad da. Yn yr adolygiad, mae'n ofynnol i'r Cyngor sicrhau bod gan yr holl etholwyr ym mhob etholaeth Seneddol cyfleusterau rhesymol er mwyn pleidleisio ar sail yr hyn sy'n ymarferol yn yr amgylchiadau, a hyd y bo'n rhesymol ac yn ymarferol bod manau pleidleisio yn hygyrch i bob etholwr, ac y rhoddwyd ystyriaeth i anghenion hygyrchedd unigolion anabl.

Adroddodd fod mwyafrif y sylwadau a gafwyd o blaid y trefniadau a'r lleoliadau a oedd yn cael eu defnyddio ar hyn o bryd. Roedd hyn yn cynnwys ymateb gan Aelodau Etholedig a nifer o gynghorwyr Tref a Chymuned. Codwyd pryderon ynghylch trefniadau yn y dyfodol ym Mracla pan fydd wardiau newydd yn cael eu cyflwyno yn 2022. Roedd a wnelo hyn ag adolygiad y Comisiwn Ffiniau ac y tu hwnt i gylch gwaith yr adolygiad etholiadol mewnol.

**PENDERFYNWYD:** Bod y Cyngor yn nodi canlyniad yr adolygiad, ac yn enwedig y sylwadau a nodwyd yn atodiad yr adroddiad.

396. **DERBYN Y CWESTIYNAU CANLYNOL GAN:**

Cwestiwn gan y Cynghorydd N Burnett i'r Aelod Cabinet Llesiant a Chenedlaethau'r Dyfodol

A all yr Aelod Cabinet roi'r newyddion diweddaraf am ein Strategaeth Eiddo Gwag, a'r hyn y mae wedi'i gyflawni hyd yma?

Ymateb yr Aelod Cabinet Llesiant a Chenedlaethau'r Dyfodol

Yn dilyn ymgynghoriad â'r cyhoedd, cafodd y Strategaeth Eiddo Gwag 2019-2023 ei chefnogi a'i chymeradwyo gan y Cabinet ym mis Rhagfyr 2019. Gan na ddigwyddodd hyn ond pedair wythnos yn ôl, nid yw wedi cael digon o amser i fagu gwreiddiau. Mae'r strategaeth yn cadarnhau ein hymrwymiad i leihau'r malltod a achosir gan eiddo gwag ledled y fwrdeistref, ac isod rwyf wedi nodi rhai enghreifftiau o'r gwaith a gyflawnwyd:

1. Mae cyfres o lythyrau ymgysylltu/gorfodi cadarn wedi cael ei llunio a fydd yn golygu bod modd mabwysiadu dull wedi'i dargedu a graddol o ymdrin ag eiddo gwag.
2. Mae canllaw eiddo gwag wedi cael ei lunio sy'n rhoi gwybodaeth a chynghor i berchnogion eiddo gwag i'w cynorthwyo i sicrhau bod eu heiddo yn cael ei ddefnyddio o'r newydd.
3. Mae system asesu risg wedi cael ei datblygu sy'n ein galluogi i dargedu eiddo sy'n cael effaith niweidiol ar yr ardal a rhai mewn ardaloedd lle ceir lefel uchel o anghenion tai. Mae hyn yn ein galluogi i fabwysiadu ymagwedd gyfun at ymdrin â'r broblem.
4. Mae cyfeiriad e-bost arbennig wedi cael ei greu sy'n hygyrch drwy ein gwefan, sy'n cynnig un man cyswllt ar gyfer ymholiadau/cwynion yn gysylltiedig ag eiddo gwag.
5. Mae cronfa ddata wedi cael ei chreu lle gellir cofnodi manylion yr holl gamau gorfodi/cwynion a'r cynnydd o ran defnyddio eiddo o'r newydd, gan olygu bod modd inni roi adroddiadau mwy manwl gywir ar y sefyllfa.
6. Mae'r gostyngiad i'r dreth gyngor yn gysylltiedig ag eiddo gwag wedi'i ddileu.
7. Mae cysylltiadau wedi'u sefydlu ag arwerthwyr er mwyn cynorthwyo perchnogion i werthu eu heiddo.
8. Mae Gweithdrefn Orfodi wedi cael ei lunio ar gyfer Gwerthu Gorfodol.

Fodd bynnag, cyn cymeradwyo'r strategaeth yn swyddogol, mae'r weinyddiaeth wedi bod yn gweithio'n unol â'r strategaeth ac wedi ymrwmo i benodi'r Swyddog Eiddo Gwag ym mis Hydref 2018. Cafwyd cynnydd sylweddol wrth fynd i'r afael â'r broblem Eiddo Gwag, ac ers penodi'r swyddog mae ymchwiliad wedi cael ei gynnal i gyfanswm o 219 eiddo. O'r 20 eiddo â blaenoriaeth a nodwyd drwy'r broses asesu risg, mae 12 eiddo wedi'u defnyddio o'r newydd. O ran yr 8 eiddo arall, mae 5 yn destun Hysbysiadau Adran 215 o dan Ddeddf Cynllunio Gwlad a Thref 1990, ac mae ffurflenni mynegi diddordeb wedi'u llunio ar gyfer 2 ohonynt yn gysylltiedig â grantiau/benthyciadau. Roedd yr eiddo arall ar ganol cael ei werthu, ond yn anfodus mae'r gwerthiant wedi methu felly bydd angen inni ymgysylltu ymhellach â pherchennog yr eiddo. Y Strategaeth yw cydweithio â pherchennog yr eiddo gwag, cyn mynd ar drywydd deddfwriaeth. O ganlyniad i'r gwaith hwn, mae perfformiad y Cyngor o'i gymharu â chynghorau eraill yng Nghymru wedi gwella o'r 18<sup>fed</sup> safle yn 2016-17 i'r 5<sup>ed</sup> yn 2018-19, ac yn gysylltiedig â hyn rydym wedi gweld y ffigur hwn yn codi dros ddwywaith yn uwch o 3.48% yn 2018 i 8.41% yn 2019.

Roedd y Cynghorydd Burnett yn falch o weld bod perfformiad y Cyngor, o'i gymharu â chynghorau eraill yng Nghymru, wedi codi o 5<sup>ed</sup> i 18<sup>fed</sup> o ran canran yr eiddo a oedd yn cael eu defnyddio o'r newydd, a gofynnodd gwestiwn yn gysylltiedig â hynny, sef sut y caiff yr eiddo dan sylw ei nodi. Dywedodd yr Aelod Cabinet Llesiant a Chenedlaethau'r Dyfodol wrth y Cyngor fod eiddo yn derbyn sgôr ar sail dau brif ffactor, sef lleoliad ac angen. Rhoddir ystyriaeth hefyd i niwsans, cwynion a chyflwr yr adeilad.

Gofynnodd aelod o'r Cyngor pa gamau oedd yn cael eu cymryd i ymdrin ag eiddo gwag yng nghymunedau'r cymoedd, a oedd wedi bod yn wag ers blynyddoedd. Soniodd yr Aelod Cabinet Lles a Chenedlaethau'r Dyfodol wrth y Cyngor am enghraifft o eiddo mewn cymuned yn y cymoedd a oedd wedi bod yn falltodd ers 10 mlynedd. Dywedodd fod y Swyddog Eiddo Gwag wedi bod yn cydweithio ag Adran Iechyd yr Amgylchedd a'r perchennog er mwyn rhoi'r eiddo ar ocsiwn, a bod y perchennog newydd wedi gallu manteisio ar grantiau.

Gofynnodd aelod o'r Cyngor a oedd y Cyngor yn defnyddio pwerau gorfodi i ymdrin ag eiddo gwag. Dywedodd yr Aelod Cabinet Llesiant a Chenedlaethau'r Dyfodol y gallai'r Cyngor ddefnyddio amryw o bwerau, a bod Hysbysiadau Adran 215 wedi cael eu defnyddio i gael gwared ag ysbwriel a chliro llwybrau.

Cwestiwn gan y Cynghorydd A Hussain i'r Aelod Cabinet Cymunedau

A allai'r Aelod Cabinet roi gwybod a ydym yn newid ein hen Gyfreithiau Cynllunio er mwyn cefnogi'r amgylchedd, drwy leihau gwastraff, ac a yw ein Cyngor wedi ymrwmo i dai a pholisi cynllunio ecogyfeillgar?

Ymateb yr Aelod Cabinet Cymunedau

Mae'r system gynllunio yn swyddogaeth sydd wedi'i datganoli i Lywodraeth Cymru, ond fe'i gweithredir i raddau helaeth drwy lywodraeth leol, felly mae'r Cyngor hefyd yn Awdurdod Cynllunio Lleol (ACLI). Mae llu o ddogfennau deddfwriaethol yn sail i gyfraith cynllunio ac mae hyn yn creu'r fframwaith cyfreithiol statudol cenedlaethol ar gyfer gweithredu'r system cynllunio defnydd tir. Ar y llaw arall, mae polisi cynllunio, a gaiff ei ddiweddarau'n rheolaidd yn rhoi'r arweiniad a'r cyfarwyddyd angenrheidiol er mwyn gwneud penderfyniadau cynllunio defnydd tir ar raddfa Cymru ac ar raddfa leol. Mae Polisi Cynllunio Cymru - Argraffiad 10 (PCC10), a gyhoeddwyd yn 2018, ynghyd â'r Nodiadau Cyngor Technegol (TANs) yn sefydlu'r prif gyd-destun cyffredinol ar gyfer polisi cynllunio, ac mae ACLlau yn creu Cynlluniau Datblygu Lleol (CDLlau) a Chanllawiau Cynllunio Atodol (CCAau) ar gyfer eu hardaloedd perthynol. Mewn cyfraith cynllunio, rhoddir y flaenoriaeth i'r cynllun datblygu onid yw'r polisi cenedlaethol yn drech

na'r cynllun. Mae'r CDLI yn trosi amcanion llesiant a blaenoriaethau corfforaethol y Cyngor yn bolisïau a strategaethau clir ar gyfer cynllunio defnydd tir.

Mae PCC10 wedi alinio polisi cynllunio cenedlaethol â Deddf Llesiant Cenedlaethau'r Dyfodol, ac mae'n cynnwys nodau penodol yn gysylltiedig â gwastraff, o ran darparu cyfleusterau ac o ran lleihau gwastraff wrth ddatblygu yn y dyfodol. Y mae hefyd yn ei gwneud hi'n ofynnol i ddatblygiadau newydd fod yn fwy cynaliadwy, gyda ffocws ar ddefnydd effeithlon o ynni a defnydd doethach o adnoddau. Mae'n rhaid i'r CDLI newydd Pen-y-bont ar Ogwr gydymffurfio â PCC10, ac mae hyn yn gyfle pellach i saernïo polisïau a CCAau i adlewyrchu polisi cenedlaethol a sicrhau canlyniadau datblygu cynaliadwy. Ar ben hynny, gall Pen-y-bont ar Ogwr ymfalchïo yn y ffaith bod ei gyfradd ailgylchu gwastraff yn uwch na'r cyfartaledd cenedlaethol.

Dylid nodi hefyd fod y Rheoliadau Adeiladu hefyd yn swyddogaeth sydd wedi'i datganoli. Ystyrir y Rheoliadau fel y prif ffordd o sicrhau bod adeiladau newydd yn gwneud defnydd mor effeithlon ag sy'n bosibl o ynni, a bydd newidiadau arfaethedig i Ran L y rheoliadau yn codi'r safonau angenrheidiol eto er mwyn creu datblygiadau mwy ecogyfeillgar.

Yn ogystal â hyn, mae Pen-y-bont ar Ogwr yn arwain y blaen o ran dulliau doeth o ddarparu ynni, gan gynnwys cynigion am gynlluniau gwresogi ardal a Dŵr o Chwarel Caerau.

Wrth ofyn cwestiwn atodol i'r Aelod Cabinet, gofynnodd y Cyngorydd Hussain am sicrwydd bod y polisi cynllunio yn cael ei newid yn sylweddol er mwyn lleihau allyriadau nwyon tŷ gwydr, oherwydd credai nad oedd hynny wedi digwydd yn achos datblygiad Hillside ym Mhenyfaï, lle gwelwyd llifogydd rheolaidd. Cyfeiriodd yr Aelod Cabinet Cymunedau'r cynllun dŵr chwarel i sylw'r Aelod, a dywedodd fod nifer o brosiectau eraill yn cael eu cynnal yn seiliedig ar dechnoleg ddatblygol. Dywedodd fod gan y Cyngor strategaeth i leihau allyriadau carbon yn yr ardal leol, a'i fod ymhlith ond ychydig o gynghorau yng Nghymru a'r DU i fod wedi llunio strategaeth o'r fath.

Dywedodd aelod o'r Cyngor fod datblygwyr yn cadw at ddeddfau cynllunio, a holodd a oedd y Cyngor yn annog datblygwyr i fodloni dyheadau datgarboneiddio'r Cyngor. Hysbysodd yr Aelod Cabinet Cymunedau y Cyngor am fwriad Llywodraeth Cymru i ddefnyddio ynni glân i bweru Cymru. Roedd gan y Llywodraeth hefyd gyllideb ar gyfer eiddo digarbon, ac roedd yr Aelod yn gobeithio y byddai hynny'n gatalydd i newid deddfwriaeth.

Holodd aelod y Cyngor ar ba safle yr oedd y Cyngor yng Nghymru o ran eiddo carbon isel. Hysbysodd yr Aelod Cabinet Cymunedau y Cyngor fod y strategaeth ardal leol wedi galluogi'r Cyngor i feithrin arbenigedd a gweithio gyda phartneriaid posibl.

397. EITEMAU BRYD

Nid oedd unrhyw eitemau bryd.

Daeth y cyfarfod i ben am 16:47

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

26 FEBRUARY 2020

### REPORT OF THE CHIEF EXECUTIVE

#### PRESENTATION BY THE SOUTH WALES FIRE & RESCUE AUTHORITY

##### 1. Purpose of report

- 1.1 The purpose of this report is to introduce a presentation to Council by the South Wales Fire & Rescue Authority.

##### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority:
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

##### 3. Background

- 3.1 Arrangements have been made for representatives of the South Wales Fire & Rescue Authority to deliver a presentation to Council on the services it delivers in the County Borough.
- 3.2 Presentations will be made to future meetings of Council by the Council's partners, Valleys to Coast, Cwm Taf Morgannwg University Health Board, the Police and Crime Commissioner and the Chief Constable of South Wales Police during the course of the year on the following dates:

8 April 2020 – Valleys to Coast

17 June 2020 - Cwm Taf Morgannwg University Health Board

21 October 2020 - Police and Crime Commissioner and the Chief Constable of South Wales Police

##### 4. Current situation/proposal

- 4.1 Members are requested to receive the presentation by the South Wales Fire & Rescue Authority.

##### 5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

##### 6. Equality Impact Assessment

- 6.1 There are no equality implications arising from this report.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications arising from this report.

## **9. Recommendation**

9.1 That Members note the presentation by the South Wales Fire & Rescue Authority.

**Mark Shephard**  
**Chief Executive**  
**18 February 2020**

**Contact Officer:** Andrew Rees – Democratic Services Manager.

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**E-mail:** [Andrew.rees@bridgend.gov.uk](mailto:Andrew.rees@bridgend.gov.uk)

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Bridgend  
CF31 4WP

## **Background Documents**

None



## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

26 FEBRUARY 2020

### REPORT OF THE CHIEF EXECUTIVE

#### CORPORATE PLAN 2018-2022 REVIEWED FOR 2020-21

#### 1. PURPOSE OF REPORT

- 1.1 To seek Council approval of the Corporate Plan 2018-2022 reviewed for 2020-21 (Appendix A).

#### 2. CONNECTION TO CORPORATE IMPROVEMENT OBJECTIVES / OTHER CORPORATE PRIORITIES

- 2.1 This report assists in the achievement of the following corporate well-being objectives (priorities):-

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

#### 3. BACKGROUND

- 3.1 The Corporate Plan 2018-2022, describes the council's vision for Bridgend County Borough, our 3 well-being objectives and our organisational values and principles that underpin how we will work to deliver our priorities.
- 3.2 The Plan represents our contribution to achieving the 7 national well-being goals as set out in the Well-being of Future Generations (Wales) Act 2015 and our improvement objectives under the Local Government (Wales) Measure 2009.

#### 4. CURRENT SITUATION / PROPOSAL

- 4.1 The Corporate Plan has been refreshed for 2020-21. This follows a corporate planning process carried out between October 2019 and January 2020 to

review progress, streamline the plan to focus on key priority areas and to further maximise our contribution to the national well-being goals.

- 4.2 The revised Corporate Plan includes minor changes to our well-being objectives, new priority areas to effectively direct resources towards shared outcomes and new commitments to accelerate the pace of progress, and aims to improve alignment with the 7 well-being goals.
- 4.3 There are a number of new success measures in the Plan (some of which are new national indicators), linked to our commitments to ensure we can monitor progress. Where possible targets have been set to help drive improvement - in the case of new indicators with no benchmark information, the target is to establish a baseline.
- 4.4 On 13<sup>th</sup> February 2020, the Corporate Overview and Scrutiny Committee considered the revised draft Plan. The Committee made a series of constructive comments for amendment and inclusion. All the comments have been duly considered and wherever feasible, appropriate amendments made to the draft Plan.
- 4.5 On 25<sup>th</sup> February 2020 Cabinet considered the Corporate Plan 2018-2022, revised for 2020-21.
- 4.6 The Plan will be reviewed annually to take into account changing circumstances and progress made against the well-being objectives and to ensure that the requirements of Local Government (Wales) Measure 2009 and the Well-being of Future Generations (Wales) Act 2015 are met.
- 4.7 Once approved, this Plan replaces the current Corporate Plan. Delivery will be supported by the MTFs and directorate business plans. It will be monitored quarterly through the Corporate Performance Assessment process, directorate management team meetings and the Corporate Overview and Scrutiny Committee.

## **5. EFFECT UPON POLICY FRAMEWORK & PROCEDURE RULES**

- 5.1 The Council's Corporate Plan forms part of the Policy Framework.

## **6. EQUALITY IMPACT ASSESSMENT**

- 6.1 A full Equality Impact Assessment was undertaken when the Plan was developed. Consideration was given to the potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups. Separate EIAs will be undertaken when proposals for carrying out the Plan are developed and implemented.

## **7. WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 IMPLICATIONS**

- 7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and

service provision. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives.

- 7.2 A well-being assessment of the impact of the Corporate Plan has been completed (Appendix B).

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no financial implications arising from this report. The Corporate Plan is closely aligned to the Medium Term Financial Strategy which sets out the resources for delivering the council's corporate plan.

## **9. RECOMMENDATION**

- 9.1 That Council approves and adopts the Corporate Plan 2018-2022 reviewed for 2020-21.

### **Mark Shephard, Chief Executive**

**Contact Officer:** Gill Lewis, Interim Head of Finance and 151 Officer  
Telephone: 01656- 643224; email: [gill.lewis@bridgend.gov.uk](mailto:gill.lewis@bridgend.gov.uk)

**Background Documents – Medium Term Financial Strategy 2020-21 to 2023-24**

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**One Council Working Together  
to Improve Lives**

# INTRODUCTION

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## Welcome to the Council's revised corporate plan for 2020-21.

The Council delivers, or enables, many hundreds of services across all the diverse communities within the County Borough of Bridgend. Like all parts of the public sector across the UK, the Council is very much a people business. We are confronted with significant challenges, increased demand, such as meeting the needs of a growing number of older residents, new legislation as well as challenges such as Brexit and how best to embrace new technology in how we deliver services.

This corporate plan in no way attempts to include every service that the Council delivers or will deliver in the coming years. What it does, is set out our well-being objectives; the long-term outcomes that we want to achieve for the county borough and for the people we are privileged to serve. We want to contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence. One of the most significant changes in April 2019 was the transfer of all health services within Bridgend County Borough from Abertawe Bro Morgannwg University Health Board to the new Cwm Taf Morgannwg University Health Board.

We will need to prioritise where we spend our money if we are to make smarter use of our resources. It will mean investing in those things that make the most difference to outcomes for local people. Enhanced and intelligent collaboration with the private sector, other public sector partners and the third sector is crucial, as is ongoing engagement with our citizens, to gain a better mutual understanding of what they feel the Council should focus on to enable us to create workable solutions together. Against this backdrop we have to be honest with our communities and partners in saying that the Council can no longer deliver all of the services it once did or always to the same level as in previous years. However, we remain committed to making smarter use of our resources, in supporting and protecting the most vulnerable in our communities and building an economically sound county borough that meets the needs of our citizens in the future.

Our Corporate Plan 2018-22, reviewed for 2020-21 sets out the changes the Council is making through its well-being objectives and what its focus will be over the next year, as part of a four year plan. This plan represents our ambitions and commitments to our citizens and our contribution to Wales' seven well-being goals as outlined in the Well-being of Future Generations (Wales) Act 2015.

In reviewing this plan for 2020-21, we further developed our well-being objectives and aims. We also reviewed the priority areas which are integral to us meeting our well-being objectives. A lot of the commitments listed in the plan are ambitious and some are in the early stages of development. We therefore review these annually to ensure we are progressing with these in line with our long term ambitions and the resources available to us. As part of this year's review we have also introduced a suite of new indicators to better focus on measuring our achievements in improving the lives of those we serve. These new measures also support and drive forward our sustainability principles. We check our performance regularly to see how successful we are in achieving what we set out to do.

We welcome your comments on this corporate plan and your suggestions for improvement. Ways of providing feedback are found at the back of this report.



Councillor Huw David  
Leader of the Council



Mark Shephard  
Chief Executive





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# A SNAPSHOT OF BRIDGEND COUNTY BOROUGH

## In Numbers



Population	144,876
Size	98.5 square miles
Households	64,766
Average House Price	£150,412 (UK HPI: April 2019)
Active Businesses	4,160
People in Employment	72.1% (June 2019)
Average (median) salary	£28,418 (Welsh average £26,468)

## Representation

Wards	39
Councillors	54
Constituency AMs	2
Regional AMs	4
MPs	2

## Education

Primary schools	39
Secondary schools	7
Faith schools	6
Special schools	2
Pupil referral unit	1
Welsh language schools	5

## Homelessness

Homeless hostels	2
Domestic abuse refuges	2
Rough sleepers provision	2
Supported and temporary accommodation schemes	8

## Leisure and Well-being

Swimming Pools	5
Life centres & sports facilities	9
Libraries	11

## Social Care

Extra Care Homes	3
Reablement Unit	1
Resource Centre for people with complex needs	1

We develop, manage and maintain **280 hectares** of open spaces, including children's play areas, sports pitches, commons, highway verges, landscapes and horticultural features.



## Total Council Income (2020-21)



Council Tax	£83.758m
Non-Domestic Rates	£49.685m
Revenue Support Grant (Welsh Government)	£153.442m
Other funding	£134.615m
Total Gross Income	£421.500m

We have **4,225** full-time equivalent staff delivering over **800** separate services that include:

Education and schools, social care, safeguarding our most vulnerable adults and children; youth justice, planning and building control, housing support, maintaining highways and public transport, refuse and recycling, street cleaning and safety, parks, environmental and natural resources protection, play areas, food hygiene, licensing, health and safety inspectors, collecting revenues and administering benefits, elections, sports, arts and libraries, supporting employment, business and tourism, special events and festivals.



# OUR VISION, PRINCIPLES AND VALUES

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## Our Vision

In formulating this corporate plan the Council has considered the type of organisation it wants to be. Our vision is to act as

**“One Council working together to improve lives”.**

We will do this by delivering our well-being objectives. Achieving this will improve the quality of life of all those living and working in the county borough. This plan represents our ambitions and commitments to our citizens and sets out our contribution to Wales’ seven well-being goals as outlined in the Well-being of Future Generations (Wales) Act 2015.

This means that we will become a smaller, more flexible and innovative local authority that works with partners and local communities to create a future in which residents have access to a more responsive and tailored service. It will also mean that residents take greater responsibility for making that happen, to improve their own resilience and for that of the community as a whole.

## Our Principles

A number of key principles underpin how we work. They highlight the importance of working in partnership with our citizens, our communities and with other organisations to develop and deliver sustainable services. Together, we will identify and meet local need as best we can:

- To support communities and people to create their own solutions and reduce dependency on the Council.
- To focus diminishing resources on communities and individuals with the greatest need.
- To use good information from service users and communities to inform its decisions.
- To encourage and develop capacity amongst the third sector to identify and respond to local needs.
- To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.
- To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.
- To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.

These principles highlight the importance of other organisations in delivering services to meet local needs. The Council has a track record of working with the third sector, the not-for-profit sector and the private sector, each of which already provides some services for the Council. We will continue to build on this approach for the duration of this plan.

These principles, together with the Council’s values, support the principle of sustainable development defined by the Well-being of Future Generations (Wales) Act 2015. Sustainable development is about improving the way in which we can achieve our economic, social, environmental and cultural well-being by focusing on the long term, prevention, integration collaboration and involvement. It will underpin everything we do and help us make the county borough a great place for people to live, work, study and visit.

## Our Values

These represent what we stand for and shape how we work:

**Fair** - taking into account everyone's needs and situation

**Ambitious** - always trying to improve what we do and aiming for excellence

**Citizen-focused** - remembering that we are here to serve our local communities

**Efficient** - delivering services that are value for money

Our principles, together with our values, support the principle of sustainable development defined by the Well-being of Future Generations (Wales) Act 2015. Sustainable development is about improving the way in which we can achieve our economic, social, environmental and cultural well-being by focusing on the long term, prevention, integration collaboration and involvement. It will underpin everything we do and help us make the county borough a great place for people to live, work, study and visit.

# WELL-BEING OBJECTIVES

---

The Well-being of Future Generation (Wales) Act 2015 has been put in place to make sure that public bodies are doing all they can to improve the social, economic, environmental and cultural well-being of Wales.

The Act introduces seven long-term well-being goals, puts in place a sustainable development principle, and defines five ways of working that public bodies will need to adopt to show they have applied the sustainable development principle.

This document sets out a small number of important long-term objectives we want to achieve. These are our well-being objectives under the Well-being of Future Generations (Wales) Act 2015. They are also our improvement objectives under the Local Government (Wales) Measure 2009.

In setting our well-being objectives we set out what we aim to achieve and why they are important. Our well-being objectives are integrated, which ensures we are working together to achieve shared outcomes. This plan sets out the steps we will take and identifies the priority areas to drive improvements. Details on how we have already made progress towards these objectives can be found in our Annual Report 2018-19.

## Our well-being objectives



In this plan, we have laid out the Council's commitment to the well-being goals and embedded the sustainable development principles of the Act. We have made sure that, when we make decisions, we take into account the impact they could have on people living their lives in Wales both today and in the future.

## Our contribution to the well-being goals

This report sets out the contribution our well-being objectives make to the seven well-being goals. These are set out below:

Well-being Goal	Well-being Objective		
	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
A prosperous Wales	✓		✓
A resilient Wales			✓
A healthier Wales	✓	✓	✓
A more equal Wales	✓	✓	✓
A Wales of cohesive communities	✓	✓	✓
A Wales of vibrant culture and thriving Welsh language	✓	✓	
A globally responsible Wales	✓		✓

## How we are using the five ways of working

In addition to the seven well-being goals, the Well-being of Future Generations (Wales) Act 2015 puts in place the sustainable development principle, and defines the five ways of working that public bodies must adopt to demonstrate they have applied the sustainable development principle. The five ways of working are:

**Long term** – The importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs.






























**Prevention** – We are being proactive in resources into preventing problems occurring or getting worse.

**Integration** - Considering how our well-being objectives may impact upon each of the well-being goals, or on the objectives of other public bodies.

**Collaboration** - Acting in collaboration with any other person/organisation or different parts of the local authority to deliver our well-being objectives.

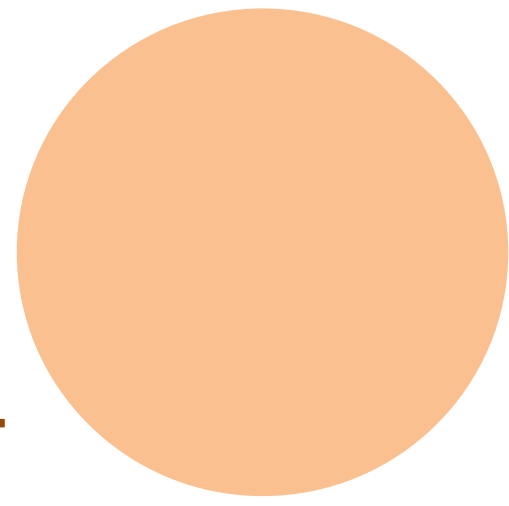
**Involvement** - The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the areas which we serve.

We have embedded the five ways of working, as expressed in the Well-being of Future Generations (Wales) Act 2015 into our principles.

5 Ways of Working	Long term	Prevention	Integration	collaboration	Involvement
					
<b>Our Principles</b>					
To support communities and people to create their own solutions and reduce dependency on the Council.					
To focus diminishing resources on communities and individuals with the greatest need.					
To use good information from service users and communities to inform its decisions.					
To encourage and develop capacity amongst the third sector to identify and respond to local needs.					
To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.					
To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.					
To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.					

# WELL-BEING OBJECTIVE 1

## SUPPORTING A SUCCESSFUL SUSTAINABLE ECONOMY



This means we will take steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.

### Our well-being aims

- To support local people develop skills and take advantage of opportunities to succeed.
- To create conditions for growth and enterprise.
- To create town centres and communities that improve the quality of life for citizens.

### Why these are important

Our citizens have told us that a local, vibrant economy is one of their top priorities. We want to build a county borough where people have more opportunities to secure a meaningful job, develop a career and improve their family income and circumstances.

Helping us to achieve our ambition of a successful sustainable economy, the Council, along with key partners, is working on a number of projects which will deliver the outcomes to help Bridgend thrive over the long term. These include:

- A Replacement Local Development Plan (LDP), which sets out our objectives for the development and use of land in the county borough up to 2033, including the need to build around 7,500 homes.
- The Cardiff Capital Region City Deal, which the local authority is part of, with the aim of creating 25,000 jobs across the entire region and bringing in £4bn of private sector investment by 2036. The City Deal includes four strategic themes which will benefit the county borough - skills and employment, innovation, connecting the region and infrastructure.
- The Valley's task force programme, an initiative the local authority is committed to, along with other South East authorities, which includes supporting the Maesteg Town Hall project, along with grant programmes for housing and business and tourism investment across the valleys, including the £6.6m Valleys Regional Park programme.

We know that higher levels of prosperity boost health and well-being and create more resilient communities needing fewer services. For future prosperity and long-term resilience, our town centres and businesses need to thrive and be profitable to generate wealth, provide better jobs, attract investment, reduce economic inactivity and improve skills and encourage visitors.

We will work towards the principles of the foundation economy model – better jobs closer to home which will nurture and grow local economies by stimulating meaningful employment in communities with high levels of unemployment. We will seek to boost economic development throughout the County Borough through a range of activities including the development of enterprise hubs and direct business support packages.

We believe that education remains the most important lever for improving the life chances and resilience of young people. Our future long-term prosperity depends on the skills and knowledge of our communities.

Estyn (Her Majesty's Inspectorate for Education and Training in Wales) inspected the local authority in March 2019 under the new Local Government Education Services (LGES) Inspection framework, introduced in September 2018. The inspection identified many strengths that the local authority has in providing education to its learners, but also recognised some areas that we need to improve in.

We recognise that we must support the diverse needs of our young people and promote their well-being so they can fulfil their potential, through the medium of English and Welsh. We have prioritised the need to raise standards of achievement for all our young people. We also recognise that we need to improve education for key groups of learners to help them to achieve their full potential, focussing on numeracy, literacy, vulnerable young people, those currently in the care system as well as our more able and talented pupils. We know we will need to continue the focus on addressing inequality in achievement, participation and progression to further study or equipping young people with the skills to move into employment.

It is important to balance these long term projects with activities that address the short and medium term needs of Bridgend. To that end, we have identified two priority areas that will drive these forward over the duration of this corporate plan:

## Our priority areas to support this well-being objective

- **Improve learner outcomes** – To inspire and support children, adults and families to achieve better outcomes; leading to prosperous, healthy, safe and happy communities.
- **Growth and prosperity** - Promote the conditions for growth and prosperity by supporting people and business to take advantage of the opportunities to help them succeed.

## Who will help us?

Bridgend Business Forum; City Deal partners; Bridgend College and training providers; schools; Careers Wales; Job Centre Plus.

## Steps we will take to support this well-being objective

### To help improve learner outcomes we will

Sustain the current good performance of key stage 4.

Raise standards of literacy in primary schools.

Improve outcomes for post-16 learners in sixth forms.

Deliver the priorities in the Welsh in Education Strategic Plan (WESP) to promote Welsh medium education and increase the number of Welsh speakers to support Cymraeg 2050.

### To support growth and prosperity we will

As part of regeneration to support the growth and prosperity of the county borough two key developments are planned:

- Redevelopment of Maesteg Town Hall providing improved community facilities to include the town library, performance spaces, offering improved accessibility for visitors and creating jobs.
- Complete on the sale of Salt Lake Development for food retail as part of an ambitious regeneration scheme in Porthcawl.

Create better town centres through improving property and the environment.

Through Employability Bridgend, work with individuals to improve their job opportunities and reduce economic inactivity.

Providing the right infrastructure and support for business to thrive by:

- Supporting business start ups
- Supporting resilience of businesses - (enterprise hubs)
- Developing procurement strategies to boost the foundational economy

Improving the visitor experience to boost tourism:

- Enhancing the natural environment through Valleys Regional Park
- Deliver the Porthcawl Resort Investment Focus (PRIF) programme



## How will we know we are successful?

By monitoring our measures of success, we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority area: Improve learner outcomes

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Average capped 9 score for pupils in Year 11.	357.2	Establish baseline	363.0
Percentage of pupils, at end of foundation phase, achieving Outcome 5 or above in teacher assessments for LLC-E and LLC-W (Language Literacy and Communication in English and Welsh).	84.7%	84.9%	85.1%
Percentage of pupils assessed at the end of key stage 2, in schools maintained by the local authority, achieving the expected outcome in English/Welsh first language, as determined by teacher assessment.	90.0%	90.0%	90.2%
Percentage of pupils at A level achieving 3 A*-C grades.	54.2%	Establish baseline	55.6%
Percentage of Year 1 learners being taught through the medium of Welsh.	8.7%	8.7%	8.7%

### Priority area: Growth and prosperity

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
The number of participants in the Employability Bridgend programme going into employment.	N/A	180	200
The number of vacant premises in town centres: a) Bridgend b) Maesteg c) Porthcawl d) Pencoed	a) 60 b) 10 c) 11 d) 6	a) 60 b) 10 c) 11 d) 6	a) 60 b) 10 c) 11 d) 6
The number of visitors to town centres- footfall for a) Bridgend b) Porthcawl	a) 2,160,100 b) 6,761,710	a) 2.5m b) 7.2m	a) 2.5m b) 7.3m
Financial value of externally funded town centre regeneration projects underway/in development	£20.8m	£13m	£13m
The number of participants in the Employability Bridgend programme going into employment.	N/A	180	200
Number of start-up business.	460	461	462
Total annual expenditure by tourists.	£347.3m	2% increase	2% increase

# WELL-BEING OBJECTIVE 2

## HELPING PEOPLE AND COMMUNITIES TO BE MORE HEALTHY AND RESILIENT

This means we will work with our partners, including the people who use our services to take steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. We will support individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.

### Our well-being aims

- To give people more choice and control over what support they receive by providing early access to advice and information.
- To reduce demand through targeted early help and intervention programmes.
- To develop more active, healthy and resilient communities by working in partnership with the third sector, town and community councils and community groups.

### Why these are important

Local authorities have a role to play in helping individuals and communities to develop social capital. There is growing recognition that although disadvantaged social groups and communities have a range of complex and inter-related needs, they also have assets at the social and community level that can help improve health, and strengthen resilience.

The Council is committed to taking asset-based approaches to improving health and building resilience for well-being. By intervening early and focusing on preventative services we can help people and communities to be more independent, less reliant on council services and more likely to achieve better outcomes. At the service delivery level, timely and appropriate interventions help reduce costs which helps safeguard the sustainability of services ensuring the Council can effectively support those with greatest need.

The prevention and well-being focus within the Council has allowed assets such as community centres to re-design the service model so that they now offer a wider range of services that support better physical health and emotional well-being.

The positive impact of housing on standards of health and overall well-being, means housing is increasingly seen as a primary preventative measure in building resilience. Empty properties are a wasted resource and a missed opportunity to improve well-being. The Council is committed to reducing the number of empty properties across the county borough and help contribute towards increasing the availability of quality affordable housing for sale or for rent. The additional wider

benefits include improving the aesthetic of the local environment, creating training and job opportunities. The Council will work collaboratively with external partners providing responsive, creative and innovative approaches to prevent and relieve homelessness, ensuring accessibility to suitable accommodation with the appropriate support.

## Our priority areas to support this well-being objective

- **Developing and enhancing community support and services** – Ensuring there are high quality, seamless opportunities, support and services in place for those who need our help to enable them to remain independent for as long as possible.
- **Building resilient communities** – Working with our partners and communities we will develop through co-production new and innovative alternatives to improve well-being and to support and sustain delivery. New service models will be sustainable and less reliant on the Council and will reflect a positive shift in responsibility by empowering other organisations and local people.
- **Better health and well-being** – Improve the physical, mental and emotional well-being of children and young people and vulnerable citizens, to ensure they can thrive and fulfil their potential.

## Who will help us?

We will work with partners to help achieve our aims, in particular the NHS, Police, Awen, Halo and the third sector. Similarly, Registered Social Landlords (RSLs) and private sector landlords are also essential partners.

We also work collaboratively on a regional basis as members of the Cwm Taf Morgannwg Partnership Board. In addition, our key stakeholders, the people who use social care, play a vital role in helping design services that best meet need.

## Steps we will take to support this well-being objective

### To develop and enhance community support and services we will

Expand a range of integrated community services to 7 days – over an extended day

Target the use of early intervention services to reduce demand on statutory services.

### To build resilient communities we will

Continue the safe reduction of looked after children to ensure young people are supported to live with their families and where this is not possible alternative permanence options are achieved at the earliest opportunity.

Enable community groups and the third sector to have more voice and control over community assets, supporting sporting clubs and other organisations to transfer assets to the community.

Work with households and partners to provide a range of accommodation options to prevent people from becoming homeless, and support vulnerable people to prevent homelessness and escalation into statutory services.

Work with landlords to return empty properties back into use helping to increase the availability of affordable housing for sale or rent.

### To support better health and well-being we will

Improve the quality of care and support provided to individuals at home through a multidisciplinary team around people in our Community Cluster Networks, ensuring timely and responsive assessments that are people centred and meet need. This will also improve our ability to anticipate future need and ensure contingency plans are in place.

Increase participation in leisure and cultural activities by improving accessibility, removing barriers to involvement and creating age friendly communities.

## How will we know we are successful?

By monitoring our measures of success, we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority Area: Developing and enhancing community support and services

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Number of people aged 65+ referred to Community Resource Team.	N/A	N/A	Establish baseline
Number of referrals to Community Resource Team on Saturday, Sunday and Monday.	N/A	N/A	Establish baseline
Percentage of reablement packages completed that: a) Reduced the need for support b) Maintained the same level of support c) Mitigated the need for support	N/A	N/A	Establish baseline

## Priority Area: Building resilient communities

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Number of council owned assets transferred to the community for running.	4	5	40
Percentage of households threatened with homelessness successfully prevented from becoming homeless.	70.6%	70%	72%
Percentage of people presenting as homeless or potentially homeless, for whom the local authority has a final legal duty to secure suitable accommodation.	8.1%	11.85%	10%
Number of additional dwellings created as a result of bringing empty properties back into use.	N/A	5	7
Percentage of private sector dwellings that had been vacant for more than 6 months at 1 April that were returned to occupation during the year through direct action by the local authority.	8.41%	5%	6%
The number of children and young people looked after.	381	378	375

## Priority Area: Better health and well-being

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
Percentage of completed TAF (Team Around the Family) support plans that close with a successful outcome.	69%	72%	73%
Percentage of individuals in managed care supported in the community.	N/A	N/A	Establish baseline
Percentage of individuals in managed care supported in a care home setting.	N/A	N/A	Establish baseline
Number of individuals engaged/supported in targeted programmes linked to leisure and cultural facilities and services.	N/A	N/A	Establish baseline
Number of people who have improved access to leisure and cultural activities by reducing cost as a barrier to taking part.	N/A	N/A	Establish baseline

# WELL-BEING OBJECTIVE 3

## SMARTER USE OF RESOURCES

This means we will ensure that all of our resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

### Our well-being aims

- To ensure that the council is financially sustainable over the longer term.
- To improve the efficiency of, and access to, services by redesigning our systems and processes.
- To work collaboratively to make the most of natural and physical assets.
- To develop the culture and skills required to meet the needs of a changing organisation.

### Why these are important

We recognise we need to continue to make smarter use of our resources, looking at different ways of delivering services, embracing technology and working with partners and our communities to deliver financially sustainable services for the long term. In this way we can maximise our contribution to achieving our well-being objectives and improving well-being for our citizens while achieving those planned savings.

Over the past four years, we have made budgetary savings of more than £27 million. Some of the ways we have done this include:

- streamlining senior management and reducing our workforce by more than 400 employees
- relocating staff and closing some council premises
- developing more online services

Also, we have remodelled two children's homes, removed surplus properties and assets, and reorganised our back office services.

Despite the changes made to date, we still have to make a further £29 million saving by 2024, which is currently 10.8% of our net budget. Some big decisions will need to be made on what we will and will not provide as a Council. Our staff are integral to the delivery of services and we will need to increase the capabilities of our workforce as the organisation continues to change, making savings, whilst still improving the social, economic, cultural and environmental well-being of our citizens.

Over the longer term this well-being objective is essential for the sustainability of council services and for the local economy. The transition to decarbonisation outlined in the Local Area Energy

Strategy (up to 2025) is one of the largest economic development opportunities Bridgend County Borough will have in the next 30 years. Working with others we also need to better manage our natural resources, seek to maintain and enhance biodiversity as well as continuing to consider how best to dispose of waste, with an emphasis on reducing, reusing and recycling.

Through our Corporate Landlord model we are transforming the council's estate, with an on ongoing disposals programme to have fewer but better buildings, reducing maintenance backlogs and running costs, whilst also reducing our carbon footprint.

By generating capital receipts from our disposals programme, we will continue to build new schools and improve the conditions of our existing school buildings to provide better teaching and learning environments for our pupils whilst also maximising community usage of these facilities.

We recognise that having access to technology for online study can support positive outcomes for learners. As part of the Learning in Digital Wales Programme funded by Welsh Government, £2m will be invested in our schools to provide high speed and quality broadband, together with new and replacement classroom-based, end-user devices.

Over the short and medium term this corporate plan will focus on the following priority areas to help deliver improvements:

## Our priority areas to support this well-being objective

- **Transforming the council's estate** - Ensure the Council's estate is appropriately developed and utilised to improve service delivery, reduce running costs, minimise our impact on the environment and provide the best possible setting to meet the needs of all users including citizens.
- **Areas of corporate change** - We will adapt our ways of working to ensure the effective delivery of our well-being objectives. Embracing innovation and technology, developing the skills and approaches of staff and adopting alternative ways of working will ensure the Council is equipped to respond to future challenges.
- **Environmental sustainability** - Programmes of work that protect and safeguard the environment for future generations by lowering the Council's carbon footprint, enhancing reduction, re-use and recycling of materials and promoting environmental awareness and responsibility with our communities.

## Who will help us?

Employees; Schools; Contractors; Trade Unions



## Steps we will take to achieve our well-being objective

### To transform the council's estate we will

Have fewer better buildings. Dispose of or release surplus land and buildings to generate capital receipts and reduce our financial liabilities and improve those buildings which are retained.

Provide sufficient school places in the right areas by delivering 21<sup>st</sup> Century Schools' under the council's schools' modernisation programme

### To support areas of corporate change we will

Work with the regional delivery group to identify and agree regional procurement frameworks fit for purpose to deliver economies of scale on common and repetitive spend.

Provide support to facilitate organisational and cultural change and develop, support and engage with our workforce to ensure that they are equipped to meet current and future challenges.

Implement the planned budget reductions identified in the MTFs, in particular for the 2020-21 financial year, set annual balanced budgets and establish long term financially sustainable solutions.

Embrace and invest in innovation and technology including improvements in connectivity and new and replacement classroom-based, end-user devices in our schools.

### To support environmental sustainability we will

Invest £1.3 million to install energy and cost saving technologies to reduce our energy consumption and CO<sub>2</sub> emissions

Implement a sustainable local area energy plan with a programme of work throughout the county borough to improve the carbon footprint for all residents, including schemes such as the:

- Caerau Minewater Heat Scheme,
- Bridgend Heat Network

Continue to exceed the national recycling targets and increase opportunities for reuse of materials by :

- building a new community recycling centre with a reuse centre,
- recycling street scene waste,
- raising public awareness of how to reduce, reuse and recycle by using public campaigns and publicity

Maintain and enhance the natural resources and biodiversity of Bridgend County Borough.



## How will we know we are successful?

By monitoring our measures of success, we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority Area: Transforming the councils' estate

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Percentage surplus capacity in primary schools.	4.9%	10%	10%
Percentage surplus capacity in secondary schools.	22%	18%	18%
Realisation of capital receipts targets.	£1.821m	£2.8m	£600k
Percentage of BCBC operational buildings achieve full statutory compliance.	N/A	100%	100%

### Priority Area: Areas of corporate change

Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Percentage of staff participating in the staff survey.	41.5%	43%	44.5%
Percentage of managers attending the Managers Induction programme who rated it excellent or good.	N/A	N/A	80%
Percentage budget reductions achieved (Overall BCBC budget).	91.7%	100%	100%
Percentage of indoor learning space in primary schools benefitting from high speed Wi-Fi connectivity for 30+ simultaneous devices.	N/A	N/A	100%
Percentage of indoor learning space in secondary schools benefitting from high speed Wi-Fi connectivity for 30+ simultaneous devices.	N/A	N/A	100%

### Priority Area: Environmental sustainability

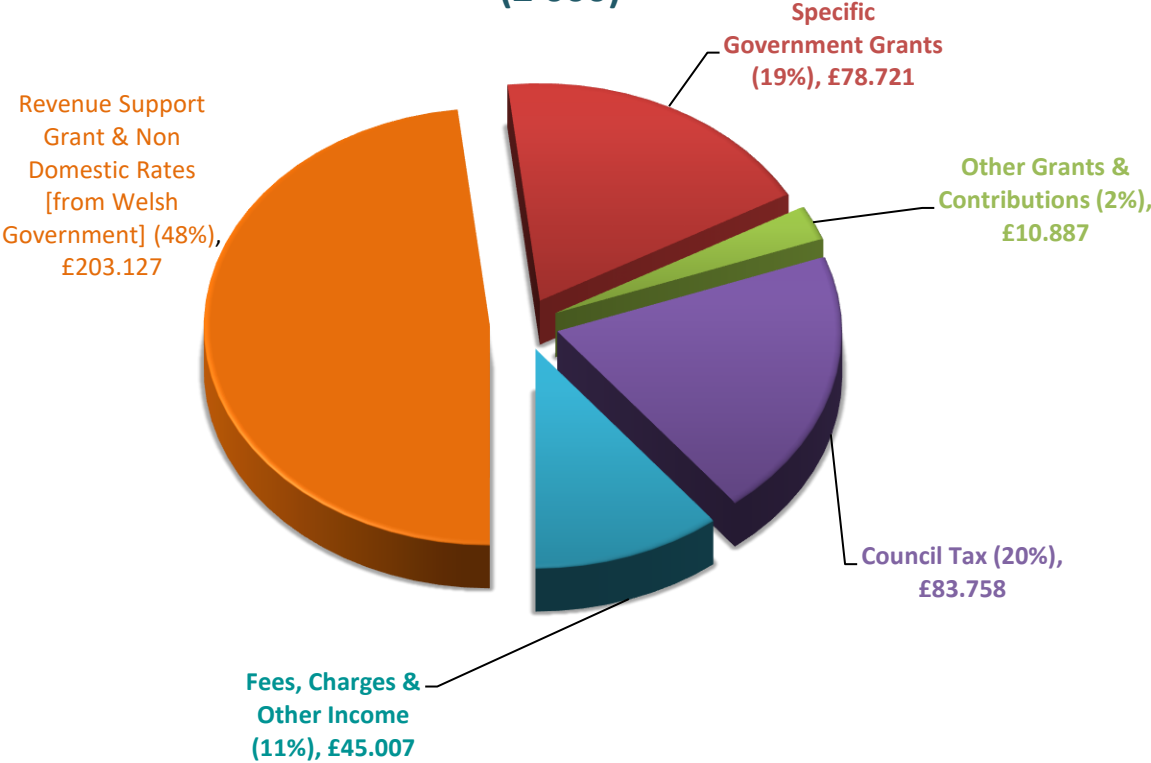
Success Indicators	Actual 2018-19	Target 2019-20	Target 2020-21
Annual gas consumption across the local authority - kWh	N/A	N/A	Establish baseline
Annual electricity consumption across the local authority - kWh	N/A	N/A	Establish baseline

<b>Success Indicators</b>	<b>Actual 2018-19</b>	<b>Target 2019-20</b>	<b>Target 2020-21</b>
Annual CO2 emissions related to gas consumption across the local authority - kWh	N/A	N/A	Establish baseline
Annual CO2 emissions related to electricity consumption across the local authority - kWh	N/A	N/A	Establish baseline
Kilograms of residual waste generated per person.	122.95kg	130kg	130kg
Percentage of waste reused, recycled or composted	69.39%	69%	69%
a) reuse	2.56%	3%	4%
b) recycled	45.96%	46%	46%
c) composted	20.87%	21%	21%
Percentage of street cleansing waste prepared for recycling.	N/A	N/A	20%
Undertake schemes to increase the County Borough's tree cover	N/A	N/A	3 schemes
Deliver community biodiversity schemes	N/A	N/A	3 schemes
Undertake Local Nature Reserve Enhancement projects	N/A	N/A	4 projects

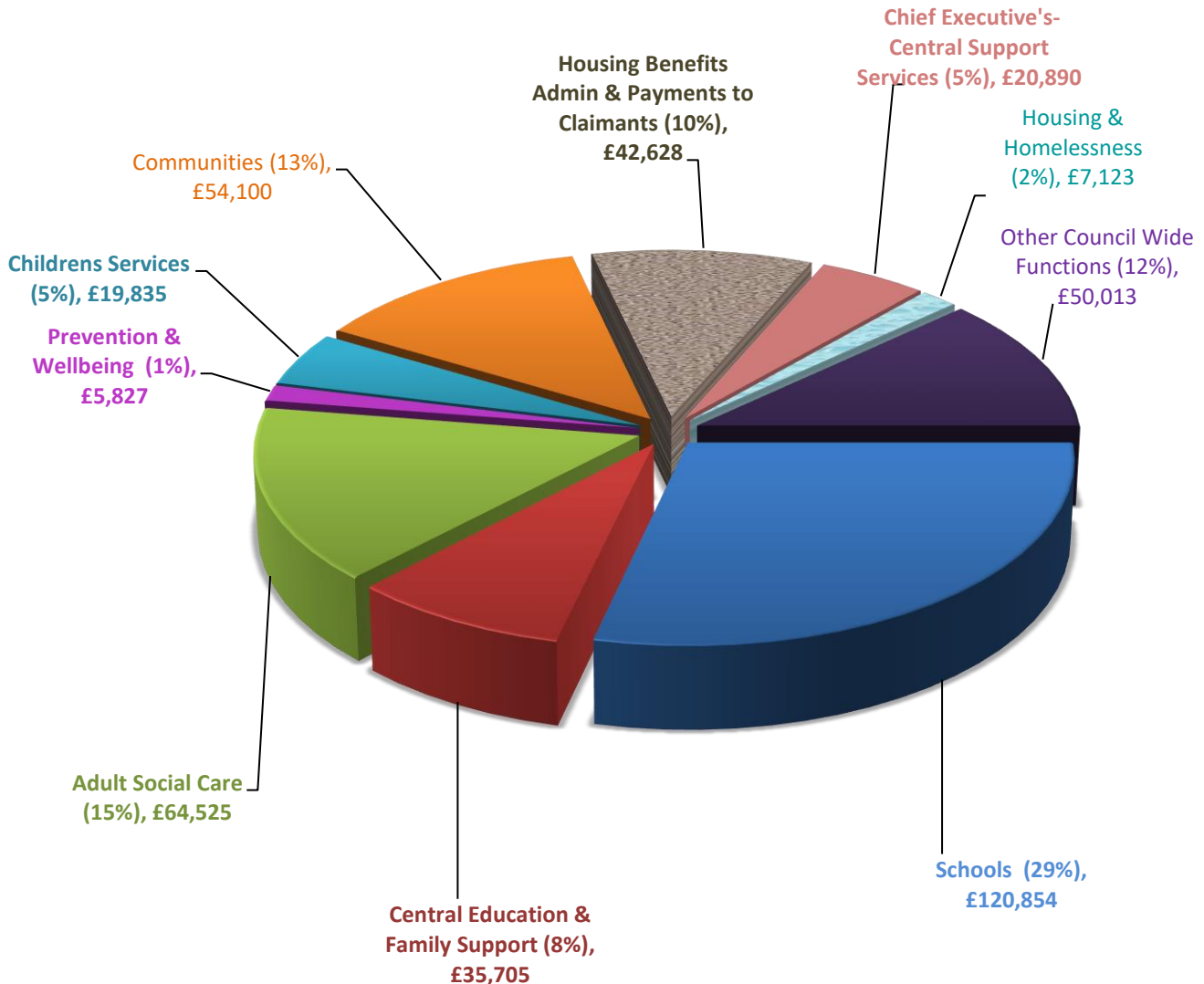
# Managing our Budget

The charts below outline our income and spending plans for 2020-21. The Council's gross revenue income for 2020-21 is £421.5 million.

**WHERE THE MONEY COMES FROM  
GROSS REVENUE INCOME 2020-21  
(£'000)**



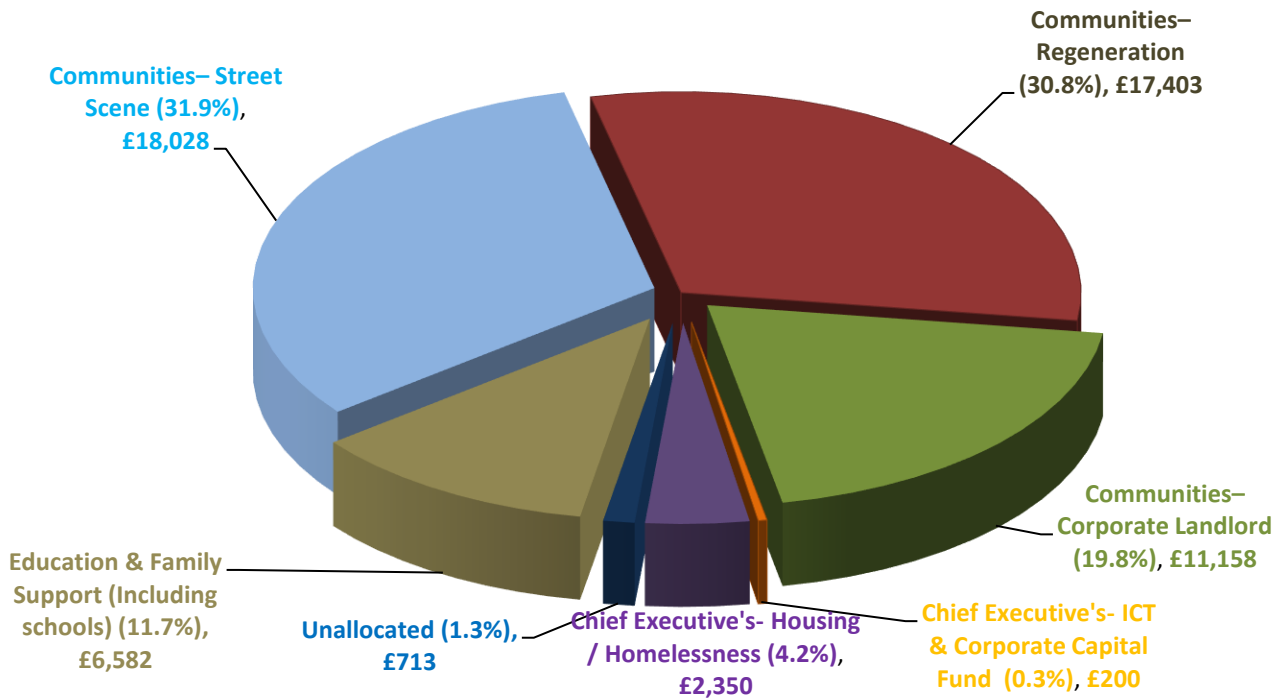
## WHERE THE MONEY IS SPENT GROSS REVENUE EXPENDITURE 2020-21 (£'000)



Note: **Other Council Wide Functions** includes Capital Financing Costs, Precepts and Levies, Council Tax Reduction Scheme and corporate provision for pay and price. **Chief Executive's - Central Support Services** - includes :Finance, Audit, HR ,ICT, Legal & Democratic & Regulatory , Elections & Partnerships. **Communities** - includes Regeneration, Development, Streetworks, Highways & Fleet, Parks & Open Spaces, and Transport & Engineering .

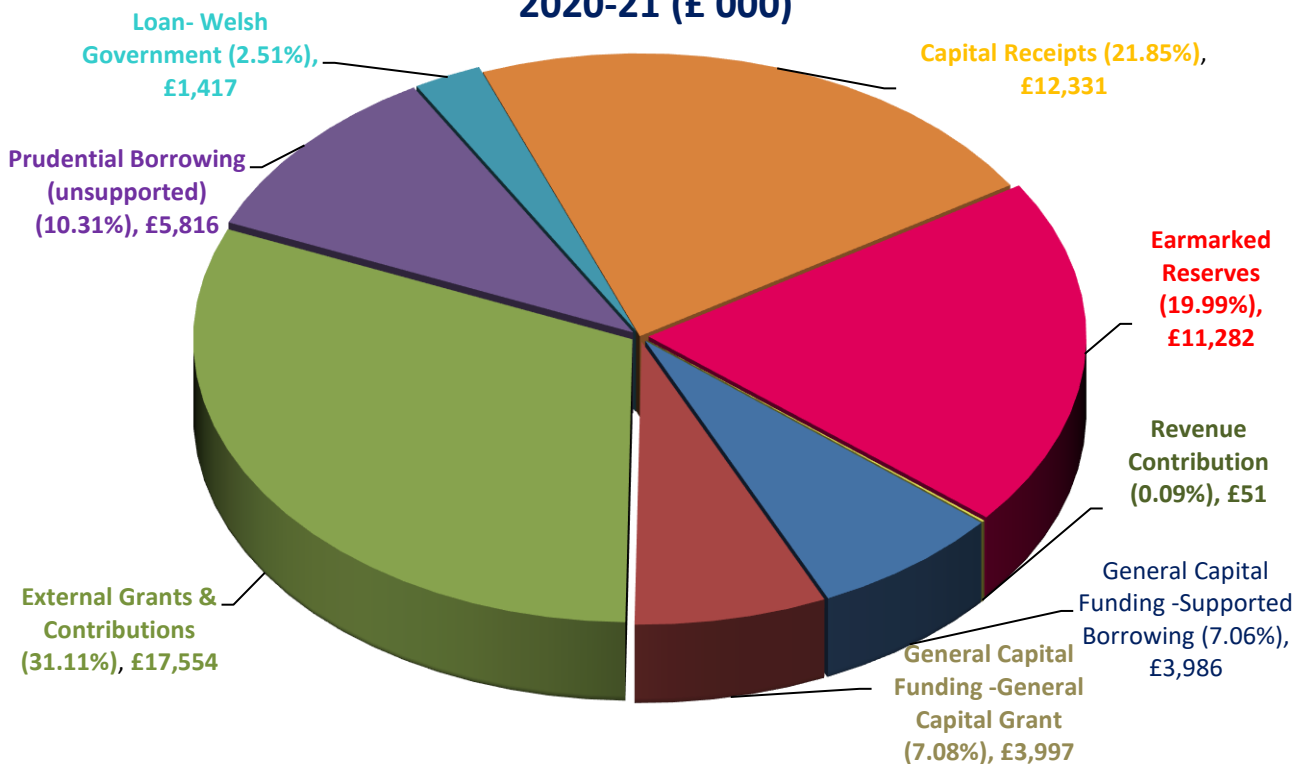
In addition to spending money on providing day-to-day services, the Council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. Planned capital expenditure for 2020-2021 amounts to £56.434 million.

## CAPITAL EXPENDITURE 2020-21 (£'000)



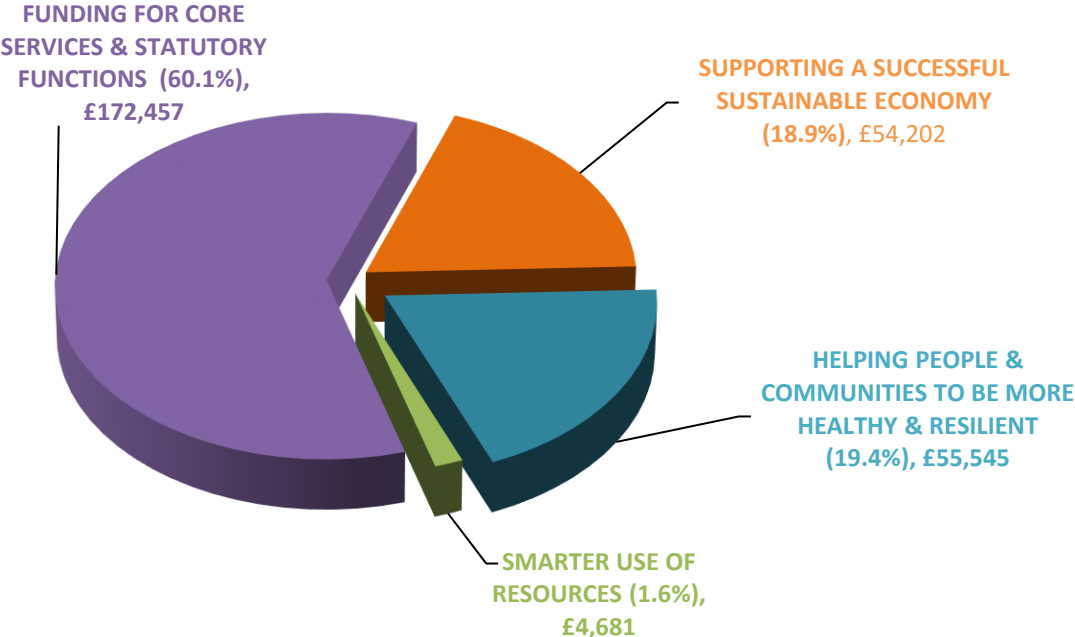
The chart (above) provides details of the service areas where capital expenditure is planned and (below) how the expenditure will be financed in the year.

## SOURCES OF CAPITAL FINANCING 2020-21 (£'000)



The local authority has a net revenue budget of £286.885 million that supports the delivery of the Council’s corporate Well-Being Objectives, core services and statutory functions. The net budget is financed by the Revenue Support Grant, Non-Domestic Rates (NDR) and Council Tax income. It excludes income from other financing streams such as other government grants, customer and client receipts, and interest which finance the gross revenue expenditure. The chart below provides details of how the net revenue budget has been allocated for 2020-21.

### NET REVENUE BUDGET BY WELL-BEING OBJECTIVE 2020-21 (£'000)



# Democracy and Partnership

## How the Council Works

### Council

Made up of 54 councillors representing 39 wards, the full Council meets to approve key strategic policies and set the Council corporate plan and budget. The rules for how the Council operates are written in the council's constitution.

### Cabinet

Made up of six councillors and chaired by the Leader, the Cabinet is responsible for making major decisions and policies in Bridgend County Borough. Each councillor has a portfolio covering a specialist area.

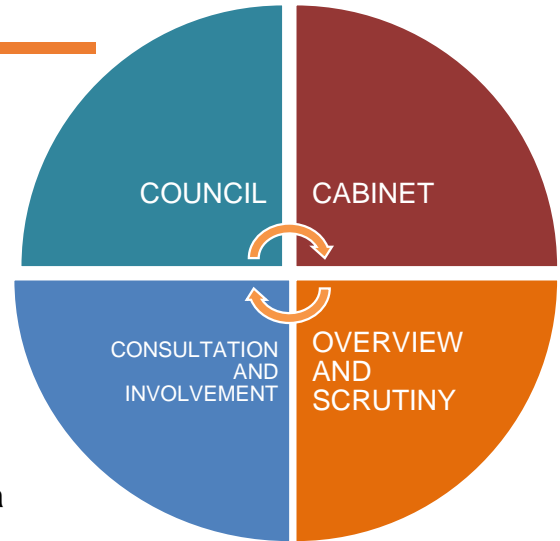
### Overview and Scrutiny

Made up of four committees who look at decisions that the Council are making and make sure they have been examined properly.

### Consultation and Involvement

Throughout the year we carry out a range of consultations to inform our decisions, including the 'Shaping Bridgend's Future' 2019 budget consultation. Building on our experience of previous consultations, we developed new ways for people to participate and get involved. Our methods included surveys, social media, community engagement stands, town and community council meetings, and community group meetings. In total there were 7,437 interactions across the different platforms which represents an increase of 40.6% (2,149) compared to the previous year.

Members of the Citizens' Panel receive up to three surveys per year on diverse service areas; topics have included play areas, grass cutting and potential increased charges for the use of sports fields and pavilions, adult community learning, the council budget, dog fouling and mental health provision. They also receive updates through our 'You said, we did' newsletter.



Our newly revised website: [www.bridgend.gov.uk](http://www.bridgend.gov.uk)



Instagram at [www.instagram.com/BridgendCBC/](https://www.instagram.com/BridgendCBC/)



Facebook [www.facebook.com/BridgendCBC](https://www.facebook.com/BridgendCBC)



Twitter: [@BridgendCBC](https://twitter.com/BridgendCBC)



Email to [talktous@bridgend.gov.uk](mailto:talktous@bridgend.gov.uk)

We also engage with specific groups of people, such as those who use our social care services, to ask for their views about the services they receive.

# Working with Others

- The [Bridgend Public Services Board \(PSB\)](#) was created as part of a legal requirement for each local authority under [The Well-being of Future Generations \(Wales\) Act 2015](#). The Council is one of a group of local health, education, social care and well-being organisations from the public sector and not for profit sectors who work together to create a better Bridgend County Borough. The work is based on collaboration and consultation with local people and communities.
- Following a Well-being Assessment, the Bridgend PSB has developed a [Well-being Plan](#) to address the issues that influence the long-term well-being of Bridgend.
- The [Cwm Taf Morgannwg Regional Partnership Board \(RPB\)](#) brings together health, social services, housing, the third sector and other partners to deliver strategic approaches to deliver integrated Health and Social Care services as set out in [The Social Services and Well-being Act Wales \(2014\)](#)

The [Bridgend Multi-Agency Safeguarding Hub \(MASH\)](#) brings together professionals to provide safeguarding services from both the council and our partners across the community, in one place. The Bridgend MASH is made up of people from:

- Children's and adult services
- South Wales Police public protection unit
- Education
- Housing
- Community drug and alcohol team
- Probation and community rehabilitation
- Health
- Early help services
- Mental health services

- [Shared Regulatory Services](#) is a partnership with the Vale of Glamorgan and Cardiff Councils to provide a more efficient services covering Trading Standards, Environmental Health, Licensing and Private Sector Housing.
- [Bridgend Community Safety Partnership](#) is a sub- board of the Bridgend PSB, which brings together public, private and voluntary agencies that work together to reduce crime, disorder and fear of crime.
- The Council's Internal Audit Service had been delivered under a formal collaborative agreement with the Vale of Glamorgan Council since 2013. From April 2019 a Regional Shared Internal Audit Service has been in existence bringing together Merthyr Tydfil CBC, Rhondda Cynon Taf CBC and the existing shared service. An efficient Internal Audit service provides independent assurance that the Council's risk management, governance and internal control processes are operating effectively.
- We have partnered with [GLL/Halo Leisure](#) to manage eight leisure centres and swimming pools. We have a long term partnership with [Awen](#) Cultural Trust to run our cultural venues and services for 20 years. This includes the Bridgend library service, Maesteg Town hall, Porthcawl Grand Pavilion, four community centres and Bryngarw House and Country Park.
- We are one of ten local authorities in South East Wales that are part of [The Cardiff Capital Region City Deal](#), which is a programme to bring about significant economic growth in the region.



# Feedback

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We welcome your comments on this Corporate Plan and your suggestions for improvement. You can give your feedback through



Our website: [www.bridgend.gov.uk](http://www.bridgend.gov.uk)



Instagram at [www.instagram.com/BridgendCBC/](https://www.instagram.com/BridgendCBC/)



Facebook at [www.facebook.com/BridendCBC](https://www.facebook.com/BridendCBC)



Twitter: [@BridgendCBC](https://twitter.com/BridgendCBC)



Email to [talktous@bridgend.gov.uk](mailto:talktous@bridgend.gov.uk)



Or by writing to Corporate Performance Team, Bridgend County Borough Council,  
Raven's Court, Brewery Lane, Bridgend CF31 4WB

This report is available in both Welsh and English. It is also available in another language or format on request.

Each year, the Welsh Government publishes a range of national performance indicators that enable citizens to compare how their local authority performed in comparison with the other 21 Welsh local authorities across a whole range of services. You can see more detail about how councils across Wales compare by clicking on

[www.mylocalcouncil.info](http://www.mylocalcouncil.info)

# Corporate Plan on a Page

Our vision			
One Council Working Together To Improve Lives			
Our well-being objectives	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
Our well-being aims	<p>To support local people develop skills and take advantage of opportunities to succeed.</p> <p>To create conditions for growth and enterprise.</p> <p>To create town centres and communities that improve the quality of life for citizens.</p>	<p>To give people more choice and control over what support they receive by providing early access to advice and information.</p> <p>To reduce demand through targeted early help and intervention programmes.</p> <p>To develop more active, healthy and resilient communities working in partnership with the third sector, town and community councils and community groups.</p>	<p>To ensure that the council is financially sustainable over the longer term.</p> <p>To improve the efficiency of and access to services by redesigning our systems and processes.</p> <p>To work collaboratively to make the most of public assets.</p> <p>To develop the culture and skills required to meet the needs of a changing organisation.</p>
To achieve these aims we will	<p>Continue the physical regeneration work to support growth and prosperity, including the completion of Maesteg Town Hall and the sale of Salt Lake Car Park.</p> <p>Grow the value of tourism by utilising the Porthcawl Resort Investment Focus programme and the Valleys Regional Park programme.</p> <p>Create better town centres through property enhancement.</p> <p>Improve the resilience of business, assist business start ups and adopt smarter ways of procuring to help boost the foundational economy.</p> <p>Improve the skills and employability of individuals to increase their job opportunities and reduce economic inactivity.</p> <p>Sustain good performance at key stage 4. Raise standards of literacy in primary schools.</p> <p>Improve learner outcomes for post-16 learners in sixth forms.</p> <p>Promote Welsh medium education.</p>	<p>Improve the quality of care and support and the timeliness of interventions by (a) expanding a range of social care and support to 7 days as well at night (b) extending the multidisciplinary working within Community Cluster Networks.</p> <p>Continue the safe reduction of looked after children to ensure young people are supported to live with their families.</p> <p>Enable community groups and the third sector to have more voice and control over community assets.</p> <p>Target the use of early intervention services to reduce demand on statutory services.</p> <p>Increase participation in leisure and cultural activities by improving accessibility, removing barriers to involvement and creating age friendly communities.</p> <p>Work with partners to provide a range of accommodation options to prevent people from becoming homeless.</p> <p>Return empty properties back into use helping increase the availability of affordable housing for sale or rent.</p>	<p>Invest £1.3m to install energy and cost saving technologies to reduce our energy consumption and CO2 emissions.</p> <p>Exceed national recycling targets and increase opportunities for reuse of materials.</p> <p>Implement a sustainable local area energy plan to improve the carbon footprint for all residents.</p> <p>Agree a regional procurement framework to deliver economies of scale.</p> <p>Facilitate organisational and cultural change to develop our workforce to ensure they meet current and future challenges.</p> <p>Dispose of or release all surplus land and buildings to generate capital receipts and reduce rental liabilities.</p> <p>Optimize school places and deliver our Schools' Modernisation Programme.</p> <p>Review capital expenditure and implement the planned budget reductions.</p> <p>Invest in technology to improve the connectivity in our schools.</p>



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## APPENDIX B

## WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 ASSESSMENT

<b>Project Description (key aims):</b> Corporate Plan 2018-2022 reviewed for 2020-21	
<b>Section 1</b> Complete the table below to assess how well you have applied the 5 ways of working.	
<b>Long-term</b>  (The importance of balancing short term needs with the need to safeguard the ability to also meet long term needs)	<b>1. How does your project / activity balance short-term need with the long-term and planning for the future?</b>  Working with our partners and communities we will develop through co production new and innovative alternatives to improve well-being and to support and sustain delivery over the longer term. New service models will be less reliant on the Council and will reflect a positive shift in responsibility by empowering other organisations and local people.  The plan also includes delivery of the first phase of the Local Area Energy Strategy (up to 2025), which aims to reduce the carbon footprint. The transition to decarbonisation is arguably the largest economic development opportunity for Bridgend County Borough over the next 30 years.  There are commitments to improve learner outcomes for all children and young people which will reap substantial future benefits relating to health, equality and job creation.  The Welsh government set an aspiration of 100,000 hectares of new woodland by 2030 to help Wales meet its carbon emission reduction targets. Bridgend Council sets out in the Corporate Plan its contribution to this ambition by collaborating with PSB partners on a tree planting project to increase the tree cover across the county borough. In addition to the long term benefits that fully matured trees provide to the environment, there are also many well-being benefits for individuals and communities.
<b>Prevention</b>  (How acting to prevent problems occurring or getting worse may help public bodies meet their objectives)	<b>2. How does your project / activity put resources into preventing problems occurring or getting worse?</b>  Our strategy for the next few years is to manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence. There is a commitment to extend the availability of a range of social care and support to 7 days, and to improve care and support in the home utilising multidisciplinary teams ensuring more timely and responsive assessments of need.

	<p>There is a commitment to remove barriers that prevent people from participating in cultural and leisure activities. As well as being of great social value, these activities are effective early interventions which are more likely deliver better outcomes whilst also been cost effective.</p> <p>The corporate plan continues to prioritise targeted early help and support for children and families- taking steps where possible to provide timely and appropriate support to improve outcomes and prevent people becoming reliant on council services.</p> <p>The Council has increased its ambition for community asset transfer, which will give sports clubs and community organisations more security and sustainability enabling people to protect the assets in their communities. This process also involves people in designing and running the services from which they benefit.</p> <p>The Housing Act (2014) introduced the need to move to a preventative approach to homelessness and this is a core principle of the commitments in the Corporate Plan. The support activities to prevent homelessness are broad and diverse and include services for people suffering domestic abuse, substance misuse issues, learning disabilities, accommodation for young people and people with mental health support needs.</p>
<p><b>Integration</b></p> <p>(Considering how the public body's well-being objectives may impact upon each of the wellbeing goals, on their objectives, or on the objectives of other public bodies)</p>	<p><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p>One of the aims of the corporate plan review was to identify key priority areas to provide the strategic focus to encourage and support integrated working towards shared outcomes- either within the council or with external partners.</p> <p>In the reviewed corporate plan, well-being objective two has a broader remit than in previous years, resulting in greater integration in the response to <i>Supporting people and communities to be more healthy and resilient</i> which now includes all four directorates, as well as the third sector, Registered Social Landlords and private landlords.</p> <p>Well-being objective 3, <i>Smarter use of resources</i> is now more strongly integrated with the PSB's well-being objectives, with the inclusion of commitments to enhance natural resources and biodiversity. This addition to the corporate plan has the added benefit of strengthening our contribution to the Resilient Wales national well-being goal, along with the inclusion of commitments on reducing our carbon footprint and waste recycling.</p>

<p><b>Collaboration</b></p> <p>(Acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives)</p>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>It follows that the increased level of integrated working within the corporate plan, has led to more collaboration to deliver our well-being objectives:</p> <p>Examples include:</p> <ul style="list-style-type: none"> <li>• Community asset transfer to enable sustainable management of community assets</li> <li>• Working with landlords to help return empty properties back into use</li> <li>• Joint working and contract arrangements with third sector organisations to deliver housing projects for people with complex needs.</li> <li>• Children’s social care working with early help and intervention services to provide timely effective support</li> <li>• Tree project with Natural Resources Wales and other PSB partners including the Cwm Taf Morannwg health board</li> <li>• Collaborating with Halo Leisure and the Awen Trust to transform our venues into next generation wellbeing hubs</li> <li>• On a regional foot print we are collaborating with other local authorities as part of the Cardiff Region City Deal, the Valleys Taskforce, and working as part of the Cwm Taf Morgannwg Regional Partnership Board that includes the Cwm Taf Morgannwg health board, and other partners, to deliver the Regional Transformation programme</li> </ul>
<p><b>Involvement</b></p> <p>(The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves)</p>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>Consultation is carried using a mixed method approach to ensure and promote the widest range of participation to ensure the views of people living in Bridgend County Borough are considered as part of the evidence when identifying priorities.</p> <p>Beyond consulting with people, there are many aspects of the corporate plan that actively involve and seek the views of service users to help develop strategies (e.g. Homeless strategy) or help improve service design and process (e.g. the new CAT process). As part of our commitment to continue the safe reduction of children looked after we are developing a new Children’s Residential Hub over the next 12 months. The design of the hub includes the input from a young person currently using the service and as the project develops their input will continued to be used.</p>

Our commitment to remove the barriers that prevent people from accessing leisure services is supported by the Champions of Wales project which aims to increase the participation of girls and young women in physical activity. We invite participants to identify their own well-being needs and then develop the opportunities to help meet them. For older people, their involvement in the super-agers programme has improved the opportunities to be physically active and increased the level of engagement with the programme.

BCBC, supported by Cwm Taf Morgannwg health board is involving stakeholders in the development of wellbeing hubs in our leisure and cultural facilities.



Section 2 Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals (use Appendix 1 to help you).		
Description of the Well-being goals	How will your project / activity deliver benefits to our communities under the national well-being goals?	Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>The corporate plan refreshed for 2020-21 will promote the conditions for growth and prosperity by focusing on</p> <ul style="list-style-type: none"> <li>• regeneration projects to boost tourism and town centres,</li> <li>• skills and employability to upskill residents,</li> <li>• supporting business with direct support packages and enterprise hubs</li> <li>• utilising procurement to boost the foundational economy.</li> </ul> <p>On a regional basis we continue to contribute to projects as part of the Cardiff Capital Region City Deal (eg the new Regional Energy Deal) to deliver investment to benefit the local economy.</p>	<p>Education is key for improving the life chances and resilience of future generations, so they can benefit from the economic opportunities available. The corporate plan is committed to improving the outcomes for all learners.</p> <p>The transition to decarbonisation not only supports the shift towards a low carbon society but is arguably the largest economic development opportunity for the county borough over the next 30 years. Our Smart Energy Plan identifies the projects and activities to support the transition agenda. The programme of work set out in the plan, when fully secured will, inject £35m into the decarbonisation.</p> <p>We are the lead authority for the Valleys Regional Park project. The aim is to unlock and maximise the potential of the natural and associated cultural heritage of the Valleys to generate social, economic and environmental benefits.</p>

<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<p>As part of our objective to <i>Make smarter use of resources</i> we want to retain fewer but better buildings that deliver cost efficiencies, reduce carbon footprint, and improve service delivery. The two programmes to drive this forward are the Corporate Landlord and School Modernisation programme.</p> <p><i>Making smarter use of resources</i> also contributes to a resilient Wales with commitments on our natural environment through biodiversity enhancement activities and a sustainable tree management programme. We are also committed to maximising waste recycling and reduction opportunities building on the councils performance as one of the highest recycling councils in Wales staying ahead of targets towards a Zero Waste Wales.</p>	<p>The benefits of our tree planting programme for communities will be amplified due to the collaborative working with PSB partners including Natural Resources Wales and Cwm Taf Morgannwg.</p> <p>The Valleys Regional Park programme has a strong emphasis on the involvement of local communities, recognising that the knowledge, skills and expertise of local people is critical to achieving good outcomes.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<p>The refreshed corporate plan for 2020-21, has strengthened its commitment to achieving a healthier Wales. Wellbeing objective 2 has been reworded as <i>Supporting people and communities to be more healthy and resilient</i>.</p> <p>There are commitments to remove the barriers that can prevent people from accessing leisure and cultural activities, and programmes such as the Valleys Regional Park will deliver health and well-being benefits by improving and enhancing our natural landscapes.</p>	<p>By directing resources and integrating services that offer early help and intervention programmes such as the new generation of well-being hubs.</p>

	<p>There are ambitious targets for Community Asset Transfers, a policy which will boost the opportunities for communities to be active by ensuring assets (such as sports clubs) remain open and available to residents.</p> <p>The refreshed plan has commitments to increase the resilience and independence of people and families, by helping them achieve their own well-being outcomes through targeted early intervention and support.</p>	
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<p>Ensuring the benefits of the corporate plan are equally realised for all people living in the county borough, the corporate plan has commitments to remove barriers and improve accessibility so that more people can access the well-being benefits of our services.</p>	<p>Involving our key target groups, ensures we can offer services designed to meet need, which improves our chance of success. Examples include our Champions of Wales project and Super Agers programme, which have both seen an increase in participation among our target groups (girls and older people respectively).</p>
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<p>The refreshed corporate plan has commitments to support communities and people to create their own solutions and reduce dependency on the Council. In addition to making services more sustainable for the future, these commitments have the potential to improve the cohesiveness of communities.</p> <p>Buildings and the physical environment can improve the vibrancy of where people live and work. The corporate plan has</p>	<p>.</p>

	<p>commitments to regenerate town centres (e.g Maesteg Town hall) and to work with private landlords to reduce the number of empty properties.</p> <p>There are also commitments to improve the natural environment – so that people and communities can access the well-being benefits of green and blue spaces.</p>	
<p><b>A Wales of vibrant culture and thriving Welsh language</b> A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<p>The Welsh language has a stronger presence in the refreshed corporate plan. Under well-being objective 1 we now have a commitment to promote Welsh medium education and increase the number of Welsh speakers.</p> <p>Culture also has a more explicit reference in the plan, and is recognised as equal to leisure services when improving well-being.</p>	<p>Compliance with the Welsh Language act is imbedded in Council policies and procedures.</p>
<p><b>A globally responsible Wales</b> A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<p>The refreshed corporate plan is more strongly aligned to the global calls for greater action to tackle climate change. There are commitments to reduce our carbon footprint and actions to support the transition to decarbonisation. We have commitments to increase opportunities to reuse and recycle, and commitments to improve our natural resources and the resilience of our biodiversity.</p>	

<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	This will vary according to the service provided.
Gender reassignment:	As above	As above	As above
Marriage or civil partnership:	As above	As above	As above
Pregnancy or maternity:	As above	As above	As above
Race:	As above	As above	As above
Religion or Belief:	As above	As above	As above
Race:	As above	As above	As above
Sex:	As above	As above	As above
Welsh Language:	As above	As above	As above

<b>Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive Members and/or Chief Officers</b>	
Corporate Overview and Scrutiny Committee, Cabinet, Council	
<b>Compiling Officers Name:</b>	Ann-Marie Mc Cafferty
<b>Compiling Officers Job Title:</b>	Corporate Improvement Officer
<b>Date completed:</b>	3 February 2020

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

26 FEBRUARY 2020

#### JOINT REPORT OF THE CHIEF EXECUTIVE AND INTERIM SECTION 151 OFFICER

#### MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2020-21 to 2023-24

##### 1. Purpose

- 1.1 The purpose of this report is to seek Council approval of the Medium Term Financial Strategy 2020-21 to 2023-24, attached at Annex 3, which includes a financial forecast for 2020-24, a detailed revenue budget for 2020-21 and a Capital Programme for 2019-20 to 2029-30. This is dependent on Cabinet approval on 25 February 2020.

##### 2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priorities:-

1. Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
2. Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
3. Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

- 2.2 The allocation of budget determines the extent to which the Council's well-being objectives can be delivered. The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2020-21.

##### 3. Background

- 3.1 The Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 are currently:

- Supporting a successful economy
- Helping people to be more self-reliant
- Making smarter use of resources

This MTFS has been significantly guided by these priorities. Although previous year-on-year reductions in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible

for annual gross expenditure of around £420 million and is the largest employer in the county borough.

- 3.2 The Council's Corporate Plan is being presented to Council for approval alongside the MTFS 2020-24, which includes more re-focused wellbeing objectives, and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.

#### **4. Current Situation / Proposal**

- 4.1 This report is presented to Council to provide details of the Council's Medium Term Financial Strategy for the four year period 2020-21 to 2023-24. The MTFS is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's wellbeing objectives to be met. The MTFS outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time as taking advantage of any opportunities arising.
- 4.2 The MTFS focuses on how the Council intends to respond to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures on public sector services. It sets out the approaches and principles the Council will follow to ensure the Council remains financially viable and delivers on its corporate priorities.
- 4.3 The Council is required to approve a balanced budget for the following financial year and set the Council Tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable position going into the medium-term.
- 4.4 The announcement of the final local government settlement for 2020-21 is approximately two months later than previous years, due to the changing Brexit deadline and then the UK general election, and as a result this budget is being proposed on the basis of the provisional settlement received in December 2019. Whilst we do not anticipate any significant change in funding between the provisional and final settlement, how we deal with any changes will be made clear in the Medium Term Financial Strategy and reported back to Council at a later date. It is not envisaged that any changes will impact upon council tax.

#### **5. Effect on Policy Framework and Procedure Rules**

- 5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.

#### **6. Equality Impact Assessment**

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.
- 6.2 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Annex 1). Individual EIAs are completed for



2020-21 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

## 7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three wellbeing objectives:

1. Supporting a successful economy
2. Helping people to be more self-reliant
3. Smarter use of resources

The wellbeing objectives are designed to complement each other and be part of an integrated way of working to improve wellbeing for people in Bridgend County. In developing the MTFs, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.

7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the wellbeing goals in different ways. A Wellbeing of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.

7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none"> <li>• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.</li> <li>• Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort.</li> <li>• The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing.</li> <li>• Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.</li> </ul>
Prevention	<ul style="list-style-type: none"> <li>• Investment in preventative measures to reduce the burden on more costly statutory services.</li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>• Savings generated from collaboration and integrated working.</li> </ul>

Integration	<ul style="list-style-type: none"> <li>• Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy.</li> </ul>
Involvement	<ul style="list-style-type: none"> <li>• A robust budget consultation exercise, including surveys, community engagement stands and social media debates, to inform proposals.</li> </ul>

7.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, including the seven wellbeing goals included in Bridgend's Well-being Plan, and this is reflected in the relevant appendices. Where possible the Council has aimed to protect front line services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at Annex 2.

## 8. Financial Implications

8.1 This report outlines the financial issues that Council is requested to consider as part of the 2020-21 to 2023-24 MTFS. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 9, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.

8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.

8.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2020-21 and beyond.

## 9. Recommendations

9.1 Council is asked to approve the MTFS 2020-21 to 2023-24 including the 2020-21 revenue budget and the Capital Programme 2019-20 to 2029-30. In particular it is asked to approve the following specific elements:

- The MTFS 2020-21 to 2023-24 (Annex 3).
- The Net Budget Requirement of £286,885,169 in 2020-21.

- A Band D Council Tax for Bridgend County Borough Council of £1,537.06 for 2020-21 (Table 11 of the MTFS).
- The 2020-21 budgets as allocated in accordance with Table 9 in paragraph 3.3 of the MTFS.
- The Capital Programme 2019-20 to 2029-30, attached at Appendix G of the MTFS.

**Mark Shepherd**  
**Chief Executive**

**Gill Lewis CPFA**  
**Interim Head of Finance and Section 151 Officer**

**February 2020**

**Contact Officer:** Deborah Exton CPFA  
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**Background Documents:** Provisional Local Government Revenue and Capital Settlements 2020-21  
Cabinet Report – MTFS 2020-21 to 2023-24 – **February 2020**

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## ANNEX 1

# Equality Impact full assessment form

When complete, this form must be signed off and retained by the service area. The Full EIA should be recorded as complete on share point (your business manager has access to share point). Where a full EIA is needed this should be included as an appendix with the relevant cabinet report and therefore available publically on the website.

## Equality impact full assessment form

<b>Name of project, policy, function, service or proposal being assessed:</b>	Medium Term Financial Strategy 2020-21 to 2023-24
<b>Date EIA Screening assessment completed:</b>	24 <sup>th</sup> January 2020
<b>Full assessment date for completion (from EIA screening):</b>	5 <sup>th</sup> February 2020

*At this stage you will need to re-visit your initial screening template to inform your consultation and refer to [guidance notes on completing a full EIA](#)*

### Consultation

	<b>Method</b>	<b>Action Points</b>
<b>Who do you need to consult with (which equality groups)?</b>	<p>The council was mindful that the full impact of the proposed budget reductions detailed in the Medium Term Financial Strategy will potentially be high level, negative and may impact many customers, citizens, visitors and service users from all protected characteristic groups. The council was also mindful that, in order to maximise its reach into its communities and the people who use its services, it needed to build on the knowledge gained from previous consultations and further develop the consultation to include new ways for people to participate and engage with the Council. A wide variety of methods of communication were used including surveys, social media, community engagement stands, town and community council and community group meetings across the county borough. In addition, in order to gather the views of young people, the consultation team attended an all-Bridgend headteacher's event to promote the survey as well as asking individual schools to take part in interactive sessions in order to gather feedback. Details of the consultation were promoted to/shared with the following stakeholders: citizens of Bridgend County Borough, Citizens' Panel members, comprehensive schools, school governors, BCBC cabinet</p>	<p>The details of the full consultation are included in the Report to Cabinet on 17<sup>th</sup> December 2019.</p>

	members/councillors, local businesses, council staff, town and community councils, partner organisations, community and equality groups, local interest/ community groups and local media.	
<b>How will you ensure your consultation is inclusive?</b>	The council was mindful that different groups have different needs in terms of accessibility. The consultation was therefore carried out in as inclusive a manner as possible.	Surveys were available in several formats, including easy-read, large print, standard and a youth version. All were available in paper format and on-line. All were available in English and Welsh. Both were developed to ensure participation with a diverse audience. The easy read and youth versions contained all of the questions but were written in a less complex language and using images where appropriate.
<b>What consultation was carried out? Consider any consultation activity already carried out, which may not have been specifically about equality but may have information you can use</b>	The Council's MTFs consultation ran from 9 September to 3 November 2019. The consultation received 7,437 interactions from a combination of survey completions, engagement at stands held across the county borough, workshops held with comprehensive pupils, engagement at various meetings with different local groups, social media engagement and via the authority's Citizens' Panel.	Please see the consultation report for full details of questions asked and actions.

	<p>10 public engagement stands were held in libraries throughout the county borough. The consultation and engagement team attended 9 community group's meetings to inform people about the consultation and assist attendees to complete paper surveys (where requested) or to share their views via the clicker-pad version of the survey. These included:</p> <ul style="list-style-type: none"><li>➤ Bridgend Carers Café</li><li>➤ OAP Association</li><li>➤ Stroke Association</li><li>➤ Bridge Vision</li><li>➤ Bridgend Coalition for Disabled People (BCDP)</li><li>➤ Bridgend Shout</li><li>➤ Headway</li><li>➤ Tai Chi</li><li>➤ Yarny Army</li></ul> <p>In order to gather the views of young people, the consultation team attended an all-Bridgend headteachers event to promote the survey as well as to ask individual schools to take part in the interactive sessions in order to gather feedback. As a result, comprehensive schools across the County Borough took part in clicker-pad sessions. The consultation team engaged with 1,218 young people.</p>	
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### Record of consultation with people from equality groups

Group or persons consulted	Date/venue and number of people	Feedback/areas of concern raised	Action Points
Bridgend Carers Café (Carers)	30/10/2019 34 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
OAP Association (50+)	03/10/2019 28 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Stroke Association (Stroke recovery)	24/09/2019 32 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Bridge Vision (Visually impaired)	04/10/2019 43 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
BCDP (Disabilities)	08/10/2019 11 people in attendance	The consultation team carried out the consultation using clicker-pads. 11 people completed the survey in full.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Shout (50+)	16/10/2019 18 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Headway (Mental Health)	03/10/2019 11 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

Tai Chi – Evergreen Hall (50+)	16/10/2019 34 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Yarny Army (50+)	31/10/2019 2 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

### Assessment of Impact

Based on the data you have analysed, and the results of consultation or research, consider what the potential impact will be upon people with protected characteristics (negative or positive). Include any examples of how the policy helps to promote equality. If you do identify any adverse impact you **must seek legal advice as to whether, based on the evidence provided, an adverse impact is or is potentially discriminatory, and identify steps to mitigate any adverse impact – these actions will need to be included in your action plan.**

	Impact or potential impact	Actions to mitigate
Gender	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on women and men may differ based on the demographics of the county borough rather than service delivery/provision. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the 2011 census there were 139,178 people living in the county borough comprising of a gender split of 49.4% male (68,789) and 50.6% (70,389) Female. Many of the proposals will also impact carers, parents and children. The vast majority of caring and parenting responsibilities are undertaken by women; some proposals therefore regarding caring, children and nursery provision are likely to negatively impact women. Within the consultation, 1,442 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> <li>➤ Female – 834;</li> <li>➤ Male – 587;</li> <li>➤ Transgender – 1;</li> <li>➤ Prefer not to say – 20</li> </ul>	<p>There will be an impact on women and men as a result of some of the proposed budget reductions although, potentially, the impact may differ depending on the service being delivered / reviewed. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	Additionally, 15 women said they were pregnant and 14 had given birth in the last 26 weeks.	
Disability	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census, there were 18,756 people (out of a county borough total of 139,178 people) who considered they had a physical, sensory or learning disability or long term illness. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” Of the 1,406 people responding to the question on the consultation survey, 177 (13%) stated they considered themselves disabled. Whilst the council is mindful of the potential impact of the budget proposals on disabled people, there are opportunities for us to work with our third sector partners to deliver an alternative form of service. The budget proposals will include reviews of services for disabled people.</p>	<p>There will be an impact on people with disabilities as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Race	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census there are 2000 BAME</p>	<p>There may be an impact on race as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the</p>

	<p>people living in Bridgend comprising of 1.5% of the total population. The full impact of the budget restrictions is currently unknown however we will continue to monitor the impact and introduce mitigating actions where possible. The council currently provides information in languages other than Welsh, English and British Sign Language. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. The responses to the consultation exercise were from:</p> <ul style="list-style-type: none"> <li>➤ Welsh – 904;</li> <li>➤ English – 105;</li> <li>➤ British – 388;</li> <li>➤ Scottish – 8;</li> <li>➤ Northern Irish – 1;</li> <li>➤ Prefer not to say – 14;</li> <li>➤ Other – 23</li> </ul> <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> <li>➤ White – 1,387;</li> <li>➤ Mixed/multiple ethnic groups – 11;</li> </ul>	<p>Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
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	<ul style="list-style-type: none"> <li>➤ Asian or Asian British – 6;</li> <li>➤ Black/African/Caribbean/Black British – 1;</li> <li>➤ Other ethnic group – 3;</li> <li>➤ Prefer not to say – 22</li> </ul> <p>We will continue to monitor the impact of our proposed budget reductions on this protected characteristic.</p>	
Religion and belief	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census there are 2,000 black and minority ethnic (BAME) people living in Bridgend comprising of 1.5% of the total population. In terms of religion and belief there were:</p> <ul style="list-style-type: none"> <li>➤ Buddhist - 357;</li> <li>➤ Hindu - 270;</li> <li>➤ Muslim - 529;</li> <li>➤ Jewish – 33 ;</li> <li>➤ Sikh - 46</li> </ul> <p>From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ No religion - 682;</li> <li>➤ Christian – 667;</li> <li>➤ Buddhist – 10;</li> </ul>	<p>There may be an impact on religion and belief as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<ul style="list-style-type: none"> <li>➤ Hindu – 4;</li> <li>➤ Muslim – 3;</li> <li>➤ Other – 22;</li> <li>➤ Prefer not to say – 48</li> </ul> <p>The full impact of the budget reductions is currently unknown however we will continue to monitor the impact and introduce mitigation where possible.</p>	
Sexual Orientation	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and mitigation considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding sexual orientation.” From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Heterosexual / Straight – 1,278;</li> <li>➤ Gay man – 33;</li> </ul>	<p>There is not expected to be an impact on sexual orientation as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<ul style="list-style-type: none"> <li>➤ Gay woman/lesbian – 17;</li> <li>➤ Bisexual – 31;</li> <li>➤ Other – 8;</li> <li>➤ Prefer not to say - 60</li> </ul>	
Age	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on age will differ and will depend on the nature of the service delivered and the service user. From the 2011 census the age breakdown of people living in Bridgend is:</p> <ul style="list-style-type: none"> <li>➤ 0 – 15 = 18.3% (25,288);</li> <li>➤ 16 – 64 = 63.2% (89,036);</li> <li>➤ 65+ = 18.5% (24,854).</li> </ul> <p>The budget proposals contain some reductions that could potentially negatively impact older and younger people. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered”. A total of 1,414 provided a response to this question.</p>	<p>There may be an impact on people of varying ages as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>



	<p>From the consultation exercise, the following data was gathered:</p> <ul style="list-style-type: none"> <li>➤ Age under 18 = 18;</li> <li>➤ Age 18 – 24 = 54;</li> <li>➤ Age 25 – 34 = 247;</li> <li>➤ Age 35 – 44 = 300;</li> <li>➤ Age 45 – 54 = 251;</li> <li>➤ Age 55 – 64 = 226;</li> <li>➤ Age 65 – 74 = 205;</li> <li>➤ Age 75+ = 102;</li> <li>➤ Prefer not to say = 11</li> </ul> <p>Some of the proposals could impact children's' social and educational development and household incomes.</p>	
Pregnancy & Maternity	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the proposed budget reductions on pregnancy and maternity is currently unknown. Some of the proposed reductions may influence the decisions of women to have (or not) children as it may no longer be economically and socially viable. Women could face the decision of either staying at home (which has shown to have a negative impact on their income, career prospects and their longer term income) or paying private nursery</p>	<p>There may be an impact on pregnancy and maternity as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>fees until their children reach the age of 4-5. . The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Pregnant – 15</li> <li>➤ Given birth in the last 26 weeks – 14</li> </ul>	
Transgender	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose</p>	<p>There is not expected to be an impact on transgender people as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>information regarding reassignment. From the consultation exercise the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Transgender - 1</li> <li>➤ Prefer not to say - 20</li> </ul>	
Marriage and Civil partnership	<p>The Full Equality Impact Assessment reinforces the detail in the initial screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown however there is not expected to be an impact either positive or negative.”</p> <p>From the consultation exercise the following data was collected:-</p> <ul style="list-style-type: none"> <li>➤ Single – 183;</li> <li>➤ Partnered – 217;</li> <li>➤ Married – 837;</li> <li>➤ Civil Partnered – 11;</li> <li>➤ Divorced – 78;</li> <li>➤ Widowed – 74;</li> <li>➤ Prefer not to say – 39</li> </ul>	<p>There is not expected to be an impact on marriage and civil partnership as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Welsh language	<p>From the 2011 census, there were 17,796 people (out of a county borough total of 139,178 people – 12.8%) who can read, speak or write welsh. From the consultation exercise the following data was collected for those able to speak /</p>	<p>The council continues to promote the welsh language and complies with the Welsh Language Standards in all of its activities.</p>

	<p>read / write Welsh either fairly well or fluently:</p> <ul style="list-style-type: none"> <li>➤ Speak Welsh – 139;</li> <li>➤ Read Welsh – 169;</li> <li>➤ Write Welsh – 137</li> </ul> <p>There is not expected to be a negative impact on the Welsh language.</p>	
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### Equality Impact assessment Action Plan

It is essential that you now complete the action plan. Once your action plan is complete, please ensure that the actions are mainstreamed into the relevant Service Development Plan.

Action	Lead Person	Target for completion	Resources needed	Service Development plan for this action
Undertake a consultation and engagement exercise and produce a meaningful and robust Equality Impact Assessment on each proposed budget reduction where there is a change to service,	Relevant Corporate Director / Head of Service with support and advice from the Consultation Engagement and Equalities Team	Prior to submission of reports to Cabinet and/or Council on Medium Terms Financial Strategy reductions.	Support and advice from the Consultation Engagement and Equalities Team.  Full public consultation.	Each relevant service area

policy, practice or procedure.				
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Please detail the name of the independent person (someone other than the person undertaking the EIA) countersigning this EIA below:

Countersigned:	Role:	Date:
Gill Lewis	Interim Head of Finance and S151 Officer	5 <sup>th</sup> February 2020

Please outline how and when this EIA will be monitored in future and when a review will take place (max. three years):

Monitoring arrangements:	Date of Review:
A review of this Full EIA will take place on an annual basis and data that is subsequently made available following consultation and engagement on the individual proposed budget reductions will also be considered.	December 2019

Details of person completing the Full EIA:

Name:	Role:	Date:
Joanne Norman	Group Manager – Financial Planning and Budget Management	5 <sup>th</sup> February 2020

### Publication of a Full EIA and feedback to consultation groups

It is important that the results of this impact assessment are published in a user friendly accessible format.

It is also important that you feedback to your consultation groups with the actions that you are taking to address their concerns and to mitigate against any potential adverse impact.

**When complete, this form must be signed off and retained by the service area. The Full EIA should be recorded as complete on share point (your business manager has access to share point). Where a full EIA is needed this should be included as an appendix with the relevant cabinet report and therefore available publically on the website.**

If you have queries in relation to the use of this toolkit please contact the Equalities Team on 01656 643664 or [equalities@bridgend.gov.uk](mailto:equalities@bridgend.gov.uk)

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## WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 ASSESSMENT

## Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2020-21 to 2023-24

**Section 1 Complete the table below to assess how well you have applied the 5 ways of working.****Long-term****1. How does your project / activity balance short-term need with the long-term and planning for the future?**

The development of the MTFS aims to balance short-term needs in terms of meeting savings targets, while safeguarding the ability to meet longer-term objectives. It provides a financial basis for decision making and aims to ensure that the Council's finances can be as healthy as they can be for future generations. It does this by:

- Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.
- Adhering to a clear set of MTFS principles that drive expenditure decisions.
- Ensuring that the majority of savings are generated from making smarter use of resources with front line service reductions kept to a minimum and only as a last resort.
- The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing and investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.
- Front line services have been protected as far as possible.

**Prevention****2. How does your project / activity put resources into preventing problems occurring or getting worse?**

The MTFS attempts to balance investment in preventative measures against costs of reacting to unanticipated situations in statutory services. Each budget reduction proposal is weighed in terms of the impact on other areas of the Council, on the public and on the Well-being of Future Generations. Where a budget cut in one area of non-statutory prevention would lead to increased costs in another, this is not considered to be good financial management. A number of budget pressures target investment in public realm, and additional learning needs in school settings rather than more costly out of county placements, and budget reductions are achieved through remodelling of existing service provision to prevent more costly long term residential placements. In addition, the Council's capital programme targets significant investment in refurbishing or replacing highways, buildings and other infrastructure to prevent longer term maintenance costs.

<b>Integration</b>	<p><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p>The Medium Term Financial Strategy is closely aligned to the Council's Corporate Plan, with explicit links between resources and corporate priorities. The MTFS has been guided by the 3 Wellbeing Objectives outlined in the Corporate Plan. The development of the Corporate Plan and MTFS are both the responsibility of Cabinet and the Corporate Management Board.</p>
<b>Collaboration</b>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>A number of budget reduction proposals are achievable through inter-agency working, with the Third Sector, Social Enterprises, other local authorities and partners. These include joint services across local authorities, and with the Health Service, and new models of working internally, such as the Corporate Landlord model which aims to provide a resilient service that maximises the use of and improves the quality of the Council's assets going forward. A number of services already collaborate with other partners and these continue to improve performance whilst operating with reducing resources.</p>
<b>Involvement</b>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>A full consultation "Shaping Bridgend's Future" was launched on 9 September 2019 and ran until 3 November 2019. This covered a range of budget proposals under consideration as well as seeking public views on resource allocation, priorities and the principles around budget protections and taxation levels. Details of the consultation were promoted to/shared with the following stakeholders: general public/residents, Citizens' Panel members, elected members, BCBC employees, Bridgend businesses, town and community councils, school governors, Bridgend Community Cohesion and Equality Forum (BCCEF) members, local interest/community groups, BAVO, Bridgend College, partners, secondary schools (inc. head teachers) and media outlets.</p> <p>The consultation included an online survey, attendance at a diverse range of external stakeholder groups and social media debates. Members have had the opportunity to take part in a budget workshop also. The results were collated and presented to Cabinet on 17 December 2019 in order to further inform decisions on the MTFS.</p>



<b>Section 2 Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals</b>		
<b>Description of the Well-being goals</b>	<b>How will your project / activity deliver benefits to our communities under the national well-being goals?</b>	<b>Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?</b>
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<ul style="list-style-type: none"> <li>• Improved educational outcomes for children and young people leading to a well-educated and skilled population to meet future skills needs.</li> <li>• Improve future outcomes for young people including educational attainment, cohesive safe communities are more attractive and easier places to do business.</li> <li>• Increase productivity, employment and skills. Encourage a lower carbon economy.</li> </ul>	<p>The majority of savings will be generated from making smarter use of resources with front line service reductions kept to a minimum and only as a last resort.</p> <p>The MTFS will be aligned with the Corporate Plan to achieve the Council's current Wellbeing Objectives:</p> <p><u>Supporting a successful economy</u> - taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p> <p><u>Helping people to be more self-reliant</u> - taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p> <p><u>Smarter use of resources</u> – ensuring that all its resources (financial, physical, human and technological) are</p>

		<p>used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p> <p>Funding will be targeted in line with these priorities and in line with the 13 MTFS Principles.</p>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<ul style="list-style-type: none"> <li>• Break long term cycles to secure better outcomes for people and communities.</li> <li>• Stronger individuals and communities are more resilient to change.</li> <li>• Communities place a greater value on their environment and more people get involved in local issues and recognise the importance of green space in wellbeing and as a prevention factor.</li> <li>• Healthy active people in resilient communities, volunteering, keeping young people in the local area, reducing travel to work, increased use and awareness of green spaces.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in</p>	<ul style="list-style-type: none"> <li>• Improved future physical and mental well-being, by reducing health harming behaviours.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of</p>

<p>which choices and behaviours that benefit future health are understood.</p>	<ul style="list-style-type: none"> <li>• Promote more involvement in communities to benefit mental health, social and physical activity.</li> <li>• Focus on healthy lifestyles and workplaces, increased income linked to health.</li> </ul>	<p>services that will continue to be provided by the Council or its partners.</p>
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<ul style="list-style-type: none"> <li>• Helping all children and young people to reach their full potential, by improving their early years experiences and ensure access to information to help make informed decisions. Improving outcomes for teenage parents and their children.</li> <li>• Recognising that communities are becoming more diverse. Addressing barriers that some groups have in feeling part of communities.</li> <li>• Address income inequality and health inequality, focus on disability, older people and other equality groups. Focus on increasing income and reducing the skills gap.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<ul style="list-style-type: none"> <li>• Increased number of confident secure young people playing an active positive role in their communities.</li> <li>• Healthy active people in resilient communities, keeping young people and skills in the local area, tackling poverty as a barrier to engagement in community life a supportive</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>

	network, developed through initiatives at work, can help to support staff through challenging times in their lives.	
<p><b>A Wales of vibrant culture and thriving Welsh language</b></p> <p>A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<ul style="list-style-type: none"> <li>• Cultural settings provide support sensitive to our increasingly diverse communities and help us identify opportunities to increase the number of Welsh speakers.</li> <li>• Importance of culture and language as a focus for communities coming together.</li> <li>• Bringing more people from different cultures together. More people identifying with their community.</li> <li>• Encourage take up of sports, arts and recreation initiatives through the workplace.</li> <li>• Ensure Welsh culture and language are a part of this. Welsh language skills are beneficial to businesses and in increasing demand.</li> </ul>	Compliance with the Welsh Language act and specific Welsh Language Standards will be monitored as part of the annual report.
<p><b>A globally responsible Wales</b></p> <p>A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<ul style="list-style-type: none"> <li>• Diverse, confident communities are resilient to change. Promotes a better knowledge of different cultures and a better knowledge of the local environment.</li> <li>• Healthy lifestyles include cultural activities that promote</li> </ul>	The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.

	understanding of diversity of communities, different cultures, races. Promote apprenticeships to people from different backgrounds.	
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<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user.		This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs).
Gender reassignment:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Marriage or civil partnership:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Pregnancy or maternity:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Race:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Religion or Belief:	See above		This will vary according to the service provided and will be

		considered through individual (EIAs).
Race:	See above	This will vary according to the service provided and will be considered through individual (EIAs).
Sex:	See above	This will vary according to the service provided and will be considered through individual (EIAs).
Welsh Language:	See above	This will vary according to the service provided and will be considered through individual (EIAs).

**Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive members and/or Chief Officers**

Council	
<b>Compiling Officers Name:</b>	Deborah Exton
<b>Compiling Officers Job Title:</b>	Interim Deputy Head of Finance
<b>Date Completed:</b>	10/12/19

# Bridgend County Borough Council

## Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



### MEDIUM TERM FINANCIAL STRATEGY

2020-21 to 2023-24









## MEDIUM TERM FINANCIAL STRATEGY 2020-21 to 2023-24

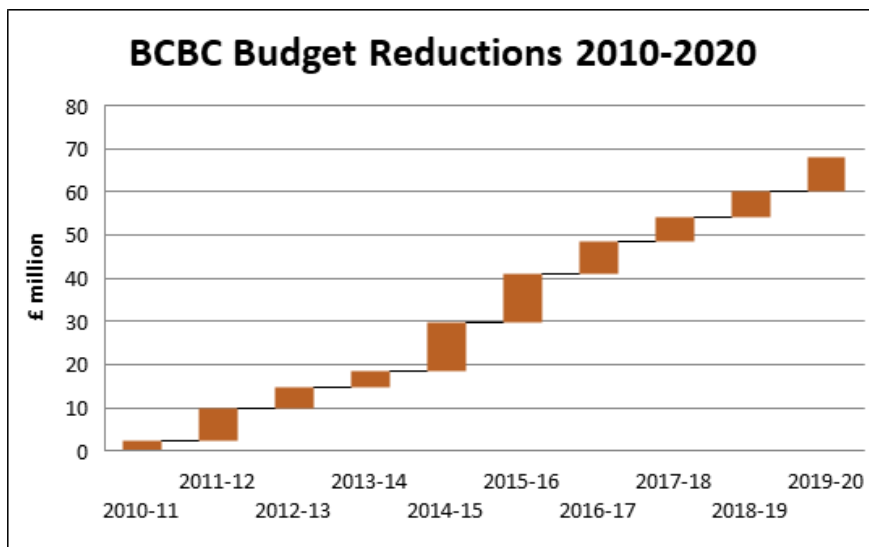
### 1. INTRODUCTION

1.1 The Council aspires to improve the understanding of its financial strategy, link more closely to its well-being objectives and explain the Council's goal of delivering sustainable services in line with the overarching ambition of the Well-being of Future Generations (Wales) Act 2015. This narrative summarises the continued and significant investment in public services that the Council will make. It also sets out where we will be making significant changes to particular areas of service and consequences of these to the budget.

### 1.2 Corporate Financial Overview

Over the last 10 years, the Council has made £68 million of budget reductions, as shown in the chart below. This represents 30% of the Council's 2009-10 budget:

#### Bridgend County Borough Council Budget Reductions 2010 to 2020



While the Council's net revenue budget is planned at £286.885 million for 2020-21, its overall expenditure far exceeds this. Taking into account expenditure and services which are funded by specific grants or fees and charges, the Council's gross budget will be around £420 million in 2020-21. The local authority's annual revenue budget covers the day-to-day running costs of the local authority (including staff salaries, housing maintenance, pensions, operational costs etc.). Around £175 million of the gross budget is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include for example waste collection operatives, domiciliary care workers, leisure staff and foster carers.

The Council gets the majority of its revenue funding from Welsh Government through the Revenue Support Grant and a share of Non Domestic Rates. It supplements this through council tax collection, other grants and fees and charges. Council tax is a charge that local authorities charge to help to pay for their services. The amount that council tax payers pay is made up of 3 elements:

- Bridgend County Borough Council charge
- Community Council charge
- Police and Crime Commissioner for South Wales charge

In terms of council tax, the proportion of council tax required to balance the Council's budget has steadily increased over recent years and it currently funds almost 30% of the budget.

As well as having less income to fund services, there are other pressures that squeeze resources. Amongst these are:

- Legislative changes e.g. the Environmental (Wales) Act 2016, the Well-being of Future Generations (Wales) Act 2015, and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.
- Demographic changes - People are living longer which is obviously good news but that also can bring increased dependency through people living with more complex or multiple conditions.
- An increase in the number of pupils at our schools, which places increased pressure on school budgets, along with an increase in free school meals entitlement which brings additional funding pressures.

The Council has adopted a Corporate Plan that sets out the approaches that it will take to manage these pressures whilst continuing to ensure that, as far as possible, services can be provided that meet the needs of the citizens and communities in Bridgend. These approaches are:

- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This isn't always as easy as it sounds because often different rules or opportunities apply to different services. Nevertheless acting as 'One Council working together to improve lives' is enshrined in the Council's vision.
- Wherever possible the Council will support communities and people to become more resilient by creating their own solutions and reducing dependency on the Council. This is because it is not sustainable for the Council to continue to aspire to meet all and every need that arises and because there is capacity, talent and ideas in other parts of the community that can be encouraged to play an active and effective role in sustaining and often enhancing local services. The Council has a role in encouraging, enabling and leading this approach and has adopted this as one of its underlying principles.

- The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty and disadvantage. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions. The new proposed socio-economic duty on public bodies will reflect these aims.
- The Council has three wellbeing objectives that reflect these and other principles. One of these objectives is to make “Smarter Use of Resources”. This means we will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council’s priorities.

### 1.3 Education

The Council is proposing to spend £121 million on services delivered by the Education and Family Support Directorate in 2020-21. The majority of this money will be spent by Bridgend’s 59 schools and one pupil referral unit.

In addition to the £100 million proposed budget to be delegated to schools in 2020-21, which mostly pays for the salaries of teaching and other school staff, and the running costs of the facilities (ongoing revenue expenditure), the Council has already spent £21.6 million in building and refurbishing schools as part of our 21<sup>st</sup> Century School Modernisation Band A Programme and has provisionally committed to a further £19 million as part of the Band B Programme. This comprises one-off capital expenditure across several years, with significant match funding from Welsh Government. Welsh Government has provided approval in principle in respect of the Strategic Outline Programme submitted by the Council around our aspirations for Band B funding. However, approval will also be required for individual project business cases. While it is too early to say how this will progress, the concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in our main special school, mainly in the primary sector. While this is inevitably dependent to some extent on an increased population as a result of new housing, it is likely that this will represent the most significant area of capital expenditure for the Council in future years.

The Council has a longer-term goal to make the overall schools system more efficient (e.g. through making sure we have the right number of school places available in the right parts of the county (including ensuring enough capacity for anticipated future increases in school age population)).

For 2020-21 the level of budget reductions required is not as great as had been feared. As a result, it has been possible to protect schools from a proposed 1% annual efficiency target for one year. However, the forecast pressure on Council budgets for future years is such that it may be unavoidable for 2021-2022 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

The Council has identified ‘Helping people and communities to be more healthy and resilient’ as a ‘Well-being Objective’ and early intervention is an important part of this

– taking steps wherever possible to prevent people becoming reliant on Council services. As well as being of great social value to individuals and communities, this approach is more cost effective. Successful intervention at an early age and at an early stage can prevent needs from escalating and requiring more costly and complex help later on.

In seeking to protect our investment in education and early intervention, the Council is making minimal changes to the services delivered at this time. We are proposing the following changes in 2020-2021 that are reflected in the budget:

- We intend reviewing our staffing structures within the directorate, which we anticipate will secure efficiency savings of around £50,000.
- We would like to reduce our contribution to Central South Consortium over the coming years. This is, however, subject to agreement with our partners. For 2020-2021, we anticipate a further cut of £17,000 (3%). We will continue discussions around savings that can be made in future years.

We will continue our phased implementation of the Council's revised Home-to-School/College Transport Policy, where we have established it is safe to do so. We expect to achieve at least £75,000 of efficiency savings during 2020-21. We are also reviewing other aspects of our transport provision including post-16 transport and a full consultation exercise is being carried out to inform this.

#### 1.4 Social Care and Early Help

After Education, the largest area of Council spend is on social care. This includes social care for children and for adults who are vulnerable or at risk. Within the Directorate there is a strong ethos on social care as a professional discipline and by the two areas working more closely together there is a strong focus on ensuring positive outcomes for those people we work to support. The Directorate continues to develop new approaches to service delivery and this includes better support and outcomes for prevention, early intervention and wellbeing. This approach supports the wellbeing objective of 'helping people and communities to be more healthy and resilient' and is also part of the Directorate's transformation plan with a clear link to the Medium Term Financial Strategy.

There are established working relationships between children's social care and early help and intervention services with mechanisms in place to ensure close working and appropriate and proportionate responses to families and children in need.

Our strategy for the next few years is to more effectively manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence.

Social services is largely a demand led service and whilst the long term strategy is to enable people to be more self-reliant, the demographics show that people are living longer, often with more complex conditions than ever before. This means that there are more people living in the community who would previously have remained in hospital or entered a care home. Children's social care is also demand led and the financial pressure to meet need can fluctuate very rapidly. This needs to be achieved

within available budgets. In total, the Council is proposing to spend £71 million on social care and wellbeing services in 2020-21.

Though some pressures are allowed for in planning the 2020-21 budget, we are not simply increasing the budget to meet demand. This would be unsustainable and if we increased budgets year on year to meet new demand, it would increasingly mean the Council would have to restrict other services. Therefore the Council's strategy is to transform how services are delivered. Introducing new ways of working which will be sustainable in the long term alongside a demand led service is inevitably taking time. The service has made good progress in achieving the required savings, however the increase in demand and complexity of care required continues to put pressure on our budgets.

In order to be sustainable going forward, the Council is ensuring that any changes are introduced in a planned and timely way in order to take existing and future customers with us as well as the general workforce. This work has already commenced and the budget saving proposals for 2020-21 build on the implementation plans that are already underway. The re-modelling programmes focus on changing the culture and reviewing what has become 'custom and practice'.

The Council has already made changes. In adult social care we have changed the assessment framework in order to improve the outcomes for people who need care and support whilst also reducing the numbers of people who require long term support. The Council focuses on helping people to achieve the outcomes they want for themselves, targeting our interventions on what is missing, rather than going straight to what package of care we can give them. We are also actively reviewing the way we deliver domiciliary care, day services and residential care for children. There has also been an increased focus on developing foster care.

Importantly these transformations are designed to both better support people and cost less. The Council has identified a number of further transformations that continue this approach, some of which are reflected in changes to the budget. These include a full review of the learning disability accommodation strategy for complex needs and remodelling of Children's residential and fostering services.

Housing as a determinant of physical and mental health is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing Act (2014) introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness. The service also administers the Supporting People Grant from Welsh Government (£5.8 million).

The support activities are both broad and diverse. This is done both through a range of corporate joint working and contract arrangements with third sector organisations, delivering specific projects for people who are vulnerable with complex needs. These projects include services for people suffering domestic abuse, mental health and substance misuse issues, learning disabilities, accommodation for young people, people with mental health support needs and other housing related support for people who need help to access or maintain accommodation successfully.



Housing will be looking at service efficiencies in 2019-20 through changing the way we operate in terms of Disabled Facilities Grants (DFGs) and the development of an interactive experience for housing applicants. Alongside the continued adoption of a strategic approach to homelessness prevention and provision by working with partner organisations, housing will continue to use the Social Housing Grant effectively to increase the supply of social housing.

## 1.5 Public Realm

Most of the Council's net budget is spent on education and social care – these are very valued services, but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, collect and dispose of our waste.

In 2020-21 the Council is likely to receive around £4.2 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is £21.8 million. The fact that schools have had a high degree of financial protection in previous years has meant that the Council's other services have been under considerable pressure to make savings and in many cases we have had to reduce levels of service. However the services in the Communities Directorate have also been subject to service changes that have resulted in alternative delivery models that have increased productivity, as well as collaborative approaches that have increased both efficiency and service resilience. Additional investment in this area is proposed for 2020-21.

The seven year contract with Kier is now moving into its third year and the costs associated with waste collection still remain competitive on an all Wales basis. During the first two years of the contract there has been a significant increase in the amount of waste recycled, (Bridgend is currently the second best performing authority in Wales), and therefore a significant reduction in the volume of our residual waste – we expect this to benefit the Council financially over time, subject to contractual conditions with our disposal arrangements. An indicative net saving of £1.3 million was identified in 2019-20 as a result of negotiating new operating arrangements at the Materials Recovery and Energy Centre (MREC) but achieving these savings is dependent on reaching agreement with Neath Port Talbot Council to appoint a new operator able to run the site in a more cost efficient manner, with a reduced cost per tonne, recognising the substantial reduction in the overall tonnage of residual waste Bridgend now takes to the facility. We expect to spend in the region of £8.5 million on the collection and disposal of waste in 2020-21.

A major challenge for the Council is how to continue to meet public expectations for many highly visible and tangible services when the available overall Council budget inevitably means the Council will be less able to deliver these services to the same level and frequency. These services are often the ones the public identify with their council tax payments.

The Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where we think it will have the least impact across Council services, recognising that this still may be significant in some areas. We will also develop alternative ways of delivering and sustaining services including greater and more effective collaboration and encouraging others to work with us or assume direct responsibility for services in some cases. The most significant proposed change in this respect is:

- A move to shift the responsibility for the management and maintenance of sports fields and pavilions from the Council to user clubs and groups or local town and community councils. The Council will adopt a flexible approach to community asset transfer (CAT), utilising the new streamlined CAT process, and ensuring that appropriate advice and both capital investment (from the CAT fund in the capital programme) and revenue support (from the new sports club support fund) are made available. The Council aims to achieve savings of £300,000 in 2021-22 from transferring these assets.

Reductions in spend in these areas will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control.

## 1.6 Supporting the Economy

Whilst this is a Council priority, services such as regeneration and economic development as a discretionary service have nevertheless made significant reductions to their budgets over recent years. The Council has delivered this by employing fewer but more highly skilled staff, and focussing activity more narrowly on priority areas to maximise impact. Going forward, we will increasingly collaborate on a regional basis with the nine other Councils that make up the Cardiff Capital Region City Deal, particularly in areas such as transport, economic development and strategic planning. The City Deal is creating a £1.2 billion fund for investment in the region over the next 20 years. This long term investment will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the City Deal, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams to reflect this direction of travel. The Council will be spending in the region of £1.9 million a year running these services, plus a further £700,000 as Bridgend's contribution to the Deal itself. These teams will ensure successful delivery of high profile regeneration projects as well as efforts to mitigate the Ford engine plant closure. We are also in the process of developing a new Local Development Plan and an important part of our budget planning is making sure that it is resourced appropriately to ensure our plan is properly researched and evidenced and sets out the development planning proposals for the County Borough which will shape its future, including housing growth.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the development of Cosy Corner and the Harbour Quarter and the marketing of the initial development sites at Salt Lake in Porthcawl, the redevelopment of Maesteg Town Hall, and investment in initiatives to improve the town centre in Bridgend. Much of this

investment is not the Council's own money, but skilled teams are required to bid successfully in a competitive environment to ensure money is levered in.

The Council will continue to operate a number of grant funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes such as Bridges into Work.

## 1.7 Regulatory and Corporate Services

The Council operates a number of other services which it recognises fulfil specific and important roles. In many cases these are statutory though the precise level of service to be provided is not defined in law. The most significant areas are as follows:

### Regulatory Services

This is a combined service with the Vale of Glamorgan and Cardiff City Councils which will spend around £1.8 million on a group of services that includes Trading Standards, Environmental Health, Animal Health and Licensing (Alcohol, Gambling, Safety at Sports Grounds, Taxis etc.). These services all ensure in different ways that the public is protected.

As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

### Registrars

The Council operates a registrar's service that deals primarily with the registration of Births, Marriages and Deaths. The service also undertakes Civil Partnership and Citizenship ceremonies. It is proposed that the main base for the registrars' service is moved from Tyr Ardd to Civic Offices during 2020-21, creating efficiencies in terms of operating costs by rationalising the Council's estate and generating an additional capital receipt.

### Council Tax and Benefits

The taxation service collects over £80 million in Council tax from around 65,000 households across the county borough. Our collection rates over the last two years have been the highest ever in the Council's history. We are determined to maintain this high level, but we are seizing the opportunity to reduce the cost of operating the service, by offering online services. We now offer a range of secure Council tax functions online, allowing residents to self-serve at a time and location convenient to them. This will allow us to reduce the cost of running the service.

Benefits are funded by the central UK government but the administration of Housing Benefit and the Council Tax Reduction Scheme falls to the Council.

Universal Credit (UC) for working age people was fully introduced in Bridgend during June 2018. In conjunction with Citizens Advice, the Benefits Service will provide digital and personal budgeting support to assist people making new claims for UC.



We are continuing to invest in the automation and digitisation of services where appropriate, for example the schools admissions service is now almost entirely automated, and while some of the financial benefits have taken longer to achieve, as developing the necessary systems has taken longer than anticipated, work is ongoing to identify priority areas throughout the council which will help achieve savings in future years of the MTFs.

## 1.8 Corporate Services

There are a number of things that the Council does that support the delivery of services but which themselves are not visible to the public. We need to maintain these services with sufficient capacity to support our services whilst making them as efficient and effective as possible. In many cases we operate such services by sharing with other organisations. Opportunities for further collaboration or sharing in these service areas has been and will continue to be explored.

### Property and building maintenance

The Council is undertaking a review of its commercial property portfolio, identifying asset management opportunities and the mechanisms required to deliver a sustainable increase in income. Alongside this, the Council is continuing to dispose of assets it no longer requires to deliver services, in order to provide further investment in our capital programme.

The Council has brought together its asset management and building maintenance functions, and has centralised all premises repairs, maintenance and energy budgets into a single 'corporate landlord' service within the Communities Directorate. This will better enable us to manage compliance, embed 'whole life costing' approaches into decision-making, manage the quality of work undertaken by contractors, and thereby deliver efficiencies in the management of our estate.

This is intended to produce further savings of £350,000 with effect from 2020-21 including savings from further operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management and the deletion of some vacant staff posts.

### Legal services

The Council needs to maintain effective legal support for all of its services. At a time when the Council is trying to transform services it is important to bring about these changes within the law. The service also directly supports front line services such as Education and Social Services, and is provided by a mix of permanent internal staff and expertise purchased from the private sector when necessary. Almost half of our in-house legal team is specifically focussed on child protection cases.

The service is nevertheless very lean and so our focus will be on ensuring that we can build more resilience and responsiveness into the service through some changes in responsibilities and operating practice.

## Finance

The Council has a central team that manages all of the financial management of the Council. This includes high level strategic advice, the Council's accounts, monitoring of financial performance and supports the oversight and management of the Council's finances. The service fulfils certain legal requirements that ensures transparency and accountability in the way that public money is used – for example in producing accounts which are then audited and in delivering value for money in service delivery.

The Council has recently upgraded its finance system to achieve improvements in the way the Finance Section works, and will be looking to further improve and enhance functionality to meet legislative changes. Significant progress has been made in automating payments and the Council will continue to develop and extend this to a wider range of suppliers.

## Human Resources (HR) and Organisational Development (OD)

With over 6,000 employees including schools, the Council needs a dedicated human resources service. The primary role of the service is to provide professional advice, guidance and support to managers and staff on a wide range of HR and OD issues as well as provide HR services for the payment of salaries, pension, contract and absence administration. Other services include training and development, recruitment and retention, developing employee skills and 'growing our own'. We intend making greater investment in recruiting more apprentices next year.

Working closely with our recognised trade unions, it maintains positive and transparent employee relations arrangements.

## ICT

The ICT service is assisting the Digital Transformation programme, supporting the changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. The Council spends around £5 million on its ICT services provision to support main Council activities and schools. The ICT service has focused on developing staff through the apprenticeship programme in conjunction with HR, developing skills and enabling career progression in-house.

## Procurement

The Council has a central team that provides procurement support across the range of services that we provide. Effective procurement is essential to ensuring good value for money across the Council, but we will still continue to seek corporate wide efficiencies in the operation of this service. The service is also focusing more efforts on developing the foundational economy based on local procurement as well as reviewing its overall approach in an effort to secure better outcomes for the Council from its large annual spend in this area.

### Democratic Services

The Council is a democratic organisation with 54 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. Like many Councils, Bridgend has a mayor whose job is to chair meetings of the Council and represent the Council in the community (this is completely different to the elected mayors in cities like London and Bristol). These democratic processes require support to ensure accountability and transparency in decision making. The number of elected members in each authority is set independently. Their remuneration is also determined by an independent Panel.

### Internal Audit

Our Regional Internal Audit Shared Service is provided by a joint service that we share with the Vale of Glamorgan, Rhondda Cynon Taf and Merthyr Councils. The service carries out routine checks and investigations to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources.

## 2. STRATEGIC FINANCIAL CONTEXT

2.1 The Council's MTFS is set within the context of UK economic and public expenditure plans, Welsh Government's priorities and legislative programme. The MTFS articulates how the Council plans to use its resources to support the achievement of its wellbeing objectives and statutory duties, including the management of financial pressures and risks over the next four years. It helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of balances to meet changes in resources or demands from year to year without impacting unduly on services or Council tax payers.

2.2 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2020-21 and outline proposals for 2021-22 to 2023-24.
- The capital programme for 2019-20 to 2029-30, linked to priority areas for capital investment based upon the Council's Capital Strategy.
- The Corporate Risk Assessment.

### The Financial Context

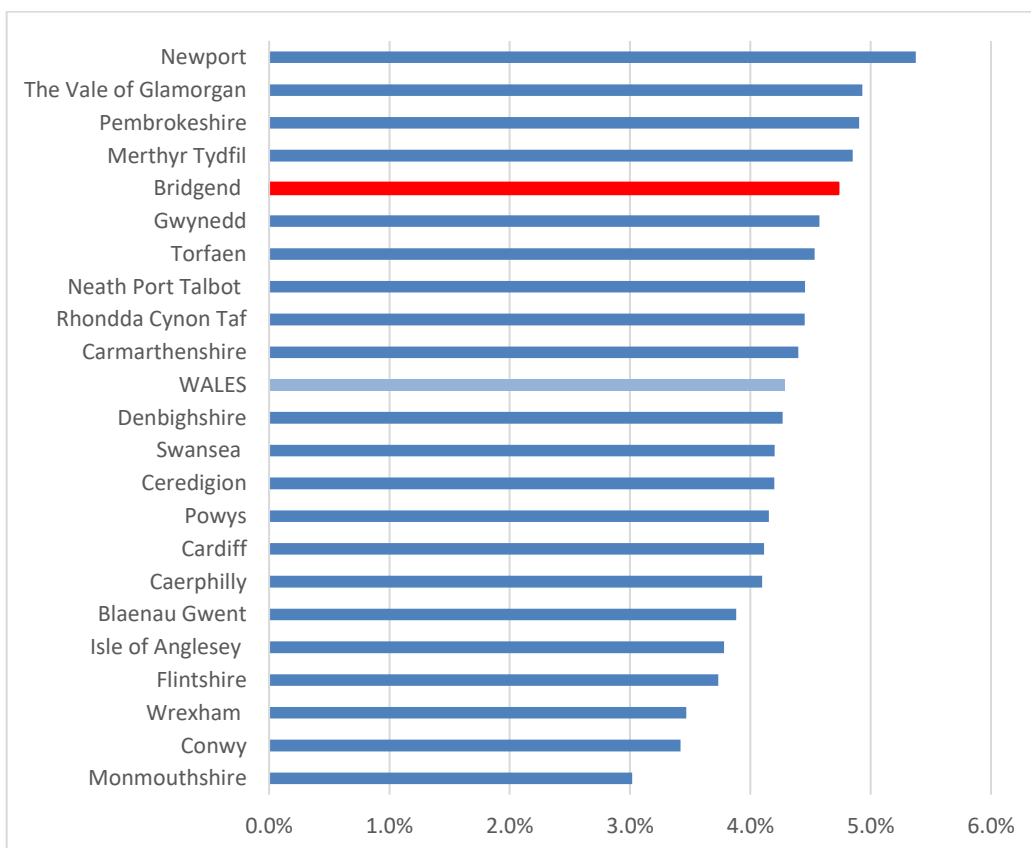
2.3 In September 2019 the Chancellor undertook a fast tracked one-year Spending Round to set departmental budgets for 2020-21. In his report he announced that the UK government will ramp up government spending next year at the fastest rate in 15 years, vowing to "turn the page on austerity". This included new funds to boost the NHS, improve schools and tackle violent crime, along with £600 million extra for the Welsh Government's budget in 2020-21. In response to the Spending Round the Minister for Finance and Trefnydd announced that Welsh Government's revenue budget for 2020-21 would increase by 2.3% or £593 million but the Welsh Government's budget in 2020-21 would still be 2 per cent, or £300 million, lower in real terms than in 2010-11.

2.4 Following this, on 28 October 2019 European Union (EU) ambassadors agreed to further delay Brexit until 31 January 2020, and then on 6 November 2019 the Prime Minister, Boris Johnson, called a UK General Election for 12 December 2019. As a result of this, Welsh Government decided to defer the announcement of their draft budget, along with the provisional local government settlement, until 16 December 2019. This also meant a delay in the announcement of the Welsh Government's final budget and local government settlement until 25 February 2020, so the Medium Term Financial Strategy and the budget for 2020-21 is proposed on the basis of the provisional settlement.

## Welsh Government Final Local Government Settlement

- 2.5 Bridgend's draft MTFs was presented to Cabinet on 14 January 2020, based on the provisional settlement, before being submitted for scrutiny. As outlined in that report, Bridgend's published provisional settlement was an increase in Aggregate External Funding (AEF) of 4.7%. This was the fifth highest increase across all Welsh Local Authorities as illustrated below.

### Revenue Funding for Welsh Councils 2020-21 (provisional settlement)



- 2.6 The final local government settlement is due to be announced on 25 February 2020, and debated by Welsh Government on 4 March 2020. Whilst not anticipated, if there are any significant changes in funding between the provisional and final settlement, these will not impact upon the level of council tax proposed, but will be managed in the first instance through council wide budgets, such as those held for pay or price increases, or one-off transfers to or from earmarked reserves until a report can be brought back to Council at a later date to provide a more sustainable solution.

### Settlement Implications for 2020-2024

- 2.7 As a result of the one-year Spending Round, Welsh Government has not provided any indications of likely funding levels for 2021-22 onwards, which makes forward planning quite difficult, particularly in the post-Brexit years. It is likely that this will be informed by the outcome of the next UK budget which has been announced for 11

March 2020. The assumptions currently built into the MTFS for future years will be reviewed and updated as necessary following the UK Budget.

### **Transfers into and out of the 2020-21 Revenue Settlement**

- 2.8 As mentioned in the draft MTFS report to Cabinet in January, the provisional settlement includes information on a small number of transfers into the Revenue Support Grant (RSG) in respect of the Teachers' Pensions Grant (£1.807 million) and the Teachers' Pay Grant (£555,000) for the period September 2019 to March 2020, along with £80,000 towards the costs of social care tasks performed by registered nurses in nursing homes.

### **Specific Grants**

- 2.9 The picture on changes to specific grants is available at an all Wales level, but not yet at an individual authority level for a number of grants. While many of the grants remain unchanged from the 2019-20 figure, there is a proposed significant decrease in the Sustainable Waste Management grant of around 10%. This has been mitigated through a budget pressure.
- 2.10 However, there are also increases in several grant schemes, including the Social Care Workforce and Sustainability Pressures Grant which has increased by an additional £10 million, from £30 million to £40 million (an additional £444,000 for Bridgend), an increase of £8 million to the PDG Access Grant to cover more year groups and an increase to the Pupil Development Grant. Welsh Government has advised that the specific information will be updated for the final settlement.

### **Council Tax**

- 2.11 The 2020-21 final Revenue Budget, shown in Table 9, includes a Council Tax increase of 4.5%, as proposed in the draft MTFS report to Cabinet in January 2020. This is lower than the options included in the public budget consultation (6.5% minimum) to strike a balance between the responses received from residents about council tax increases, and the need to mitigate against a number of unfunded, unavoidable pressures, including pay increases and demographic changes. Going forward the scale of the financial challenge remains considerable once external pressures and risks have been taken into consideration so an assumed annual increase of 4.5% continues to be included for 2021-2024.

### **Welsh Government Capital Settlement**

- 2.12 In February 2019 Council approved a capital programme for 2018-19 to 2028-29, based on the assumption that local authorities would receive the third tranche of the additional £100 million capital funding allocated across Wales for 2018-19 to 2020-21 (£20 million for 2020-21) and then funding would return to its pre 2018-19 level. Council has approved revised versions of the capital programme during the financial year to incorporate budgets carried forward from 2018-19 and any new schemes and grant approvals. The provisional local government capital settlement provides this

Council with £7.983 million capital funding for 2020-21, which is £318,000 more than 2019-20 and £761,000 more than was originally anticipated. This is as a result of an additional un-hypothecated allocation of £15 million which Welsh Government hopes “will enable local authorities to respond to the urgent need to decarbonise, in light of the climate emergency declared by the Welsh Government and many councils over the past year”. No indications have been given for 2021-22 or beyond but it is anticipated that the funding will return to the pre 2018-19 levels.

- 2.13 A review has been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council’s infrastructure, service managers have not been asked to submit capital bids for funding at this stage, but there is recognition that there are a number of capital pressures that will need addressing and funding during the year and beyond so specific areas have been targeted for requests, particularly in respect of public realm proposals.

### Current Year (2019-20) Financial Performance

- 2.14 The in-year financial position as at 31 December 2019 is shown in Table 1 below.

**Table 1 – Comparison of budget against projected outturn at 31 December 2019**

Directorate/Budget Area	Original Budget 2019-20 £'000	Revised Budget 2019-20 £'000	Projected Outturn Q3 2019-20 £'000	Projected Over / (Under) Spend 2019-20 £'000	Projected Over / (Under) Spend Qtr 2 2019-20 £'000
<b>Directorate</b>					
Education and Family Support	116,208	114,949	115,509	560	594
Social Services and Wellbeing	70,834	71,582	72,267	685	918
Communities	25,331	25,862	25,680	(182)	32
Chief Executive's	18,609	18,622	17,644	(978)	(885)
<b>Total Directorate Budgets</b>	<b>230,982</b>	<b>231,015</b>	<b>231,100</b>	<b>85</b>	<b>659</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,430	7,329	6,766	(563)	(570)
Levies	7,376	7,134	7,117	(17)	0
Apprenticeship Levy	700	700	620	(80)	(77)
Council Tax Reduction Scheme	14,854	14,854	14,637	(217)	(103)
Insurance Premiums	1,588	1,588	1,339	(249)	(258)
Repairs & Maintenance	870	870	870	0	0
Pension Related Costs	430	430	436	6	0
Other Corporate Budgets	6,579	6,889	2,735	(4,154)	(3,800)
<b>Total Council Wide Budgets</b>	<b>39,827</b>	<b>39,794</b>	<b>34,520</b>	<b>(5,274)</b>	<b>(4,808)</b>
<b>Appropriations to Earmarked to Reserves</b>			<b>4,391</b>	<b>4,391</b>	<b>3,574</b>
<b>Total</b>	<b>270,809</b>	<b>270,809</b>	<b>270,011</b>	<b>(798)</b>	<b>(575)</b>

- 2.15 The overall projected position at 31 December 2019 is a net under spend of £798,000 comprising £85,000 net over spend on directorates and £5.274 million net under spend on council wide budgets, offset by net appropriation to earmarked reserves of £4.391 million. The main reason for the under spend of £4.154 million



on 'Other Corporate Budgets' is due to Welsh Government advising local authorities of £2.622 million of additional grant funding being made available during 2019-20 to meet the increased cost of teachers' pensions, fire service pensions, and teachers' pay increases, all of which were originally funded in full through the MTFS. The balance relates to uncommitted funding centrally retained for pay, prices and budget pressures, which will be monitored during the winter period. In June 2019 Council approved that an 'Investing in Communities Fund' be established with £2 million of this funding to support the capital minor works programme by enabling more capital improvement works to be undertaken on Council assets in our local communities.

- 2.16 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget which amount to £7.621 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals. Going forward, directorates will either have to realise any outstanding budget reductions in full or find alternative proposals to meet the saving, in addition to any new proposals for 2020-21 onwards.
- 2.17 In accordance with the Council's Financial Procedure Rules any planned over spends or under spends by directorates may be carried forward into next year. Fortuitous under spends in budgets may be applied to offset over spends on other budgets.

### **Medium Term Financial Strategy (MTFS) 2020-21 to 2023-24**

- 2.18 This section of the report sets out the proposed MTFS for the Council for the next four financial years, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFS is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 2.19 The development of the MTFS 2020-21 to 2023-24 is led by Cabinet and Corporate Management Board (CMB) and takes into account auditors' views, the recommendations of the Budget Research and Evaluation Panel, the public consultation, and issues arising during 2019-20, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.
- 2.20 Implementation of the MTFS will continue to be led by Cabinet and CMB, supported by financial and performance data. Cabinet and CMB will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).



## Scrutiny and Challenge

- 2.21 As stated in paragraph 2.19, Cabinet and CMB continue to seek to embed a culture of medium term financial planning within the Council. Against that background, further efforts have been made again this year to secure greater involvement of stakeholders in the development of the MTFs and the Corporate Plan. An eight week consultation 'Shaping Bridgend's Future 2019' was undertaken between 9 September and 3 November 2019. This covered a range of budget proposals under consideration as well as seeking public views on resource allocation, priorities and the principles around budget protections and taxation levels. The consultation included an online survey, community engagement stands, attendance at town and community council meetings, community group meetings and social media debates. In addition, in order to gather the views of young people, the consultation team attended an all-Bridgend headteachers' event to promote the survey as well as asking individual schools to take part in interactive sessions in order to gather feedback. The results were collated and presented to Cabinet on 17 December 2019 in order to further inform decisions on the MTFs.
- 2.22 The consultation was supported by a full communications and promotional plan. The main activities included two media releases, a BCBC budget explainer video, various press release/editorials in the media, a social media/web campaign, poster/sign campaign, direct marketing to key target audiences e.g. businesses, schools, youth council and internal communications for staff and elected members. Links were also made to the consultation through HALO, Awen and BAVO's communication outlets. Elected Members have also received pre-Council briefings.
- 2.23 Overall, the council received 7,437 interactions during the consultation, covering survey completions, engagement event attendees and social media interactions and via the authority's Citizens' Panel. This is an increase of 2,149 (40.6%) on the 5,288 interactions from last year, of which 1,200 related to an increase on social media comments.
- 2.24 A summary of the main headlines arising from the consultation is provided in Table 2 below.

**Table 2 – Headline Figures from Public Consultation**

<b>Headlines from the Public Consultation</b>	
<b>Council Tax</b>	
64% of respondents stated that they would be prepared to pay an additional 6.5% council tax (this was the lowest amount that could be chosen).	
83% of respondents were not willing to pay an additional 13.6% council tax in order to protect all services for 12 months.	
<b>The proposals to make savings that were supported by respondents were:</b>	
Close Community Recycling Centres for one day per week each (70%).	
The council is not best placed to provide pest control services (58%).	
Remove funding for town centre events (54%).	
Remove funding for all strategic events (40%) and remove funding for Elvis Festival (32%).	
Remove funding for Bridgend Business Forum (72%).	
Reduce the funding for Adult Community Learning to save £65k (58%).	
Support for a model of localised day services through the development of Community Hubs (69%).	
Remove escorts from school transport where there are less than eight pupils (56%).	
Delegate funding to primary schools for pupils with additional learning needs (57%).	
Move to less face to face interactions within the Customer Services Contact Centre within Civic Offices (70%).	
Move to an appointment based system in the Customer Services Contact Centre (59%).	
<b>The proposals that were not supported by respondents were:</b>	
Move to a reactive street cleaning service (63%).	
Removal of funding for CCTV (70%).	
Removal of funding for Pop-up Business School (58%).	
Reconfiguration of the homelessness service (54%).	
Delegation of money for cognition and learning services to schools (52%).	
<b>Generating Income</b>	
61% of respondents agreed that the council should consider commercial ventures to fund and protect front line services.	
60% of respondents stated that the council should consider the possibility of providing energy to its residents to generate income.	
<b>Social Media Responses – most common comments:</b>	
<b>Theme</b>	<b>No.</b>
Don't increase council tax by 13.6%	242
We pay more council tax yet receive less services	203
Cut council staff/wages/expenses/pensions	200
Requests for more information on annual accounts and budget reductions	116
Cut councillors/wages/expenses	99
Council should challenge central government funding cuts	88
Issues with recycling and waste service	73

2.25 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Panel (BREP) over the last six months to facilitate the budget planning process. The draft budget report approved by Cabinet in January 2020 has also been scrutinised by the Council's Overview and Scrutiny

Committees resulting in a report to Cabinet from the Corporate Resources and Improvement (CRI) Committee, outlining a number of recommendations. Cabinet has considered the CRI Committee's recommendations, which include recommendations from BREP, and a response to these is provided in Appendix H.

2.26 Cabinet and CMB have reflected on the responses received from the public consultation and have drafted the budget based on the comments and responses received. Consequently, some budget reduction proposals which were previously under consideration have either been amended, deferred or removed for this final budget. These include:

- removal of adult community learning
- reduced funding for the pop-up business school
- removal of the CCTV service
- reducing or removing street cleaning provision
- removal of certain community recycling centres, and
- reduced funding for highways.

### **MTFS Principles**

2.27 As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which drive the budget and spending decisions over 2020-2024 and which Members and others can examine and judge the Council's financial performance against. The fourteen key principles included within the last MTFS for 2019-20 to 2022-23 have been considered by BREP and Cabinet and updated to reflect the current Council situation. There are now thirteen updated principles as follows:

1. There will be a "One-Council" approach to the Medium Term Financial Strategy with a view on long term, sustainable savings proposals that are focused on re-shaping the Council over the full period of the MTFS.
2. All budget related decisions will align with the principles of the Well-being of Future Generations (Wales) Act 2015.
3. The Council will continue to meet its statutory obligations and demonstrate how it directs resources to meet the Council's wellbeing objectives. Other resource strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFS and the Corporate Plan.
4. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities.
5. All services will seek to provide value for money and contribute to public value, and will continuously review budgets to identify efficiency savings.
6. Financial plans will provide an optimum balance between income and

expenditure for both capital and revenue, with opportunities for generating additional income taken in line with the Council's Income Generation and Charging Policy.

7. Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays.
8. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.
10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
13. Resources are allocated to deliver transformational projects based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS.

The MTFS Budget Reduction Contingency Reserve referenced in Principle 7 enables the Council to manage delays or unforeseen obstacles to the delivery of significant MTFS budget reduction proposals. Table 3 below identifies the allocations to date from this reserve during 2019-20:

**Table 3: MTFS Proposals supported by Budget Reductions Contingency Reserve in 2019-20**

MTFS Reference	Original Saving Proposal £'000	Funding from MTFS Budget Reduction Contingency £'000
COM 52 - MREC	1,300	500
EFS 1 – Learner Transport Policy (17-18)	20	20
EFS 2 – School Transport Route Efficiencies (17-18)	40	40
EFS 1 – Learner Transport Policy (18-19)	67	67
EFS 1 – Learner Transport Policy (19-20)	67	67
<b>TOTAL</b>	<b>1,494</b>	<b>694</b>

The level of this reserve will be kept under review by the Section 151 officer in light of forecast difficulties in delivering specific future budget reduction proposals.

### MTFS Resource Envelope

- 2.28 The published provisional 2020-21 Aggregate External Finance (AEF) figure is an increase of 4.7%. In the MTFS 2019-20 to 2022-23, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2020-21 of an annual reduction in AEF of -1.5% and an assumed increase in Council tax of 4.5% for 2020-21 to 2022-23, recognising the ongoing uncertainty around our funding in future years following Brexit. Whilst the settlement for next year is significantly better than anticipated, given the uncertainty going forward and the significant pressures resulting from pay, pensions and demographic increases in 2020-21 onwards, the proposed Council Tax increase for 2021-22 onwards will remain at 4.5%.
- 2.29 The MTFS will be regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the uncertainties around Brexit in the coming months and years. In view of the uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios, based on percentage changes in AEF shown in Table 4. These will be updated as necessary following any information arising from the UK Budget on 11 March 2020.

**Table 4 – MTFS Scenarios: % Change in AEF**

	2020-21	2021-22	2022-23	2023-24
	% Change	% Change	% Change	% Change
Best Scenario	+4.7%	-1.0%	-1.0%	-1.0%
<b>Most Likely Scenario</b>	<b>+4.7%</b>	<b>-1.5%</b>	<b>-1.5%</b>	<b>-1.5%</b>
Worst Scenario	+4.7%	-3.0%	-3.0%	-3.0%

## Managing within the MTFs Resource Envelope

- 2.30 The financial forecast for 2020-24 is predicated on £29.293 million budget reductions being met from Directorate and Corporate budgets and these are referred to later in the report. It is also predicated on a number of spending assumptions, including:
- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.
  - Inflationary uplifts to support specific contractual commitments including increases in energy costs.
  - The future impact of national policies and new legislation which may not be accompanied by commensurate funding such as the Additional Learning Needs and Educational (Tribunal) Act Wales 2018 and the Environment (Wales) Act 2016.
  - Fees and Charges will increase by the statutory minimum or CPI (+1.3% at December 2019) plus 1%.
  - Significant increases in staffing costs as a result of the 6.2% increase in the national living wage from April 2020 (with further increases expected in April 2021), along with the impact of staff pay increases in 2020-21. These include the full year effect of the teachers' pay increase in September 2019 (minimum 2.75%) and potential increases for non-teachers following the unions recent pay claim, which includes a 10% pay increase for all NJC pay points, an increase in annual leave and reduction in the working week. If these were agreed, in part or in full, they would be completely unaffordable for the Council and would require a significant increase in the value of budget reductions required or a significant increase in council tax, beyond that proposed already. These agreements would significantly increase the overall pay bill, and the amount we pay in respect of external contracts.
  - With regard to pensions' contributions, the employer contribution rate for teachers' pensions increased from 16.48% to 23.68% from September 2019. The part-year cost for Bridgend for 2019-20 is around £2.1 million, and this was met in the main from one-off grant funding from Welsh Government. This grant has transferred into the settlement in 2020-21 and the amount allocated to Bridgend is £1.807 million, which just falls short of the total requirement. The full year effect is around £3.6 million, an additional £1.8 million for 2020-21, and this is one of the pressures to be funded from within the 4.7% increase in AEF announced by the Welsh Government.
- 2.31 For 2020-21, the MTFs includes an additional £9.364 million for the above known pay and price pressures. In addition, each year consideration is given to any

inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £6.683 million of inescapable pressures have emerged during 2019-20 and are explained in more detail in paragraphs 3.12 to 3.15 below. In total, the Council has identified pressures of £16.047 million in 2020-21.

### MTFS Budget Reduction Requirement

2.32 Table 5 below shows the Council's potential net budget reduction requirement based on the forecast resource envelope and assumed council tax increases (paragraph 2.28 above) and inescapable spending assumptions (paragraph 2.30 and 2.31 above).

**Table 5 – Budget reduction scenarios**

	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
<b>Best Scenario</b>	2,413	8,162	7,972	7,775	<b>26,322</b>
<b>Most Likely Scenario</b>	2,413	9,178	8,962	8,740	<b>29,293</b>
<b>Worst Scenario</b>	2,413	12,225	11,872	11,518	<b>38,028</b>

2.33 Cabinet and CMB are working together to develop plans to meet the most likely scenario above for the four year period. In the event of the worst case materialising in any year, the budget shortfall would have to be met from the Council Fund and / or a further increase in Council Tax while additional budget reduction plans could be developed. Should the best case scenario arise then Cabinet and CMB would look to reduce the impact on services as well as Council Tax.

2.34 Table 6 shows current progress on identifying budget reduction proposals.

**Table 6 – Risk Status of Budget Reduction Proposals 2020-21 to 2023-24**

Year	GREEN:	AMBER:	RED:	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	Proposal developed and deliverable	Proposal in development but includes delivery risk	Proposals not fully developed and include high delivery risk			
	£'000	£'000	£'000	£'000	£'000	£'000
2020-21	1,023	996	394	2,413	0	2,413
2021-22	309	1,941	1,214	3,464	5,714	9,178
2022-23	0	955	208	1,163	7,799	8,962
2023-24	0	955	223	1,178	7,562	8,740
<b>Total</b>	<b>1,332</b>	<b>4,847</b>	<b>2,039</b>	<b>8,218</b>	<b>21,075</b>	<b>29,293</b>
% of total required	5%	17%	7%	28%	72%	100%



2.35 As mentioned in paragraph 2.26, a number of the initial 2020-21 budget reduction proposals have been removed, deferred or amended following the public consultation and member scrutiny. A number of proposals for 2020-21 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time. Proposals currently under consideration include:

- Digital transformation of wider Council services
- Income generation opportunities
- Further reductions in employee numbers
- Working with partners to asset transfer and protect community facilities;
- Further development of the Corporate Landlord Model.

2.36 Cabinet and CMB have given a commitment to try and find at least 50% of the budget reductions through smarter use of resources rather than by cutting the quality or level of services. This gets incrementally harder to achieve, but as Table 7 shows the plans set out in this report will deliver 62% of the required budget reductions through smarter use of resources, such as:

- The wider digital transformation of Council services;
- Further development of efficiencies in the corporate landlord function;
- Income generation opportunities;
- Further reductions in employee numbers;
- Working with partners to protect sustainable community facilities.

**Table 7 – Budget Reduction Proposals 2020-21 to 2023-24**

	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000	%
<b>Smarter Use of Resources</b>	1,561	1,649	955	955	5,120	62%
<b>Managed Service Reductions</b>	502	1,405	208	223	2,338	28%
<b>Collaboration &amp; Service Transformation</b>	35	300	0	0	335	4%
<b>Policy Changes</b>	315	110	0	0	425	5%
<b>Total Identified to date</b>	<b>2,413</b>	<b>3,464</b>	<b>1,163</b>	<b>1,178</b>	<b>8,218</b>	

2.37 Budget reduction proposals relating to Collaboration and Service Transformation amount to 4% of the total budget reductions. Policy changes amount to 5% and include reducing services to the statutory minimum as well as cutting some discretionary services. The policy change proposals are subject to consultation.

2.38 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real term's reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFS period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment, early retirements and voluntary redundancies, but some compulsory redundancies will continue to be necessary.



## Corporate Risk Assessment

- 2.39 The Council's Corporate Risk Assessment identifies the key corporate risks and mitigating actions and is attached as Appendix I. These risks have been taken into account in the preparation of the MTFs and where there are identifiable financial implications these have been provided for either within the budget or earmarked reserves. Where the financial risks are not clear, the risk is covered by the Council Fund.

### 3. REVENUE BUDGET 2020-21

- 3.1 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and specific transfers into the settlement from Welsh Government, and subtracting any budget reduction proposals.
- 3.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 8 summarises the 2020-21 budget requirement and how it will be financed.

**Table 8 – Net Budget Requirement**

	<b>2020-21 £'000</b>
2019-20 Net Budget (Table 1)	270,809
Transfers and New Responsibilities (para 2.8)	2,442
2020-21 Pressures (para 2.31)	16,047
2020-21 Budget Reductions (Table 5)	-2,413
<b>2020-21 Net Budget Requirement</b>	<b>286,885</b>
<i>Financed by:</i>	
2019-20 Net Budget (Table 1)	270,809
Net Cash Increase in AEF (para 2.28)	11,320
Council tax increase of 4.5% (para 2.11) plus increase in tax base	4,756
<b>2020-21 Net Funding Total</b>	<b>286,885</b>

#### **2020-21 Revenue Budget**

- 3.3 Table 9 presents the detailed net revenue budget for 2020-21. This includes specific grants transferring into the settlement as outlined in paragraphs 2.9 and 2.10.

**Table 9 – Net Revenue Budget 2020-21**

	Revised Budget 2019-20	Specific Transfers to/ (from) WG	Inter-Directorate Transfers	Pay / Prices / Pupil Growth	Budget Pressures	Budget Reduction Proposals	Revenue Budget 2020-21
	£000	£000	£000	£000	£000	£000	£000
<b>Service Directorate Budgets:</b>							
Central Education & Family Support	21,319	45	-166	64	356	-239	21,379
Schools	95,546	2,121	-298	808	1,375	0	99,552
<b>Education and Family Support</b>	<b>116,865</b>	<b>2,166</b>	<b>-464</b>	<b>872</b>	<b>1,731</b>	<b>-239</b>	<b>120,931</b>
<b>Social Services &amp; Wellbeing</b>	<b>71,577</b>	<b>80</b>	<b>-353</b>	<b>0</b>	<b>410</b>	<b>-820</b>	<b>70,894</b>
<b>Communities</b>	<b>25,862</b>		<b>-157</b>	<b>45</b>	<b>2,686</b>	<b>-646</b>	<b>27,790</b>
<b>Chief Executives</b>	<b>18,622</b>		<b>-152</b>	<b>0</b>	<b>266</b>	<b>-508</b>	<b>18,228</b>
<b>Total Directorate Budgets</b>	<b>232,926</b>	<b>2,246</b>	<b>-1,126</b>	<b>917</b>	<b>5,093</b>	<b>-2,213</b>	<b>237,843</b>
<b>Council Wide Budgets:</b>							
Capital Financing	7,329						7,329
Levies	7,406				53		7,459
Repairs and Maintenance	870						870
Council Tax Reduction Scheme	14,854			400			15,254
Apprenticeship Levy	700					-50	650
Pension Related Costs	430						430
Insurance Premiums	1,588			0		-150	1,438
Other Council Wide Budgets	4,706	196	1,126	8,047	1,537		15,612
<b>Total Council Wide Budgets</b>	<b>37,883</b>	<b>196</b>	<b>1,126</b>	<b>8,447</b>	<b>1,590</b>	<b>-200</b>	<b>49,042</b>
<b>Net Budget Requirement</b>	<b>270,809</b>	<b>2,442</b>	<b>0</b>	<b>9,364</b>	<b>6,683</b>	<b>-2,413</b>	<b>286,885</b>

3.4 The net budget will be funded by:

**Table 10 – Net Budget Funding**

	£	%
Revenue Support Grant	153,441,858	53.48
Non Domestic Rates	49,685,392	17.32
Council Tax Income	83,757,919	29.20
<b>Total</b>	<b>286,885,169</b>	<b>100%</b>

**Council Tax Implications**

3.5 The implications in terms of the Council Tax increase (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in Table 11.

**Table 11 – Council Tax Increase 2020-21**

2019-20 Average Band D	£1,470.87
2020-21 Average Band D	£1,537.06
% Increase	4.50%
Weekly Increase	£1.27

### **Pay, Prices, Pensions and Demographics**

- 3.6 As mentioned in paragraph 2.30, the National Joint Council (NJC) negotiating body has submitted a pay claim for non-teaching local government workers for 2020-21 and discussions are ongoing. No agreement has been reached on this at present. Depending on the final outcome of these discussions there could be additional budget pressures that the Council has to meet, which may not be known until during the 2020-21 financial year. In addition, whilst the teachers' pay award has been agreed for the 2019-20 academic year, there will be additional pressure from any new pay award to be implemented from September 2020. Welsh Government has indicated that the increased funding that it has provided through the settlement should recognise the future impacts of teachers' pay awards which will come into effect from September 2020.
- 3.7 Funding for price inflation has been allocated to service budgets, where known, including provision for increases in business rates, rents and other contractual commitments, where known.
- 3.8 The remaining inflationary provision will be retained centrally within corporate budgets and allocated during the year as any unknown or unforeseen contract price inflation is agreed, in particular where the index is set after the Council's budget is approved.

### **Non-Teachers' Pensions**

- 3.9 The Council has received the provisional results of the actuarial valuation of the Local Government Pension Fund as at 31 March 2019. The valuation shows that, based on the performance of the fund at that time, the employer's contributions required by the authority from April 2020 for the next three years is a potential reduction from the current 21.3% to a proposed 19.8%. This is based on changes to the assumptions used to value liabilities and changes to membership since the last valuation. The impact of this is a potential reduced cost of employer's contributions of £1.126 million per annum, the budget for which has been centralised under 'Inter-Directorate Transfers' in Table 9 to be set aside for the unknown non-teachers' pay award referred to above until such time as the final contribution rate and the costs of the pay award are known with certainty.

### **Schools' Budgets**

- 3.10 In 2019-20 school budgets were again protected from the proposed 1% annual efficiency target. However, the forecast pressure and uncertainty around Council budgets for future years was deemed to be such that it was felt to be almost impossible not to include the 1% efficiency target in proposals for 2020-21 onwards, given that school budgets account for around a third of net revenue expenditure, so head teachers and governing bodies were advised to use the 2019-20 financial year to plan ahead. However, following receipt of the better than anticipated 2020-21 provisional settlement from Welsh Government, and recommendations from the various consultation events, school budgets have again been protected from the 1% efficiency target in 2020-21.

- 3.11 There are a significant number of pressures on school delegated budgets for 2020-21 and beyond, not least the full year cost of the teachers' pay award and pensions increase, and pressures of funding additional learning needs. The total impact of these pressures is around £4.3 million, which is partly met from transfers into the settlement and partly from funding for pay, prices and unavoidable pressures.
- 3.12 It should be noted that the 1% efficiency target is maintained for 2021-22 and beyond, in recognition of the pressures stated above, forecast reductions to the settlement and mounting external pressures across Council services.

### Budget Pressures

- 3.13 The final schedule of budget pressures is attached at Appendix A and presents a number of recurrent pressures, totalling £6.683 million. These mainly represent unavoidable pressures arising from legislative changes, increased costs and contractual changes. However, in addition to these unavoidable pressures, Cabinet have considered the responses to the budget consultation and other issues arising during the year and have included a new recurrent budget pressure of £2 million to address a number of public realm and place shaping issues, not least carriageway resurfacing, transport and road safety, gulley cleaning, pitch drainage and play areas, site preparation for housing and commercial development and general maintenance issues throughout the county borough, along with supporting infrastructure. This will, in part, help to address the estimated £50 million backlog of highways repairs and maintenance work that exists. This could be a combination of capital or revenue spend, and any capital requirements will be subject to full Council approval in line with financial procedures.
- 3.14 Further provision has been made to develop an apprenticeship programme throughout the Council to enable staff to undertake formal training alongside the development of practical skills. The aim is to "grow our own" skilled and professional workforce particularly in services where we are struggling to recruit to specialist posts, e.g. building control, transportation officers, engineers, planners and surveyors.
- 3.15 The January Draft Budget report to Cabinet explained that budget pressures identified at that time were subject to change before the Final Budget. The main changes are identified in Table 12 below.

**Table 12: New Budget Pressures**

Item	Value £'000	Description
Fire Service Levy	53	Increase in precept to cover pay, price and demographic increases, including the increase in employer's contributions to superannuation. Total precept increase is £325,000 but £272,000 set aside in 2019-20 towards pensions increase.

- 3.16 Furthermore, inevitably additional pressures will arise during the year as a result of increased numbers or legislative changes. Officers are currently considering the

pressures arising from increased numbers of pupils needed behavioural support along with legislative pressures in other services, and a provisional allocation of £500,000 has been set aside for these. Funding will be allocated in-year subject to business case approval, where necessary. Cabinet is also minded to invest in capital improvements to the highways network to make it more sustainable for the future, and reduce the need for ad hoc repairs. Additional funding is likely to be committed during the financial year to meet the recurrent revenue costs of any required borrowing to fund this proposal, and some funding has been held centrally for this purpose until such time as a scheme is fully developed. Any proposal will be submitted for full Council approval before inclusion in the capital programme. The total cost of pressures identified in Appendix A equates to £6.683 million.

### **Budget Reductions**

- 3.17 Budget reduction proposals totalling £2.413 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in Appendix B. Since the draft MTFS was reported to Cabinet in January 2020, only one budget reduction proposal has been amended:

**EFS54** – Reduction to the Central South Consortium – this has been reduced from £56,000 to £17,000, to take into account the 3% reduction to local authority contribution levels for 2020-21 agreed by the Joint Committee.

### **Council Wide Budgets**

- 3.18 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies, centrally held pay and prices provisions, insurance budgets, discretionary rate relief and provision for redundancy related costs. A thorough review of recent years' under spends within corporate budgets was undertaken in 2017-18 which led to budget reductions totalling £2.610 million in 2018-19 and a further £2.388 million in 2019-20. Consequently the scope available for further reductions is quite limited, as a number of these budgets are fixed and unavoidable, without putting the Council at risk. The higher than anticipated pay awards, teachers' pensions' increases and inflationary increases has put also additional pressure on these budgets.
- 3.19 The South Wales Fire and Rescue Authority covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. For 2019-20 the levy on Bridgend, and consequently its Council Tax payers, is £6,746,905. The Fire and Rescue Authority is facing similar pension increase pressures on its budget as teachers, and has received some grant funding towards this in both 2019-20 and 2020-21, but there is a shortfall, and when pay and demographic pressures are added to this, the increase in levy for 2020-21 for Bridgend is £325,000. The Council provided a budget pressure towards fire service pension costs in 2019-20, but there is still a remaining budget pressure for 2020-21 of £53,000.

### **Fees and Charges**

- 3.20 Generally, income from fees and charges will be increased by CPI (at the prevailing rate, 1.3% at December 2019) plus 1%, subject to rounding, or in line with statutory

or service requirements. Schedules of fees and charges will be reported separately, as usual, under Delegated Powers. New charges or charges that have been included in the 2020-21 budget and are above the general increase are shown in Appendix C.

- 3.21 Council approved a corporate income generation policy in March 2016 which aims to set a consistent approach across Council services and outline key principles to be applied. As a key principle, where a decision has been taken to charge for a service, the Council will aim for full cost recovery, except where there is a conscious decision which is consistent with Council priorities, recognising that the service would then be subsidised by Council Tax payers.

### MTFS Support for Well-being Objectives

- 3.22 Appendix D details the Directorate Base Budgets for 2020-21. The MTFS supports the delivery of the Council's well-being objectives and Table 13 below summarises Directorate budgets which will be used to support these and core services and statutory functions. A more detailed analysis is shown in Appendix E.

**Table 13 – 2020-21 Budget by Well-being Objective**

<b>Budget 2020-21 Wellbeing Objectives</b>			
<b>Directorate</b>	<b>Wellbeing Objectives</b>	<b>Core Services &amp; Statutory Functions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Education & Family Support	8,114	13,265	21,379
Schools	41,499	58,053	99,552
Social Services and Wellbeing	53,541	17,353	70,894
Communities	8,848	18,942	27,790
Chief Executive's	2,075	16,153	18,228
Council Wide Budgets	351	48,691	49,042
<b>NET BUDGET REQUIREMENT</b>	<b>114,428</b>	<b>172,457</b>	<b>286,885</b>



#### 4. COUNCIL RESERVES

- 4.1 The Council's Reserves and Balances Protocol attached at Appendix F sets out the principles used to assess the adequacy of reserves, the rationale for establishing reserves and the arrangements for monitoring reserves. For the last three years, the Council has maintained its Council Fund at a minimum of £7 million and at 31 March 2019 it was £8.776 million, which is 4.98% of the net budget excluding school delegated budgets. In the face of continued uncertainty regarding the economy and public finances, and in line with the revised MTFS Principles it is recommended that the Council seeks to increase its Council Fund to a level of 5% of the Council's net budget, excluding schools. This will be monitored and will depend upon financial performance during future periods and the need to cover against specific risks as they arise through the earmarked reserves process.
- 4.2 In accordance with the Protocol, a review of the Council's financial risks, pressures and reserves was undertaken at period 6 and period 9 in 2019-20. Appendix F also sets out the forecast movement in the Council's Earmarked Reserves by the end of 2019-20 and 2020-21. At this point the forecast movement to 31 March 2020 on Earmarked Reserves is an overall reduction of £4.250 million on the assumption of:
- The estimated draw down of a large amount of the Capital Programme Contribution reserves of £3.786 million, which does rely on capital spend being incurred from January until March 2020. Offsetting this is an increase in the Capital Programme reserve during the year of £6 million, including £2 million for Investing in Communities;
  - Estimated draw-down of £1.130 million for Digital Transformation, £643,000 for MTFS contingency and £365,000 change fund, with £606,000 of reserves unwound;
  - The forecast draw down of £1.413 million from the Directorate Earmarked Reserves, either by Directorates, or as a result of any reserve that is no longer required being unwound, both offset by additions of £777,000 as a result of new Directorate Reserves following the various reviews. This results in a projected net decrease on **Reserves Held for Directorates' Planned Developments** of £635,000;
  - The projected net draw down from the **Equalisation and Grant Reserves** for 2019-20 is £844,000;
- 4.3 In line with the Protocol, a further review will be undertaken at the end of the current financial year and transfers made at this point taking account of the overall financial position of the Council, including the final outturn, actual accrued Council Tax income, Earmarked Reserve levels, the Council Fund level and any new pressures or risks that need to be provided for. At this time Directors will be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2020-21 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole. In advance of that process, the forecast movement in reserves for 2020-21 assumes:
- An overall reduction in Earmarked Reserves of £8.345 million during 2020-21;
  - Full draw down from a number of reserves including demolition reserves, Investing in Communities and the Road Safety Reserve.



- Draw down from the Capital Programme Contribution Reserve, Capital Feasibility Reserve and Asset Management Reserve in line with the current Capital Programme expenditure profile.

It does not include the potential increase of reserves for 2020-21 as a result of fortuitous under spends at the end of this financial year. The forecast position is summarised in Table 14 below:

**Table 14 – Summary of Usable Earmarked Reserves**

Opening Balance 1 April 2019 £'000	Reserve	Movement 2019-20 £'000	Closing Balance 31 March 2020 £'000	Movement 2020-21 £'000	Closing Balance 31 March 2021 £'000
48,107	Total Earmarked Reserves	(4,250)	43,857	(8,345)	35,512

## 5. CAPITAL PROGRAMME AND CAPITAL FINANCING STRATEGY

- 5.1 This section of the report deals with the proposed Capital Programme for 2019-20 to 2029-30, which forms part of, but extends beyond the MTFS. It has been developed in line with the MTFS principles and the Council's Capital Strategy and reflects the Welsh Government capital settlement for 2020-21. The Programme has been revised during the financial year to bring it up to date and take into account new capital schemes either funded from external resources, or from internal resources following a review of the Council's capital investment requirements.

### Capital Programme 2019-20 to 2029-30

- 5.2 This section of the report reflects the Welsh Government provisional capital settlement for 2020-21, which provides general capital funding (GCF) for the Council for 2020-21 of £7.983 million of which £3.986 million is provided through un-hypothecated supported borrowing and the remainder £3.997 million as general capital grant. This is £318,000 more than the amount received in 2019-20 and £761,000 more than was originally anticipated.
- 5.3 The funding includes the 2020-21 share (£20 million across Wales) of the additional £100 million of general capital funding (across Wales for 2018-19 to 2020-21) announced by Welsh Government last year. This is in addition to the additional £60 million capital provided across Wales over the same three years for a local authority road refurbishment scheme, funded by grant outside of the settlement. The £7.983 million also includes this authority's share of an additional £15 million across Wales to enable local authorities to respond to the urgent need to decarbonise, in light of the climate emergency declared by the Welsh Government and many councils over the past year. No indicative allocations have been provided for 2021-22, so for now it is assumed that the level of funding will revert to the pre 2018-19 level, assuming the end of the £100 million capital grant, but this will be indicative only.
- 5.4 The original budget approved by Council on 20th February 2019 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2018-19 and any new schemes and grant approvals. A review has also been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers have not been asked to submit capital bids for funding at this stage. Cabinet has, and will continue to, determine its strategy in terms of capital priorities and where known these are built into the Capital Strategy to be approved by Council in February 2020.
- 5.5 Since the latest capital programme was approved by Council in January 2020 there are a small number of new schemes that need building into the programme:

### Caerau Heat Network

The Caerau Heat Scheme is an innovation project with a total cost of £9,732,922. The cost of the operation will be funded through a mixture of European Regional Development Fund (ERDF) grant (£7,296,245) and match funding (£2,436,677). The match funding has all been secured and is primarily derived from retrospective project spend (WG/UK Government funding) which has all been received by BCBC and submitted and audited by WEFO. The remainder of the match funding is from a small amount of ongoing BCBC staff time. Nordic Heat have been procured to develop the project through to construction and are currently engaged in the preparation of an Outline Business Case and ground investigation. If both activities provide suitable answers to progress the scheme a contractor will be procured in 2021 to design, build and operate the scheme.

### Valleys Task Force Empty Homes Grant Scheme

A report was presented to Cabinet in November 2019 on the Valleys Task Force Empty Homes Grant. It was reported that the Welsh Government had provided support to the Valleys Taskforce by rolling out an Empty Homes Grant to all local authorities in the taskforce areas as a pilot for the period from October 2019 to the end of March 2020. This was met 100% by Welsh Government. It was indicated that this would be extended to a second phase, which would require 35% match funding contribution from local authorities. For Bridgend it is anticipated that the total cost of phase 2 could be in the region of £300,000, with a match funding requirement of £105,000 but this will depend upon demand for the grant funding from home owners. It is intended that the match funding will be met from uncommitted capital receipts.

This grant will support the delivery of the Council's and Welsh Government's priority of returning empty properties into use in the Valleys areas of Bridgend County Borough, to help regenerate communities, provide more choice and suitable accommodation for residents.

### Schools' Capital Maintenance Grant

Similar to last year, Welsh Government has recently announced a grant of £43 million across Wales, £1,961,250 for Bridgend, to address the backlog of maintenance works across schools. The funding can be used to offset locally determined capital expenditure in 2019-20 and the funding displaced by this grant will be spent in 2020-21 for investment in the improvement of schools. This includes spend on:

- Window repairs or replacement
- Roof replacement
- Electrical works / re-wiring
- Repairing or replacing flooring
- Plumbing / Boiler replacement
- Minor structural repairs
- Plastering /Ceiling replacement
- Asbestos Removal

In addition, there are changes to a number of existing schemes, including:

### Maesteg Town Hall

The total scheme cost for Maesteg Town Hall has reduced since January 2020 following the receipt of final contract sums. There is a reduction of £309,000 in respect of the total contract sum following receipt of tenders, and value engineering. Further work to reduce costs through the identification of value engineering options will be considered on site. The reduction in cost will be offset in a reduction in the funding required from the Investing in Communities Fund. In addition, the remaining element of cost originally anticipated to be met from the Investing in Communities Fund will now be met from uncommitted capital receipts to ensure that the Fund is used to maximum effect and targets as many assets as possible.

### Fleet Vehicles

A number of fleet vehicles are reaching the end of their useful life and need replacement. These are generally purchased using prudential borrowing and repayments made by the relevant service cover the cost of the borrowing. Those currently requiring replacement include two 3.5T Light Sweepers for highways, four Kubota M4002 Tractors, a trailer for the bereavement service and a replacement minibus for one of the Council's special schools. The total cost will be in the region of £352,000, which will be funded mostly by prudential borrowing, with a small element funded from the revenue budget.

There is also slippage of some funding into 2020-21 for some schemes plus a small number of new grant funded schemes. Any additional proposals will be considered in light of, and in line with, the proposed Capital Strategy and brought back to Council for approval at a later date.

- 5.6 The Capital Programme contains a number of fixed annual allocations that are met from the total general capital funding for the Council. These annual allocations have been reviewed as part of the capital planning process and no changes are proposed to be made to them in 2020-21 at this time.

The proposed allocations are therefore outlined in Table 15:

**Table 15 – Proposed Annual Allocations of Capital Funding**

	2020-21 £'000
Highways Structural Works	200
Carriageway Capital Works	250
Disabled Facilities Grant	1,950
Housing Renewal / Empty Property Schemes	100
Special Regeneration Funding	540

	2020-21 £'000
Minor Works	1,130
Community Projects	50
Corporate Capital Fund (Renewals / Match Funding)	200
Street lighting / Bridge infrastructure replacement	400
Highways Structural Works	200
<b>Total</b>	<b>4,820</b>

### Capital Programme link to the Wellbeing Objectives

- 5.7 Table 16 outlines how the Council is using its capital programme to support the wellbeing objectives.

**Table 16 – Capital Programme by Wellbeing Objective**

Wellbeing Objective	Revised 2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 to 2029-30 £'000	Total £'000
1. Supporting a Successful Sustainable Economy	10,525	22,719	7,838	33,477	74,559
2. Helping People and Communities to be more Healthy and Resilient	4,333	1,950	1,950	15,600	23,833
3. Smarter Use of Resources	14,608	29,240	17,893	65,444	127,185
Core Services & Statutory Functions	671	2525	0	8,367	11,563
<b>TOTAL</b>	<b>30,137</b>	<b>56,434</b>	<b>27,681</b>	<b>122,888</b>	<b>237,140</b>

### Supporting a Successful Sustainable Economy

- 5.8 The proposed capital programme includes a number of new and existing projects which will help to support a successful sustainable economy by, for example, the redevelopment of Maesteg Town Hall, providing improved community facilities to include the town library and performance spaces, as well as offering improved accessibility for visitors and creating jobs. This is in addition to significant new investment in ensuring that the highways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments. There is extensive investment in all of our town centres, with works progressing on Porthcawl Regeneration and the development of Enterprise Hubs, to build on previous investment and initiatives. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. As mentioned above, investment to bring empty properties back into use will also help to improve the aesthetic appearance of our communities and help to regenerate them.

### Helping People and Communities to be more Healthy and Resilient

- 5.9 The two new Extra Care Schemes opened in Ynysawdre and Maesteg to enable people to live more independently than they would in residential care. There is also significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes. The Council receives Integrated Care Fund capital grant on an annual basis as part of its partnership with Cwm Taf Morgannwg University Health Board. This is built into the capital programme as it is approved for specific schemes.

### Smarter Use of Resources

- 5.10 The Schools' Modernisation Programme forms a cornerstone of the wellbeing objective of smarter use of resources, with the remaining schemes in Band A of the 21<sup>st</sup> Century Schools programme all now completed, and work commencing on Band B options, which will result in further capital investment of around £70 million in the Council's schools' estate.
- 5.11 There is a total budget of £1 million in the capital programme for works to Council assets, to make them suitable for Community Asset Transfer (CAT). This is to ensure that as many buildings as possible can be kept open and provide long term community benefits.
- 5.12 In addition, Council has previously approved significant investment in upgrading existing buildings through the capital minor works programme and the Investing in Communities fund to reduce running costs, including maintenance, and improving energy efficiency across its assets. This is in addition to the two existing schemes within the programme which will see significant investment in energy efficiency schemes, across Council buildings and street lighting, which will be repaid from recurrent revenue savings generated.
- 5.13 The revised capital programme is attached as Appendix G. This includes those amendments outlined in paragraph 5.5, along with any other changes to the programme since it was approved in January 2020.

### **Capital Receipts**

- 5.14 The Council estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in 2014. So far, circa £18 million has already been delivered, with £2.56 million under contractual agreement and the balance projected to be realised over the next 6 months (2019-2020). Of the £21 million, £9.8 million relates to school buildings and land vacated through the 21<sup>st</sup> Century Schools Programme, to be used as match funding for the programme. It excludes any receipts anticipated from the sale of Waterton or Porthcawl Regeneration sites which will be the focus of the disposal programme in the future. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

**Prudential (Unsupported) Borrowing**

- 5.15 Total Prudential Borrowing taken out as at 1 April 2019 was £43.998 million, of which £27.796 million was outstanding. It is estimated that the total borrowed will increase to £44.95 million by the end of this financial year.
- 5.16 Future prudential borrowing could include an estimated £2 million towards the costs of the 21<sup>st</sup> Century Schools Band B Programme, including associated highways works.

**Bridgend County Borough Council  
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## 2020-21 BUDGET PRESSURES

## APPENDIX A

Ref	Directorate	Wellbeing Objective	Pressure	£'000
EFS1	Education and Family Support	Core Services & Statutory Functions	Home to School Transport - additional costs following re-tendering as a result of contracts being handed back	115
EFS2	Education and Family Support	Core Services & Statutory Functions	Home to School Transport - re-tendering exercise of taxis. The profile of the learners has changed with pupils now with greater needs, longer journey times and higher prices than previous years.	241
EFS3	Education and Family Support - Schools	Core Services & Statutory Functions	Increase in Special School pupil numbers	346
EFS4	Education and Family Support - Schools	Core Services & Statutory Functions	Significant number of special school pupils identified as requiring specific 1:1 support additional to their core funding	185
EFS5	Education and Family Support - Schools	Core Services & Statutory Functions	Increase in number of pupils eligible for Free School Meals which impacts upon the amount required in school delegated budgets to meet the cost of meals plus additional learning needs	844
SSW1	Social Services and Wellbeing	Helping People to be Self Reliant	Fostering Service Medical Assessments following the health boundary change.	20
SSW2	Social Services and Wellbeing	Helping People to be Self Reliant	Deprivation of Liberty Safeguards (DOLS) costs to be charged by Cwm Taf Morgannwg University Health Board.	100
SSW3	Social Services and Wellbeing	Helping People to be Self Reliant	Implications of National Living Wage uplift on commissioned contracts within Social Services and Wellbeing - National Living Wage will increase from £8.21 per hour to £8.72 per hour in April 2020.	1,037
SSW4	Social Services and Wellbeing	Helping People to be Self Reliant	Linked to an increase in the Older Persons population, and the increased pressure on services - estimated that the older person population will increase by 1.44% in 2020.	290
COM1	Communities	Supporting the Local Economy	Treatment of Japanese knot weed.	20
COM2	Communities	Core Services & Statutory Functions	Cost of upgrading and maintaining the database for the control and management of Traffic orders.	10
COM3	Communities	Core Services & Statutory Functions	Development of a Strategic Development Plan (SDP) for the region as agreed by full Council.	55
COM4	Communities	Core Services & Statutory Functions	Regular Inspections of land under BCBC control in accordance with the Mines and Quarries act and also Occupiers liability.	20
COM5	Communities	Core Services & Statutory Functions	Replacement of Cleaner Streets Pedestrian Road Sweepers - under the Environmental Protection act, street cleansing is a legislative requirement.	16
COM6	Communities	Supporting the Local Economy	Enhanced regeneration resource to support existing and future schemes for the whole County Borough	360
COM7	Communities	Core Services & Statutory Functions	Additional costs arising from the break in the Civil Enforcement joint venture by the Vale of Glamorgan Council	50

Ref	Directorate	Wellbeing Objective	Pressure	£'000
COM8	Communities	Core Services & Statutory Functions	Parks & Playing Fields - development budget	75
COM9	Communities	Core Services & Statutory Functions	Funding to mitigate the Welsh Government reduction in Sustainable Waste Management Grant, to support recycling initiatives	80
COM10	Communities	Supporting the Local Economy	Funding to support a raft of public realm and place shaping measures. Programme of works, capital or revenue, to be agreed along with supporting infrastructure. This will help to tackle the backlog of highways repairs and maintenance work.	2,000
CEX1	Chief Executive	Core Services & Statutory Functions	Shortfall between Housing Benefit (HB) payable and Department for Works and Pensions (DWP) subsidy that can be claimed for property for vulnerable adults.	37
CEX2	Chief Executive	Core Services & Statutory Functions	Funding to meet the costs of the union facility agreement.	29
CEX3	Chief Executive	Core Services & Statutory Functions	Council Wide Apprenticeship Programme to develop practical skills alongside more formal learning opportunities.	200
CW1	Council Wide - Fire Service Precept	Core Services & Statutory Functions	Increase in precept to cover pay, price and demographic increases, including the increase in employer's contributions to superannuation. Total precept increase is £325k but £272k set aside in 2019-20 towards pensions increase.	53
CW2	Centrally Managed Budget Pressures	Core Services & Statutory Functions	To mitigate in-year pressures in respect of increased numbers or legislative changes, such as behaviour support, pupil numbers, new legislation etc.	500
<b>Total Budget Pressures</b>				<b>6,683</b>

Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
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**IMPROVEMENT PRIORITY**

- IP0 - Supporting a successful economy
- IP2 - Helping people to be self-reliant
- IP3 - Smarter use of resources
- NONPTY - Core services & statutory functions

**CATEGORIES**

- SUR - Smarter Use of Resources
- MSR - Managed Service Reductions
- CST - Collaboration and Transformation
- PC - Policy Changes

**RAG STATUS KEY**

- RED** Proposals not fully developed and include high delivery risk
- AMBER** Proposal in development but includes delivery risk
- GREEN** Proposal developed and deliverable

**EDUCATION & FAMILY SUPPORT**

**CENTRAL EDUCATION & FAMILY SUPPORT**

EFS1	A more equal Wales	IP2	PC	Phased implementation of Learner Transport Policy regarding statutory distances for free travel	<ul style="list-style-type: none"> <li>Savings should occur naturally as a result of the policy application year on year, however dispersed learners and contractual pressure from operators as routes become more untenable may mean it becomes increasingly difficult to find the identified savings.</li> <li>Risk of price increases from Contractors.</li> </ul>	5,145	3%	67	75	75		
EFS33	A more equal Wales	IP2	PC	Home to School Transport - removal of Escorts on primary school service with fewer than 8 pupils	Driver only supervision of pupils on school transport. The most vulnerable pupils may not be supported with concerns around behaviour/pupil safety. Full 12 week public consultation. Parent groups, learners and contractor all likely to be opposed to change. Negative media coverage likely. Reputational risk to local authority. Health & Safety risk likely to increase and will need to be mitigated in other ways.	5,145	1%			35		
EFS41	A more equal Wales	IP2	MSR	Full cost recovery of Post 16 transport	<ul style="list-style-type: none"> <li>Full 12 week consultation would be required with a full academic year required before policy is implemented post policy change.</li> <li>Parent groups, learners and others likely to be opposed to policy change.</li> <li>Negative media coverage.</li> <li>Reputational risk to local authority.</li> <li>Sustainability risk to secondary schools sixth forms.</li> <li>Risk to financial viability of Bridgend College. Some courses may cease if numbers of pupils reduce.</li> <li>Possible increase in the number of young people not engaged in education, employment or training (NEET).</li> <li>Impact on local road infrastructure around schools as more pupils chose private motor vehicles rather than public transport.</li> <li>The most deprived may lose out the most and may chose not to consider post-16 education.</li> <li>Reduction in vehicles required by local authority may increase the risk for some transport operators, effectively forcing them out of the market. This would then impact the ability of the local authority to contract transport services to meets its statutory transport requirements. Therefore, there is a risk that transport operators would increase their costs against these contracts to compensate.</li> </ul>	£314,500 for college transport. 6th form budget part of secondary school transport which is £1.8m	28%			292	208	

Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
EFS44	A more equal Wales	IP2	SUR	Review of Childcare Team	Review existing staffing structure within the Childcare Team with a view to moving core funded staff to grant, where this option is eligible under grant conditions. In addition a review of the service demand placed on the Development Officers in supporting the private nursery settings throughout the county borough, ensuring a streamlined service that meets minimum statutory requirements. There are however, significant risks in making further reductions in this budget line (RSG) given Welsh Government's policy linked with both the national statutory Childcare Offer and Child Sufficiency requirements. In addition, this budget line has been reduced in previous years and existing demand (to fund placements) is exceeding budget.	145 (RSG) / 101 (grant)	7%		10			
EFS48	None	IP3	SUR	Efficiency saving targeting supplies and services budgets across the Education and Family Support Directorate	Limited impact as review has identified small historic underspends against this budget category.	1,700	5%		87			
EFS49	A more equal Wales	IP2	MSR	Reduction in Cognition and Learning Team	Reduction in support for a vulnerable group	307	20%	110		61		
EFS51	A more equal Wales	IP2	MSR	Reduction in support to Gypsy and Traveller learners	This will result in some slight reduction in the service offered to this vulnerable group but there will still be a service offering support	363	14%			50		
EFS52	A prosperous Wales	IP1	MSR	Removal of BCBC core Adult Community Learning budget	Remove the council subsidised support to adult learners although there are other providers - e.g. College. Loss of £130K grant.	133	100%			133		
EFS54	A prosperous Wales	IP2	MSR	Further reduction to the contribution to the Central South Consortium	Further c. 3% saving in relation to CSC school improvement services.	566	3%	30	17			
EFS56	A more equal Wales	IP2	MSR	Removal of statementing team - as the ALN act moves to the development of Independent Development Plans by schools	Capacity and ability of schools to write the Independent Development Plans without support. Risk of legal challenge and reputational damage	75	100%			75		
EFS57	A prosperous Wales	IP2	MSR	Further review of staffing structures across the Education and Family Support Directorate	Potential delays in service delivery.	Total staffing budget across the directorate (exc schools) - £17.556m	0.28%		50			
				<b>Total Education and Family Support</b>					<b>239</b>	<b>721</b>	<b>208</b>	<b>0</b>

Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
<b>SCHOOLS</b>												
SCH1	A prosperous Wales	IP3	SUR	Efficiency savings against School Delegated Budgets	The annual saving represents a 1% efficiency per annum against individual schools budgets. Risk of increased school deficit positions. Implementation will be a matter for individual schools - potential to result in some teacher and other staff redundancies. If efficiency is made solely from staffing budgets, this could range from a minimum of 1 teacher in our larger Primary Schools to 5 teachers in our larger Comprehensive schools over the MTFS period.	£95.5m - ISB Budget	3%	0	0	955	955	955
				<b>Total Schools</b>					<b>0</b>	<b>955</b>	<b>955</b>	<b>955</b>
				<b>Total Education &amp; Family Support Directorate</b>					<b>239</b>	<b>1,676</b>	<b>1,163</b>	<b>955</b>

**SOCIAL SERVICES & WELLBEING**

SSW19	A healthier wales	IP3	SUR	Further review of HALO partnership contract, including the Council taking over the management and payment of utility bills currently incurred by HALO. This will result in VAT efficiencies for HALO and contribute towards the reduction in the management fee	Previous negotiations have proved successful. No adverse impact identified.	1,595	3%	80	40			
SSW20	A healthier wales	IP3	MSR	Identify further savings from leisure centres and swimming pools including reviewing the number of facilities and also reductions in services or opening hours.	Reduced availability of services and accessibility to the public. Negative impact on healthier wales wellbeing goals.	1,595	4%		70			
SSW22	A healthier wales	IP3	MSR	Identify further savings from library and cultural facilities and related services including reviewing the numbers of facilities (libraries, community centres) and also reductions in services or opening hours.	Reduced availability of services and accessibility to the public. Negative impact on healthier wales wellbeing goals.	2,933	1%	60	20			
SSW26	A healthier wales	IP2	MSR	Remodelling day service provision for older people and learning disability services	Full review of services which could mean alternative methods of service delivery	2,795	6%	50	90	90		
SSW27	A healthier wales	IP3	SUR	Increase income generation from mobile response and telecare charging	Limited impact on current services but would require commercial expertise to assist with the proposal	N/a - new income stream	N/a - new income stream		75	75		
SSW28	A healthier wales	NONPTY	PC	Increase non-residential charging limits from £90 to £100 per week. This is totally reliant on Welsh Government changing the limits within their non-residential charging policy in 2020/21	Limited impact on services	-2,975	-7%		200			

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
SSW29	A healthier wales	IP3	SUR	Further review of staffing structures across Adults and Children Services including:- • The management structures in the direct provider services as well as reviewing the demands on the service and the direct care hours needed to meet those demands. • The overall management structure across Adults, Children and Wellbeing services • The service will be reviewing its overall professional staff to ensure the levels of the staff meet current demands whilst being aware that the service need to ensure that the caseloads of qualified staff are in line with acceptable standard because if they are not it would impact on practice and performance and increase risk in the service as well as impacting on recruitment and retention and the Authority's ability to attract suitably experienced and qualified staff .	This will mean reducing staff numbers, which will incur redundancy costs. There will also be reduced capacity within teams across the directorate	Total staffing budget across the directorate - £34.020m	1%		175	200		
SSW30	A healthier wales	IP2	MSR	Further review of care packages linked to the assessment framework to include consideration of transport	It is envisaged that the number of care hours will reduce for service users across the directorate	Not specific			150	150		
<b>Total Social Services &amp; Wellbeing Directorate</b>									<b>820</b>	<b>515</b>	<b>0</b>	<b>0</b>

**COMMUNITIES**

COM26	A more equal Wales	IP2	MSR	Investigate the introduction of charging to users of the Shopmobility facility in Bridgend Town Centre to reduce/remove the current level of subsidy otherwise closure of the facility will be necessary	The popularity of the service is generally declining with a significantly reduced number of users. Changes in technology have meant that lightweight, affordable scooters have now greatly increased in private ownership, compared to when the facility was introduced. The provision is non statutory and not one provided in other town centres in the County Borough or in many town centres of neighbouring authorities. On this basis in order to make the service viable it is proposed to introduce charging but if this does not present a realistic option to make the full required saving closure of the facility would be necessary. There is a risk that some members of the community with mobility issues may struggle to pay the necessary charges and therefore maybe unable to gain access to the town centre. It is proposed to engage with users of the facility to inform the way forward.	18	100%	5	18			
COM42	A Healthier Wales	IP2	MSR	Review of parks and playing fields service split over two financial years - 19/20 and 20/21:- 15% reduction to seasonal operatives budget (£75K). Corresponding reduction to large and small plant (£29k). Removal of bowls club grant (£34K).	The cut identified for both 2019-20 and 2020-21 will mean that there are reduced levels of maintenance and slower reaction times which will mean a degradation over time which will result in higher future capital costs i.e. maintenance of remaining pavilions.	2,141	3%	69	69			



Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
COM42a	A Healthier Wales	IP2	CST	Transfer of pitches/pavilions through Community Asset Transfer. Increase charges for end-users to achieve full cost recovery for pitches/pavilions that do not transfer. Reduction of grass cut areas and maintained parkland and number of children's play areas.	The savings identified will see the removal of the majority of the remaining seasonal operatives budget with corresponding cuts to plant, equipment and materials. Where asset transfers occur the respective club (Rugby, football, bowls and cricket etc) will be expected to fully fund the ongoing maintenance of the asset. The remaining parks budget will be used to maintain the Council's main parks, highway grass cutting which is safety related, and to secure the ongoing site management and safety of the sites that will remain in Council ownership but, as described, will no longer maintain to a level associated with club level matches and sports events. The level of funding will also dictate the standard of open space maintenance and may impact on the ability to maintain the current number of children's play areas.	2,141	14%			300		
COM43	None	IP2	CST	Management of Kenfig National Nature Reserve ended in December 2019. The 2020-21 saving represents the balance of the saving already achieved in 2019-20.	There is a risk that the level of management may be affected, however there is also the opportunity that the new tenant may be able to draw on resources that BCBC cannot.	35	100%	10	35			
COM51	None	IP3	SUR	Ongoing implementation of Corporate Landlord model	The savings will be delivered in a number of ways including operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management, and some deletions of vacant posts.	3,092	11%		350			
COM55	None	IP3	SUR	Increase charge for Green Waste Service from £28.30 per household to £38.30. The 2020-21 saving represents the balance of the saving already achieved in 2019-20.	The new waste contract related items would require both Contract Variation negotiations with Kier to confirm the saving levels proposed and public consultation regarding the charge changes and reduced levels of service.	£191k - net budget for green waste service	13%	25	25			
COM56	None	IP3	SUR	Increase charge for collection of 3 bulky waste items from £15.50 to £20. The 2020-21 saving represents the balance of the saving already achieved in 2019-20.	The waste contract items would require both Contract Variation negotiations with Kier to confirm the saving levels proposed and public consultation regarding the charge changes and reduced levels of service.	£90K income budget	11%	10	10			
COM59	None	IP3	SUR	Reduction to the opening hours of the Community Recycling Centres by 1 hour, per day. The 2020-21 saving represents the balance of the saving already achieved in 2019-20.		1,458	1%	17	17			
COM62	None	IP3	SUR	Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site.	Construction of the new site will mean that this saving will not be effective until 2021/22.	60	100%			60		
COM64	None	IP3	SUR	Closure of each of the CRC sites for one weekday per week (this already takes into account the reduction to the opening hours of one each day of the week)	The waste contract related items would require both Contract variation negotiations with Kier to confirm the saving levels proposed along with public consultation regarding the reduced levels of service.	1,458	3%			50		
COM70	A Wales of cohesive communities	IP2	MSR	Strategic Regeneration Fund - Removal of Strategic Events Fund	Finance no longer available to support any events such as waste and highways management for the Elvis Festival.	Overall SRF budget - £314K - £40K of this is the SEF	50%			20		

Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
COM71	A Wales of cohesive communities	IP2	MSR	Strategic Regeneration Fund - Reduction to Town Maintenance/Events Budget	Maintenance of footfall cameras would be removed and the financial and organisational contributions to town centre events across towns would be reduced. Whilst some events are undertaken by external organisations such as the Town Councils already, the reduction in this funding will place a greater reliance on those external organisations to support the promotional events in the towns going forwards.	Overall SRF budget - £314K - £23K of this is the TM/Events budget	52%			12		
COM72	A Wales of cohesive communities	IP2	MSR	Strategic Regeneration Fund - reduction to annual allocation	The reduction to the Strategic Regeneration Fund will directly impact on the Council's ability to provide match-funding, through which to lever other external funding. There will be no funding for feasibility or development work, on which to prepare bids for funding. Also potential for a loss of private sector investment as a result of inability to engage productively with developers and present Bridgend County in a positive light.	314	71%					223
COM73	A Wales of cohesive communities	IP1	PC	BCBC to save the annual BID funding now BID no longer functions	No impact that is within the control of BCBC following a unsuccessful BID ballot.	Overall SRF budget - £314K - £15K of this is the BID budget	100%		15			
COM76	A Wales of cohesive communities	IP2	PC	Review of Porthcawl Marina with a view to it running on a full cost recovery basis. This will involve a review of the berth fees.	This would involve a review of the berth fees and other operational costs. Any approach to outsourcing management would likely require financial support and therefore negate any savings.	25	100%		25			
COM77	None	IP3	SUR	Direct Services Organisation (DSO) staffing restructure - the front line staffing for highways which deal with a range of highway issues such as Winter gritting, Traffic collisions clear up, Flooding, Gully maintenance, Maintenance of Traffic signs, streetlights and traffic signals. The team have a major role within the Borough in the maintenance and repair of the highway. Since the loss of work the team undertook on behalf of the South Wales Trunk Road Agency (SWTRA) there is the potential to make a saving in the DSO staffing structure.	This would be potentially focused at a managerial level with the implication on the ability to deal with service requests in regard of local construction projects. It would also increase the single point failure in regard of sickness absence for remaining members of team.	2,756	2%		50			
COM79	A prosperous Wales	IP2	MSR	Investigate reducing costs and increasing charging for running the Bridgend Business Forum for specific events to reduce/remove the current level of subsidy otherwise reduction in the service level will be necessary.	If reduced costs and increased charges are accepted impact should be minimal, there is a risk that the level of support / number of events may need to be reduced to support the saving.	35	100%		18	17		



Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
COM81	A prosperous Wales	IP2	MSR	Cessation of Tourism contract with AMA Associates an external Public Relations Company who promote Bridgend with a range of publishers.	News coverage about Bridgend County will reduce and this potentially would have implications for visitor numbers and the local economy.	25	100%			25		
COM89	A prosperous Wales	IP3	MSR	Reduction to Highways - Carriageway budget	Reduction of this level of funding will mean that the number of streets able to be treated will be reduced and the likelihood of priority to main roads rather than residential streets that may be subject to more temporary repairs and increased times before more significant treatment. May result in increased complaints.	180	100%			180		
COM96	None	IP2	SUR	WG National AHP Waste Programme - capital contribution from WG towards 7.5 tonne vehicle to collect AHP recycling	This would require Contract Variation negotiations with Kier to confirm the saving levels proposed based on a reduction in costs in relation to the current AHP vehicle that is leased	58	24%		14			
COM97	None	IP3	SUR	The lease for Sunnyside House expires on 31/03/21 - savings will be made from this date.	No impact on service provision.	309	100%			309		
<b>Total Communities Directorate</b>									<b>646</b>	<b>973</b>	<b>0</b>	<b>223</b>

**CHIEF EXECUTIVES**

CEX1	A healthier wales	IP3	SUR	Efficiencies from Shared Regulatory Service	May require restructuring within service and impact on response times, but will be managed across the 3 participating Councils and will aim to minimise impact.	1,423	3%	111	37			
CEX11	None	IP3	SUR	The expansion of the shared internal audit service has created efficiencies resulting in reduced contribution for BCBC	No impact on service provision	311	13%		40			
CEX12	None	IP3	SUR	Reduction of HR staffing budgets	Potential reduction of posts and redundancy costs	1,630	3%		44			
CEX13	None	IP3	SUR	Reduction of Partnerships Services budgets - savings achieved through software rationalisation and removal of vacancies within the ICT service unit	Minimal service impact as savings a result of vacancies and efficiencies	6,679	3%		200			
CEX15	None	IP3	SUR	Reduction of Legal fees budgets	Minimal impact	427	19%		80			
CEX16	None	IP3	SUR	Reduce Members' training budget	Less training opportunities for elected members.	14	51%		7			
CEX17	None	IP3	SUR	Reduction of Business Support staffing budgets	Potential reduction of posts and redundancy costs	957	10%		100			

Budget Reduction Proposals 2020-21 to 2023-24

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2019-20 £'000	Total Budget Reduction 2020-2024 as % of 2019-20 Budget	2019-20 Budget Reductions £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000
EX19	A prosperous Wales	IP2	MSR	Close the CCTV service provided by BCBC	Potential impact on community safety and crime levels across the Borough	369	81%			300		
				<b>Total Chief Executive's Directorate</b>					508	300	0	0

**CORPORATE / COUNCIL WIDE**

CWD9	None	NONPTY	SUR	Reduction in funding required for Apprenticeship Levy	No impact as budget historically been higher than required.	700	7%		50			
CWD 11	None	NONPTY	SUR	Reduction in the budget to cover the cost to the Council of the outstanding liability for Employers Liability, Public Liability and Property following favourable insurance contract renewals in previous years.	No impact as favourable insurance contract renewals have been achieved, however no mitigation available for potential increases to premiums in future years.	1,588	9%		150			
				<b>Total Corporate / Council Wide</b>					200	0	0	0

<b>GRAND TOTAL REDUCTIONS</b>									2,413	3,464	1,163	1,178
<b>ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)</b>									2,413	9,178	8,962	8,740
<b>REDUCTION SHORTFALL</b>									0	5,714	7,799	7,562

1,023	309	0	0
996	1,941	955	955
394	1,214	208	223
2,413	3,464	1,163	1,178

**FEES AND CHARGES PROPOSALS 2020-21**

**APPENDIX C**

Type of Charge	Comment	Detail of Revised / New Fee or Charge
<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>		
Adult Social Care	<p>Whilst charges are adjusted annually in light of the anticipated year's costs of providing services, it is a requirement that the charges reflect the actual costs of delivering services. It is therefore not possible to increase costs simply on the basis of an inflationary amount. Irrespective of the calculated charges for services, the amount an individual pays for any services is based on a financial means test, and for non-residential services is capped in line with The Care and Support (Charging) (Wales) Regulations irrespective of the total cost of all services provided to an individual. Welsh Government has advised that the current cap of £90 (applicable from 8 April 2019), may increase to £100 per week from 6<sup>th</sup> April 2020 however this is still subject to Welsh Government approval.</p>	<p>There are a wide range of fees and charges levied across the service that will be considered separately for approval under delegated power, in some instances following agreement with service providers.</p>
<b>COMMUNITIES DIRECTORATE</b>		
<p>'Shopmobility'</p> <p>Daily charge for the use of shopmobility equipment</p> <p>Annual membership joining/renewal charge</p>	<p>Following a Cabinet report on the 21<sup>st</sup> January 2020 considering the Bridgend Shopmobility service, approval has been given to introduce a charging regime for the 'Shopmobility' provision in Bridgend, with new charges being introduced from 1<sup>st</sup> April 2020.</p> <p>These charges consisting of a daily use charge and an annual membership/joining charge.</p>	<p>Equipment charge £3 per day</p> <p>Annual membership Joining/renewal £5</p>

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## DIRECTORATE BASE BUDGETS BY SERVICE AREA

	Revised Budget 2019-20	Specific Transfers to/(from) WG	Inter Directorate Transfers	Pay/Prices/ Demographics	Adjustments for virements within Directorates	Budget Pressures 2020-21	Budget Reduction Proposals 2020-21	Revenue Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>BASE BUDGET BY SERVICE AREA</b>								
<b>Central Education &amp; Family Support</b>								
INCLUSION	2,407	13	-19				-87	2,314
FOUNDATION	1,001		-1				-10	990
YOUTH SERVICE	451		-7					444
TRANSITION								0
POST-14			-2					-2
STATUTORY ADVICE & PSYCHOLOGY	367		-5					362
EMOTIONAL HEALTH & BEHAVIOUR	1,790	21	-7	46				1,850
SCHOOL IMPROVEMENT	622		-1				-17	604
SCHOOLS MUSIC SERVICE	18	10						28
ADULT LEARNING	133		-4					129
SKILLS	107		-9					98
STRATEGIC PLANNING & RESOURCES	3,715		-2	18				3,731
BUSINESS STRATEGY & SUPPORT	290		-4				-50	236
SUPPORT FOR CHILDREN&LEARNERS	6,656		-51			356	-75	6,886
COMMISSIONING & PARTNERSHIPS	1,522	1	-34					1,489
STRATEGIC MANAGEMENT	1,495		-4					1,491
YOUTH OFFENDING SERVICE	361		-11					350
HEALTH & SAFETY	384		-5					379
	<b>21,319</b>	<b>45</b>	<b>-166</b>	<b>64</b>	<b>0</b>	<b>356</b>	<b>-239</b>	<b>21,379</b>
<b>Schools</b>								
SCHOOL DELEGATED BUDGETS	95,546	2,121	-298	808		1,375		99,552
	<b>95,546</b>	<b>2,121</b>	<b>-298</b>	<b>808</b>	<b>0</b>	<b>1,375</b>	<b>0</b>	<b>99,552</b>
<b>Social Services &amp; Wellbeing</b>								
OLDER PEOPLE	20,175	80	-84		-354	285	-275	19,827
ADULT PHYS DIS/SENS IMPAIRMENT	4,510		-16		-53			4,441
ADULTS LEARNING DISABILITIES	15,718		-52		356	5	-90	15,937
ADULTS MENTAL HEALTH NEEDS	3,471		-24		11			3,458
OTHER ADULT SERVICES	223		-2		5			226
ADULT SERVICES MGT & ADMIN	3,442		-77		-117	100	-325	3,023
RECREATION AND SPORT	5,162		-7		9		-130	5,034
CHILDREN'S SERVICES	18,876		-91		143	20		18,948
	<b>71,577</b>	<b>80</b>	<b>-353</b>	<b>0</b>	<b>0</b>	<b>410</b>	<b>-820</b>	<b>70,894</b>
<b>Communities</b>								
DIRECTOR - COMMUNITIES	146		-2			3		147
PLANNING & DEVELOPMENT	438		-17		-9	85		497
STRATEGIC REGENERATION	1,383		-8		-34	373	-15	1,699
HEAD OF OPERATIONS- COMMUNITY SERVICES	122		-1		0	2		123
ECONOMY, NATURAL RESOURCES & SUSTAINABILITY	912		-9		37	9	-77	872
CLEANER STREETS & WASTE CONTRACT	10,101		-19	3	6	128	-66	10,153
HIGHWAYS AND FLEET	6,974		-25	13	-27	1,877	-51	8,761
PARKS & PLAYING FIELDS	2,142		-17	5		121	-69	2,182
TRANSPORT ENGINEERING O	570		-21	3		88	-18	622
CORPORATE LANDLORD	77		-1					76
STRATEGIC ASSET MANAGEMENT	2,384		-9	18	25		-326	2,092
TOTAL FACILITIES MANAGEMENT	539		-22	3	2		-24	498
CAPITAL DESIGN & DELIVERY	74		-6					68
	<b>25,862</b>	<b>0</b>	<b>-157</b>	<b>45</b>	<b>0</b>	<b>2,686</b>	<b>-646</b>	<b>27,790</b>
<b>Chief Executive's</b>								
CHIEF EXECUTIVE	511		-2					509
INTERNAL AUDIT	271							271
FINANCE	3,248		-45			37	-40	3,200
PERFORMANCE	179		-2					177
HR&ORGANISATIONAL DEVELOPMENT	1,622		-17			229	-44	1,790
TRANSFORMATION	426		-10				-40	376
COMMUNICATION AND ENGAGEMENT	1,598		-12					1,586
LEGAL SERVICES	1,721		-17				-80	1,624
DEMOCRATIC SERVICES	1,581		-4				-7	1,570
PROCUREMENT	279		-3					276
REGULATORY SERVICES	1,434						-37	1,397
ELECTIONS	139		-1					138
ICT	3,498		-22				-160	3,316
HOUSING & COMMUNITY REGEN	1,132		-6					1,126
BUSINESS UNIT	983		-11				-100	872
	<b>18,622</b>	<b>0</b>	<b>-152</b>	<b>0</b>	<b>0</b>	<b>266</b>	<b>-508</b>	<b>18,228</b>
<b>Service Base Budgets</b>								
	<b>232,926</b>	<b>2,246</b>	<b>-1,126</b>	<b>917</b>	<b>0</b>	<b>5,093</b>	<b>-2,213</b>	<b>237,843</b>
CAPITAL FINANCING	7,329							7,329
LEVIES	7,406					53		7,459
REPAIRS & MAINTENANCE	870							870
COUNCIL TAX REDUCTION SCHEME	14,854			400				15,254
APPENTICESHIP LEVY	700						-50	650
PENSION RELATED COSTS	430							430
INSURANCE PREMIUMS	1,588						-150	1,438
OTHER CORPORATE BUDGETS	4,706	196	1,126	8,047		1,537		15,612
	<b>37,883</b>	<b>196</b>	<b>1,126</b>	<b>8,447</b>	<b>0</b>	<b>1,590</b>	<b>-200</b>	<b>49,042</b>
<b>Council Wide Budgets</b>								
	<b>270,809</b>	<b>2,442</b>	<b>0</b>	<b>9,364</b>	<b>0</b>	<b>6,683</b>	<b>-2,413</b>	<b>286,885</b>

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## APPENDIX E

## 2020-21 DIRECTORATE BASE BUDGETS IN LINE WITH WELLBEING OBJECTIVES

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<b>Service Budgets</b>	<b>Supporting a Successful Sustainable Economy</b>	<b>Helping People &amp; Communities To Be More Healthy &amp; Resilient</b>	<b>Smarter Use Of Resources</b>	<b>Core Services &amp; Statutory Functions</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Education & Family Support	6,490	1,058	566	13,265	21,379
Schools	41,499	0	0	58,053	99,552
Social Services and Wellbeing	13	53,313	215	17,353	70,894
Communities	5,903	1	2,944	18,942	27,790
Chief Executive's	-7	1,126	956	16,153	18,228
Council Wide Budgets	304	47	0	48,691	49,042
<b>NET BUDGET REQUIREMENT</b>	<b>54,202</b>	<b>55,545</b>	<b>4,681</b>	<b>172,457</b>	<b>286,885</b>

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## RESERVES AND BALANCES PROTOCOL

### 1. Background

- 1.1 Bridgend County Borough Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this protocol is to set out how the Council will determine and review the level of its Council Fund Balance and Earmarked Reserves. The protocol has regard to LAAP Bulletin 99 'Local Authority Reserves and Balances', issued in July 2014.
- 1.2 The requirement for local authorities to hold financial reserves is acknowledged in statute. Reserves are one component of an authority's medium-term financial planning—other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. These decisions are inter-linked. This means that, to ensure prudent financial management, some authorities will need to maintain reserves at higher levels than others.
- 1.3 Section 32 and 43 of the Local Government Finance Act 1992 require local authorities in Wales to have regard to the level of reserves needed to meet estimated spending when calculating the budget requirement. Section 25 of the Local Government Act 2003 requires:-
- the Chief Finance Officer to report to Members on the budget including the adequacy of reserves; and
  - Members to have regard to the Chief Finance Officer's report in making their decisions.
- 1.4 As a result, in reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the Council Fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).
- 1.5 In November 2018, Alun Davies, the then Cabinet Secretary for Local Government and Public Services, issued a Statement which said "it is prudent to build up and hold reserves for specific purposes, including transforming services to meet the continuing financial pressures, which I recognise Councils face...I believe that local authorities in Wales will wish to use their reserves strategically to drive forward the change required to deliver essential services to communities. They will need to consider how to use available funds to work with others to deliver longer term efficiencies".

### 2. Types of Reserve

- 2.1 The Council will maintain the following usable reserves:

Nature of Reserve	Description
Council Fund	to manage the impact of uneven cash flows and unexpected events or emergencies;
Earmarked Reserves	to meet known or predicted requirements and include Directorate and Contingency Reserves. Earmarked Reserves will be established on a "needs" basis, in line with planned or anticipated requirements;
Delegated School Balances	these represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council;
Equalisation & Grant Reserves	to facilitate the carry forward of grants, where permitted, or to spread the costs incurred in a particular future year over the period of the Medium Term Financial Strategy (MTFS);
Capital Receipts Reserve	this has been shown for completeness as it forms part of the Usable Reserves of the Council. Capital Receipts are available to finance capital expenditure in future years.

- 2.2 The Council will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts. These are called Unusable Reserves. The Council's unusable reserves are the Capital Adjustment Account, the Revaluation Reserve, Pension Reserve,

Short-term Accumulating Compensated Absence Account and the Financial Instruments Adjustment Account. These will not be referenced within this Protocol.

### **3. Regulatory Framework**

- 3.1 It is the responsibility of the CFO to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. CIPFA do not accept the case for introducing a generally applicable minimum level of reserves either as an absolute amount or a percentage of budget. It is for the local authority to make their own judgements based on relevant local circumstances.
- 3.2 For each Earmarked Reserve there needs to be a clear protocol setting out:-
- The reason for / purpose of the Reserve
  - How and when the Reserve can be used
  - Procedures for the management and control of the Reserve
  - A process and timescale for review

### **4. Principles to Assess the Adequacy of Reserves**

- 4.1 The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, or Council Fund, the CFO will have regard to:
- the strategic financial context within which the Council will be operating through the medium-term;
  - the overall effectiveness of governance arrangements and the system of internal control;
  - the robustness of the financial planning and budget-setting process;
  - the effectiveness of the budget monitoring and management process.
- 4.2 CIPFA guidance on Local Authority Reserves and Balances advises that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget is approved. Within the Council's Medium Term Financial Strategy (MTFS), there are a number of main principles that relate to reserves. These are detailed below:-

#### **MTFS Principle 9**

**The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools**

The Council Fund balance provides resources for purposes such as general contingencies and cash flow management. It acts as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to cushion the impact of unexpected events or emergencies. This is in accordance with CIPFA's Guidance Note on Local Authority Reserves and Balances. The Council Fund balance at the 31 March 2018 was £8.776 million (£8.347 million 17-18). This represents 4.98% of the net budget excluding school delegated budgets. It also equates to 2.53% of Gross Revenue Expenditure (GRE) compared to a Welsh average of 2.76% for the same period.

#### **MTFS Principle 4**

**The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities**

The Council holds a number of earmarked reserves to cover potential liabilities or for unforeseen events and include the Insurance Earmarked Reserve and a Major Claims Reserve. These are reviewed throughout the year and the balances are adjusted at the end of the financial year based on the most up to date information of potential outstanding liabilities. This process includes analysis of external assessments or actuary reports on the levels needed for the insurance or pension funds. The Council also holds an Insurance Provision to meet the estimated cost to the Council of outstanding liabilities for Employer's Liability, Public Liability and Property.

### **MTFS Principle 8**

**Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource**

The principle allows for the use of balances where there is to be an equivalent saving in the following year. There are a number of Earmarked Reserves that have been established specifically relating to this principle. For example, the funding of new Information Technology to make services more efficient in the future. These reserves will be utilised over the forthcoming financial year.

### **MTFS Principle 10**

**Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals**

In order to support sound option appraisals, a Capital Feasibility earmarked reserve has been created. Capital investment is intrinsic in the MTFS and as a result there are also Earmarked Reserves that support asset management planning, fund capital minor works in relation to health and safety and one specifically to support major schemes within the Capital Programme of the Council. Additions have been made during 2019-20 to provide for significant capital pressures over the MTFS period.

### **MTFS Principle 7**

**Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays**

The MTFS proposed the establishment of a Change Management Programme Earmarked Reserve specifically to support delivery of the Corporate Plan and MTFS. There are also some other earmarked reserves which are supporting service reconfiguration and digital transformation.

The current financial landscape demands that significant savings need to be made in order to deliver a sustainable budget. It is therefore prudent to have reserve levels to provide a buffer or a safeguard during uncertain times. An Earmarked Reserve has been established at a level determined annually following an assessment of budget reductions categorised as 'red' and deemed material within the MTFS. This will provide additional capacity for discretionary use by the CFO to manage inescapable problems with delivery.

## **5. Establishment and Monitoring of Reserves**

- 5.1 In considering specific reserves, the CFO will have regard to matters relevant in respect of each reserve, and will advise the Council accordingly. The process for the determination of Directorate reserves will be based upon the principles of effective financial management. The agreement of business cases will be determined by the CFO, having considered the recommendations of the Corporate Management Board.
- 5.2 Directorate Finance Officers are issued with details of how to apply for Earmarked Reserves within the Closing of Accounts Pack for the financial year. The requested amount must be material and should be restricted in number to those considered to be of key importance. Subject to these criteria being met, the Directorate will be informed of whether the requests have been approved.
- 5.3 The Finance Senior Management Team will review the establishment, monitoring and the level of Corporate Reserves. These include Specific Contingency Reserves, Capital Development or Asset Related Reserves and MTFs Reserves. The meetings will examine evidence from external information such as actuary reports or insurance and risk management assessments; changes in legislation; new emerging risks or capital initiatives. The establishment of the Earmarked Reserves, both Directorate and Corporate, is authorised by CFO and reported to Cabinet within the Quarterly Monitoring Reports during the financial year and within the Statement of Accounts for any set up at the end of the financial year. The draft accounts are presented to Audit Committee following the end of the financial year. They are then scrutinised by External Audit and a revised post-audit Statement of Accounts is reported to Audit Committee and published on the Council's website in accordance with the Accounts and Audit (Wales) Regulations.
- 5.4 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised, through normal monitoring reports. Reserves can only be used once and should not be held to fund ongoing expenditure (MTFS Principle 8). This would be unsustainable as, at some point, the reserves would be exhausted. To the extent that reserves are used to meet short term funding gaps, they must be replenished in the following year. However, Earmarked Reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.
- 5.5 All Earmarked Reserves are recorded on a central schedule held by the Financial Control and Closing Team which lists the various Earmarked Reserves and the purpose for which they are held. The schedule sets out the opening balances for the year, additions/withdrawals and the closing balance. Any appropriations to or from Earmarked Reserves are controlled by this Team. Evidence of expenditure incurred at period 6, period 9 and year-end will be required from Directorate Finance Officers. The drawdown from reserves will be included within the Quarterly Monitoring Reports to Cabinet. Appropriate working papers for each reserve are produced at year-end and provided to the External Auditor to support the disclosures within the Statement of Accounts.

## **6. Summary of Specific Provisions and Balances**

- 6.1 As well as the Council Fund and Earmarked Reserves, there are a number of specific provisions and balances as follows:-

### **a) Delegated School Balances**

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council. School balances were only £614,000 at 31 March 2019. Current projections suggest that these balances will be significantly depleted by 31 March 2020 as more schools fall into a deficit position and projections suggest a deficit reserve of £1,090,000.

### **b) Specific Provisions**

The Council holds provisions for unforeseen events with the major one being to meet the total outstanding liability of Bridgend's self -insurance fund based on a professional analysis of the claims outstanding for Employer's Liability, Public Liability and Property. The current projections suggest that the balance on the provisions will remain at around £1.881 million by 31 March 2020.

## 7. Summary of Earmarked Reserves

7.1 A summary of the Earmarked Reserves are detailed below:-

### a) Corporate Reserves

These reserves include Change Fund, Feasibility and Capital reserves and are for planned developments in the forthcoming years, such as 21<sup>st</sup> Century Band B schools, Waste recycling, ICT and Financial Systems and Adult Social Care developments. These reserves will be increased at year-end to meet any agreed funding arising from planned under spends within Directorates. Any reserves that are no longer required will be released back into the general revenue budget. Some of these reserves are used over a number of financial years.

### b) Directorate Earmarked Reserves

These reserves have been created for specific pressures or priorities, such as pressures from Looked After Children, Road Safety works and City Deal.

### c) Equalisation and Grant Earmarked Reserves

These reserves ensure that expenditure that is incurred in a particular future year is smoothed over the period of the MTFS. These include the costs of elections, Building Control Costs, Special Regeneration Fund projects and the preparation of the Local Development Plan. In addition, where carry forward has been approved, the income is recognised in the Council's Income and Expenditure statement but the unused funds are held within these earmarked reserves.

7.2 The table below sets out the forecast movement in the Council's Earmarked Reserves by the end of the financial years 2019-20 and 2020-21. It is based on estimates of expenditure at period 9 projected forward to year end for 2019-20 and where expenditure is forecast for 2020-21 this is also included. It does not include the potential increase of reserves for 2019-20 at year-end.

Opening Balance 01/04/19	Reserve	Net Additions/ Re-classification	Draw-down	Unwound	Projected Closing Balance 31/03/20	Projected Movement 2020/21	Projected Closing Balance 31/03/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Corporate Reserves:</b>						
(9,243)	Education & Family Support	-	2,136	49	(7,058)	1,123	(5,935)
(841)	Social Services & Wellbeing	-	36	-	(805)	200	(605)
(7,397)	Communities	(2,597)	1,892	313	(7,789)	3,768	(4,021)
(5,415)	Chief Executives	(4,000)	1,636	47	(7,732)	1,394	(6,338)
(13,833)	Non-Directorate	2,240	770	248	(10,575)	50	(10,525)
<b>(36,729)</b>	<b>Total Corporate Reserves</b>	<b>(4,357)</b>	<b>6,470</b>	<b>657</b>	<b>(33,959)</b>	<b>6,535</b>	<b>(27,424)</b>
	<b>Directorate Earmarked Reserves:</b>						
(634)	Education & Family Support	-	-	-	(634)	-	(634)
(1,854)	Social Services & Wellbeing	-	187	-	(1,667)	42	(1,625)
(2,539)	Communities	(652)	971	100	(2,120)	1,456	(664)
(2,770)	Chief Executives	(125)	155	-	(2,740)	75	(2,665)
<b>(7,797)</b>	<b>Total Directorate Reserves</b>	<b>(777)</b>	<b>1,313</b>	<b>100</b>	<b>(7,161)</b>	<b>1,573</b>	<b>(5,588)</b>
	<b>Equalisation &amp; Grant Earmarked Reserves:</b>						
(850)	Education & Family Support	(7)	857	-	-	-	-
(1,634)	Communities	(13)	-	-	(1,647)	183	(1,464)
(483)	Chief Executives	7	-	-	(476)	54	(422)
<b>(2,967)</b>	<b>Total Equalisation Reserves</b>	<b>(13)</b>	<b>857</b>	<b>-</b>	<b>(2,123)</b>	<b>237</b>	<b>(1,886)</b>
<b>(614)</b>	<b>School Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(614)</b>	<b>-</b>	<b>(614)</b>
<b>(48,107)</b>	<b>Total Usable Reserves</b>	<b>(5,147)</b>	<b>8,640</b>	<b>757</b>	<b>(43,857)</b>	<b>8,345</b>	<b>(35,512)</b>

NB: Differences due to rounding of £'000s

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**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
1	In terms of Legal and Procurement's obligations to the MTFS, the panel recommended that that funding is increased to address, for example, specific support to new initiatives e.g. Community Asset Transfer Scheme (CATS).	With regard to ensuring that appropriate resource is made available to progress CAT across the Council a business case has been prepared by the CAT officer to increase capacity and enable the CAT process to be accelerated. This includes proposals to increase resource in the relevant areas of property and legal, and the change management fund has been increased accordingly to allow appropriate bids for funding to be supported.	Corporate Management Board to approve the business case March 2020, to allow implementation early in the new financial year when it is anticipated there will be an increase in demand to progress CAT.
2	The Panel therefore recommend to Cabinet that there needs to be further work done to break the silo approach to budgeting.	There has been a significant change in approach over recent years to ensure that the whole budget, and its implications, are considered jointly by Cabinet/CMB. Cabinet believe therefore that the 'One Council' approach is largely adopted in setting the budget but recognise that there is always more that can be done and will endeavour to continue to work with the Chief Executive and senior managers to ensure this happens.	The budget setting process for the 2021/22 budget will start initially in June 2020 and the principle of operating as 'One Council' will be reinforced as a key priority and principle
3	The Panel recommends that Cabinet and CMB review statutory and non-statutory services with particular emphasis on non-statutory preventative services being beneficial and cost effective to the Authority.	The distinction between statutory and non-statutory services is not always a helpful one in determining priorities. It is recognised that what is more important is understanding and evidencing the impact of services. Certainly, for example, some of the early intervention non statutory services in both Education and Social Care have demonstrable impact in managing and preventing demand for some of the statutory services in those areas. Cabinet and CMB will continue to review the impact of various interventions and ensure that investment is made in those services that are most cost effective and make the most difference.	This process is ongoing but informed by some of the performance information that will become available at the end of quarter 3 and the year end, quarter 4, corporate performance assessment.

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
4	The Panel recommend to Cabinet that they review the Authority's financial relationship with partners, especially within the Community Safety Partnership.	There are clearly some examples where the potential to seek greater financial contributions from relevant partners should be considered and potentially pursued. For example: contributions towards the costs of operating the CCTV service (already being pursued with the police), the post 16 school transport service and numerous examples where town and community councils might reasonably make a contribution towards sustaining or enhancing a service. These will continue to be explored thoroughly as part of the annual budget setting process and as part of the ongoing relationship and collaboration arrangements with partners.	Ongoing as part of existing partnerships and collaborations.
5	BREP therefore recommend to Cabinet to establish a more strategic approach to working in partnership with TCC's to support the MTFS.	The Chief Executive has prepared a paper, that has been agreed by Group Leaders, seeking to review and change the nature of the existing Town and Community Council Forum and potentially create a ' Board ' with an annual work programme to enable the Council and Town and Community Councils to work better in partnership, with agreed strategic priorities.	Initial paper to be presented to March Town and Community Council Forum and implemented for the next financial year subject to the input and agreement of T and CC's.
6	BREP considers the outcome of the scrutiny process with regards to CAT in the financial year 2020/21 and that Cabinet endorses this recommendation.	The CAT process was fully reviewed during the 2019/20 financial year resulting in streamlining of the process to make it simpler and quicker. This new process has not yet had the opportunity to bed in but Cabinet are content that BREP continue to monitor and look at the success of CAT through 2020/21 and recommend where they think further improvements can be made, as real transfers emerge.	Ongoing through 2021/22 as part of the BREP process.

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
7	That BREP considers the outcome of the scrutiny process with regards to the consultation process in relation to Home to School Transport and advises Cabinet/CMB on any issues that could be discussed outside of the Scrutiny process and that Cabinet/CMB support this.	The proposals to amend the local authority's Home-to-school/College Transport Policy has followed good practice guidance in offering a full 12-week public consultation with bespoke engagement with learners. This follows the same approach that the local authority took in 2014 when the policy was previously consulted upon. Scrutiny will be presented with the outcome of this consultation in March 2020 to review the approach and provide recommendations to Cabinet as part of their consideration on the policy proposals and consultation report.	31 <sup>st</sup> March 2020
8	The Panel recommend that Cabinet ask the Corporate Director, Education and Family Support to review KS2 PAN to allow some flexibility where children are refused entry to their closest school and therefore putting extra pressures on the family to transport their children to a school further away with the costs being passed onto the Authority.	The local authority has a statutory duty to ensure the effective and efficient education of all pupils. The published admission number (PAN) of a school is directly related to the capacity of the school. Any decision to breach the PAN should not be taken lightly and the School Admissions Code 2013 identifies that the admission number reflects the school's ability to accommodate pupils and it should not be exceeded other than in exceptional circumstances. Although there are pressures on places within certain year groups in primary schools in Bridgend, no school is currently at capacity. The additional financial pressure of transporting pupils to alternative schools cannot be considered as an exceptional circumstance to admit over a school's PAN.	Ongoing

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
<b>8 cont.</b>		<p>It is not uncommon for local authorities to transport pupils to schools that are not their nearest suitable schools especially when these pupils have been admitted as 'in-year transfers'. The local authority is unable lawfully to hold back places for pupils for in-year admissions on the basis of, for example, a house move. There has not been a significant escalation and therefore cost of the need for school transport for pupils refused admission to the nearest suitable school to other schools in the county borough.</p> <p>The School Modernisation Team is currently leading on a school capacity review to assess whether additional capacity can be secured from the existing accommodation at each school (eg by using intervention spaces as teaching spaces). Additionally, there are proposals to expand capacity through Band B of the 21<sup>st</sup> Century Schools Modernisation Programme.</p>	
<b>9</b>	That Cabinet continues to support schools with deficit budgets but looks to extend this support by engaging with schools at the initial budget planning process.	Education and Family Support and Finance officers will continue to support schools with the financial management process. Termly meetings are held with headteachers and governors from schools in deficit budget positions. Support is provided during the deficit budget setting process and schools are actively involved when monitoring progress, additional support is provided from the Directorate where possible.	Ongoing

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
10	Cabinet considers a political approach to the WG Minister for Finance and Trefynydd to discuss the current management of grant funding. A Pan Wales approach could be taken to ensure some of this grant funding could be included in the revenue support grant.	Work has been undertaken on reviewing the quantum and spread of our grants. Inevitably there will be timing issues and restrictions on the use of grants, particularly in some cases the short term nature of the funding. Representations are made through the Society of Welsh Treasurers and the WLGA to streamline grants wherever possible and to give more certainty on longer term funding. We are working with the WG on funding flexibilities.	
11	That Cabinet and CMB ensure that all previous recommendations on charging are delivered and take a fresh look at commercial opportunities to support the MTFS.	The Council continues to look proactively at commercial opportunities. Currently, for example, there are a number of property and energy related schemes that are being explored but clearly the terms of any financial agreement and the risk profile has to be right for the Council and meet the principles of its capital strategy. One of the challenges remains weighing up the amount of time and resource that is necessary to pursue commercial opportunities against the likely commercial return and a number of proposals have been rejected in previous years for this reason. Sometimes for smaller schemes it is difficult to prioritise speculative projects when the capacity in areas such as Property, Energy and Street Scene are already very stretched.	Cabinet is happy to receive from BREP and scrutiny any specific suggestions for commercial consideration as part of the 2021/22 budget setting process.

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
	<b>Social Services and Wellbeing</b>		
1.1	RE SSW26, particularly in respect of Bridgend Resource Centre, the committee would welcome further investigation into the quality of provision and the efficacy of the current approach, which should be one council.	<p>BRC provides a day service for 50 young adults with very complex needs and 8-12 people with advanced dementia. The day service has 1 manager, 2 team leaders, 6 assistant team leaders and 30 day support workers. The management structure is 4% of the overall day services budget whereas a few years ago the management structure was 16% of the overall budget. The Service has recently revised the service principles and have a new quality audit tool which will commence in March 2020. There have been no reported issues of the quality of care or support delivered at the Centre. The resource centre is equipped to deal with complex conditions and complex behaviours and the staff are all trained up to at least QCF level 2 although most staff have a QCF 3 and some have level 5.</p> <p>The building is a key feature of the success of the model. It has been purpose built to a very high specification and is therefore able to effectively manage high risk behaviours. E.g. managing the risk of people wandering off/leaving the building by a very advanced door control system. It has also proved to be a cost effective model. This model for those individuals with very complex needs was initiated in order to provide an improved quality provision and better outcomes for individuals as well as being cost effective. It would not be cost effective to re-produce the Bridgend Resource Centre model elsewhere.</p>	Development of alternative day time opportunities to continue with close financial monitoring by Group Manager and Head of Service



**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	Scrutiny Committee Recommendations	Cabinet Response	Action to be Completed by
	<b>Social Services and Wellbeing</b>		
1.1 cont.		<p>There are also a number of people with a learning disability who receive day time support from the independent sector. The cost of this is under close scrutiny as there has been an increase in costs over the last 12 months. The individuals have received a very individual and at times bespoke service which has been of a high standard but this has not been cost effective. The service has recently reviewed the care needs to those attending the Centre and as a result have identified 12 individuals who are going to be introduced to a community daytime service. This will free up places for 12 people who are currently within the independent provision. This will in turn have a positive impact on the budget.</p> <p>There are a further number of people with a more moderate learning disability who receive day time support closer to the community in which they live and there are 4 bases across the Borough where people are able to attend and get the support that they have been assessed as needing. The service is currently reviewing the day time model which make sure that assessment of need are based on a preventative and strength based approach. As result there are now a range of alternative support and community options available to people with a learning disability. Development in this area will continue.</p>	

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
	<b>Communities</b>		
2.1	In respect of budget pressure COM10 Members asked that the £2m realm fund prioritise gully and culvert maintenance in particular.	It is intended that investment will be made in improvements to gulleys and culverts as part of the programme of works to invest an additional £2 million in the 'public realm' across the County Borough. It should be noted however that not all gulleys and culverts are on Council land or the responsibility of the Council to maintain so we are also working with relevant partners such as V2C Housing to ensure that they properly understand and carry out their maintenance responsibilities.	The proposed programme of work for the 2020/21 'public realm' fund is currently being prepared by officers for approval by the Cabinet Member prior to the start of the 2020/21 financial year.
2.2	Regarding COM42a Members recommend that condition surveys should be completed on all assets to ensure the condition of the asset is known before being handed over. Members also asked for confirmation on how these assets will be monitored and what strategy is in place if an asset is seen to be deteriorating.	Condition surveys are in the process of being carried out for all building assets that have been identified as priorities for CAT, such as parks pavilions. In addition it is proposed to make a high level assessment of other assets such as playing fields to better understand their current state and investment requirement. It is proposed that all CAT is on the basis of full repairing responsibility passing to the relevant group or town and community council under the terms of a lease or licence.	Ongoing as part of the approved CAT process.

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
<b>2.2 cont.</b>		The Council will continue to monitor the assets under the terms of the lease and reserve the right to step in if it clear that assets are deteriorating. However, the whole basis of CAT is that it is in the interests of the relevant club(s) or group to ensure that the assets are maintained to a standard that they remain in beneficial use. It should be noted that the alternative that the Council is proposing in the absence of CAT for some facilities is that often those assets would close and not be maintained anyway as there would not be the financial resource to do so.	
	<b>Education and Family Support</b>		
<b>3.1</b>	In respect of EFS1 and EFS41 Home to School Transport, Post 16 Education and the School Modernisation Programme with the development of new schools and its impact on existing catchment areas and Section 106 Agreements there needs to be a one Council approach with officers from Education, Planning and Finance working in a holistic manner to provide footways and crossing points thereby negating the reliance on and the cost of school transport. That safe routes to school be part of the review of Post 16 education.	Planning officers, finance officers and highway safety officers are closely integrated into the School Modernisation Programme's governance arrangements. Traffic impact assessments are developed for each scheme and include discharging the council's statutory responsibility to consider active travel arrangements. Schemes and the peripheral transport infrastructure supporting those schemes include specific requirements for active travel links into communities.	Ongoing

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	Scrutiny Committee Recommendations	Cabinet Response	Action to be Completed by
3.1 cont.		<p>However, there is no match funding from Welsh Government to support these initiatives from the School Modernisation Programme and must be paid for fully by the council. These active travel links need formal identification as available routes to school. However, as post-16 education is non-statutory, there is no legal basis to consider available routes to school in the context of post-16 learners.</p> <p>Officers will ensure that throughout the planning for Band B projects of the School Modernisation Programme, that there is early discussion with transport planning officers to assess and act on opportunities to bid for grant from Welsh Government to support additional active travel links where needed, to support new school builds and to reduce the burden on home-to-school transport.</p>	
3.2	A request be made to the Police to establish the differing levels of support the Police, PCSOs and School Liaison Officers provide to support schools across the County Borough.	Officers will work with colleagues in South Wales Police to develop this	30 <sup>th</sup> April 2020

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
3.3	In relation to EFS5 with regard to the increase in number of pupils eligible for free school meals, that it be established whether the Pupil Development Grant can be used for the provision of food for breakfast clubs.	There are set criteria on what the PDG Access grant can be used for and provision of food for breakfast clubs does not fall under the criteria.	
	<b>Chief Executive's</b>		
4.1	In relation to the consultation 'Shaping Bridgend's Future', Members suggested that future Budget Consultation's should include a caveat at the bottom stating that 'should the settlement be more generous, this could be subject to change' or similar.	A phrase could be included within the budget consultation document highlighting that the proposals could be subject to change if the final settlement is better or worse than the current projections.	To be included in the 2020/21 budget consultation in September 2020
	<b>Corporate Overview and Scrutiny</b>		
5.1	In relation to EFS41 the Committee expressed concern at the proposal to seek the full cost recovery of Post 16 transport as it believed its removal would impact on the economy and disadvantage pupils living in rural areas and in valley communities from accessing post 16 education due to the distances they would have to travel to attend lessons. The Combined Overview and Scrutiny Committee requested that Cabinet consider the removal of this budget reduction proposal from the Medium Term Financial Strategy until such time as the consultation on post 16 education had been completed.	This saving relates to the current policy proposal to remove the local authority's discretion to provide post-16 learners with free home-to-school or home-to-college transport. The view of Scrutiny Committee is noted and will be reported to Cabinet as part of the responses to the public consultation on this proposal.	30 <sup>th</sup> April 2020
5.2	In relation to budget reduction proposal EFS33 that Cabinet consider not removing escorts on primary school service with fewer than 8 pupils on the grounds of safety to the pupils, to protect the drivers of home to school transport and in the interest of road safety.	The view of BREP will be reported to Cabinet as part of the responses to the public consultation on this proposal.	30 <sup>th</sup> April 2020

**CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE ON BUDGET ISSUES**

	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>	<b>Action to be Completed by</b>
5.3	In relation to budget reduction proposal CEX19 a request be made to the Police and Crime Commissioner that the police consider making a contribution towards the funding of the CCTV service due to the use of CCTV footage by the police in detecting crime and in securing convictions. That the Authority explore working collaboratively with other local authorities on the provision of the CCTV service.	See earlier answer to number 4 of Corporate Scrutiny Recommendations. We are already in dialogue with the Police, and the Police and Crime Commissioner, both about directly getting an annual financial contribution towards the cost of operating the CCTV service but also about collaborating with other neighbouring authorities to share the cost of the service, now that the historic arrangement with the Vale of Glamorgan Council has ended.	It is anticipated that a formal response will be forthcoming from the Police before the end of this financial year now that their annual precept figure for the 2020/21 budget is known.
5.4	That the Authority continue to lobby the Welsh Government through the Welsh Local Government Association to fully fund the cost of legislative changes in order to alleviate those pressures and new responsibilities placed on local government to deliver the Welsh Government's agenda.	This is something that is a fairly continuous process, directly in terms of the Council's responses to consultations and through the WLGA where collectively the local authorities in Wales will make the case for local government to be properly funded, particularly when it seems that 'new burdens' emerge through legislation.	Ongoing process.
5.5	The Committee expressed that other agencies, particularly the NHS were not co-operating with the Authority in publicising the EU Settlement Scheme and requested that the Chief Executive raise this matter through the Public Service Board and Regional Partnership Board. Additionally, the Committee requested that the Chief Executive write to the Welsh Government requesting that it undertakes a media campaign to publicise the EU Settlement Scheme to encourage citizens to register to become UK citizens.	The feedback we have had is that this does not appear to be a particular problem in terms of other agencies cooperating with publicising the EU settlement scheme. However, there is always more that can be done and Cabinet will request that the Chief Executive writes to Welsh Government requesting further effort and publicity to promote the scheme.	March 2020

**CORPORATE RISK ASSESSMENT  
FEBRUARY 2020**

Page No.	IDENTIFIED RISK					ACTION PLAN											Well-Being Objective
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Who	Last Reviewed	Next Review	Action completed by	Residual risk score				
			Li	Im	Total								Li	Im	Total		
1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities.	4	5	20	Treat	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years.  Cabinet and Corporate Management Board have met regularly as part of the budget planning process for 2020-21 and beyond. This has focussed not only on the immediate requirement for an indicative £10 million savings for 2020-21 but also discussion to begin to shape a longer term strategy for the Council based on projected savings over the next 3-4 years.	CMB	Dec-2019	Mar-2020	Feb-2020 Then ongoing quarterly review	3	5	15	Smarter use of resources	
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of transformations in place that either directly support specific proposals for service improvement and /or financial savings. Further transformations have been identified that are intended to support a "One council culture" and support staff and managers through transformation.	Review and rationalisation of management activity.  Further development of a 'One Council' culture and transformational change has progressed since the appointment of a new Chief Executive, initially on an interim basis in January 2019 and then on a permanent basis in May 2019. Much work has been done to bring together Directorates and a real corporate approach by CMB. This is work in progress and there is still occasionally some inconsistency, but huge progress has been made in working as a unified team.  A review of Council processes has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. The Chief Executive's Directorate is being embedded to provide a coordinated and efficient corporate support service. The Human Resource/Occupational Development review will ensure, among other things, that managers are given the right training to meet current challenges and that a more balanced approach to promoting and enhancing the wellbeing of those staff in work is developed, as well as teaming with those who unfortunately are absent from work through sickness.	CMB	Dec-2019	N/A	Oct-2019	2	2	4	All Well-Being Objectives	



No.	IDENTIFIED RISK					ACTION PLAN										Well-Being Objective
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im	Total	
Page 180 3	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk - for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure and Waste.	No further actions to be commissioned at this stage.	CMB	Dec-2019	Mar-2020	Complete with ongoing review	3	4	12	All Well-Being Objectives
4	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	A revised capital strategy has been prepared and agreed by Council setting out capital spending plans and priorities for the next 10 years. The Capital Programme will be reviewed quarterly and will be updated by Cabinet and Council.	CMB	Dec-2019	Mar-2020	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
5	The council is unable to develop positive working relationships across all partners within the new region to ensure that the needs of the Bridgend community are fairly recognised in the immediate future.	If the council is unable to successfully build on the progress made, during the transitional year, of operating within a new region with the health Board, local government and third sector partners, there is a risk that appropriate care to citizens through new service models and relationships will be slowed down or not be delivered resulting in citizens receiving a less satisfactory service with poorer outcomes.	4	4	16	Treat	In April 2019 the council appointed a 2 year fixed term Programme Manager specifically to support Bridgend transition effectively into the new region. This has enabled Bridgend to influence and shape the new region by ensuring effective governance and appropriate membership on the Regional Partnership Board and the associated groups set up as part of regional arrangements. Bridgend are leading the regional work on reviewing the existing governance arrangements and ensuring that the necessary changes are made so that the processes will be fit for the future. Progress is being overseen by the Regional Partnership Board and a report will be provided to the RPB in March 2020. The Leader, Cabinet Member for SS and Early Help, the Cabinet member for WBFGA and the Corporate Director of SS & WB all sit on the RPB. There is a Senior Officer Group (TLG) that sits below the RPB and the Director and Programme Manager sit on this. Heads of Service and other Officers are working closely with their counterparts across the region. Good relationships have been established at political and senior managerial levels with the new Cwm Taf Morgannwg University Health Board and the Cabinet Member in an Independent CTB Board Member. By working with the new region, Bridgend has continued to receive Integrated Care Funding for a range of bids that have enabled either the continuation of previously funded services or assisted with the development of new service initiatives. In addition Bridgend has benefitted from the allocation of Transformation Funding from Welsh Government and actively contributes to the regional processes that are overseeing the allocation of the Transformation Funding which is reported to and scrutinised by Welsh Government.	Continue to work with the Health Board, local government and third sector partners to ensure processes are in place to develop regional approaches to service delivery. This includes effective management and monitoring of regional grant funding that is directed through the Partnership Board and the ongoing development of integrated services.	CMB	Dec-2019	Mar-2020	Apr-2020	2	4	8	Helping people and communities to be more healthy and resilient and smarter use of resources



No.	IDENTIFIED RISK					ACTION PLAN							Well-Being Objective			
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Who	Last Reviewed	Next Review	Action completed by		Residual risk score		
			Li	Im	Total									Li	Im	Total
Page 181 6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater safe self-reliance.	4	5	20	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads. All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly. Good management oversight with robust quality assurance and risk management arrangements will mitigate presenting risks.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department.  The full range of Safeguarding activities was reported to Overview and Scrutiny Committee on 3 July 2019.	CMB	Dec-19	Mar-2020	Completed with ongoing monitoring	2	5	10	Helping people and communities to be more healthy and resilient and smarter use of resources
							Inspection of Youth Offending by her Majesty's Inspectorate Probation (HMIP) has identified the need to ensure that all links between Youth Offending Services and other early help or social care services are effective and effectively documented. An action plan has been agreed by Cabinet and Corporate Management Board and rapid improvement will be made before an anticipated inspection in six months time. Significant work has been undertaken to mitigate risks associated with the Youth Justice Services. There is now an agreed protocol in place between Youth justice and Social Care services which details a set of actions to be monitored and steps to take where the systems potentially fails. The action plan is being closely monitored by the Management board with frequent updates to other strategic forums. A 'mock ' inspection undertaken by the Youth Justice Board in February 2020 indicates marked improvement in all areas.		Dec-19	Mar-2020	Jan-2020					
7	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees.  The council has established emergency planning arrangements including a Major Incident Plan and contributes to the SWLRF (South Wales Local Resilience Forum) and SWRT (South Wales Resilience Team). Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with GDPR ( General Data Protection Regulation), security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework.	Attendance at cyber resilience training.  The council responds appropriately to WLGA/WG/UK Government consultations and seeks to influence the development of any future regional investment programme, via informed discussions with WG  The situation is being monitored on an ongoing basis.	CMB		Mar-2020	Jan-2020  Ongoing	3	3	9	All Well-Being Objectives

No.	IDENTIFIED RISK					ACTION PLAN										Well-Being Objective
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im	Total	
Page 182 8	The council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of moral amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). This investment will be enhanced in 2020/21. In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed.		Dec-2019	Mar-2020	Ongoing				All Well-Being Objectives
							The staff survey has been completed and a range of actions implemented. These will improve engagement and feedback and shape the learning and development programme. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. e.g. WG and TUC. A further Staff Survey is currently underway.	CMB	Dec-2019	Mar-2020	Ongoing	3	4	12		
9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable.	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality.		Dec-2019	Mar-2020	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
							Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers is required and contingency planning has been progressed.		Dec-2019	Mar-2020	Ongoing					

**Control Method Definition**

Definition	Meaning
Treat	To continue with the activity, but at the same time take action to bring the risk to an acceptable level
Transfer	Transferring the responsibility of the risk to outside the Council.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

26 FEBRUARY 2020

#### REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

#### COUNCIL TAX 2020-21

##### 1. Purpose

- 1.1 The purpose of this report is to provide Council with details of the Council Tax requirement for the County Borough Council together with the requirements of the Police & Crime Commissioner for South Wales and Community/Town Councils.

##### 2. Connections to Well-Being Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following well-being objectives:-
1. Supporting a successful sustainable economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
  2. Helping people and communities to be more healthy and resilient – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
  3. Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.
- 2.2 The Council, as the billing authority, is required to formally approve the Council Tax for its area. Council tax collected from local residents makes up around one quarter of the funding for the Council's net revenue budget.

##### 3. Background

- 3.1 The final budget proposals have been placed before Council for approval as the Council has to calculate its budget requirement in accordance with Section 32 of the Local Government Finance Act 1992 and set the level of Council Tax for 2020-21.
- 3.2 Section 33 of the Local Government Finance Act 1992 requires billing authorities to calculate the basic amount of council tax in a financial year. Section 34 of the Act further requires the billing authority to calculate the basic amount of council tax for dwellings in those parts of its area to which one or

more special items relate, such as a Community/Town Council precept requirement.

#### 4. Current Situation / Proposal

- 4.1 Council is expected to approve the Bridgend County Borough Council budget for 2020-21 at its meeting on 26 February 2020, and the budget is shown in Table 1 below:

**Table 1: Net Revenue Budget 2020-21**

	<b>Revenue Budget 2020-21</b>
	<b>£000</b>
<b><u>Service Directorate Budgets:</u></b>	
Central Education & Family Support	21,379
Schools	99,552
<b>Education and Family Support</b>	<b>120,931</b>
<b>Social Services &amp; Wellbeing</b>	<b>70,894</b>
<b>Communities</b>	<b>27,790</b>
<b>Chief Executive's</b>	<b>18,228</b>
<b>Total Directorate Budgets</b>	<b>237,843</b>
<b><u>Corporate Budgets:</u></b>	
Capital Financing	7,329
Levies	7,459
Repairs and Maintenance	870
Council Tax Reduction Scheme	15,254
Apprenticeship Levy	650
Pension Related Costs	430
Insurance Premiums	1,438
Other Corporate Budgets	15,612
<b>Total Corporate Budgets</b>	<b>49,042</b>
<b>Net Budget Requirement</b>	<b>286,885</b>

- 4.2 The net budget requirement for Bridgend County Borough Council for 2020-21 is £286.885 million, and the amount to be funded from Council Tax is £83,757,919, as shown in Table 2 below. This equates to a Council Tax of £1,537.06 on a Band D property, an increase of 4.5%. This proposed increase of 4.50% equates to 85p per week for a person living in a Band A property and £1.27 per week for someone living in a Band D property (62% of properties in Bridgend are lower than a Band D).

**Table 2 – Net Budget Funding**

	£	%
Revenue Support Grant	153,441,858	53.48
Non Domestic Rates	49,685,392	17.32
Council Tax Income	83,757,919	29.20
<b>Total</b>	<b>286,885,169</b>	<b>100%</b>

4.3 The Police & Crime Commissioner for South Wales has notified the Council that their precept for the financial year ending 31 March 2021 will rise to £14,860,870 which equates to a Council Tax of £272.72 on a Band D property, a 5.9% increase. The 2020-21 precept was agreed by the South Wales Police and Crime Panel on 30 January 2020.

4.4 The average Council Tax for the County Borough for 2020-21 is shown in Table 3 below.

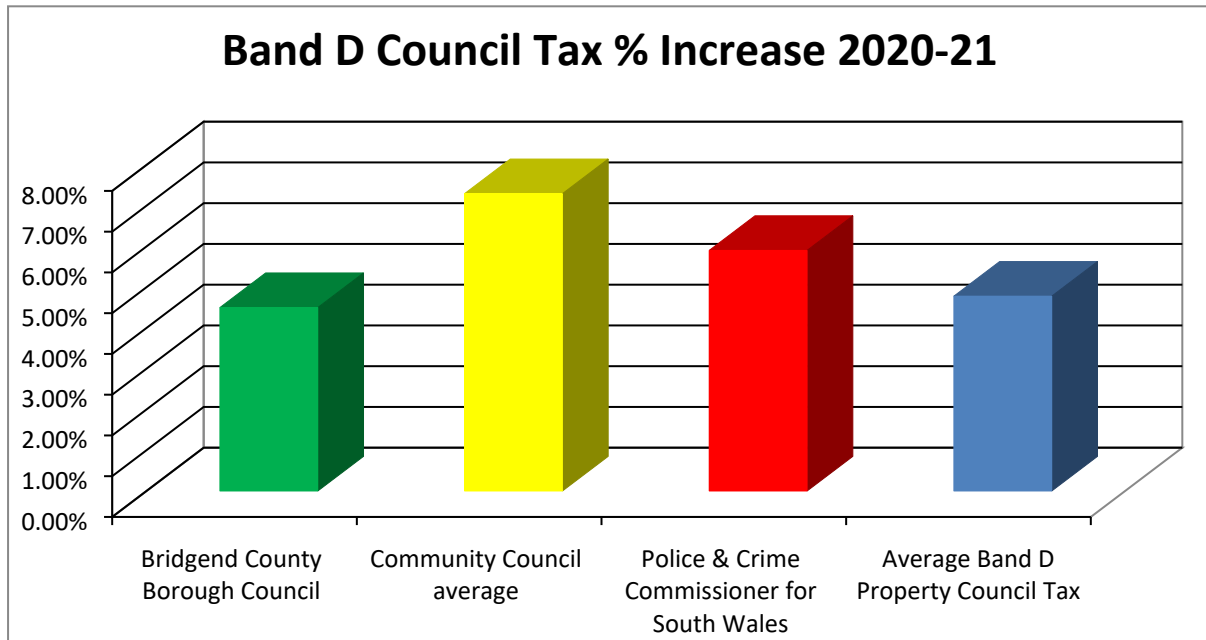
**Table 3 – Average Council Tax Increase 2020-21**

	2019-20	2020-21	% change
Council Tax Base - Band D equivalents	53,710.97	54,492.29	1.45%

	£	£	% change
Bridgend County Borough Council	1,470.87	1,537.06	4.5%
Community Council average	48.80	52.36	7.3%
Police & Crime Commissioner for South Wales	257.52	272.72	5.9%
<b>Band D Property average council tax</b>	<b>1,777.19</b>	<b>1,862.14</b>	<b>4.78%</b>

4.5 The average Council Tax increase for Bridgend County Borough Council and each of the precepting bodies is provided in Table 4 below:

**Table 4 – Average Council Tax Increase 2020-21**



4.6 The Council, as the billing authority, is required to formally approve the Council Tax for its area. This must be set to meet the net budget requirement of the Council and its precepting authorities and is set out in Table 5 below.

**Table 5 – Total Average Band D Council Tax Requirement 2020-21**

<b>Authority</b>	<b>Requirement £</b>	<b>Net Tax Base</b>	<b>Band D Council Tax £</b>
Bridgend County Borough Council <u>Local Precepts</u>	83,757,919	54,492.29	1,537.06
Brackla Community Council	169,630	4,193.59	40.45
Bridgend Town Council	637,980	5,946.79	107.28
Cefn Cribwr Community Council	40,000	549.40	72.81
Coity Higher Community Council	109,100	3,918.73	27.84
Cornelly Community Council	150,000	2,587.42	57.97
Coychurch Higher Community Council	10,600	341.99	31.00
Coychurch Lower Community Council	26,155	652.16	40.11
Garw Valley Community Council	120,630	2,294.35	52.58
Laleston Community Council	218,246	4,957.59	44.02
Llangynwyd Lower Community Council	9,000	168.78	53.32
Llangynwyd Middle Community Council	58,000	1,051.80	55.14
Maesteg Town Council	330,919	5,648.89	58.58
Merthyr Mawr Community Council	4,000	150.60	26.56
Newcastle Higher Community Council	50,000	1,740.94	28.72
Ogmore Valley Community Council	93,796	2,605.44	36.00
Pencoed Town Council	160,000	3,455.19	46.31
Porthcawl Town Council	441,000	8,047.67	54.80
Pyle Community Council	120,000	2,506.52	47.88
St Brides Minor Community Council	59,400	2,317.95	25.63
Ynysawdre Community Council	45,000	1,356.49	33.17
Borough Budget Requirement (including Community Councils)	86,611,375	54,492.29	1,589.42
Police & Crime Commissioner for South Wales	14,860,870	54,492.29	272.72
<b>TOTAL</b>	<b>101,472,245</b>	<b>54,492.29</b>	<b>1,862.14</b>

- 4.7 The Council is also required to approve the Council Tax charges for Band D properties for the chargeable financial year beginning 1 April for each of the community areas and these are shown in Table 6 below. All calculations are for a Band D equivalent property.

**Table 6 – Council Tax 2020-21 per Town and Community Council**

Town or Community Council	Bridgend CBC	Community Council	Police & Crime Commissioner for South Wales	Total
	£	£	£	£
Brackla Community Council	1,537.06	40.45	272.72	1,850.23
Bridgend Town Council	1,537.06	107.28	272.72	1,917.06
Cefn Cribwr Community Council	1,537.06	72.81	272.72	1,882.59
Coity Higher Community Council	1,537.06	27.84	272.72	1,837.62
Cornelly Community Council	1,537.06	57.97	272.72	1,867.75
Coychurch Higher Community Council	1,537.06	31.00	272.72	1,840.78
Coychurch Lower Community Council	1,537.06	40.11	272.72	1,849.89
Garw Valley Community Council	1,537.06	52.58	272.72	1,862.36
Laleston Community Council	1,537.06	44.02	272.72	1,853.80
Llangynwyd Lower Community Council	1,537.06	53.32	272.72	1,863.10
Llangynwyd Middle Community Council	1,537.06	55.14	272.72	1,864.92
Maesteg Town Council	1,537.06	58.58	272.72	1,868.36
Merthyr Mawr Community Council	1,537.06	26.56	272.72	1,836.34
Newcastle Higher Community Council	1,537.06	28.72	272.72	1,838.50
Ogmore Valley Community Council	1,537.06	36.00	272.72	1,845.78
Pencoed Town Council	1,537.06	46.31	272.72	1,856.09
Porthcawl Town Council	1,537.06	54.80	272.72	1,864.58
Pyle Community Council	1,537.06	47.88	272.72	1,857.66
St Brides Minor Community Council	1,537.06	25.63	272.72	1,835.41
Ynysawdre Community Council	1,537.06	33.17	272.72	1,842.95

4.8 For sake of clarity, the resulting charges for each Band are reproduced in Appendix A.

## 5. Effect on Policy Framework and Procedure Rules

5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules. The budget is set in accordance with the statutory provisions set out in Local Government Finance Act 1992.

## 6. Equality Impact Assessment

6.1 The Council Tax is determined as part of the Medium Term Financial Strategy (MTFS) budgetary process. The MTFS is reported separately to Council and contains details of the high level Equality Impact Assessment which has been undertaken on the budget setting process. The proposals contained within that report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. Council Tax charges do not have a negative equality impact.



## **7. Well-being of Future Generations (Wales) Act 2015 Implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8. Financial Implications**

8.1 These are outlined within the report.

## **9. Recommendations**

9.1 Subject to approval of the Council's proposed net budget requirement for 2020-21, Council is asked to approve:

- a Band D Council Tax for Bridgend County Borough Council of £1,537.06 for 2020-21, and
- the Council Tax charges for Band D properties for 2020-21 for each of the community areas as outlined in Table 6.

Gill Lewis CPFA  
Interim Head of Finance and Section 151 Officer

February 2020

Contact Officer:  
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### **Background Papers:**

Final Local Government Revenue and Capital Settlements 2020-21  
Cabinet Report – MTFS 2020-21 to 2023-24 – 25 February 2020  
Council Report – MTFS 2020-21 to 2023-24 – 26 February 2020

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## APPENDIX A

## COUNCIL TAX 2020-21

TOWN OR COMMUNITY COUNCIL	Band 2020-21								
	A	B	C	D	E	F	G	H	I
Bracla - Brackla	1233.49	1439.06	1644.65	1850.23	2261.39	2672.55	3083.72	3700.45	4317.19
Pen-y-bont - Bridgend	1278.04	1491.04	1704.05	1917.06	2343.07	2769.08	3195.10	3834.11	4473.13
Cefn Cribwr	1255.06	1464.23	1673.41	1882.59	2300.94	2719.29	3137.65	3765.17	4392.70
Coety Uchaf - Coity Higher	1225.08	1429.25	1633.44	1837.62	2245.98	2654.33	3062.70	3675.23	4287.77
Corneli - Cornelly	1245.17	1452.69	1660.22	1867.75	2282.80	2697.85	3112.92	3735.49	4358.07
Llangrallo Uchaf - Coychurch Higher	1227.19	1431.71	1636.25	1840.78	2249.84	2658.90	3067.97	3681.55	4295.14
Llangrallo Isaf - Coychurch Lower	1233.26	1438.80	1644.34	1849.89	2260.97	2672.06	3083.15	3699.77	4316.40
Cwm Garw - Garw Valley	1241.57	1448.50	1655.43	1862.36	2276.21	2690.07	3103.93	3724.71	4345.50
Trelales - Laleston	1235.87	1441.84	1647.82	1853.80	2265.75	2677.70	3089.67	3707.59	4325.52
Llangynwyd Isaf - Llangynwyd Lower	1242.07	1449.07	1656.09	1863.10	2277.12	2691.14	3105.17	3726.19	4347.22
Llangynwyd Ganol - Llangynwyd Middle	1243.28	1450.49	1657.70	1864.92	2279.34	2693.77	3108.20	3729.83	4351.47
Maesteg	1245.57	1453.16	1660.76	1868.36	2283.55	2698.74	3113.93	3736.71	4359.50
Merthyr Mawr	1224.23	1428.26	1632.30	1836.34	2244.41	2652.48	3060.57	3672.67	4284.78
Castellnewydd Uchaf - Newcastle Higher	1225.67	1429.94	1634.22	1838.50	2247.05	2655.60	3064.17	3676.99	4289.82
Cwm Ogwr - Ogmore Valley	1230.52	1435.60	1640.69	1845.78	2255.95	2666.12	3076.30	3691.55	4306.81
Pencoed	1237.39	1443.62	1649.85	1856.09	2268.55	2681.01	3093.48	3712.17	4330.87
Porthcawl	1243.05	1450.22	1657.40	1864.58	2278.93	2693.28	3107.63	3729.15	4350.68
Y Pil - Pyle	1238.44	1444.84	1651.25	1857.66	2270.47	2683.28	3096.10	3715.31	4334.53
Llansantffraid-ar-Ogwr - St Brides Minor	1223.61	1427.53	1631.47	1835.41	2243.28	2651.14	3059.02	3670.81	4282.61
Ynysawdre	1228.63	1433.40	1638.17	1842.95	2252.49	2662.03	3071.58	3685.89	4300.21

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

26 FEBRUARY 2020

#### REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

#### TREASURY MANAGEMENT AND CAPITAL STRATEGIES 2020-21 ONWARDS

##### 1. Purpose

- 1.1 The purpose of this report is to present to Council the Treasury Management Strategy 2020-21 (**Appendix A**) which includes the Treasury Management Indicators, and the Capital Strategy 2020-21 to 2029-30 (**Appendix B**) which includes the Prudential Indicators for approval.

##### 2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priorities:-
1. Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
  2. Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
  3. Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.
- 2.2 Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council support smarter use of financial resources and hence assist in the achievement of Corporate Priorities. Also, capital investment in the Council's assets is a key factor in meeting the Council's Wellbeing Objectives as set out in the Corporate Plan.

##### 3. Background

- 3.1 Both treasury management and the control on capital expenditure are based in legislation. The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest, as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended, develop the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.

- 3.2 The 2003 Regulations also contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources. The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 relaxed the constraints around loan capital transactions, specific share capital transactions and bonds placing for local authorities in Wales and enables the Council to invest in certain instruments which were previously treated as capital expenditure (for example Money Market Funds (MMF)) without the potential revenue cost of Minimum Revenue Provision (MRP) and without the proceeds from sale being considered a capital receipt.
- 3.3 As well as the legislation, the Council manages its Treasury Management and Capital activities in accordance with the following associated guidance:-
- CIPFA's Treasury Management in the Public Services: Code of Practice
  - CIPFA's The Prudential Code for Capital Finance in Local Authorities
  - The Welsh Government (WG) revised Statutory Guidance on Local Authority Investments
- 3.4 In December 2017, CIPFA published new editions of Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is in response to changes within the marketplace with Councils diversifying their portfolios with more investment properties.
- 3.5 The revised Prudential Code placed a new requirement on local authorities from 1 April 2019 to determine a Capital Strategy, to be approved by 31 March by full Council, which demonstrates that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Local Authorities need to have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 3.6 The Capital Strategy contains the Prudential Indicators and the Treasury Management Strategy contain the Treasury Management Indicators.
- 3.7 The Capital Strategy should demonstrate how the Council ensures that all of its capital and investment plans and borrowing are prudent and sustainable. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability.
- 3.8 The Treasury Management Strategy requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.

#### **4. Current Situation / Proposal**

4.1 The Treasury Management Strategy 2020-21 (**Appendix A**) confirms the Council's compliance with the Treasury Management in the Public Services: Code of Practice. It also fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government Guidance.

4.2 The Treasury Management Strategy is an integrated strategy where borrowing and investments are managed in accordance with best professional practice. The Council borrows money either to meet short term cash flow needs or to fund capital schemes within the capital programme but loans taken are not associated with particular assets. The Council is exposed to financial risks including the potential loss of invested funds and the effect on revenue of changing interest rates. The Council endeavours to minimise the risks by investing its funds prudently, and having regard firstly to the security of investments then to their liquidity and finally to the seeking the highest rate of return, or yield. The Strategy outlines the Council's definition of specified and non-specified investments, the financial limits for each category of investments and the approved counterparties with associated credit ratings.

4.3 The Capital Strategy 2020-21 to 2029-30 (**Appendix B**) was presented to the Corporate Overview and Scrutiny Committee on the 13 February 2020 for information. It confirms the Council's compliance with the Prudential Code for Capital Finance in Local Authorities. It sets out the guiding principles for capital decisions as to:-

1. Focus capital investment on delivery of the Council's Objectives and Priorities
2. Ensure strong governance over decision-making
3. Ensure that capital plans are affordable, sustainable and prudent
4. Maximise and promote the best use of available funds

4.4 The Capital Strategy sets out a framework for the self-management of capital finance and examines the following areas:

- Capital expenditure and investment plans
- Prudential Indicators
- External debt
- Treasury Management

It reports on the delivery, affordability and risks associated with the long-term context in which capital expenditure and investment decisions are made.

4.5 The Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008 requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year. Where a Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years and this is charged to revenue. This Statement is attached at **Appendix B - Schedule A**.

#### **5. Effect on Policy Framework and Procedure Rules**

5.1 As required by 3.5 of the Financial Procedure rules, the Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year.

5.2 As required by 20.2 of the Financial Procedure Rules, contained within the Council's Constitution, the Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy for Council to approve prior to the start of each financial year.

## **6. Equality Impact Assessment**

6.1 Projects within the Capital Strategy will be subject to the preparation of Equality Impact Assessments before proceeding.

## **7. Well-being of Future Generations (Wales) Act 2015 Implications**

7.1 The report contributes to the following goals within the Well-being of Future Generations (Wales) Act 2015:

- A prosperous Wales
- A resilient Wales
- A Wales of cohesive communities
- A globally responsive Wales

7.2 The wellbeing objectives are designed to complement each other and are part of an integrated way of working to improve wellbeing for the people in Bridgend County Borough. In developing the Treasury Management and Capital Strategies, officers have considered the importance of balancing capital resources over the short-term and minimising the revenue costs of debt with longer-term objectives of managing the Council's long term capital programme. Both the Treasury Management and Prudential Indicators are forward looking and are set to support future sustainability.

## **8. Financial Implications**

8.1 The financial implications are reflected within the report.

## **9. Recommendations**

9.1 Council is recommended to approve:

- the Treasury Management Strategy 2020-21 including the Treasury Management Indicators 2020-21 to 2022-23 (**Appendix A**);
- the Capital Strategy 2020-21 to 2029-30 including the Prudential Indicators 2020-21 to 2022-23 (**Appendix B**);
- the Annual Minimum Revenue Provision (MRP) Statement 2020-21 (**Appendix B - Schedule A**).

**Gill Lewis CPFA**  
**Interim Head of Finance and Section 151 Officer**

**12 February 2020**

Contact Officer:  
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**Background documents**

CIPFA Code of Practice on Treasury Management in Local Authorities (Fully Revised 2017)

CIPFA The Prudential Code for Capital Finance in Local Authorities (Fully Revised 2017)

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# APPENDIX A

# Draft Treasury Management Strategy 2020-21

Bridgend County Borough Council



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## 1.0 INTRODUCTION

The Council carries out its treasury management activities in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (2017) (the 'Code')*. These require the Council to set out the policies and objectives of its treasury management activities and to manage its treasury risks in accordance with the Code.

CIPFA has adopted the following as its definition of treasury management activities:

*'The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

The definition of 'Investments' above includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- Non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services; or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity

In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This Strategy fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance. In accordance with the WG Guidance Council would be asked to approve a revised Treasury Management Strategy (TMS) should the assumptions on which it is based change significantly. This might be for example a large unexpected change in interest rates, in the Council's Capital Programme, or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process, or a change in Accounting Standards.

Local authorities are required to separately approve a Capital Strategy for capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy includes the Prudential Indicators along with details regarding the Council's non-treasury investments. The CIPFA Code requires the Council to set a number of Treasury Management Indicators which are forward looking parameters and enable the Council to measure and manage its exposure to treasury management risks which are integral to the TMS. The Capital Strategy and TMS should be read in conjunction with each other as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the

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capital programme. Therefore any actual loans taken are not generally associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS. Should these change significantly, a revised TMS will be presented to Council for approval. A half year review of treasury management performance will also be presented to Council for approval as will an annual report for the financial year

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's *Standard of Professional Practice on Treasury Management*. Quarterly reports will be presented to Cabinet. The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies and regular reports will be presented to Audit Committee for their consideration.

## **2.0 ECONOMIC CONTEXT**

**Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's TMS for 2020-21. The Bank of England maintained Bank Rates at 0.75% in December 2019 following a 7-2 vote by the Monetary Policy Committee (MPC). The Committee's latest projections for activity and inflation were set out in the November Monetary Policy Report and were based on the assumption of an orderly transition to a deep free trade agreement between the United Kingdom and the European Union. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even with a Brexit deal.

**Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crises banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020-21 and a cautious approach to bank deposits remains advisable.

**Interest rate forecast:** The Council's treasury management advisor Arlingclose is forecasting that the Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the result of the general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in

its November Monetary Policy Report and its Bank Rate decision to hold rates that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

### 3.0 EXTERNAL DEBT AND INVESTMENT POSITION

On 31 December 2019, the Council held £96.87 million of borrowing and £38.95 million of investments. The external debt and investment position is shown in table 1 below and more detail is provided in sections 4.0 Borrowing Strategy and 5.0 Investment Strategy.

**Table 1: Council's external debt and investment position as at 31 December 2019**

	Principal as at 31 March 19 £m	Average Rate %
<b>External Long Term Borrowing</b>		
Public Works Loan Board	(77.62)	4.70
Lender's Option Borrower's Option	(19.25)	4.65
<b>Total External Long Term Borrowing</b>	<b>(96.87)</b>	<b>4.69</b>
<b>Other Long Term Liabilities</b>		
Private Finance Initiative*	(16.83)	
Llynfi Loan**	(2.25)	
Other Long Term Liabilities	(1.22)	
<b>Total Other Long Term Liabilities</b>	<b>(20.30)</b>	
<b>Total Gross Debt</b>	<b>(117.17)</b>	
<b>Treasury Investments</b>		
Banks	4.90	0.91
Building Societies	2.00	0.78
Local Authorities	22.50	0.91
Money Market Funds***	9.55	0.74
<b>Total Treasury Investments</b>	<b>38.95</b>	<b>0.86</b>
<b>Net Debt</b>	<b>(78.22)</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 14.25 years remaining term

\*\* Loan from the Welsh Government Central Capital Retained Fund for regeneration works within the Llynfi Valley which has not yet commenced

\*\*\*the funds provide instant access

Table 2 below shows forecast changes borrowing and investments and has been produced using estimates of capital spend and forecasts on useable reserves for the current financial year and the next three years. The Capital Plans highlight that the Loans CFR, which is the Council's need to borrow to fund capital expenditure, is increasing year on year due to additional prudential borrowing.



**Table 2: Balance sheet summary and forecast**

	31 March 19 Actual £m	31 March 20 Estimate £m	31 March 21 Estimate £m	31 March 22 Estimate £m	31 March 23 Estimate £m
<b>Capital Financing Requirement</b>	170.88	172.08	172.20	178.25	178.50
Less: Other Debt Liabilities	(16.31)	(15.57)	(14.77)	(13.90)	(12.97)
<b>Loans Capital Financing Requirement</b>	<b>154.57</b>	<b>156.52</b>	<b>157.44</b>	<b>164.35</b>	<b>165.53</b>
Less: External Borrowing	(96.87)	(96.87)	(103.09)	(105.39)	(105.39)
<b>Internal Borrowing</b>	<b>57.70</b>	<b>59.65</b>	<b>54.35</b>	<b>58.96</b>	<b>60.14</b>
Less: Usable Reserves	(76.70)	(70.54)	(48.13)	(38.37)	(36.69)
Less: Working Capital	(2.00)	-	-	-	-
<b>Investments</b>	<b>21.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>New Borrowing - cumulative</b>	<b>0.00</b>	<b>0.00</b>	<b>16.22</b>	<b>30.59</b>	<b>33.45</b>

\*The accounting practice followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS) so these figures will differ from other figures in the TMS which are based on the actual amounts borrowed and invested

Where a Council finances capital expenditure by borrowing it must put aside revenue resources to repay that debt in later years, known as 'Minimum Revenue Provision' or MRP. The *Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008* requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year that details the methodology for the charge as detailed in the Council's Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. The Council is forecasting an increased CFR due to the level of prudential borrowing in the capital programme and the impact of the new MRP policy approved by Council in September 2018. Changes in the accounting treatment for leases under International Financial Reporting Standard (IFRS) 16 - will also have an impact and, once this impact is known, an updated TMS will be presented to Council for approval. As the implementation of the new Standard is for 2020-21, further work is needed before the changes are applied. This requires the Council to 'bring on' to the balance sheet a 'Right of Use Asset' and an equivalent liability, for any assets it leases or is presumed to lease through service contract arrangements

**Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This forecasts the minimum amount of debt the Council could hold if its internal resources are used in lieu of external borrowing. This assumes the same forecasts as table 2 above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 below shows that the Council complied with this in 2018-19 and expects to comply with this recommendation during 2019-20, 2020-21 and the following two years. More detail is provided in the Capital Strategy.

**Table 3: Liability benchmark**

	31 March 19 Actual £m	31 March 20 Estimate £m	31 March 21 Estimate £m	31 March 22 Estimate £m	31 March 23 Estimate £m
<b>Loans Capital Financing Requirement</b>	154.57	156.52	157.44	164.35	165.53
Less: Usable Reserves	(76.70)	(70.54)	(48.13)	(38.37)	(36.69)
Less: Working Capital	(2.00)	-	-	-	-
Plus: Minimum Investments	21.00	10.00	10.00	10.00	10.00
<b>Liability Benchmark</b>	<b>96.87</b>	<b>95.98</b>	<b>119.31</b>	<b>135.97</b>	<b>138.84</b>

#### **4.0 BORROWING STRATEGY**

The Council currently holds £96.87 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 above shows that the Council will have to borrow over the next three years as detailed in table 4 below:

**Table 4: New Borrowing**

	31 March 19 Actual £m	31 March 20 Estimate £m	31 March 21 Estimate £m	31 March 22 Estimate £m	31 March 23 Estimate £m
New Borrowing	0.00	0.00	16.22	14.37	2.86

The Section 151 Officer will monitor and update the liability benchmark assumptions on an on-going basis and report any significant changes within the treasury management monitoring reports to Cabinet, Audit Committee and Council as appropriate. This could be as a result of changes in the level of useable reserves at year end, slippage within the Capital Programme or changes within the working capital assumptions.

The Council's **primary objective** when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Therefore the major **objectives** to be followed in 2020-21 are:

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to effect funding in any one year at the cheapest cost commensurate with future risk
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change



- 
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

Given the significant cuts to public expenditure in recent years and in particular to local government funding, the Council's **borrowing strategy** continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. With short term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either use internal resources or borrow short term instead.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time. However, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer term costs. The Council's treasury management advisers will assist the Council with this 'cost of carry' and breakeven analysis. The last time the Council took long term borrowing was £5 million from the Public Works Loan Board (PWLB) in March 2012. As detailed above, it is anticipated that there will be a requirement for new long term borrowing in 2020-21, 2021-22 and 2022-23. It is anticipated that this would be from PWLB and for estimate purposes it has been assumed that this will be over 30 years.

Alternatively, the Council may arrange forward starting loans during 2020-21 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term (normally for up to one month) to cover unexpected cash flow shortages.

**Sources of borrowing:** The approved sources of long term and short term borrowing are:

- PWLB and any successor body
- any institution approved for investments (see Investment Strategy below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- special purpose companies created to enable local authority bond issues

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB, but the government increased PWLB rates by 1% in October 2019 making it now a more expensive option. The Council will look to borrow any long-term loans from other sources such as Welsh Government and local authority loans and bank loans, which may be available at more favourable rates. Alternatively the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

**LOBOs:** The £19.25 million shown in table 1 above, relates to Lender’s Option Borrower’s Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. There are two trigger points in 2020-21 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

**Short term and variable rate loans:** These loans expose the Council to the risk of short term interest rate rises should interest rates change.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

**Maturity structure of borrowing indicator:** This indicator is set for the forthcoming financial year to control the Council’s exposure to refinancing risk with respect to the maturity of the Council’s external borrowing and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk. It is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. The upper and lower limits on the maturity structure of borrowing will be:

**Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2020-21**

Refinancing rate risk indicator Maturity structure of borrowing 2020-21	Upper limit	lower limit
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

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## 5.0 INVESTMENT STRATEGY

The preparation each year of an Investment Strategy is central to the Welsh Government statutory guidance on Local Authority Investments. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by full Council ensures that these policies are subject to the scrutiny of elected Members: this is particularly important as since 2004 central government no longer closely regulates local government investment.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and as shown in table 1 above in section 3, the balance at 31 December 2019 was £38.95 million. Investments are estimated to drop to between £10 and £20 million by 31 March 2020. As in previous years this is due partly to increased expenditure expected to be incurred in respect of the capital programme and the reduction in income collected from Council Tax in February and March 2020 as the majority of residents continue to pay Council Tax over 10 months rather than 12. Based on its cash flow forecasts, the Council anticipates its investment balances in 2020-21 to range between £10 million to £55 million with an average investment rate of between 0.75% to 1.00% depending on the Bank Rate and investment types, which will be reviewed at half year and reported to Council. The actual balance varies because of the cash flow during the year as to when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The Council may also hold investment properties with a view to securing a financial return, such as rental income. The Council will consider such investment opportunities should they arise, in line with CIPFA Treasury Management in the Public Services Code of Practice. As at 31 December 2019, the Council owned £4.635 million of investment properties with an expected return of £0.478 million in 2020/21, representing a rate of return of 10.3%.

Both the CIPFA Code and the Welsh Government Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments while seeking the highest rate of return, or yield. The Council's main objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The major **objectives** are:

- to maintain capital **security**
- to maintain portfolio **liquidity** so funds are available when expenditure is needed
- to achieve the **yield** on investments commensurate with the proper levels of security and liquidity

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**Negative interest rates:** If the UK enters into a recession in 2020-21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in some other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government. However, investments may be made with any public or private sector organisations that meet the credit criteria detailed below. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes during 2020-21 as appropriate in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested in Money Market Funds (MMF) and with other local authorities but the Council will continue to look at investment options in line with the limits detailed below.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate options become available as referred to in section 4.0 Borrowing Strategy.

**Business Models:** Under the new IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types shown in table 6 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

**Table 6: Approved investment counterparties and limits**

**These limits must be read in conjunction with the notes immediately below the table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:**

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	n/a	n/a	£ Unlimited	n/a	n/a
			50 Years		
UK Local Authorities	n/a	n/a	£12,000,000	n/a	n/a
			10 Years		
AAA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	20 Years	50 Years	20 Years	20 Years
AA+	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	10 Years	25 Years	10 Years	10 Years
AA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	4 Years	5 Years	15 Years	5 Years	10 Years
AA-	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	3 Years	4 Years	10 Years	4 Years	10 Years
A+	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	2 Years	3 Years	5 Years	3 Years	5 Years
A	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	13 Months	2 Years	5 Years	2 Years	5 Years
A-	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	6 Months	13 Months	5 Years	13 Months	5 Years
None	£1,000,000	n/a	see above central government and local authority limit	n/a	£3,000,000
	6 Months				5 Years
Pooled Funds	£6,000,000 per fund				

**Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies to ensure that this lies within our agreed minimum credit rating. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

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**Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in table 6 will not apply as this does not count as an investment.

**Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

**Registered providers:** Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period can be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.



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**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2011, it is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested

in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified investments:** The *Welsh Government Statutory Guidance on Local Government Investments* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government
  - a UK local authority
  - a town or community council or
  - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified investments:** Any investment that does not fall into the criteria detailed above under the Specified investments definition. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- investments with bodies and schemes not meeting the definition on high credit quality

The *Welsh Government Statutory Guidance on Local Government Investments* requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £20 million. Table 7 below shows the non-specified categories and the relevant limits and although the total of the individual limits exceed £20 million, at any one point in time a **maximum of £20 million** could be invested in these non-specified investments.

**Table 7: Non-specified investment limits**

	<b>Category Cash limit</b>
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council’s definition of “high credit quality” (A-) (except the UK Government and UK local authorities)	£10m
Total investments (except pooled funds)with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m
Total Non-Specified Investments Outstanding	£20m



**Principal sums invested for periods longer than a year:** All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council's treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of long term investments. The limits on the long term principal sum invested to final maturities beyond the period end will be as shown in table 8 below.

**Table 8: Treasury Management Indicator Principal sums invested for periods longer than a year**

Price risk indicator	2020-21 £m	2021-22 £m	2022-23 £m
Limit on principal invested beyond financial year end	15	10	8

**Investment Limits:** In addition to the above limits, the combined values of specified and non-specified investments with any one organisation are subject to the approved investment limits detailed in table 9 below.

**Table 9: Investments limits**

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	£20m in total

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

**Liquidity Management:** The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council

being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (table 8 above) has been set for 2020-21 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in the principal sums invested for periods longer than a year indicator in table 7 above. This represents just under 30% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2020-21.

## **6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall.

An indicator has been set in table 10 below to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year, although such instances are rare.

**Table 10: Treasury Management Indicator Interest Rate Exposures**

<b>Interest rate risk indicator</b>	<b>£'000</b>
One year revenue impact of a 1% rise in interest rates	(264)
One year revenue impact of a 1% fall in interest rates	181

The figure for the 1% fall in interest rates indicator is not the same figure as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

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## 7.0 PERFORMANCE INDICATORS

Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking.

One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK local authorities. The rate of return on investments can be monitored against the average rate of return on investments against the Bank Rate and the average rate of return on investments as compared to the average rate of Arlingclose's Welsh local authority clients at each relevant quarter/year-end.

## 8.0 NON-TREASURY INVESTMENTS

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities includes loans, investments in subsidiaries and investments in property. Welsh Government Guidance defines a loan as a written or oral agreement where the council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority. The council can demonstrate that its financial exposure to loans is proportionate by setting the limit as set out in table 11 below.

**Table 11: Loan Limits**

<b>Loan limit</b>	<b>£'000</b>
Limit on loans to third parties	1,000

A schedule of the Council's existing non-treasury investments (currently limited to owned property) is set out in table 12 below:

**Table 12: Non-treasury investments**

<b>Non-treasury investments</b>	<b>Fair Value £'000</b>
Bridgend Science Park - Units 1 & 2	3,200
Waterton Cross Land	600
Brynmenyn Industrial Estate Plot 53	220
Village Farm Plots 32,119 & 120	415
Tyrewise Bridgend	200
<b>Total</b>	<b>4,635</b>

The Council considers that the scale of its investment properties is proportionate to the resources of the Council, since such investment represents less than 1% of its total long term assets.

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In accordance with Welsh Government Investment Guidance, these will be classified as non-treasury investments.

## **9.0 IFRS9 – LOCAL AUTHORITY OVERRIDE**

The Welsh Government legislated in the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2020 for a statutory override for fair value gains and losses on most pooled investment funds not to be taken to revenue until 2023-24. The statutory override takes effect for the 2019/20 financial year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2023: this will enable Councils to initiate an orderly withdrawal of funds if required.

## **10.0 OTHER ITEMS**

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

**Financial Derivatives:** In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives such as swaps, forwards, futures and options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

**Markets in Financial Instruments Directive II (MIFID II):** From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believed this to be the most appropriate status.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

**Investment advisers:** The Council appointed Arlingclose Limited as treasury management advisers following a tender exercise in August 2016. They were awarded a four year contract, to provide advice and information relating to its borrowing and investment activities and capital finance issues. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided. As the contract is due to end in

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September 2020 a re-tendering exercise will be undertaken during the spring and early summer 2020.

**Investment of money borrowed in advance of need:** CIPFA's Prudential Code sets out that authorities should never borrow for the explicit purpose of making an investment return. Therefore borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's Capital Financing Requirement (CFR) as at 1 January 2020 was in excess of the actual debt of the Council as shown in table 2 above indicating there was no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy.

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's			
		Long	Short	Long	Short	Long	Short		
<b>INVESTMENT GRADE</b>	Extremely strong	AAA		Aaa		AAA			
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+		
		AA		Aa2		AA			
		AA-		Aa3		AA-			
	Strong	A+		A1		A+	A-1		
		A	F1	A2		A			
	Adequate	A-		A3		A-	A-2		
		BBB+	F2	Baa1	P-2	BBB+			
		BBB		Baa2		BBB			
<b>SPECULATIVE GRADE</b>	Speculative	BBB-	F3	Baa3	P-3	BBB-	A-3		
		BB+		Ba1	Not Prime (NP)	BB+		B	
		BB	B	Ba2		BB			
	BB-	Ba3		BB-					
	B+	B1		B+					
	Very speculative	B		B2			B		
		B-		B3			B-		
	Vulnerable	CCC+		Caa1			CCC+		C
		CCC	C	Caa2			CCC		
CCC-		Caa3				CCC-			
CC		Ca			CC				
	C					C			
Defaulting	D	D	C		D	D			

## GLOSSARY

Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Asset Management	The stewardship of capital assets, including decisions around on-going maintenance and eventual disposal
Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the Council itself. One of the <i>Prudential Indicators</i> .
BACS	Bankers' automated payment system. UK bulk payments system allowing transfers between bank accounts with two days' notice, for a small charge.
Bail-in	A method of rescuing a failing <i>financial institution</i> by cancelling some of its <i>deposits</i> and <i>bonds</i> . Investors may suffer a reduction in their investment, but may be given shares in the bank as part compensation.
Bail-out	A method of rescuing a failing <i>financial institution</i> by the injection of public money. This protects investors at the expense of taxpayers.
Bank	Regulated firm that provides financial services to customers.
Bank of England	The <i>central bank</i> of the UK, based in London, sometimes just called 'the bank'.
Bank Rate	The official interest rate set by the <i>Monetary Policy Committee</i> , and the rate of interest paid by the <i>Bank of England</i> on commercial bank deposits. Colloquially termed the 'base rate'.
Bond	A certificate of <i>long-term</i> debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owned and <i>bonds</i> issued.
Broker	Regulated firm that matches either borrowers and lenders (a money broker) or buyers and sellers of <i>securities</i> (a stockbroker) with each other in order to facilitate transactions
Brokerage	Fee charged by a <i>broker</i> , normally paid by the borrower
Building Society	A mutual organisation that performs similar functions to a <i>retail bank</i> but is owned by its customers
Capital	(1) Long-term, as in <i>capital expenditure</i> and <i>capital receipts</i> (2) <i>Principal</i> , as in <i>capital gain</i> and <i>capital value</i> (3) <i>Investments in financial institutions that will absorb losses before senior unsecured creditors</i>



Capital Expenditure	Expenditure on the acquisition, creation or enhancement of fixed asset that are expected to provide value for longer than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments
Capital Finance	Arranging and managing the cash required to finance <i>capital expenditure</i> , and the associated accounting.
Capital Financing Requirement (CFR)	A local authority's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with <i>capital expenditure</i> and decreases with <i>capital finance</i> and <i>MRP</i> .
Capital Receipt	Cash obtained from the sale of an item whose purchase would be <i>capital expenditure</i> . The law only allows local authorities to spend capital receipts on certain items, such as new capital expenditure. They are therefore held in a capital receipts reserve until spent.
Capital strategy	An annual policy document required by the <i>Prudential Code</i> that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its <i>Prudential Indicators</i> for the forthcoming financial year.
CIPFA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for local government – eg Treasury Management Code and Prudential Code
Cost of Carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim
Counterparty	The other party to a loan, investment or other contract
Counterparty limit	The maximum amount an investor is willing to lend to a <i>counterparty</i> , in order to manage <i>credit risk</i> .
Credit rating	Formal opinion by a <i>credit rating agency</i> of a <i>counterparty's</i> future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.
Credit rating agency	An organisation that publishes <i>credit ratings</i> . The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a <i>counterparty</i> will <i>default</i> on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a <i>loan</i> , <i>deposit</i> , or <i>bond</i> . (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities



Default	Failure to meet an obligation under a debt contract, including the repayment of cash, usually as a result of being in financial difficulty
Deposit	A regulated placing of cash with a <i>financial institution</i> . Deposits are not tradable on financial markets.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government’s debt and investments.
Fair value	<i>IFRS</i> term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
FCA	Financial Conduct Authority – UK agency responsible for regulating financial markets and the conduct of <i>financial institutions, brokers, custodians, fund managers</i> and <i>treasury management advisors</i> .
Financial institution	A <i>bank, building society or credit union</i> . Sometimes the term also includes insurance companies.
Financial instrument	<i>IFRS</i> term for investments, borrowing and other cash payable and receivable.
Financing costs	In the <i>Prudential Code</i> , interest payable on <i>debt</i> less investment income plus <i>premiums</i> less <i>discounts</i> plus <i>MRP</i> .
Forward deal	An arrangement where a loan or deposit is arranged in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
General Fund	A local authority reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.
Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Impairment	A reduction in the value of an investment caused by the counterparty being in financial difficulty.
Inflation risk	The risk that unexpected changes in inflation rates cause an unplanned loss, for example by costs rising faster than income.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.

Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment property	Land and buildings that are held purely for rental income and/or capital growth. Investment properties are not owner-occupied and provide no direct service benefit.
Investment strategy	A document required by investment guidance that sets out a local authority’s investment plans and parameters for the coming year. Sometimes forms part of the authority’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Lessee	Party to a lease contract that uses an asset owned by the lessor.
Lessor	Party to a lease contract that own an asset but permits another (the lessee) to use it.
Liability benchmark	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level. Used to compare against the actual and forecast level of borrowing.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.
Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.
Loans CFR	The capital financing requirement less the amount met by other long-term liabilities; i.e. the amount to be met by borrowing.
LOBO	Lender’s option borrower’s option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower’s interest rate risk and the loan should therefore attract a lower rate of interest initially.
Long-term	Usually means longer than one year.

Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.
Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.
MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Net borrowing	Borrowing minus treasury investments.
Net revenue stream	In the Prudential Code, income from general government grants, Council Tax and rates.
Non-specified investments	Government term for investments not meeting the definition of a specified investment or a loan upon which limits must be set. Since 2018, the term does not apply to treasury investments in England. Not applicable in Scotland.
Other long-term liabilities	Prudential Code term for credit arrangements.

Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss.
Pension Fund	Ringfenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential borrowing	Another term for unsupported borrowing.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.
Prudential indicators	Indicators required by the Prudential Code and determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
T-bill	Treasury bill - a bill issued by a government.
TMS	(1) Treasury management strategy. (2) Treasury management system.
Treasury bill	See T-bill.

Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local authority's definition of and objectives for treasury management.
Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local authority's detailed processes and procedures for treasury management.
Treasury management strategy	Annual report required by the Treasury Management Code covering the local authority's treasury management plans for the forthcoming year.
Unsupported borrowing	Borrowing where the cost is self-financed by the local authority. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.

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# Draft Capital Strategy

2020-21 to 2029-30



## 1.0 INTRODUCTION

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Financing in Local Authorities (2017) placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Local Authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

This Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 10 year Capital Programme. It also reports on the delivery, affordability and risks associated with this Strategy.

## 1.1 AIMS AND PRINCIPLES

The Capital Strategy is presented to Council as a Policy Framework document, and links with the Corporate Plan, Treasury Management Strategy (TMS), Medium Term Financial Strategy (MTFS) and the Council's Asset Management Plan (AMP). It sets out:

- what is capital expenditure/investment and why we incur it;
- the Council's overall capital objectives, priorities and plans;
- how the Council's capital expenditure/investment will be funded/resourced
- how the Council's capital expenditure/investment plans will be appraised;
- how capital plans will be approved, monitored and reported upon; and
- the skills and knowledge required to deliver the capital plans.

The Capital Strategy should be read in conjunction with the Council's TMS which covers the Council's Investment Strategy and Borrowing Strategy and the Minimum Revenue Provision (MRP) policy which is attached as Schedule A to this document. The Council's borrowing and MRP policy are directly impacted by capital plans.

The capital programme is a key element of the MTFS. The MTFS provides a set of clear principles which drive the budget and spending decisions of the Council. There are thirteen principles in total, but the following three refer specifically to the capital programme and Strategy:

10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.



The Capital Strategy sets out a number of guiding principles on the following:

<b>PRINCIPLE 1 : Focus capital investment on delivery of the Council's Objectives and Priorities</b>
<ul style="list-style-type: none"> <li>• Ensuring that capital investment plans are driven by the Council's Corporate Plan</li> <li>• Ensuring decision-makers are clear on the positive contribution capital investment makes to our Wellbeing objectives</li> <li>• Appraising all investments in the context of objectives/priorities</li> <li>• Ensuring there is a corporate business planning process incorporating service transformation and the impact on property assets</li> </ul>
<b>PRINCIPLE 2 : Ensure strong governance over decision-making</b>
<ul style="list-style-type: none"> <li>• Ensuring that proposals demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing</li> <li>• Schemes will only be added once an affordable business plan is in place and it demonstrates value for money</li> <li>• All major capital schemes have a lead Project Sponsor and follow project management principles</li> <li>• The approval process within the Financial Procedure Rules contained in the Constitution are strictly adhered to</li> </ul>
<b>PRINCIPLE 3 : Ensure capital plans are affordable, sustainable and prudent</b>
<ul style="list-style-type: none"> <li>• Promote capital investment which allows invest to save outcomes and which contribute to future MTFS savings</li> <li>• Make sure assets perform at an optimal level through effective ongoing asset management and are consistent with levels of investment</li> <li>• Review and challenge the Council's assets, including the need, cost and performance of the estate</li> <li>• Maximise the use of Internal Borrowing and maintain an under-borrowed position compared to its Capital Financing Requirement if feasible</li> </ul>
<b>PRINCIPLE 4 : Maximise and promote the best use of available funds</b>
<ul style="list-style-type: none"> <li>• Generate funding, where possible, from the rationalisation of existing assets with a strong Disposal Strategy</li> <li>• Minimise the use of ring-fencing capital receipts to ensure a One-Council approach</li> <li>• Bidding for external funds where appropriate and ensuring that there are effective working relationships with external funders</li> <li>• Have clear policies for the consumption of our reserves</li> <li>• Ensuring that there is effective pre- and-post project appraisal</li> <li>• Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs</li> <li>• An estates strategy which tracks lease covenant compliance</li> </ul>

## CAPITAL EXPENDITURE AND INVESTMENT

### 2.0 CAPITAL EXPENDITURE

Capital investment is technically described as:

**“Expenditure on the acquisition, creation, or enhancement of ‘long term assets’”**

This generally consists of land, property and plant which have a useful life of more than 1 year, but can also include funding passed on to other bodies in order for them to undertake capital works. Expenditure outside this definition will be, by definition, revenue expenditure.

Expenditure can be capitalised where it relates to the:

- Acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus vehicles or vessels.

Enhancement of an existing fixed asset means:

- To lengthen the useful life of the asset; or
- To increase substantially the open market value of the asset; or
- To increase substantially the extent to which the asset can be used for the purposes of, or in connection with, the functions of the Council.

Within the Accounting Policies for the Council, expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Capital expenditure below £40,000 is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

The Council currently does not make use of any capitalisation flexibilities nor capitalise any borrowing costs associated with the capital programme.

The Council’s capital expenditure plans are linked to the Corporate Plan, Asset Management Plan, priorities and service delivery plans with the inclusion of the ‘Future Property Needs’ within the business plan template.

The Council has acquired relatively few property assets over the last few years. Its focus has been on releasing or remodelling existing assets. From time to time it has acquired property required for service developments, for example purchasing land and buildings for school modernisation projects. It has also secured £1 million capital funding for commercial property investment, which has been partially spent on acquiring an income producing leased property.

To date the remainder is unspent as no suitable options which meet the Council's criteria have been forthcoming.

In 2020-21, the Council is planning capital expenditure of £56.434 million as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Council Fund services	27.614	30.137	55.954	27.681	26.096
Investment Properties			0.480		
<b>TOTAL</b>	<b>27.614</b>	<b>30.177</b>	<b>56.434</b>	<b>27.681</b>	<b>26.096</b>

## 2.1 CAPITAL FINANCING

The Council receives an annual 'General Capital Funding' allocation from Welsh Government, which comprises General Capital Grant and un-hypothecated Supported Borrowing. Revenue funding to repay the supporting borrowing is included within the Revenue Support Grant. Further details of funding sources are detailed in Schedule B.

All capital expenditure must be financed either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or net financing requirement (borrowing, leasing and Private Finance Initiative (PFI)). The planned financing of the expenditure outlined in Table 2 is as follows:

*Table 2: Capital financing*

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
External sources	12.407	18.419	21.551	11.496	20.481
Own resources	9.044	6.565	23.664	9.947	1.677
Net Financing Requirement	6.163	5.153	11.219	6.238	3.938
<b>TOTAL</b>	<b>27.614</b>	<b>30.137</b>	<b>56.434</b>	<b>27.681</b>	<b>26.096</b>

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision, or MRP. As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. The total of these are shown in Table 3 below:-

Table 3: Replacement of debt finance

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Minimum Revenue Provision (MRP)	2.858	2.885	<b>2.925</b>	2.938	3.007
Additional Voluntary Revenue Provision	1.459	1.459	<b>1.505</b>	2.201	2.628
<b>Total MRP &amp; VRP</b>	<b>4.317</b>	<b>4.344</b>	<b>4.430</b>	<b>5.184</b>	<b>5.635</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.641</b>	<b>0.690</b>	<b>0.743</b>	<b>0.801</b>	<b>0.863</b>
<b>Total Own Resources</b>	<b>4.958</b>	<b>5.034</b>	<b>5.173</b>	<b>5.985</b>	<b>6.498</b>

The existing Capital Programme will be approved by Council before the start of the 2020-21 financial year as part of the MTFs.

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. The CFR is expected to increase by £6.046 million during 2020-21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
<b>Capital Financing Requirement (CFR)</b>					
Opening CFR adjusted excluding PFI & other liabilities	153.239	155.084	<b>155.893</b>	162.682	163.737
Opening PFI CFR	17.640	17.000	<b>16.309</b>	15.567	14.766
<b>Total Opening CFR</b>	<b>170.879</b>	<b>172.084</b>	<b>172.203</b>	<b>178.249</b>	<b>178.503</b>
Movement in CFR excluding PFI & other liabilities	1.845	0.809	<b>6.790</b>	1.054	(1.697)
Movement in PFI CFR	(0.640)	(0.690)	<b>(0.743)</b>	(0.801)	(0.863)
<b>Total Movement in CFR</b>	<b>1.205</b>	<b>0.119</b>	<b>5.047</b>	<b>0.253</b>	<b>(2.560)</b>
<b>Closing CFR</b>	<b>172.084</b>	<b>172.203</b>	<b>178.249</b>	<b>178.503</b>	<b>175.942</b>
<b>Movement in CFR represented by :-</b>					
Net Financing Need for Year (Table 2 Above)	6.163	5.153	<b>11.219</b>	<b>6.238</b>	3.938
Minimum and Voluntary Revenue Provisions	(4.317)	(4.344)	<b>(4.430)</b>	(5.184)	(5.635)
MRP on PFI and Other Long Term Leases (Table 3 above)	(0.641)	(0.690)	<b>(0.743)</b>	(0.801)	(0.863)
<b>Total Movement</b>	<b>1.205</b>	<b>0.119</b>	<b>6.046</b>	<b>0.253</b>	<b>(2.560)</b>

## THE COUNCIL'S CAPITAL PLANS

### 3.0 CAPITAL PROGRAMME BY WELLBEING OBJECTIVE

Within the Corporate Plan, there are three Wellbeing Objectives namely:-

- Supporting a Successful Sustainable Economy
- Helping People and Communities to be more Healthy and Resilient
- Smarter Use of Resources

In accordance with **PRINCIPLE 1** above, the majority of schemes within the existing Capital Programme link to the Council's Wellbeing Objectives, but there are also schemes that relate to Core Services and Statutory Functions.

#### **Supporting a Successful Sustainable Economy**

The proposed capital programme includes a number of new and existing projects which will help to support a successful economy through regeneration and local development schemes. For example, the redevelopment of Maesteg Town Hall will provide improved community facilities to include the town library and performance spaces, as well as offering improved accessibility for visitors and creating jobs; and new Enterprise Hubs will create new business workspace. Regeneration work will continue to progress in Porthcawl following the acquisition of Salt Lake Car Park. There are also new allocations in respect of road safety improvements in a bid to improve access across the highway to residential and commercial areas and a commitment to invest in highways into the future. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment, which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.

#### **Helping People and Communities to be more Healthy and Resilient**

In addition to the current programme of recommissioning adult home care and developing extra care there is approximately £2 million annually invested in supporting people to be self-reliant through the Welsh Government funded disabled facilities grant scheme. Further to this there is a total budget of £1 million to facilitate Community Asset Transfer (CAT) to ensure that as many buildings as possible can be kept open and provide long-term community benefits.

#### **Smarter Use of Resources**

One of the Council's Corporate Priorities is to ensure that we have Smarter Use of Resources and crucially this includes assets. The Council's AMP 2021 strategic aim is to have a lean sustainable estate that enables the authority to live within its means and support delivery of our wellbeing objectives. This is achieved through review and challenge on a geographic and service led basis and exploring how property assets can help enable innovative options for service transformation and maximising regeneration and growth. Examples of schemes within this priority include:-

- The Schools' Modernisation Programme and Strategic Review of Post-16 Education and Training - to provide sufficient school places in the right area and in new and improved schools by delivering 21<sup>st</sup> Century Schools, which will result in capital investment of around £49 million over the next 5 years.
- Porthcawl - the Council has substantial land holdings in Porthcawl which it is looking to bring forward to support regeneration of the area and to generate capital receipts.
- Community Asset Transfers – Review of assets and support services to enable the successful transfer of those most suitable to community groups and organisations.

### 3.1 OTHER KEY DRIVERS

As well as the Corporate Plan, there are other key drivers of the Council's capital plans. These are:

- Asset management requirements
- Health and Safety works

### 3.2 ASSET MANAGEMENT REQUIREMENTS

The Council's Asset Management Plan vision has been re-aligned with the Corporate Plan 2018-22 reviewed for 2019-20 "One Council Working Together to Improve Lives" as follows:

**"To have a lean sustainable estate that enables BCBC to live within its means and support delivery of our wellbeing objectives"**

The following clear principles drive the on-going challenge and management decisions relating to our assets:

1. The AMP 2021 supports and maintains alignment with the MTFs and the Corporate Plan, linking with other resource strategies.
2. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals.
3. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
4. A balance will be maintained within the non-operational portfolio between rental income, capital receipts, economic development/ community support.
5. Capital receipts generated will support the capital programme.

The Council also has a Highways Asset Management Plan (HAMP). The HAMP needs to take in account the following:

1. Much of the infrastructure serving the northern half of the county borough was originally constructed in the early 1900's and was not designed to cope with the current demands (economic, social and environmental) placed upon it.
2. The BCBC highway network is continuously growing with no sign of abatement. The Council has seen much in the way of development over the last decade, resulting in a significant increase in the amount of asset requiring management.
3. Highway Authorities have a statutory duty to maintain highways and ensure that they are available for safe use by all.

The HAMP is an essential document that sets out how the levels of service for the infrastructure network determined by the Council will be achieved. The HAMP is therefore a "living" document that will be subject to continual review and development.

### 3.3 HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. Up to date condition surveys for the whole estate are currently being commissioned, which will include planned preventative maintenance data. This will inform the Council's budget allocation for both revenue and capital repairs, maintenance and new build. Given the

limited capital and revenue funding and the currently known high level of maintenance backlog, a prioritisation matrix for budget allocation has been developed. The Matrix works to give highest priority to Health and safety works. Given the potential level of funding compared to the demand for repairs and maintenance, this may lead to the closure of buildings or the drive for further capital investment in new build projects. Once fully implemented the Corporate Landlord model will be able to effectively inform the capital funding planning and decision making as it relates to asset management.

For highway structures, the current basis for prioritisation is one of reactive safety repairs, where the asset is risk assessed using a standardised matrix. This risk assessment is then considered against the individual assets Bridge Condition Indices (BCI) rating. This allows the prioritisation of schemes and allocation of the available budget to ensure the best value is achieved. A similar approach is applied to carriageway and footway schemes, where combinations of technical survey, site inspections and reports from members of the public determine the basis for the prioritisation of works.

In 2019-20 a new Capital Asset Management Fund of £1.5 million and a Highways Asset Management Fund of £1.2 million were established. The intention of these is to fund those schemes that have been prioritised by the condition surveys as posing a Health and Safety risk either within buildings or within our Highways Infrastructure. The aim will be to replenish these reserves as funding allows. The monitoring of these reserves will be undertaken on a regular basis.

### 3.4 COMMERCIAL ACTIVITIES

The Council will consider, if the opportunities arise, the purchase of land and property as an investment – to both generate an ongoing income stream or to realise an increased capital value in the future. There are two ways that an authority can generate income from investment properties namely:-

- Direct purchase of investment property – through Capital Programme
- Investment in a Property Unit Trust – through Treasury Management

The first would see authorities investing in property by directly purchasing/developing properties with the intention of securing a revenue income from that investment. Investment in property leaves the Council open to all of the risks that would go with such a policy, such as devaluations, maintenance issues and potential tenant default, as well as the potential benefits such as a long term asset on the balance sheet and rental income. The second route would be to receive income from property by investing in an appropriate property unit trust. Returns from this fund are typically in the order of 5.5%-6% per annum though at a fee from the fund manager. It is an actively managed property fund, which means that fund managers have the potential for growth in the income as, over time, higher rents can be achieved by buying properties in areas where demand is growing, by adjusting the exposure to different areas of the market and by improving the quality of the properties as appropriate. These funds present greater risk and such investments will be considered in line with the Treasury Management Strategy.

As well as the benefit of rental income from the direct purchase of an investment property, there might also be capital appreciation of the asset though this will only be realised once the asset is sold and a capital receipt is generated which could be then recycled to purchase replacement investment properties which would then not incur capital financing costs.

A strategy based on investment in properties does have the following risks:-

- Low liquidity and flexibility
- Physical/structural issues with buildings

- Greater exposure to economic, cultural and technological changes
- Void periods

But against this it has the potential benefits of:-

- Over a longer term a higher financial return and capital growth than other current investments
- A wider range and variety of investment tools

The Council does have an existing investment portfolio which is 100% based within the County Borough and primarily the office and industrial sectors. The income streams are generally spread between the single and multi-let office investments on Bridgend Science Park, the multi-let industrial estates and the freehold ground rent investments. The portfolio therefore does not accord with the risk balance in location and sectoral terms to the majority of investment portfolios and is also management intensive, with a large number of units relative to the overall income and value. The total value of Investment Properties was £4.635 million as at 31 March 2019. This would be expected to generate a rental income of £478,000 per annum excluding any vacant or rent-free periods.

There are limited opportunities within the existing investment portfolio to release / sell properties, as the current emphasis is to enhance income return (as opposed to capital value). The majority of the investments held are high yielding and an improved income stream is unlikely on any re-investment.

The majority of the Council's investment portfolio has grown organically. In 2014 the Council approved £1 million within the capital programme and spent £520,000 on acquiring an office building, which generates a rental income of £56,000 per year or just over 9% return on the investment. There is a further £480,000 available but as yet no suitable options have been identified within the Bridgend area, which would produce a reasonable return and at acceptable levels of risk. The Council may in the future wish to consider expanding its property investment portfolio, in which case it would need to review the criteria and investment strategy and consider the investment taking into account the level of associated risk.

### **3.5 TREASURY MANAGEMENT STRATEGY (TMS)**

Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short term as revenue income is received before it is spent, but cash poor in the long term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

### **3.6 BORROWING STRATEGY**

The Council's major objectives when borrowing are:-

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to effect funding in any one year at the cheapest cost commensurate with future risk
- to forecast average future interest rates and borrow accordingly



- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

### 3.7 LIMITS TO BORROWING ACTIVITY

The Council's long term borrowing at 31 December 2019 was £96.87 million. External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated TMS, there is no association between individual loans and particular types of expenditure. The Council makes use of internal borrowing and maintains an under-borrowed position in accordance with **PRINCIPLE 3** above. The capital borrowing need (Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Projected levels of the Council's total outstanding debt, which comprises borrowing, PFI and Other Long Term Liabilities, are shown below compared with the Capital Financing Requirement:-

*Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Debt (incl. PFI & leases)	117.891	116.867	<b>117.867</b>	118.867	122.867
Capital Financing Requirement	172.084	172.203	<b>178.249</b>	178.503	175.942

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term.

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2020-21. It does show that an additional £33.45 million will need to be borrowed for the period 2020-21 to 2022-23 based on the assumptions within the Capital Programme and the use of Capital Receipts and Reserves. The actual amount will be monitored and assumptions challenged and borrowing will only be taken if there is no opportunity to use Internal Borrowing.

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Authorised limit – borrowing	145.000	145.000	<b>170.000</b>	170.000	175.000
Authorised limit – other long term liabilities	30.000	30.000	<b>30.000</b>	30.000	30.000
<b>Authorised Limit Total</b>	<b>175.000</b>	<b>175.000</b>	<b>200.000</b>	<b>200.000</b>	<b>205.000</b>
Operational boundary – borrowing	105.000	105.000	<b>140.000</b>	150.000	150.000
Operational boundary – other long term liabilities	25.000	25.000	<b>20.000</b>	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>130.000</b>	<b>130.000</b>	<b>165.000</b>	<b>175.000</b>	<b>170.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>117.891</b>	<b>116.867</b>	<b>117.867</b>	<b>118.867</b>	<b>122.867</b>

### 3.8 INVESTMENT STRATEGY

The Council's major objectives when investing are:-

- to maintain capital **security**
- to maintain **liquidity** so funds are available when expenditure is needed
- to achieve the **yield** on investments commensurate with the proper levels of security and liquidity

Cash that is likely to be spent in the near term is invested, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury management investments

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Cash and Cash Equivalents	3.400	0.100	-	-	-
Short term Investments	20.000	31.650	34.085	7.421	7.000
Longer term Investments	4.000	12.000	3.000	3.000	3.000
<b>TOTAL</b>	<b>27.400</b>	<b>43.750</b>	<b>37.085</b>	<b>10.421</b>	<b>10.000</b>

#### Loans to Other Organisations

The Council can make investments to assist local public services, including making loans to small businesses to promote economic growth. The Council will assess these opportunities

and will only consider if such investments break even after all costs. Loans to such organisations will be approved as part of the capital programme.

### 3.9 OTHER LONG TERM LIABILITIES

#### Private Finance Initiative

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with fourteen years remaining on the term) which is £17.0 million at 31 March 2019 including the short term liability of £0.69 million included as current liabilities in the Council's balance sheet in the Statement of Accounts. This is a technical adjustment and is equivalent to the amount that is paid during 2020-21.

#### Pension Guarantees

The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given a pension guarantee to Awen. This guarantee means that if an admitted body fails to pay its pension obligations then the Council will be responsible for taking on those obligations.

### 3.10 REVENUE BUDGET IMPLICATIONS

The financing of capital expenditure via interest on loans and MRP are charged to the revenue budget, offset by any investment income receivable. Table 8 below shows the proportion of the budget that will need to be set aside to finance capital expenditure, which is expected to increase over the life of the current capital programme, accelerating the pressure that capital expenditure, funded from debt, puts on the revenue budget.

Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Capital Financing Central	6.451	6.617	6.995	7.291	7.545
Other Financing costs	3.406	3.406	3.451	4.147	4.575
<b>TOTAL FINANCING COSTS</b>	<b>9.857</b>	<b>10.023</b>	<b>10.446</b>	<b>11.439</b>	<b>12.120</b>
Proportion of net revenue stream	3.71%	3.70%	3.85%	4.20%	4.44%

The central revenue budget for capital financing for 2020-21 is £7.329 million as detailed in Table 9 below. The Projection for 2019-20 is lower than the actual spend 2018-19 because of the change in MRP Policy that Council approved in September 2018. The Interest Paid budget 2019-20 reflects the need to fund the increased costs of borrowing which is anticipated to rise over the period from 2019-20 to 2022-23 by £33.45 million.

Table 9: Central Capital Financing Revenue Budget 2020-21

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Budget £m
Interest Paid	4.534	4.792	5.345
Minimum Revenue Provision (MRP)	2.858	2.754	2.918
Other Financial Instruments	0.008	0.009	0.009
Interest Received	(1.012)	(1.019)	(0.943)
<b>Central Capital Financing Budget</b>	<b>8.387</b>	<b>6.536</b>	<b>7.329</b>

There are also Financing Budgets within the Directorates for Prudential Borrowing and for the payment of the PFI School and other Lease Liabilities. These are detailed in Table 10 below:-

Table 10: Directorate Capital Financing Revenue Budget 2020-21

	2018-19 Actual £m	2019-20 Projection £m	2020-21 Budget £m
Additional Voluntary MRP	1.459	1.459	1.505
PFI & Lease Liability Payments	2.086	1.947	1.947
<b>Directorate Capital Financing Budget</b>	<b>3.545</b>	<b>3.406</b>	<b>3.451</b>

Table 11 shows how there will be increased revenue pressure on the capital financing budgets over the MTFS period:-

Table 11: Capital Financing Revenue Budget 2019-20 and Projected Costs

	2020-21 Projection £m	2021-22 Estimate £m	2022-23 Estimate £m
Central Capital Financing Budget (Table 9)	7.329	7.329	7.329
Directorate Capital Financing Budget (Table 10)	3.406	3.451	3.451
<b>Total Capital Financing Budget</b>	<b>10.735</b>	<b>10.780</b>	<b>10.780</b>
Total Financing Costs (Table 8)	10.023	10.446	11.439
<b>Under/(Over) Spend</b>	<b>0.712</b>	<b>0.334</b>	<b>(0.659)</b>

This would be the worst case scenario with unsupported borrowing being used for future schemes should the Council not have available the cash resources currently held as earmarked reserves. The Council will endeavour to minimise the revenue pressure by maximising alternative capital resources such as earmarked reserves and capital receipts.

## RESOURCING STRATEGY

### 4.0 FINANCIAL CONTEXT

Whilst the aims and priorities will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained in the current economic and political climate. The context for capital expenditure decisions is as follows:

- The Council does have capital resources and expects to receive more resources in the future with an annual allocation from Welsh Government, potential s106 Monies or grant approvals.
- The Council does have a Disposal Strategy and has capital assets which it could sell and use receipts to reinvest
- The Council is currently servicing debt of £97 million of fixed interest loans, at an average interest rate of 4.7%
- The Council's MTFS shows a funding gap so any additional capital expenditure which is not funded through capital resources will increase this gap unless that expenditure delivers revenue savings or income.

There had been a steady decline in the amount of general capital funding received from Welsh Government over several financial years. However, a letter from the First Minister in November 2019 identified £100 million across Wales (2018-19 £50 million, 2019-20 £30 million, 2020-21 £20 million) of new general capital funding. For 2020-21 the Council has received its share of the final instalment of £20 million (circa £0.9 million for Bridgend). Further to this the Council has also received a share of an additional £15 million across Wales (circa £0.7 million for Bridgend) to enable local authorities to respond to the urgent need to decarbonise. For 2020-21 Bridgend has received an increase in general capital funding of £318,000 more than the amount received in 2019-20 and £761,000 more than was originally anticipated. In light of the above context, it is imperative that capital expenditure plans are affordable, prudent and sustainable.

### 4.1 PRINCIPLES FOR ALLOCATION OF CAPITAL ALLOCATION

The governing principles which underpin the allocation of capital resources are set out in the following diagram:

Nature of Capital Expenditure	Funding Source				
	General Capital Funding / Supported Borrowing	Capital Receipts / Uncommitted Reserves	Interest Free Loan	Unsupported Borrowing - Corporate Funding	Unsupported Borrowing - Directorate Funding
Mandatory					
Corporate Priority					
Investments which attracts Matched Funding					
Invest to Save / Income Generation - Commercial					

	Eligible for funding from this source
	Not eligible for funding from this source

In summary the main principles of capital allocation are:

General Capital Funding and Supported Borrowing from Welsh Government will be prioritised towards mandatory capital investments. This includes investment required to meet health and safety requirements. This principle also applies to uncommitted capital receipts and capital reserves.

Beyond this, any consideration will be given to capital schemes which directly support the achievement of the Council's corporate objectives.

Unsupported (Prudential) Borrowing will be prioritised as follows:

- To mandatory capital expenditure, including health and safety requirements. This will be considered to be an inescapable budget pressure and will be included in future years' budgets as part of the annual budget setting process.
- To capital expenditure which directly supports the achievement of the Council's corporate priorities. Borrowing for such projects will be funded corporately through an increase in budget allocation, which must be approved by full Council. Such borrowing commits the Council to interest and repayments during the asset life, and therefore it must be recognised that as budgets are reduced, the financing costs must be met by budget cuts elsewhere.
- To capital expenditure which attracts a high level of matched funding. This is particularly important as the Council tries to maximise every £1 it spends on capital with schemes involving external grants or contributions from partners. The aim is for

the Council to ensure that it invests in its strategic buildings and town centre infrastructure as grant funding and inward investment opportunities become available by allocating uncommitted reserves, maximising interest free loans or unsupported borrowing.

- To capital expenditure which provides a good financial return. Borrowing for such projects must be funded by the directorate, and therefore the financial benefit accruing to the directorate will be net of financing costs. This approach aligns the directorate incentives with the corporate benefit of such projects. Advantage will be taken of interest free loans where available.

## CAPITAL INVESTMENT APPRAISAL

### 5.0 CAPITAL EXPENDITURE BIDS

The Council will maintain a rolling ten year capital programme, to be updated on an annual basis (or more frequently as required) to take into account revised priorities, new schemes and changes in the availability of funding. The current year's programme is monitored on a quarterly basis by Cabinet and updated programmes approved by Council.

The Council's Capital Programme contains a number of recurrent Annual Allocations, which are the first call on its General Capital Funding. These allocations are reviewed annually with a view to determining whether they are still essential, relevant and achieving the outcomes expected, and amended accordingly.

Where capital resources allow as a result of additional general capital grant, earmarked reserves or capital receipts, as part of the MTFs process, Directorates will be requested from September each year to submit Expressions of Interest for new capital schemes, outlining:

- Proposed Project
- Timescale
- Potential Cost
- Potential Revenue Savings
- Link to Corporate Priorities
- Risk of not Undertaking

These will be ranked in order of fit to:

1. **Link to Wellbeing Objectives:**
2. **High level of Risk of not progressing, based on the following criteria**

High	High risk to BCBC in terms of service delivery and/or meeting MTFs Savings e.g. Urgent/ Essential Works to prevent imminent building failure and closure. Requirement to meet approved Bridgend Change Programme Project to deliver MTFs Savings
Medium	Medium risk to BCBC in terms of service delivery and/or meeting MTFs Savings e.g. identified works required over the next 2 to 5 years. Requirement to meet Proposed Bridgend Change Programme Project to deliver MTFs Savings
Low	Low risk to BCBC in terms of service delivery and/or meeting MTFs Savings e.g. identified works desirable , Requirement to meet yet to be identified Bridgend change Programme Project to deliver MTFs Savings

3. **Service is able to meet any additional revenue costs arising from the scheme e.g. increased Business Rates, running costs.**
4. **Ability to attract matched funding / high leverage ratio.**
5. **An appropriate return on investment where appropriate.**



## 5.1 EVALUATION APPROACH

As stated, the Council only has a limited amount of resources, and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives and in accordance with **PRINCIPLE 1** above.

The business plan put forward for a capital project will be reviewed to ensure it takes account of stewardship, value for money, prudence, sustainability and affordability. Investment decisions will consider risk and reward and how the project contributes to the achievement of corporate objectives. The phasing of projects over more than one financial year will be assessed to ensure timetabling of plans and budgeting is realistic and funding is available over the life of the project.

The revenue implications for each capital bid are considered at the initial evaluation stage, covering both staffing /running costs associated with the bid and the financing costs over the lifetime of the asset created. One of the Chief Finance Officer's requirements when reviewing capital bids is to ensure that the revenue implications are realistic. The options appraisal exercise undertaken for larger projects seeks to ensure that the lifetime revenue implications of a capital project are fully considered and evaluated, are affordable and are included in the MTFS in accordance with **PRINCIPLE 2** above.

Successful projects will then be required to complete a full Business Case to be considered in more detail by Corporate Management Board and Cabinet for eventual inclusion in the Capital Programme to be incorporated in the MTFS, to be approved by Council.

The Council can also make Treasury investments including overnight deposits, fixed term investment, money market funds, property funds and government bonds. These investments are made in accordance with the TMS which is approved alongside the Capital Strategy.

### In Year Approvals

Any bids for capital funding outside of the annual MTFS bidding round should be accompanied by a full business case and be supported by the appropriate Director, Section 151 Officer and Cabinet. All funding sources should be fully identified before the bid is taken forward for Council approval for inclusion in the capital programme.

In line with the Council's Financial Procedure Rules, schemes for which external funding has been approved (grants, S106 etc) will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council.

In addition, any urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer, subject to a maximum value of £100,000. Any such decision requires approval by either the Chief Executive Officer (or can be sub-delegated to the Section 151 Officer) under the Scheme of Delegation, Scheme B1 paragraph 2.2.

## **GOVERNANCE AND RISK MANAGEMENT**

### **6.0 STRATEGY**

It is important given the risks surrounding Capital Projects that the appropriate Governance framework is in place. This is highlighted in **PRINCIPLE 2** above.

The Prudential Code sets out a clear governance procedure for the setting and revising of a capital strategy and prudential indicators i.e. this should be done by the same body that takes the decisions for the local authority's budget – i.e. Full Council.

The Chief Finance Officer will prepare a Capital Programme for consideration by Corporate Management Board (CMB) and Cabinet. It must be approved by Council in accordance with the Financial Procedure Rules of the Council's Constitution.

Variations to the capital programme, other than those permitted under Rules 3.4.7 and 3.4.9 of these Rules, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.

### **6.1 CAPITAL EXPENDITURE/INVESTMENT DECISION**

A monitoring process is in place which:

- Reports on variances in expenditure and slippage on schemes and seeks explanations from project managers to report back to CMB and Cabinet to inform future planning decisions
- Quarterly capital monitoring reports will be prepared for Cabinet which should include details of any virements between projects as well as projections of likely year end spend.

A post project appraisal of all projects in accordance with the Project Management Toolkit must be completed to demonstrate how objectives have been met, how final costs compared to budget and what revenue costs / savings materialised. This information will be reported back to feed future appraisal exercises.

### **6.2 RISK MANAGEMENT**

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

General risks are those which are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control but mitigations have been developed as part of the business planning and governance process.

The effective management and control of risk are also prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

## 7.0 KNOWLEDGE AND SKILLS

Within Finance, the Capital Programme and TMS are managed by professionally qualified accountants or staff with extensive Local Government finance experience. They all follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The Council subscribes to the CIPFA Financial Advisory Network (FAN) and as a result has access to courses and documentation on developments within the capital and treasury management fields. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is a professionally qualified accountant and follows an ongoing CPD programme. All Treasury Management Practices (TMPs) are reviewed and updated as necessary.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

All the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required external professional advice is also taken. Project management tools are used and there is a strong project management ethos within the Council. Throughout the Council is a good mix of professional qualified staff and staff with both commercial and local authority experience. There is a Corporate Landlord team consisting of skilled and professional staff covering design and management, estates and valuation, statutory compliance, strategic asset management planning, facilities management, management and commissioning of repairs and maintenance and energy management to introduce new energy efficiency measures such as upgraded heating, lighting, insulation and investigating new technological solutions that will enable staff to be fully agile and provide a better service, while an online portal is being developed that will provide information, process customer requests and enable staff to log jobs and track progress. The Regeneration Team within the Communities Directorate has been successful in applying for monies from various sources such as Welsh Government, Heritage Lottery and European monies.

**Schedule A****ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2020-21**

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2020-21 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure and does not result in a significant asset will be based on the Capital Financing Requirement after accounting adjustments on a straight line basis over 45 years
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead
- v. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2020-21 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/20 £m	2020/21 Estimated MRP £m
Capital expenditure before 01/02/2008 and any after 01/04/2008 that does not result in a significant asset (Supported)	(i)	124.940	2.793
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	3.157	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.796	1.505
PFI, Finance Leases and other arrangements – PFI School	(iii)	16.310	0.743
<b>TOTAL</b>		<b>172.203</b>	<b>5.173</b>

## **Sources of Capital Investment**

### **Borrowing**

The Council is able to borrow money on the money market or from the Public Works Loan Board (PWLB) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow). However, for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs and any on-going related revenue support. With the exception of the Welsh Government's allocation of Supported Borrowing, all other borrowing is unsupported i.e. where associated interest and debt repayment costs must be met from existing revenue budgets, Council Tax, savings or additional income generation.

The Council is only able to borrow for "unsupported borrowing" (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable.

All schemes funded from Prudential Borrowing are approved by full Council, and in accordance with MTFS **PRINCIPLE 11** must be affordable and sustainable, with payback met from Directorate or Council revenue budgets over a period no longer than the life of the asset. Projects requiring funding through prudential borrowing should submit a robust business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax).

The potential for Prudential Borrowing is not unlimited and must be considered within the Council's overall borrowing limits. Whenever Prudential Borrowing is under consideration, the means of payment must be clearly identified. Typically this can be from:

- Income or savings generated by the investment;
- Budget reductions made elsewhere in the Directorate to compensate;
- Additional recurrent funding approved by Council as part of the budget setting process.

There may be the need for borrowing where there is no identifiable future revenue stream, for example, to repair or construct infrastructure assets. This may be to support Corporate Priorities. The cost of such borrowing falls on the council tax payer through payments of debt interest on the Council's revenue account and repayment of debt over a specified period of time. This is known as the Minimum Revenue Provision (MRP). There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council, it is likely that such schemes will be an "exception".

### **External Grants**

The Council receives annual capital grant funding from Welsh Government and is able to bid for grant funding directly to other government departments or from other grant awarding bodies.

The annual funding from Welsh Government is not ring-fenced so the Council has flexibility in how it allocates this funding. It is proposed that this is earmarked in the first instance to works deemed to be of a mandatory nature e.g. health and safety, or towards Wellbeing Objectives.

Any additional capital grant funding received from external sources must be managed in line with the Council's Grants Policy. Delegated authority is required to bid for and accept any external funding, and external funding applications should be supported by a strong business

case which demonstrates how the project meets the Council's Corporate Priorities and how any future revenue costs will be met.

### **Capital Receipts from Asset Disposals**

The Council generates capital receipts from the sale of surplus assets. Maximisation of these receipts will increase the amount that can be spent on capital investment. Capital receipts cannot be spent on revenue items.

The Council has a statutory obligation to deliver best consideration under S123 of the Local Government Act 1972 and will seek to obtain market value in its disposals. However, there are exceptions and there will sometimes be a balance to strike where disposals can achieve social, economic or environmental policy objectives which contribute towards the Corporate Plan. In such instances, consideration will be given to the Value for Money that this represents.

The Council has also introduced a Community Asset Transfer (CAT) Strategy, where it considers the transfer of assets to third party groups at less than best consideration to support its objectives. The Council will consider, on a case-by-case basis, the potential transfer of assets to an alternative provider after a full assessment of the long-term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives. Where the Council proposes to dispose of or grant a long lease at nil consideration, or at a value below market value, a valuation will be undertaken to ensure that the Council is fully aware of the receipt that it is foregoing as a result of the Community Asset Transfer.

A key principle of the Council's Capital Strategy, **PRINCIPLE 4**, is that, unless specifically agreed by Cabinet for exceptional circumstances, all capital receipts will be treated as general capital funding and allocated according to determined priorities. This supports the "One Council" approach. However, this does not negate the need for Council to approve any proposed schemes from that receipt. One example of where the Council has departed from the principle is with regards to school disposals and the ring fencing of those capital receipts to fund the School Modernisation Band A Programme. There may potentially be other schemes where the Council decides to set aside receipts in this way and these will be approved within the reporting of the Capital Programme.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal. In relation to development sites it will produce a technical pack which will include site investigations, planning briefs, utilities and drainage information, as relevant. The Council will consider the most appropriate method of disposal by way of private treaty, tender or by public auction. Generally it will dispose of assets on the open market, in order to robustly demonstrate that it has delivered best consideration. However, there will be occasions when it will sell off market to a single bidder. In these instances it will seek an independent valuation to assess the capital receipt and to affirm that best consideration has been delivered.

### **S106 contributions**

Section 106 (S106) Agreements are legal agreements between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations. A section 106 agreement is designed to make a development possible that would otherwise not be possible, by obtaining concessions and financial contributions from the developer. Any contributions received from the developer are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the capital programme once an eligible scheme has been identified. S106 contribution agreements can be used, for example, for the provision of educational facilities, highways infrastructure, affordable housing, play areas and open spaces, in line with the Council's adopted policy on the use of section 106 agreements. Consideration of available S106 funding should be taken

when agreeing the capital programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding. Contributions can be time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement, any funds not spent in line with the agreement would have to be repaid to the developer.

### **Revenue and Reserves**

The Council is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government funding for revenue expenditure, the Council's policy is generally not to budget to use revenue or reserves to directly fund capital projects, unless funding has already been set aside.

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