

MINUTES OF AN EXTRAORDINARY MEETING OF BRIDGEND COUNTY BOROUGH
COUNCIL HELD IN THE COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET,
BRIDGEND ON WEDNESDAY, 27 FEBRUARY 2013 AT 2.00PM

Present:-

Councillor M Thomas - Mayor and Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
S Aspey	D M Hughes	J R McCarthy	R L Thomas
M W Butcher	E M Hughes	H E Morgan	J H Tildesley MBE
N Clarke	C J James	L C Morgan	H J Townsend
H J David	P James	M E J Nott OBE	E Venables
G Davies	R M James	D G Owen	K J Watts
G W Davies MBE	R D Jenkins	D R Pugh	C Westwood
P A Davies	P John	C Rees	D B F White
E Dodd	C Jones	C L Reeves	P J White
D K Edwards	C L Jones	M Reeves	H M Williams
E P Foley	M Jones	D Sage	R Williams
C A Green	D R W Lewis	J C Spanswick	M Winter
M Gregory	J E Lewis	G Thomas	R E Young

Officers:

D Mepham	- Chief Executive
P A Jolley	- Assistant Chief Executive Legal and Regulatory Services and Monitoring Officer
N Young	- Assistant Chief Executive - Performance and Section 151 Officer
H Anthony	- Corporate Director - Children
S Brindle	- Corporate Director - Wellbeing
L Fradd	- Corporate Director - Communities
J Smith	- Head of Finance and Performance
A Rees	- Senior Democratic Services Officer - Committees
G P Jones	- Head of Democratic Services (Electronic Back-up)

125 COUNCILLOR M D FRANCIS

The Mayor announced with sadness that Councillor Francis had passed away on Friday 21 February 2013 and would be missed by all Members of the Council. All present stood in silence as a mark of respect.

Councillor Tildesley stated that he had known Councillor Francis and his wife Mrs Val Francis for a number of years and that the Council had lost a good and faithful colleague. Councillor Green stated that she was deeply saddened to hear of the loss of Councillor Francis and that they had served alongside each other on Laleston Community Council for a number of years. Councillor Westwood informed Council that she had been good friends with Councillor Francis and Mrs Francis for a number of years. She stated that Councillor Francis had a number of hobbies and was a maintenance electrician at the Prince of Wales Hospital in his working career and stated that he would be much missed by all Members of the Council. The Leader announced that all Members of Council were shocked and saddened at the loss of Councillor Francis and that Members' thoughts were with Mrs Francis. The Leader stated that Councillor Francis had enjoyed his role as Chair of the Health and Wellbeing Overview and Scrutiny Committee and was conscientious during his working life and had served as a loyal member of the Council and the Labour Party for many years.

126 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members for the reasons so stated:-

Councillor L Ellis	- Unwell
Councillor B Jones	- Family commitment
Councillor A Owen	- Work commitments
Councillor G Phillips	- Work commitments

127 DECLARATION OF INTEREST

Councillor N Clarke declared a personal interest in Agenda Item 4(i) Medium Term Financial Strategy 2013-14 to 2016-17, as a trustee of Cartrefi Cymru.

128 LEADER'S ANNOUNCEMENT

The Leader informed Members that the Medium Term Financial Strategy set the financial context and resources the Council has to deliver its priorities and provide services over the next four years.

He stated that the cuts imposed on the Council by the UK Government had been ruthless, relentless and without consideration for the communities they will hurt the most. It would leave the Council in the most difficult of financial positions. Nevertheless, the Council would remain committed to delivering quality local services and continuing essential investment.

He stated that the Council recognised it could not do this alone and it was important for citizens to work with the Council to achieve the things it believed were important to the area; developing the local economy; raising aspirations and educational achievement; supporting children and their families; helping the vulnerable and older people living independently for as long as possible and helping people live healthier lives. These were the Council's priorities for the County Borough.

He stated that the Council is proud of the County Borough and ambitious for the people living here and want people to thrive. However the Council had limited resources to do this and from economic forecasting, the worst was yet to come.

The Leader informed Members that the plan was about ensuring that the money available to the Council was spent on its priorities and statutory duties in the best and most efficient way. It also recognised that there was a continued role for the Budget Research and Evaluation Panel in assisting with progressing the Medium Term Financial Strategy.

The Council's Regeneration Programme and support for local businesses were helping to develop the local economy, particularly in the County Borough's town centres. The Council had nurtured outstanding relationships with its partners and the integrated health programme meant the Council was able to support people to stay healthier and independent for longer. He also believed that the collaboration with HALO would pay dividends, creating essential investment in leisure at a time when other authorities were cutting back.

The Leader stated that the School Modernisation Programme was creating learning environments designed to raise aspirations and achievements among young people and the Council remained passionate about its role as corporate parents and determined to create a County Borough which celebrates childhood and the role of the family.

The Leader announced that reluctantly the Council must increase Council Tax this year, but in doing so had sought to balance the need to protect essential services with

households' ability to manage in these difficult economic times. The Council would continue to make a determined effort to keep any Council Tax increases to a reasonable level throughout its administration, despite rising demands for local services and reducing income. He stated that the Council appreciated the financial problems facing communities at the current time and it was vital for it do all it can to support them.

He announced a proposed change to the Budget reduction proposal CH58, Appendix C of 45K, proposing a reduction to the extended entitlement programme. As a result of recent representations and to allow reasonable time for organisations to find alternative sources of community based or charitable funding, it was proposed to phase the reduction in this grant over two years. Therefore, rather than a total cut, it would be reduced by £22,500 in 2013/14, coming to an end on 31 March 2014. The budget reduction CH61, Appendix C would be increased from £24k - £46,500 in 2013-14 only to compensate for this change.

He stated that the overall budget requirement remained unchanged and requested that Members take this into consideration when debating the Budget proposals and that this amendment is reflected in the recommendations.

The Leader stated that these were particularly tough times for the public sector and the decisions made today were designed to ensure the Council has sufficient funding over the medium term, as well as for the next financial year.

He stated that the strategy provided the Council with a solid foundation for managing its resources and services for the next four years, and one its citizens and partners can have confidence in despite living in uncertain times.

129 MAYOR'S ANNOUCEMENT

The Mayor announced that she had hosted a number of school visits in the Parlour and had visited a number of schools recently and thanked the local Members and Officers for their support at these visits. She also announced that she would be pleased to attend further visits to the County Borough schools.

130 MEDIUM TERM FINANCIAL STRATEGY 2013-14 TO 2016-17

The Section 151 Officer submitted a report, the purpose of which was to present to Council the Medium Term Financial Strategy 2013-14 to 2016-17m, which included a financial forecast for 2013-17, a detailed revenue budget for 2013-14, a revised Capital Programme for 2013-14 to 2022-23 and Treasury Management Strategy.

She stated that the Council had reviewed its Corporate Plan this year to ensure it continues to reflect the Council's priorities and key risks. The plan for this period had been extended to cover the current administrative term of the Council. The links between the Corporate Plan and the MTFS had been strengthened to enable Members, citizens and officers to understand more clearly the relationship between the resources and service priorities and to achieve this, an integrated business and planning process had been introduced.

The Medium Term Financial Strategy included all elements of the Council's financial strategy for the next four years, with emphasis on planned efficiency savings and development of a strategic change management programme. It also encompassed the Capital Programme which was designed to ensure that capital investment proposals were prioritised and evaluated in accordance with asset management principles and contribute towards the Council achieving its strategic and service priorities.

The Section 151 Officer set out the Medium Term Financial Strategy within the context of UK Government and public expenditure plans and that the UK Government in 2010 had published its Comprehensive Spending Review (CSR) which imposed significant

reductions in spending across the entire public sector. For the Council, this involved a real terms cut in the revenue and capital funding received from the Welsh Government over the period 2011-12 to 2013-14 of 9.2% and 44.6% respectively. At the same time there had been a fall in income from fees and charges, investments and asset disposals as a result of a weak economy and poor financial market performance. The Section 151 Officer informed Council that the next CSR would be published in the summer of 2013 and whilst the period it would cover had not been announced, it was clear that cuts in public expenditure were set to continue for several years, with further reductions to public spending by councils, as well as radical welfare and pension reforms.

The Section 151 Officer reported on the Welsh Government Revenue settlement which showed an average revenue settlement increase (excluding Council Tax Reduction funding reduction) across all Councils was 1.2 %, ranging across councils from 0.3% to 1.9%. The cash increase for BCBC was 1.3%, however, in real terms based, on the December Consumer Price Index (CPI) of 2.7%, this equated to a real terms cut of 1.4%. She stated that the 2013-14 settlement had been top sliced by £10m across Wales to create a Regional Collaboration Fund against which councils can bid to support regional collaboration projects. The Council had submitted a bid to the Fund in the Western Bay Region and a decision was awaited. In terms of the revenue settlement, a number of specific grants had been transferred into the 2013-14 settlement, which amounted to £4.6m.

The Section 151 Officer reported that the Council had been given new responsibilities for the Council Tax Reduction Scheme which replaced the Council Tax Benefit which was being abolished from 1 April 2013 and linked to Welfare Reform. The Welsh Government had agreed to give funding to allow local authorities to fund 100% of the Council Tax Reduction Scheme in 2013-14, however no commitment had been given in respect of future years.

The Section 151 Officer reported that Council at its meeting in February 2012 had approved a capital programme for 2011-12 to 2021-22, based on the assumption that annual Welsh Government Capital Funding (known as General Capital Funding) would be reduced by 11.66% to £6.3m in 2013-14 and then flat lined from 2014-15 onwards. The Council subsequently approved a revised capital programme in September 2012, reflecting funding changes to some schemes, slippage from 2011-12, additional external funding approvals and changes to expenditure profiles. The final Welsh Government capital settlement for 2013-14 provided the Council with £6.354m capital funding per annum from 2013-14 flat lined for 2014-15.

The Section 151 Officer outlined the financial position of the Council by Directorates as at 31 December 2012 which showed a projected net overspend due to demand led pressures in Looked After Children, Special Needs Education and Adult Social Care. Corporate Directors were taking appropriate action to bring expenditure as close as possible in line with the 2012-13 approved budget.

The Section 151 Officer set out the key principles which would be used for the Medium Term Financial Strategy, the Resource envelope within which the Council will operate over the next four years and how the Council would need to manage its finances within the Forecast Resource Envelope. She also set out the fourteen key principles of the Medium Term Financial Strategy which will drive the budget and spending decisions over the next four years. The Medium Term Financial Strategy was predicated on a budget gap of £24m which included a recommended council tax increase of 3.5% for 2013-14. She highlighted the savings required to fund the budget gap for the period 2014-15 to 2016-17 after applying varying increases in council tax which range from 0% to 5%. The Section 151 Officer highlighted the indicative budgets for the Council based on the most likely scenario, with expected net savings requirement over the four year period of £24m. She highlighted the budget pressures and income which the financial forecast was predicated on a number of spending assumptions. The financial forecast

was also predicated on savings being met from Directorate and Corporate Budgets for 2013-14 and potential proposals for future years were in development.

The Section 151 Officer reported that the Medium Term Financial Strategy would be managed and monitored by the Corporate Management Board and the assumptions would be kept under regular review which will include triggers, such as performance data and external information, to ensure that early action was being taken to keep the MTFs on track. Outline savings proposals were being developed by officers to meet the £24m requirement and these were being worked up to form the basis of a Strategic Change Management Programme aligned to corporate priorities and focused on making best use of resources; service transformation; and managed service reductions. The Section 151 Officer highlighted the value of budget reductions identified so far in each of those areas over the length of the Medium Term Financial Strategy. Over 50% of the savings identified so far could come from the making best use of resources programme, achieved through a programme of lean systems review; a review of fees and charges (including re-charges); procurement and contract savings; better use of assets (including schools modernisation); collaboration and staffing restructures. Managed service reduction proposals amounted to 21% of the savings proposed so far and include reducing services to the statutory minimum as well as cutting some discretionary services. The service transformation programme focused primarily on social care projects. The Section 151 Officer explained that all of the proposals had implications for the Council's workforce given that 68% of the Council's net revenue budget related to pay costs. To meet the significant savings requirement over the term of the MTFs the Council would need to establish a coherent and properly governed and managed Strategic Change Management Programme, supported by appropriate corporate change management staff resource and investment capacity. It was proposed that the Council's pump priming fund Budget of £200k per annum is used to establish the core staff capability to deliver the programme. The programme would also require investment and it was proposed that an earmarked reserve of £1m is maintained over the life of the MTFs to support delivery of the Corporate Plan and the MTFs.

The Section 151 Officer informed Members that Cabinet and CMB recognised the benefits of embedding a culture of medium term financial planning within the Council. To secure greater involvement of Members as well as Officers in the financial planning process, it was proposed that the existing Budget Research and Evaluation Panel work on an on-going basis with Cabinet Members and Officers to develop the strategic change management programme and savings proposals. This would provide useful scrutiny and challenge to test the feasibility of proposals and the MTFs as they both develop.

The Section 151 Officer set out the Council's proposed final revenue budget for 2013-14 which had been developed using the MTFs principles, which included proposals for increases in budget allocations in specific service areas to meet budget pressures and also budget reduction proposals, which had been considered by the Budget Research and Evaluation Panel and each of the Overview and Scrutiny Committees, with the Corporate Resources and Improvement Overview and Scrutiny Committee summarising and collating the resultant observations and recommendations. Progress had been made on Job Evaluation, with the Council making an improved offer which resulted in a positive response to the ballot held in February 2013 and a collective agreement being reached. She summarised the revenue budget for 2013-14 which included grants transferring in to the revenue support grant settlement. The net budget would be funded by revenue support grant/non domestic rates of £197,875,858; Council Tax income of £56,854,242 and additional grant - Council Tax Reduction Scheme of £1,138,395 resulting in a total of £255,868,495, with an average increase of 3.5% in council tax, excluding precepts.

The Section 151 Officer commented on the position on the allocation of price inflation to service budgets, budget pressures of £6m had been identified for 2013-14 and planned budget reductions of £3.7m had also been identified.

The Section 151 Officer reported that alongside the Welsh Governments' protection of schools in the final settlement, the Education Minister had sought commitment from all local authorities to increase the level of delegation to schools to 85% by April 2014. This had been the subject of consultation with governing bodies to delegate funding for the school music service and secondary additional learning needs from April 2013. Income from fees and charges would be increased by a CPI of 2.7% plus 1%. It was proposed that £490k of the projected 2012-13 accrued council tax income be used to provide transition funding to meet the budget pressure proposals CHP5, CHP7, CHP8, COM6 and ICTP3. Allocations of the 2013-14 budgets at area of service level showed how the budget allocations contribute to corporate improvement priorities and support core business.

The Section 151 Officer reported that it was proposed to maintain unallocated balances at the current level of around £7m throughout the MTFS period.

The Section 151 Officer reported on the proposed Capital Programme for 2013-14 to 2022-23, which formed part of, but extended beyond the MTFS and also covered the Council's Capital Financing plans (including prudential borrowing and capital receipts forecast). Both had been developed in line with the MTFS principles and reflect the Welsh Government capital settlement for 2013-14, which provides general capital funding for the Council for 2013-14 of £6.354m, of which £3.946m was un-hypothecated supported borrowing and the remainder £2.408m as general capital grant. A provisional allocation of £6.354m had also been indicated for 2014-15. Development of the proposed Capital Programme had followed the MTFS principles and was shown by corporate priority. The programme proposed contained a number of significant strategic investment projects that will support a number of corporate priorities. She highlighted the proposed allocation of funding to support schemes in the Capital Programme. She also commented on the historical annual capital funding and stated that against the background of the reduction in capital funding, these annual allocations had been reviewed and certain proposals had been put forward for the 2013-14 Capital Programme. She stated that the financing of the Council's Capital Programme was underpinned by the Council's Treasury Management Strategy and outlined the key principles used in that strategy. The proposed capital programme assumed that £8.9m of new capital receipts would be generated from asset sales over the next two years. A further £11.135m of capital receipts from the sale of school sites was required as part of the match funding for the 21st Century Schools Programme and confirmation of these receipts would be required before contracts could be awarded for those projects. Prudential borrowing totalling £29.4m was approved by Council on 22 February 2012 and it was proposed that this borrowing be increased by a further £3m to allow for the investment requirements of the parks, pavilions and highways street infrastructure projects.

The Section 151 Officer reported on the requirement for the Council to set a number of Treasury Management Indicators and to report them within the Treasury Management Strategy. The Council was required, prior to the start of the financial year to approve the Treasury Management and Investment Strategies for 2013-14 and the Treasury Management and Prudential Indicators for the period 2013-14 to 2016-17. The indicators summarise the expected activity or introduce limits upon the activity, reflect the underlying capital programme and provide assurance that capital investment decisions are affordable, prudent and sustainable.

The Section 151 Officer reported that she was required as the Council's Chief Financial Officer to report annually on the robustness of the level of reserves and stated that the level of Council reserves was sufficient to protect the Council in light of unknown demands or emergencies and current funding levels, but emphasised that the biggest financial risks the Council was exposed at the present time relate to the impact of Welfare Reform and realising planned budget reductions in the years 2014-15 to 2016-17. She was also required to report to Council if she did not believe she had sufficient

resource to discharge her role as required by Section 114 of the Local Government Act 1988. She believed that there was sufficient resource to discharge this role.

The Cabinet Member Resources thanked the Section 151 Officer for her report and commented that this was a balanced and sustainable budget based on sound financial management and principles.

He stated that the Medium Term Financial Strategy 2013-14 to 2016-17 provided the Council with a platform to deliver the Council's priorities over the next four years. However, the budget for this year and in particular those forecast for future years were very challenging and dependant on budget reductions of £24m being achieved over the four year period.

In order to achieve this Council needed to establish a properly governed and managed strategic change management programme to deliver budget reductions which may require policy changes, further collaboration and service remodelling. The proposal to increase council tax had been weighed up against the need to protect essential services for its citizens through difficult times.

The Budget set for 2013-14 was both sustainable and prudent and was a budget which is good for the youngest and oldest citizens in the Borough. The proposals include protection for primary and secondary schools and recognise the need to invest in special educational needs. Over £1.2m would also be invested in services for Looked after Children in response to rising demand and as part of the Council's pledge to being a caring and committed corporate parent.

The 2013-14 budget also recognised demographic pressures in Adult Social Care and over £800k had been allocated to services for supporting older people and those with severe and complex disabilities to allow them the opportunity for independence and to remain in their own homes.

With regard to the Capital Programme, proposals include increased investment in schools, highways and parks and pavilions, together with regeneration projects in Porthcawl, Maesteg and Bridgend. This was in recognition of the Council's ambition to develop a thriving local authority despite national pressures.

Although the budget was undoubtedly challenging, the Cabinet Member Resources was assured by the Corporate Management Board that the 2013-14 proposals can be delivered and by the Section 151 Officer that this is a budget which is both sustainable and prudent.

Members questioned the increase in the cost of school meals. The Corporate Director Children stated that the increase was attributable to the increased costs of staffing and preparation of meals, together with the costs of training staff and investment in kitchen equipment. The Leader commented that the increase in school meals was necessary due to the investment in the maintenance and repair of kitchens and staff training, however the Council was placed mid-way in the table of school meal charges.

In response to a question from Members, the Cabinet Member Children and Young People reassured Council that provision of £10m had been made in the budget under the heading of Garw Valley South Primary provision for a replacement primary school in Bettws.

In response to a question from Members in respect of reductions to community based funding, the Cabinet Member Children and Young People commented that it was proposed to phase the reduction over two years in order to support organisations during that transition period. The Cabinet Member Wellbeing stated that £200k had been committed to Nantymoel and appealed for a voluntary group to work in partnership with the Council.

In response to a question from a Member, the Corporate Director Children stated that the additional delegation to schools would enable them to buy back services such as the school music service.

The Corporate Director Children also informed Council that in respect of direct payments, the service user would receive a payment but would not be able to buy that service from the Council, however there may be a change in legislation in the future. The Cabinet Member Wellbeing informed Council that direct payments could also be used for those in need of minor adaptations such as the provision of hand rails.

- RESOLVED: (1) That Council approved the Medium Term Financial Strategy 2013-14 to 2016-17 including the 2013-2014 Revenue Budget, the Capital Programme 2013-2014 to 2022-2023 and the Treasury Management Strategy 2013-14 and approved the following specific elements:-
- The MTFS 2013-14 to 2016-17
 - The Net Budget Requirement of £255,868,495 in 2013-14.
 - A Band D Council Tax for Bridgend County Borough Council of £1135.36 for 2013-14.
 - The 2013-14 budgets as allocated in accordance with table 6 of the report.
 - The Capital Programme 2013-14 to 2022-23.
 - The Treasury Management Strategy 2013-14 and Treasury Management and Prudential Indicators 2013-14 to 2016-17.
- (2) That budget reduction CH58 be phased over two years with the extended entitlement programme being reduced by £22,500 in 2013-14 and budget reduction CH61 be increased from £24,000 to £46,500 in 2013-14 only to compensate for this change.

131 2013/14 COUNCIL TAX

The Section 151 Officer submitted a report which provided details of the Council Tax requirement for the County Borough Council together with the precept requirements of the Police & Crime Commissioner for South Wales (formerly known as the South Wales Police Authority) and Town and Community Councils. She reported on the 2013-14 budget which had been approved earlier in the meeting and provided details of the Council Tax calculations, which included the Council Tax Base Band D equivalents.

The Section 151 Officer reported that the Council as the billing authority was required to formally set the Council Tax for its area, this must be set to meet the net budget requirement of the Council and its precepting authorities. The Council was also required to approve Council Tax charges for Band D properties for the chargeable financial year beginning the 1st April for each of the community areas which was presented in tabular form.

RESOLVED: That Council:-

- (i) Approved the Council Tax for the Council of £1135.36 for 2013-14, and the Council Tax for the area outlined in Paragraph 4.3 of the report.

- (ii) Approved the Council Tax charges for Band D properties for 2013-14 for each of the community areas outlined in Paragraph 4.4 of the report.

The meeting closed at 3.26pm.