

Public Document Pack
Bridgend County Borough Council
Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



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

Legal and Regulatory Services /
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Direct line / Deialu uniongyrchol: 01656 643148
Ask for / Gofynnwch am: Mr Mark Anthony Galvin

Our ref / Ein cyf:
Your ref / Eich cyf:

Date / Dyddiad: Thursday, 1 October 2015

Dear Councillor,

COUNCIL

A meeting of the Council will be held in the Council Chamber, Civic Offices, Angel Street, Bridgend on **Wednesday, 7 October 2015 at 3.00 pm.**

AGENDA

1. Apologies for absence
To receive apologies for absence from Members/Officers for the reasons so stated.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest from Members/Officers in accordance with the Members' Code of Conduct adopted by Council from 1 September 2008.
3. Approval of Minutes 3 - 14
To receive the minutes of a meeting of Council dated 2 September 2015
4. To receive announcements from:
(i) Mayor (or person presiding)
(ii) Members of the Cabinet
(iii) Chief Executive
5. To receive the report of the Leader
6. Annual Report 2014-15 15 - 90
7. Capital Programme 2015-16 to 2024-25 91 - 106
8. Annual Treasury Management Report 2014-15 107 - 126
9. Affordable Housing Supplementary Planning Guidance 127 - 160

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|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 10. | <u>Appointment of Members to the Standards Committee</u> | 161 - 162 |
| 11. | <u>Information Reports for Noting</u> | 163 - 300 |
| 12. | <u>Urgent Items</u> To consider any item(s) of business in respect of which notice has been given in accordance with Part 4 (paragraph 4) of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency. | |

Yours faithfully

P A Jolley

Assistant Chief Executive Legal and Regulatory Services

Distribution:

ALL MEMBERS

MINUTES OF A MEETING OF THE COUNCIL HELD IN COUNCIL CHAMBER, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON WEDNESDAY, 2 SEPTEMBER 2015 AT 3.00 PM

Present

Councillor RE Young – Mayor and Chairperson

| | | | |
|--------------|------------------|------------|------------|
| G Thomas | S Aspey | HJ David | M Gregory |
| MEJ Nott OBE | JH Tildesley MBE | E Dodd | M Butcher |
| G Davies | GW Davies MBE | PA Davies | DK Edwards |
| L Ellis | EP Foley | EM Hughes | CJ James |
| P James | RM James | RD Jenkins | B Jones |
| CL Jones | RC Jones | DRW Lewis | JE Lewis |
| JR McCarthy | HE Morgan | AD Owen | DG Owen |
| G Phillips | DR Pugh | CL Reeves | M Reeves |
| CE Smith | JC Spanswick | M Thomas | RL Thomas |
| HJ Townsend | KJ Watts | C Westwood | DBF White |
| HM Williams | R Williams | LC Morgan | CA Green |
| N Farr | | | |

Officers:

| | |
|------------------|------------------------------------------------------------------------------|
| Darren Mepham | Chief Executive |
| Ness Young | Corporate Director - Resources & Section 151 Officer |
| Susan Cooper | Corporate Director - Social Services & Wellbeing |
| Deborah McMillan | Corporate Director - Education & Transformation |
| Andrew Jolley | Assistant Chief Executive Legal & Regulatory Services and Monitoring Officer |
| Satwant Pryce | Head of Regeneration and Planning |
| Gary Jones | Head of Democratic Services |
| Andrew Rees | Senior Democratic Services Officer - Committees |

514. APOLOGIES FOR ABSENCE

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

Councillor N Clarke – Holiday
Councillor P John – Unwell
Councillor M Jones – Holiday
Councillor D Sage – Unwell
Councillor P J White – Holiday
Councillor E Venables – Child care commitments
Mark Shephard – Corporate Director Communities – Other Council business.

515. DECLARATIONS OF INTEREST

None.

516. APPROVAL OF MINUTES

RESOLVED: 1. That the minutes of the Extraordinary meeting of Council of 8 July 2015 be accepted as a true and accurate record subject

to the reason for apologies for absence for Councillor D White being changed to Work commitments in minute number 502.

2. That the minutes of the Ordinary meeting of Council of 15 July 2015 be accepted as a true and accurate record.

517. TO RECEIVE ANNOUNCEMENTS FROM:

MAYORAL ANNOUNCEMENTS

The Mayor announced that he had attended the annual anniversary service to mark the Parc Slip disaster which was an incredibly moving event. The service was held at the memorial fountain erected at the site of the drift mine where the 1892 explosion claimed the lives of 112 boys and men. The Mayor joined members of the Parc Slip Memorial Committee and its supporters for a short service. Relatives of some of the men who died were present, and they read excerpts from a book about the disaster before those present paid their respects with a two-minute silence in memory of those who lost their lives. Also remembered were the 60 women who were widowed by the explosion and the 153 children who lost their fathers in the disaster. He urged Members to come along and take part in next year's anniversary service at the fountain, which is constructed from 112 stones, one for each of the miners who died.

The Mayor also announced that he recently made an extremely educational trip to the Milford Haven Coastguard Operations Centre, which opened earlier this year and which covers the coastline from Gloucester to Pwllheli. Following a shake-up in how coastguard services are provided, the centre became part of the new national network in February and received a major upgrade as part of the move. While there, he witnessed a call come in and saw a lifeboat launch in action which he was impressed with how fast and how smoothly the coastguards reacted to the call for help. The Centre has access to a wide range of equipment including helicopters and other rescue craft, the new network is intended to enable them to provide and receive mutual support from 10 other coastguard operations centres around the UK. The Mayor was highly assured by what he saw and learned, and he commended them for the difficult and dangerous job that they do.

The Mayor informed Members that the Charity Committee has arranged a Cheese and Wine evening at Season's Restaurant in Bridgend College on Wednesday 9 September, notices have been placed in Members pigeon holes and he looked forward to seeing as many Members as are able to attend.

The Mayor announced that on 15 September Councillor David White, as Mayor of Bridgend Town Council, is attending a service to honour RAF Sergeant Roy Penry Williams in The Netherlands. Sergeant Penry Williams, who was from Bridgend, was killed on a bombing mission in July 1941. He and five other airmen from the plane were initially believed to be buried locally with their precise resting place unknown. It was confirmed in 2011 that all six airmen were buried in a communal grave at Leeuwarden Cemetery in the north of the Netherlands. The Joint Casualty and Compassionate Centre is organising a service at the cemetery in memory of each crew member. Councillor White will be laying a wreath on behalf of Bridgend Town and on behalf of Bridgend County Borough and will be taking with him a personal letter from the Mayor to the Mayor of their town.

The Mayor announced that he attends many events as part of his role as Mayor and one of the pleasures of this lies in meeting new faces and making new friends. However, he got rather more than he bargained for following a visit to the Dogs Trust rehoming centre out at Penyfaï when he came away with a friend of the four-legged variety called Toby.

He informed Members that the centre is a first-class facility and the staff do an excellent job, and recommended that Members pay a visit. He stated that would be visiting the Cats Protection League in the near future.

MEMBERS OF THE CABINET

Deputy Leader

The Deputy Leader was pleased to report that GCSE and A Level results in Bridgend County Borough were particularly good this year. The overall A Level pass rate was 97.8 per cent, which is above the national average of 97.3 per cent, while the overall pass rate for AS Level rose to 90.1 per cent, again remaining higher than the Welsh average of 86.8 per cent. He stated that there were stand-out success stories at a number of local schools, including more than 80 per cent of pupils at Bryntirion who got into their first-choice universities. A pupil at Ysgol Gyfun Gymraeg Llangynwyd was heading to study medicine at Cambridge after picking up six A Levels. A fifth of all A Level students at Archbishop McGrath gained A-star or A grades.

The Deputy Leader announced that at GCSE level, there was a 4.2 per cent increase in the number of students achieving at least five grades from A-star to C in English, Mathematics and Welsh First Language. With a 98.9 per cent rate for pupils gaining grades between A-star and G, there was a 1.6 per cent rise in pupils achieving A-star to C grades, while 18 per cent gained either A-star or A grades. Again, several local schools celebrated record-breaking results, including Bryntirion Comprehensive where 35 pupils gained at least five A-star or A grades. Cynffig and Brynteg comprehensives both enjoyed their best ever GCSE results, as did Maesteg Comprehensive where 99 per cent of students collecting at least five grades between A-star and G. The number of pupils achieving at least five A-star - C grades at Archbishop McGrath was up 17 per cent on last year, and Porthcawl Comprehensive also posted top marks, with particularly impressive results for science where 98.4 per cent of pupils achieved top marks without any qualifications. He congratulated all on the impressive results, and thanked the heads, teachers, governing bodies and everyone who has played a part in helping deliver this success.

He also informed Members that over the summer saw bumper numbers of children taking part in the School's Out programme of free play schemes and activities. Play 4 Life sessions at Ogmore Life Centre averaged 55 children per day and 40 at Garw Valley Life Centre. At Bridgend Life Centre, the sessions attracted around 60 children per day, and the Mini Play 4 Life scheme aimed at three to seven year olds had to double its capacity because of high demand. Community play schemes were well attended, and a special Communities First Play 4 Life programme teamed up with the library service to promote literacy as well as fun activities. He thanked town and community councils, Halo Leisure, Club Penybont, local schools, Bridgend Communities First and other partners for helping to make the 'School's Out' programme a huge success once again.

Cabinet Member Communities

The Cabinet Member Communities informed Members that a campaign has been running over the summer to find the County borough's number-one outdoor location, called 'My Green Space', as well as promoting some of the facilities that the area has to offer. The opportunity had been used to turn the spotlight on the local volunteers who put in hours of their own time each week to help maintain green spaces.

He also announces that from 'Friends' groups to small bands of community-spirited individuals, there are many volunteers within our communities who help to conserve the area's valuable natural habitats by getting involved in activities such as hedge laying, coppicing, dry stone walling, litter picking, general maintenance and more. For example,

the Bryngarw Park Volunteer Group supports the work of the park rangers and gives people a chance to learn new skills and make new friends while contributing towards life within the community. Constituents may be interested in finding out more about volunteering opportunities and to support this, a new website has been created in partnership with the Welsh Government which includes details of a wide range of groups, charities and organisations such as the Wildlife Trust or keep Wales Tidy. To find out more, please visit www.Natural Neighbourhoods.com.

The Cabinet Member Communities also mentioned a very useful new scheme that has been funded by the Welsh Government and which provides young people aged 16 to 18 with discounted bus travel. Called 'My Travel Pass', the scheme provides eligible teenagers with a discounted pass that can save up to a third off the price of an adult bus fare. This includes all local buses as well as longer distance TrawsCymru journeys throughout Wales. The scheme commenced this week and will run initially on a pilot basis until 31 March 2017. More details are available by calling 0300 200 22 33 or by visiting [www.gov.Wales\my travel pass](http://www.gov.Wales/my travel pass).

Cabinet Member Children's Social Services & Equalities

The Cabinet Member Children's Social Services & Equalities announced some good news from the National Child Measurement Programme for Wales who have confirmed that Bridgend County Borough has seen the highest percentage reduction in children aged four or five who are overweight or obese. Much of this success is down to initiatives such as the Family Active Zone which aims to provide physical activity and play opportunities while boosting a child's confidence, creativity, resilience and determination. They also work with families to look at issues such as healthy eating and regular exercise. With sixteen programmes running across the County Borough, a total of 120 families have received help so far. The Family Active Zone initiative has since been awarded a Health Social Care and Wellbeing Grant from Public Health Wales which will allow it to expand and encourage local communities to set up their own sustainable programmes, which she looked forward to be able to inform Council of further successes soon.

The Cabinet Member Children's Social Services & Equalities also advised Members that the Council's Flying Start team have won a prestigious NHS Wales Award in recognition of an innovative project that aims to help pre-school children improve their speech and language development. With national research showing that more than half of children raised in deprived communities are late talkers, the project has assessed the language skills of nearly 650 two-year-olds who use Flying Start nurseries across Bridgend County Borough. This identified that 57 per cent of the children required speech and language therapy sessions. To date, the programme has helped 68% of the identified children to improve their speech and language skills and has demonstrated the importance of early intervention. The Cabinet Member Children's Social Services & Equalities was delighted that Bridgend County Borough's Flying Start team has received national recognition for the strides they are making into improving the lives of pre-schoolers.

Cabinet Member Resources

The Cabinet Member Resources informed Members that the pre-Council presentation scheduled for 7 October will be on the topic of European Funding. The aim of this briefing is to provide Members with information about the next generation of EU funding programmes which Bridgend County Borough is eligible for. It will also advise on the preparations that are being made with regional partners to ensure that the County Borough benefits from these resources. He stated that this is a very important issue and hoped that all Members will be able to attend.

He also announced that the second session on child sexual exploitation awareness has been rescheduled for the morning of 15 September. As before, this session will

provide Members with information about child sexual exploitation and will cover a range of relevant issues such as risk indicators and the grooming process. It will also explain the process for dealing with concerns regarding a child or a young person who may be at risk of sexual exploitation, including the local context and how this links in with the All Wales Child Protection Procedures.

He also reminded Members of the Appeals Panel that training has been arranged for 10am on Monday 7 September, which will be facilitated by officers from Legal Services and HR.

Cabinet Member Regeneration and Economic Development

The Cabinet Member Regeneration and Economic Development hoped that Members have had a chance to give the all-new Digital Bridgend mobile phone app a try. The app, which is completely free to download, uses augmented technology to enable people to step into the past at key locations across the County Borough. The app is activated by holding a phone up against the skyline to reveal a super-imposed view of how the scene would have looked in days gone by. It also includes 17 innovative trails that take users off the beaten track to discover local heritage sites and stories, and can be used to unlock commentaries, video footage, audio content, treasure hunts, games and more. The app has been created by the Council in partnership with Visit Wales, the European Regional Development Fund, Heritage Lottery Fund and more than 40 heritage organisations. The app can be downloaded by following the link at the Bridgend Bites website or by searching for 'Digital Bridgend' on iTunes or an Android app store.

The Cabinet Member Regeneration and Economic Development announced that the launch of the Consumer Rights Act 2015 on 1 October will introduce some big changes in consumer law. The Public Protection team have been out and about offering free advice to businesses on how the changes will affect their rights and obligations to customers by visiting stalls at Bridgend and Maesteg markets to speak with traders and make them aware of the imminent changes, they received some highly positive feedback. The Department has also worked with the Bridgend Business Forum to organise and promote a special event on 30 September which will focus on the new Act and what it will mean for businesses and consumers. The event is free to attend and he asked that if Members know of a trader who may be interested in finding out more, they can visit www.bridgendbusinessforum.co.uk or call 01656 815320.

The Cabinet Member Regeneration and Economic Development announced the launch of Bridges Into Work 2, the £7m second phase of a scheme to provide unemployed people aged 25 and over with intensive training and one-to-one monitoring designed to get them back into work. It is led by Torfaen Council and is aimed at more than 2,000 people living in the Bridgend, Blaenau Gwent, Caerphilly, Merthyr Tydfil and Torfaen Council areas. With new jobs, new qualifications and improved support for job seekers, the launch of this new programme is excellent news and he looked forward to seeing it make a positive impact alongside other employment projects, such as the proposed European-funded Communities for Work programme which aims to help residents living in Communities First areas.

The Cabinet Member Regeneration and Economic Development also informed Members that they may be aware that the Council has been working closely with Bridgend town centre traders to develop initiatives that will attract more shoppers into town during quieter periods, especially during the forthcoming demolition of the Rhiw and subsequent construction of a new car park, apartments and shops. As part of this a 'Free After 3PM' a trial parking project that will run throughout October and November. The Council is working on the development of a Business Improvement District for the town centre.

More details on these initiatives will be made available very soon and he hoped that Members, shoppers and traders alike will give them their full support.

CHIEF EXECUTIVE

The Chief Executive announced that Councillor Della Hughes has formally resigned from her position as a County Borough Councillor, which will leave a temporary vacancy in the Ogmere Vale ward. The Electoral team will be advertising the vacancy immediately and he will contact Members again with a further update on the situation as soon as possible. He anticipated at this stage that a by election will be held in mid-October.

The Chief Executive was pleased to inform Members that the Council has received some very encouraging performance statistics from the Welsh Government and Local Government Data Unit. The figures, which were collected during 2014-15, have revealed that the Council is one of the top five authorities in Wales for delivering improvements across all performance indicators. In addition, the Council is also one of the nine best performing councils in Wales. Of particular note is the fact that the Council has scored extremely highly across education, and delivered improvements across 82 per cent of indicators against a national rate of 73 per cent. He informed Members of the strong performance across children's social care services which had meant that nine of 11 performance indicators have either improved or maintained their ranking. These include how many formerly looked-after young people are living in suitable accommodation. The Council has moved from 18th place to take the number one spot here and for relevant children which have pathway plans in place, the Council has moved from 17th place to number one.

He stated the Council is one of only nine councils in Wales to achieve improvements in how long it takes to deliver a disabled facilities grant, and in doing so moved from ninth place to sixth place. Improvements had also been seen across all performance indicators for housing, planning and regulatory services, and against half of all indicators for social care and environment and transport. Elsewhere, there has been improvement across all of the Council's performance indicators for housing, planning and regulatory services, and against half of all the indicators for social care and environment and transport. The figures also reveal that Bridgend County Borough Council is within the top three authorities in Wales for reducing delays in the transfer of care, the top four for reducing how much waste is sent to landfill, the top five for supporting adults in the community, and among the top six for visits to sport and leisure centres and how many eligible local adults hold a concessionary bus pass. Ultimately, 54 per cent of the performance indicators have been placed within the higher quartiles, and when compared with the Council's overall performance statistics for the last three years, significant improvements have been made. The Chief Executive informed Members this had not happened by accident and reflects the hard work of many staff and partners. He stated that it was also worth noting that the corporate approach to performance management has been recognised by regulators as good practice and over the past 18 months or so and there had been a number of visits from other councils to observe how the Council goes about that. He was sure Members will welcome these statistics and join him in thanking the Council's dedicated staff and partners for their hard work in helping to improve the Council's performance and ensure that it can deliver the kind of high-quality services that its local communities deserve.

518. TO RECEIVE THE REPORT OF THE LEADER

The Leader announced that he had joined other local politicians in urging Central Government to rethink plans for closing Bridgend Magistrates Court as part of a review by the Ministry of Justice. He had spent 25 years as a local magistrate, and had first-

hand knowledge how difficult it can be to get victims of crime, witnesses and defendants to attend court hearings. Forcing them to travel to Cardiff to do so in future would be even more difficult, and would not be in the best interests of justice for the communities that it serves. The close proximity of the building also enables Council staff to access it easily for their involvement with criminal and childcare litigation. The closure of the court would have a direct impact on staffing costs and the Council's ability to fund public protection litigation. As such, he had made a representation on behalf of the Council opposing the closure of the court, and he asked all Members to encourage constituents to make their feelings felt by taking part in the official consultation which runs until 8 October and can be found at www.gov.uk/moj

The Leader informed Members that the finalists for the 2015 Bridgend Business Forum Awards have been announced and he was pleased to inform Members that Bridgend Assembly Member and First Minister Carwyn Jones and TV presenter Sian Lloyd will be hosting this year's ceremony at the Coed-y-Mwstwr Hotel on 18 September. A record number of nominations had been received this year that have reflected the truly diverse range of businesses that are based within the County Borough. These awards recognise a huge array of talent and the vital role that businesses and entrepreneurs play in providing growth in the local economy, and he was sure that Members will join him in wishing the finalists the very best of luck.

The Leader also announced that with elections taking place next year for the National Assembly of Wales and the Police and Crime Commissioner, Members may also want to remind their constituents about the importance of ensuring that they are registered to vote. Over the past few weeks, households across the County Borough have been receiving forms asking them to confirm that information held for their address on the electoral register is correct. He stressed the importance of getting this right as statistics show that 94 per cent of UK residents who have lived at the same address for more than 16 years will be registered to vote compared to just 40 per cent of people who have lived at a property for less than a year. Work will be undertaken to identify households where residents are not on the register so and they will be contacted and encouraged to participate. As well as voting, being included on the register can help people avoid problems with credit, mobile phone contracts, mortgages, passport applications and more, there were therefore a number of reasons why it was important for people to take part.

519. AMENDMENT TO THE CONSTITUTION

The Monitoring Officer sought approval of proposed amendments to the Constitution which reflect changes to the Council Procedure Rules.

He reported that a new Model Constitution has been developed supported by an ICT system to aid its amendment and that the new model was not significantly different in content with the exception of the call-in provisions. He stated that this Council had enabled a call-in to be referred to Council due to the original advice of the Welsh Government and that it was now in isolation in enabling this to take place.

The Monitoring Officer reported that the call-in provisions in place had been largely unchanged since the Leader and Cabinet arrangements were first introduced by the Local Government Act 2000. He outlined the three decisions which can be made by the Scrutiny process regarding an item which had been called-in. It was proposed that the power of Scrutiny to refer called-in items to Council be removed and the Council Procedure Rules amended accordingly. He stated that Council has no power to make decisions in respect of an Executive decision unless it was contrary to the Policy Framework or contrary to or not wholly consistent with the Budget Framework, the Constitution already deals with such events. The Monitoring Officer advised Council that

it was the role of Scrutiny to support and challenge Cabinet where appropriate, it was not the role of Council to do so and a referral to Council simply delays the decision making process.

The Monitoring Officer reported that the present drafting of the Constitution has also given rise to differences of interpretation particularly in relation to the speed at which a call-in should be dealt with. The proposed changes clarifies that call-in should be dealt with in priority to ensure that the concerns of Scrutiny and the decision making processes of the Authority are dealt with appropriately.

RESOLVED: That the amendments to the Constitution be approved.

520. **PUBLIC SERVICES OMBUDSMAN FOR WALES ANNUAL LETTER**

The Monitoring Officer reported on the Public Services Ombudsman for Wales Annual Letter which provided a breakdown of complaints against the Authority for 2014/15. He stated there had been a decrease in the number of complaints received by the Authority compared to 2013/14. There had been a decrease in the number of complaints relating to Children's Social Services, but an increase in the number of complaints relating to Adult Social Services. He stated that the Authority will continue to monitor complaints to ensure that improved responses to the Ombudsman are maintained.

RESOLVED: That the report and the Ombudsman's Annual Letter be noted.

521. **AMENDMENT TO THE SCHEME OF DELEGATION**

The Monitoring Officer sought approval for a series of amendments made to the Scheme of Delegation of Functions relating to its functions within the scheme. He stated that a number of administrative amendments have been made and that the report consolidates those updates and advises of the outcomes of the subsequent review of the Scheme of Delegation which was undertaken.

The Monitoring Officer reported that changes had been made to the titles and responsibilities of Corporate Directors and to Cabinet Member Portfolios. A desktop review was undertaken to ensure that the Scheme was up to date and fit for purpose with revisions to paragraph 2.36 of Scheme B2 and paragraph 6.43 being identified. The explanation of the Chief Officer roles to which the Scheme of Delegation related to has been added for clarity. As a result of the implementation of the Joint Regulatory Service, the functions within the collaboration agreement that are reserved to the Authority shall remain within the scheme but the Assistant Chief Executive Legal and Regulatory Services will provide appropriate delegations.

The Monitoring Officer also reported that paragraph 1.13 of the General Powers has been updated to reflect the introduction of the Housing (Wales) Act 2014. To meet operational requirements a new paragraph 6.58 has been added to the Council functions of Scheme B2 of the Scheme of Delegation for the Corporate Director Communities.

The Monitoring Officer further reported that paragraph 2.58 of Scheme B2 be amended to read "Official Feed and Food Controls (Wales) Regulations 2009".

RESOLVED: That the Scheme of Delegation of Functions be approved.

522. **AMENDMENT TO THE CALENDAR OF MEETINGS**

The Monitoring Officer sought approval to amend the calendar of meetings in order to align them with the revised budget schedule.

He reported that the Chancellor of the Exchequer would not be announcing the outcome of the Comprehensive Spending Review until 25 November 2015 and this would be the date when the Welsh Government receives its funding allocation. The Welsh Government would then need time to set its draft budget with the Authority likely to receive the provisional settlement at the end of December and not October when the draft budget is usually received. There is a legal requirement to set the Council Tax by 11 March 2016 and therefore Council must approve the Medium Term Financial Strategy and Council Tax by this date. Consequently, revisions are required to be made to the MTFs timetable which will affect the cycle of Council, Overview and Scrutiny and Cabinet meetings.

The Monitoring Officer also reported on a proposal to re-schedule the meeting of the Licensing Sub-Committee from 15 September 2015 to 18 September 2015.

He informed Council that Cabinet at its meeting on 1 September 2015 had approved changes to its schedule of meetings and the inclusion of an additional meeting of the Cabinet Committee Corporate Parenting to take place on 12 October 2015.

RESOLVED: 1. That the following changes to the Council, Licensing Sub-Committee and Overview and Scrutiny Committee meeting dates and agenda items be approved:

| Meeting | Current Date | New Date |
|-------------------------|---------------------|-----------------|
| Council | 16 March 2016 | 2 March 2016 |
| CEL OSC | 1 December 2016 | 18 January 2016 |
| P&G PSC | 3 February 2016 | 14 January 2016 |
| ASC OSC | 9 December 2016 | 13 January 2016 |
| CRI OSC | 21 January 2016 | 19 January 2016 |
| CYP OSC | 3 December 2016 | 21 January 2016 |
| CRI OSC | 11 January 2016 | 5 February 2016 |
| Licensing Sub-Committee | 15 September 2016 | 18 September 16 |

2. That the changes to the calendar of meetings relating to Cabinet meetings approved by Cabinet on 1 September 2015 be noted.

523. **URGENT ITEMS**

There were no urgent items.

524. **EXCLUSION OF THE PUBLIC**

RESOLVED: That under Section 100A(4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, the public be excluded from the meeting during consideration of the following item of business as it contains exempt information as defined in Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Act.

Following the application of the public interest test it was resolved that pursuant to the Act referred to above to consider the following item in private, with the public excluded from the meeting, as it was considered that in all the circumstances relating to the item, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

525. APPROVAL OF EXEMPT MINUTES

The meeting closed at 3.54 pm

525. APPROVAL OF EXEMPT MINUTES

RESOLVED: That the exempt minutes of the extraordinary meeting of Council of 8 July 2015 be approved as a true and accurate record.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE CHIEF EXECUTIVE

ANNUAL REPORT 2014-15

1. Purpose of Report

- 1.1 The purpose of this report is to present the Council's Annual Report 2014-15, which consists of Appendix A and Appendix B (attached), for Council to consider and approve.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The Annual Report evaluates the Council's performance against the priorities set in the Corporate Plan 2013-17. It also reiterates the Council's improvement objectives (priorities) for 2015-16.

3. Background

- 3.1 Under section 15 of the Local Government (Wales) Measure 2009 and in accordance with the related statutory guidance issued by the Welsh Government, the authority must publish its assessment of performance for the previous financial year before 31 October.
- 3.2 The Council's Corporate Plan 2013-17 sets out six improvement priorities as follows:
1. Working together to develop the local economy
 2. Working together to raise ambitions and drive up educational achievement
 3. Working with children and families to tackle problems early
 4. Working together to help vulnerable people to stay independent
 5. Working together to tackle health issues and encourage healthy lifestyles
 6. Working together to make the best use of our resources
- 3.3 In March 2014, the Council published its reviewed Corporate Plan for 2014-15. The Plan defined 58 commitments to deliver the six Improvement Priorities and identified 69 outcome-focused indicators for the financial year. Among the 69 indicators, 38 are specified as success measures, to evaluate "if we are collectively succeeding".
- 3.4 The Council's Medium Term Financial Strategy (MTFS) identified how it would use its resources to support the achievement of the improvement priorities and statutory duties, including the management of financial pressures and risks over the next four years.

4. Current situation / proposal

- 4.1 The Annual Report, prepared to meet the requirements of the Local Government (Wales) Measure 2009, summarises how well the Council did in progressing these priorities in 2014-15. It consists of two parts:
- Part one (Appendix A) evaluates the Council's performance against its commitments, success measures and budgets for the year. It also provides examples of the Council's key collaborative arrangements for 2014-15; a summary of key consultation and engagement activities and citizen feedback in 2014-15; a summary of the regulator's findings; and a summary of the improvement priorities the Council will take into 2014-15 and beyond.
 - Part two (Appendix B) provides detailed performance information about each of the 69 indicators defined by the Corporate Plan. This part also includes performance information about those statutory indicators that were not included in the Corporate Plan but the Council must collect.
- 4.2 The Council carried out to completion 47 (81%) of its 58 and missed only marginally in a further 11(19%). Targets have been set for 62 of the 69 indicators included in the Corporate Plan (the rest are new indicators without baseline data). Forty-four (71%) of the 62 indicators met their target, 9 (14.5%) were off target by less than 10% and 9 (14.5%) missed the target by more than 10%.
- 4.3 Of the 38 success measures, 28 (74%) achieved or exceeded the target, 7 (18%) missed the target by less than 10 percent, and 2 (5%) missed the target by more than 10 percent. (Data for one measure is not available.) The Council successfully managed both revenue and capital budgets, and achieved the savings target.
- 4.4 The Annual Report also evaluates the Council's performance against the 43 national indicators. In 2014-15 we were among the five local authorities in Wales that had improved the most, and among the nine that had performed the best.
- 4.5 This is an important document as it provides citizens and stakeholders with detailed information about the Council's performance as measured against the six improvement priorities. It also compares this information with that of all 22 Welsh local authorities across a range of services and highlights year on year trends.
- 4.6 Once approved, the Annual Report will be published on the Council's website and shared with stakeholders. A summary of the report will be prepared that highlights for citizens key points in the Council's performance.

5. Effect upon Policy Framework& Procedure Rules

- 5.1 The Annual Report provides an assessment of progress on the Corporate Plan 2013-17 which forms part of the corporate policy framework.

6. Equality Impact Assessment

- 6.1 The Annual Report provides information on the Council's performance and has no negative equality implications.

7. Financial Implications

- 7.1 The Annual Report has no financial implications.

8. Recommendation

- 8.1 Subject to any amendments by Cabinet on 6 October, that Council approves the Annual Report 2014-15 (Appendix A and Appendix B).

Darren Mepham
Chief Executive

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Background documents

- Corporate Plan 2013-17
- The Auditor General's Annual Improvement Report (September 2015)

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Annual Report 2014-15



Bridgend County Borough Council
Working together to improve lives

Foreword

Page 20 This is our annual report for 2014-15. We hope you find it helpful.

Our Corporate Plan for 2013-17 sets out our vision, which can be summed up as working together to improve people's lives. It also explains what steps we intend to take in order to realise this vision. We review our plans and promises each year and we check our performance regularly. This annual report assesses what we did in 2014-15, in light of what we said we would do.

We use a range of measures to see how well we fulfilled our promises and commitments. We are delighted to report that in 2014-15 we were among the five local authorities in Wales that had improved the most, and among the nine that had performed the best. We were among the top three authorities for reducing delays in the transfer of care, the top four for reducing the amount of waste sent to landfill, the top five for supporting adults living in the community and the top six for attracting people to our sport and leisure centres.

We are particularly pleased about the improvements in education and children's social care. School attendance, in both primary and secondary schools, improved over the previous year, thanks to parents' support.

We completed 81 percent of our commitments for the year and missed out only marginally in a further 19 percent.

We put a great deal of effort into helping individuals, families and communities take greater responsibility for improving their own health and wellbeing. We are aware that other people and organisations besides the Council also influence the quality of local people's lives, so we worked with a range of partners to find new and different ways to meet local needs and provide services. You can find examples in this report.

We can be proud of what we achieved in 2014-15, for it shows that by working together we can help improve things despite diminishing resources and cuts in funding.

If you have any comments, please tell us at:

Corporate Improvement Team, Civic Offices, Angel Street, Bridgend, CF31 4WB.

Email: improvement@bridgend.gov.uk

Phone: (01656) 643224.

This report is available in another language or format on request.



Councillor Mel Nott
Leader of the Council



Darren Mepham
Chief Executive

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Section 1 - Introduction

In April 2013 we published our new Corporate Plan for 2013-17. The Plan sets out our Improvement Priorities, the outcomes we want to achieve by 2017 and how we will know we are succeeding. Each year we review the plan and our specific commitments for the current year.

Our six improvement priorities¹ are:



Our annual report gives an account of what we achieved collectively in 2014-15 against what we committed to do in that year, as set out in the Plan, focusing on outcomes. We use the following symbols to indicate the progress we made against both the success indicators and commitments:

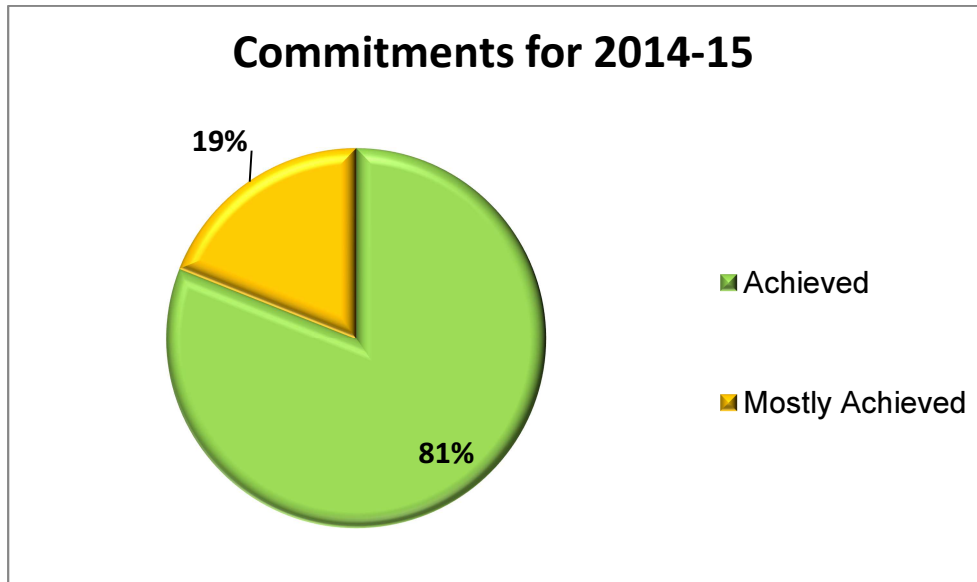
- G planned improvement or target achieved (G=Green)
- A planned improvement or target mostly achieved (A=Amber)
- R planned improvement or target mostly missed (R=Red)
- no data available

¹These six priorities are our improvement objectives under the Local Government (Wales) Measure 2009.

Summary of Performance in 2014-15

Progress against Commitments

In our Corporate Plan, our commitments are the key pieces of work we plan to complete. In 2014-15, we made 58 commitments.

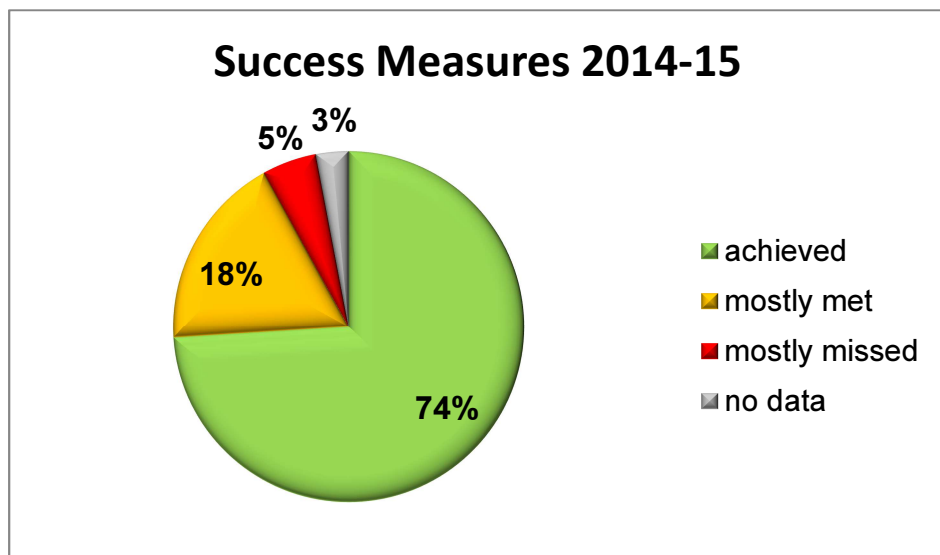


Of these commitments:

- 47 (81%) achieved the planned improvement;
- 11 (19%) mostly achieved the planned improvement;
- 0 (0%) mostly missed the planned improvement.

| Improvement Priorities | Commitments | | | |
|-------------------------------------------------------------------------------------------------|-------------|----------|-----------|-----------|
| | TOTAL | R | A | G |
| Priority One: Working together to develop the local economy | 10 | 0 | 2 | 8 |
| | | 0% | 20% | 80% |
| Priority Two: Raising Aspirations and driving up educational achievement | 9 | 0 | 2 | 7 |
| | | 0% | 22% | 78% |
| Priority Three: Working with children and families to tackle problems early | 8 | 0 | 2 | 6 |
| | | 0% | 25% | 75% |
| Priority Four: Working together to help vulnerable and older people to stay independent | 11 | 0 | 3 | 8 |
| | | 0% | 27% | 73% |
| Priority Five: Working together to tackle health issues and encourage healthy lifestyles | 8 | 0 | 1 | 7 |
| | | 0% | 13% | 88% |
| Priority Six: Working together to make the best use of our resources | 12 | 0 | 1 | 11 |
| | | | 8% | 92% |
| Total number of Commitments against all Improvement Priorities | 58 | 0 | 11 | 47 |
| | | 0% | 19% | 81% |

Progress against Success Indicators



We identified 69 indicators for 2014-15. Among the 69 indicators we defined 38 measures to evaluate if we are collectively succeeding in the year.

- Of these 38 measures:
- 28 (74%) achieved or exceeded the target;
 - 7 (18%) mostly met their target;
 - 2 (5%) mostly missed the target; and
 - 1 (3%) had no data available.

The table below shows performance of these success measures against each of our improvement priorities.

| Improvement Priorities | Success Indicators | | | | |
|--------------------------------------------------------------------------------------------------------------|--------------------|----------|----------|-----------|----------|
| | TOTAL | R | A | G | No Data |
| Priority One: Working together to develop the local economy | 9 | 1 | 3 | 5 | 0 |
| | | 11% | 33% | 56% | 0% |
| Priority Two: Raising Aspirations and driving up educational achievement | 8 | 1 | 1 | 6 | 0 |
| | | 12.5% | 12.5% | 75% | 0% |
| Priority Three: Working with children and families to tackle problems early | 6 | 0 | 1 | 5 | 0 |
| | | 0% | 17% | 83% | 0% |
| Priority Four: Working together to help vulnerable and older people to stay independent | 5 | 0 | 0 | 5 | 0 |
| | | 0% | 0% | 100% | 0% |
| Priority Five: Working together to tackle health issues and encourage healthy lifestyles ² | 5 | 0 | 2 | 2 | 1 |
| | | 0% | 40% | 40% | 20% |
| Priority Six: Working together to make the best use of our resources | 5 | 0 | 0 | 5 | 0 |
| | | 0% | 0% | 100% | 0% |
| Total Success Indicators against all Improvement Priorities | 38 | 2 | 7 | 28 | 1 |
| | | 5% | 18% | 74% | 3% |

Detailed information and analysis for all 69 success indicators plus other statutory measures is published separately on the Council's website www.bridgend.gov.uk in the 'Council Performance and Priorities' section.

² No new data on healthy life expectancy since 2009

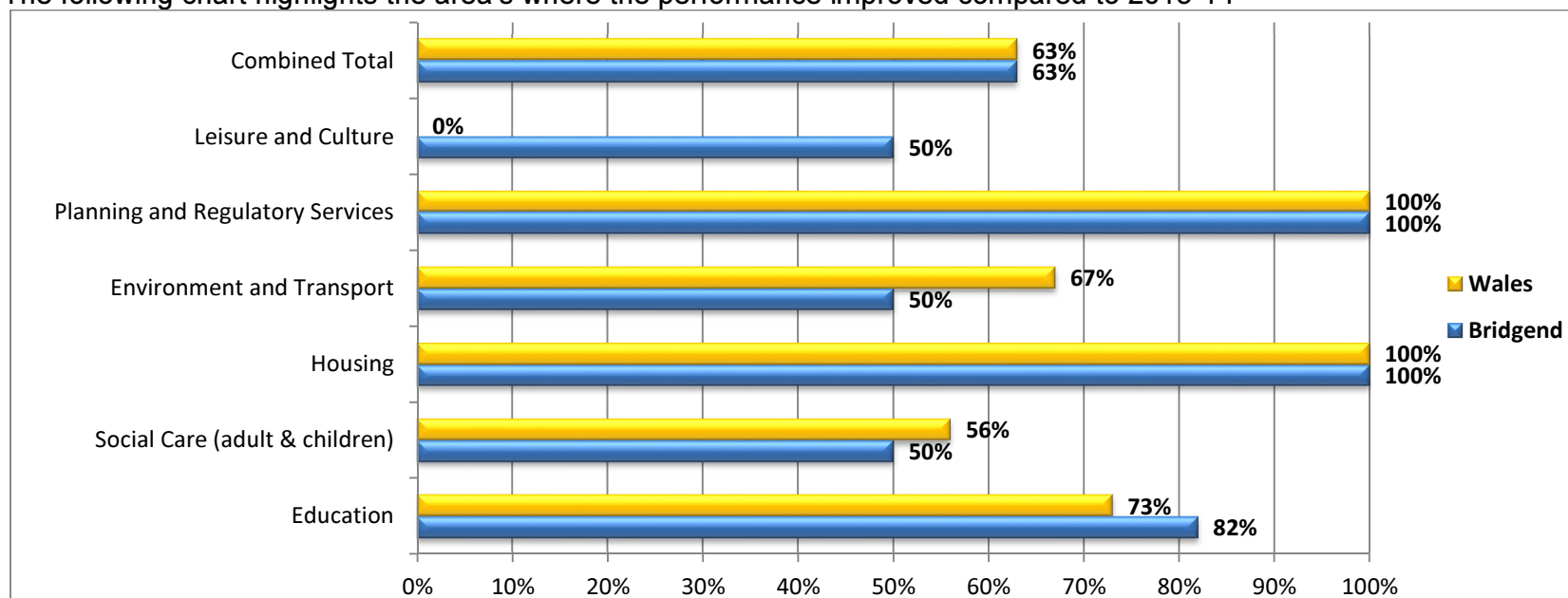
Performance against National Indicators in 2014-15

Each year, the Welsh Government and the Local Government Data Unit publish a range of national performance indicators which enables citizens to compare how their local authority performed compared against the other 21 Welsh local authorities across a range of key services. In all, forty-three (43) indicators were collected nationally. Of these, only 41 indicators could be compared with last year as one indicator was new for 2014-15. In Bridgend County Borough Council, one other indicator was not applicable and so our total number of comparable indicators is 40.

In 2014-15 Bridgend County Borough Council was the fifth most improved local authority in Wales. Bridgend County Borough Council equalled the Wales average by improving on 63% of the indicators (when measured against 41 indicators). However, the performance improvement for Bridgend County Borough Council increases to above the Wales average to 65% when compared against 40 indicators.

- 26 (63%) showed an improvement;
- 13 (32.5%) remained the same; and
- 1 (2.5%) showed a decline.

The following chart highlights the area's where the performance improved compared to 2013-14



When we look at where Bridgend County Borough Council is ranked in the delivery of a range of services, we are the 9th best local authority in Wales, with 31.7% of our national indicators in the top quarter (or quartile), while 19.5% ended in the bottom quarter. The following table shows our overall quartile position compared against all Welsh local authorities.

| | | Bridgend County Borough Council's Quartile Position | | | | Total |
|-------------------------------------------|------------|-----------------------------------------------------|------------|-----------------|-----------------|-------|
| | | 1st | 2nd | 3 rd | 4 th | |
| Combined Total | Percentage | 31.7% | 22% | 26.8% | 19.5% | |
| | Value | 13 | 9 | 11 | 8 | 41 |
| Human Resources | Percentage | 0% | 0% | 0% | 100% | |
| | Value | 0 | 0 | 0 | 1 | 1 |
| Leisure and Culture | Percentage | 50% | 0% | 50% | 0% | |
| | Value | 1 | 0 | 1 | 0 | 2 |
| Planning and Regulatory | Percentage | 0% | 0% | 50% | 50% | |
| | Value | 0 | 0 | 1 | 1 | 2 |
| Environment and Transport | Percentage | 33% | 33% | 17% | 17% | |
| | Value | 2 | 2 | 1 | 1 | 6 |
| Housing | Percentage | 50% | 50% | 0% | 0% | |
| | Value | 1 | 1 | 0 | 0 | 2 |
| Social Care (Adult & Children) | Percentage | 33% | 28% | 28% | 11% | |
| | Value | 6 | 5 | 5 | 2 | 18 |
| Education | Percentage | 30% | 10% | 30% | 30% | |
| | Value | 3 | 1 | 3 | 3 | 10 |

Detailed information about each of our indicators is included in the full list of indicators published separately on the Council's website www.bridgend.gov.uk in the Council priorities and performance section.

Section 2 – Progress in carrying out our Improvement Priorities

In this section, we assess our performance against the commitments we made under each of our improvement priorities for 2014-15.

Improvement Priority One: Working together to develop the local economy



What do we want for people in Bridgend County Borough by March 2017?

We want town centres, business premises and transport and communication networks that cater for the needs of residents, businesses and visitors, to ensure access to employment opportunities that are varied and secure in the long-term.

How did we do in 2014-15?







We made progress towards achieving this improvement priority. We said we would “continue to regenerate our town centres, actively look for new funding opportunities and encouraging new investments to help boost our local economy, provide extra employment opportunities and attract more visitors to the borough”.




Working together, we

- completed the programme of improvements in Bridgend town centre and commenced further regeneration in both Maesteg and Bridgend having secured significant funding from Welsh Government;
- redeveloped Porthcawl Marina, which is fully operational, though the principal regeneration scheme in Porthcawl remains delayed;
- worked with 9 employers, resulting in the creation of 52 new jobs through the Bridgend Employment and Skills Programme; and
- attracted almost 630,000 more visitors to the Borough than last year, generated over £7 million more revenue from tourists and held the Golf British Senior Open in the Borough hosted by Royal Porthcawl.

Progress against Success Indicators

We identified 9 indicators to measure success. Although most of these indicators are long term and require a joint effort to improve, we chose them nevertheless to give us an indication of the borough’s social and economic state that have direct impact on our citizens’ lives. Most of those indicators either met or narrowly missed their targets (see table below).

| How did we say we would measure success? | How did we do? | Traffic Light |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Employment and youth employment rates improve relative to the national average | The percentage of working age population in employment decreased from 72.1% in 2013-14 to 69.8% in 2014-15. The employment rate for young people fell from 49.5% to 46% at the end of March 2015. |  |
| The number of people claiming Jobseekers Allowance reduces | The number of people claiming Jobseekers Allowance fell to 2.2% in March 2014 compared with 3.1% for the year before. |  |
| Percentage of children living in households where nobody works falls | The latest data (2013) showed that the percentage of children in workless households increased from 17.5% in 2012 to 20% in 2013. |  |
| Percentage of children living in low-income households reduces | The percentage of children in households with less than 60% average income increased from 21% in 2012 to 22.2% in 2014. |  |
| Gross Value Added (GVA) per head rises | According to the latest published figures (December 2014), GVA rose from £15,334 in 2012 to £15,593 in 2013. |  |
| Gross Disposable Household Income (GDHI) per head increases | According to the latest published figures (May 2015) GDHI rose from £14,513 in 2012 to £14,773 in 2013. |  |

| | | |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Total revenue coming into the county borough from tourism grows | Tourist revenue increased from £289 million in 2013-14 to £306.6 million in 2014-15. |  |
| Number of visitors to the borough increases | Overall the total number of visitors to the Borough increased from 8,700,216 in 2013-14 to 9,330,155 in 2014-15. |  |
| Percentage of overall roads in a poor condition reduces | 7.7% of A, B and C roads were in poor condition in 2014-15, compared to 6.9% in 2013-14. We remain in the top 9 local authorities. |  |

Progress against 2014-15 Commitments

Most of the commitments for this Improvement Priority were completed as set out below.

| | |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.1 Complete the current programme of regeneration works in Bridgend town centre |  |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

We completed a £9 million programme of improvements in Bridgend town centre on time and within budget. Primarily funded from a European Grant and the Welsh Government, the programme included improvements at Nolton Street, Court Road, Derwen Road, Merthyr Mawr Road (North), Rhiw Hill and Elder Place. This included new road layouts, pedestrian safety measures, better accessibility and on street parking at Nolton Street to support short-stay trading.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.2 Begin a new programme of works to develop retail, office and residential sites in Bridgend town centre subject to the success of our bid for funding to the Welsh Government |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

We began the £35 million regeneration scheme of Bridgend town centre with a £6 million grant from Welsh Government under their Vibrant and Viable Places (VVP) programme. The grant pulled in a further £29 million in investment, £21 million of which is private sector funding. The main project is a £10 million redevelopment of the Rhiw Car Park as a new multi storey and affordable housing development due to be completed in 2017. The wider programme aims to support town centre business and encourage more people to live in or near the town centre. The scheme includes building and converting upper storeys in properties to provide an extra 250 additional living accommodation units on the edge of the town centre. It is pleasing to note that the project management arrangements were independently audited and achieved the joint highest rating of any local authority under the Wales wide VVP programme.

| | |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1.3 Reappraise development options and continue to manage regeneration projects in Porthcawl |  |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

The original proposal for redeveloping the Porthcawl Waterfront included building a supermarket. As that didn't come to fruition, we continue to discuss with landowners and agents to identify other development options for the site. In spite of the need to reconsider this part of the redevelopment, we successfully progressed on a number of regeneration projects.

The Porthcawl Townscape Heritage Initiative (THI) and sale of the Jennings building are 100% on target. The regeneration of the Harbour area includes the Jennings building, the Pilot's Lookout Tower and Customs House, all of which will be high quality conversions of the three listed buildings. The Jennings will create 3 commercial leisure units on the ground floor including a café and bistro restaurant with live/work units on the upper floors for creative industries. The Pilot's Lookout Tower will be returned to its original use and used by National Coast Watch, while the Custom House will be used as a commercial operation. The whole scheme will create an attraction on the waterfront with the Jennings providing an estimated 80 permanent jobs.

Porthcawl Marina was successfully completed. The Marina is at full capacity, with 65 permanent berths and 5 visitor berths. Currently there is a waiting list in place. We have also been working closely with a third sector organisation and Visit Wales to develop a proposal for a new maritime centre at Cosy Corner.

Proposals are currently being developed to support Porthcawl's aim to host the British Open. Porthcawl is only one of 3 locations in South East Wales being prioritised by Visit Wales.

The Council was successful in obtaining grant funding (£300,000) under the Big Lottery Coastal Communities Fund for a cycle and pedestrian route from Rest Bay to Trecco Bay, including a new bike hire scheme, with work due to commence during 2015.

| | | |
|------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.4 | Commence the development of the Ewenny Road site in Maesteg and develop proposals for future development in the Llynfi Valley |  |
|------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

Due to unforeseen circumstances, we had to reappraise our plan to develop the Ewenny Road site during the year and refocused our efforts on the future development in the Llynfi Valley. The regeneration scheme for Ewenny Road site is still live (although it no longer forms part of the Welsh Government funding agreement). Our target for this year is to negotiate the sale of this land for redevelopment.

Thanks to a £2.5 million loan from Welsh Government, we were able to undertake site investigations and ground remediation at 3 sites in the Llynfi Valley. We aim ultimately to market and dispose of the sites for new housing development. The site investigations are on target for completion and the ground remediation work will potentially start by end of 2015/16.

| | | |
|------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1.5 | Work with neighbouring local authorities to provide focused support for businesses to help them to invest and create jobs |  |
|------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

More than 10 jobs were created locally last year through the South East Wales Community Economic Development (SEWCED) regional project which supports local social enterprises. Over the 3 year life of the project, some 25 organisations were supported creating more than 55 local jobs. We are continuing to work with the 10 Local Authorities that make up South East Wales Directors of Environment and Regeneration (SEWDER) to establish a national or regional project to commence in 2015-16. However, due to funding constraints future targets may be difficult to achieve.

| | | |
|------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.6 | Improve transport, pedestrian and cycle links between the bus and rail network and employment and education sites |  |
|------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

We improved our pedestrian and cycle infrastructure through the 'Safe Routes in the Communities' Grant at Cynffig Comprehensive, Corneli Primary, Porthcawl Primary and Tremains Primary Schools. The work included upgrading or putting in new cycle routes totalling 2,167 metres as well as providing 165 cycle parking spaces across the four schools. However, due to the reduction of funding of £120,000 to support local bus services, there was a reduction or removal of some services across the Borough.

| | | |
|------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.7 | Complete the final year of the three-year highway improvement programme to improve the condition of our roads |  |
|------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

Our three year highway improvement programme funded by a grant from Welsh Government was mostly completed. A small slippage of works was completed in the summer of 2015. This resulted in the overall condition of roads being better than expected, with an improvement in the condition of our (B) roads.

| | | |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1.8 | Engage with people and communities to understand their learning needs so that courses are developed that meet those needs and employment prospects improved |  |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

During 2013-14, we asked people to fill in a short questionnaire in a range of places to find out their learning needs. We used the findings to plan our curriculum for 2014-15. Along with our partners including Bridgend College, Workers' Educational Association and BAVO, we delivered 230 short and long courses to improve people's employment prospects.

We worked in partnership with the Communities First BESP project (Bridgend Employment and Skills Programme) which proved particularly successful. We worked with nine local employers to determine skills and knowledge required for jobs. Seven of these employers recruited 52 local people directly through the partnership, with one employer recruiting 25 people through the process.

| | | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1.9 | Establish a county borough wide provision with partners that will help people to gain skills and training that leads to employment |  |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

With our support, the Bridgend Employer Liaison Partnership (BELP) operated over 40 workclubs throughout Bridgend County Borough in 2014-15 resulting in 130 people entering employment during that period.

| | | |
|-------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1.10 | Establish the Bridgend Tourism Partnership and work with partners to improve accommodation, attractions and events |  |
|-------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

The Destination Management and Coastal Partnerships met during the year to support the delivery of the Bridgend Tourism Strategy and to look at the planning, development and management of the Coastal Zone. Research was commissioned to support funding applications to help grow our tourism economy and create jobs.

Some 41 events were supported either through contact with the Events Safety Advisory Group for advice and assistance and/or access to funding from the Visitor Support Events Fund. The British Senior Open 2014 at Royal Porthcawl was particularly successful and generated £2.16 million for the local economy, with 389 million households around the world viewing the event. The media value of this was nearly £11.5 million.

What are our challenges for 2015-16 and how will we respond?

Financial cuts will continue to have an impact on the delivery of services. We will continue to attempt to mitigate this where possible in a variety of ways including implementing revised models of delivery and creating further efficiencies. Our key priorities for 2015-16 are as follows:

We will:

- develop bids and secure funding for the next phase of urban regeneration projects through the EU Convergence programme, up to 2020;
- continue to implement the first phase of a number of key land reclamation and development projects in Maesteg and the Llynfi Valley;
- continue implementation of a composite regeneration programme in Bridgend town centre;
- re-appraise development options for the delivery of regeneration in Porthcawl;
- commence implementation of the Rural Development Programme 2014-2020 working with rural communities and partners towards achieving self-sustaining rural communities, diversified rural enterprises and vibrant rural economies;
- provide focused support for businesses and support social enterprises to help them invest and create jobs;
- engage with people and communities to understand their learning needs so that adult community learning provision is commissioned to meet their needs and employment prospects are improved;
- continue improvements in transport, pedestrian and cycle links between the bus and rail network and employment and education sites to include schemes in Bridgend, Maesteg and Porthcawl; and
- identify and implement physical improvements to the public rights of way and cycle track network using Welsh Government RoWIP and other grant funding.

Improvement Priority Two: Working together to raise ambitions and drive up educational achievement



What do we want for people in Bridgend County Borough by March 2017?

We want to ensure that by working in partnership with schools, colleges and local training providers, our children and young people achieve improvements to their educational results, gain qualifications and undertake training.

By 2017, we want every school to be improving at a much faster rate so that at least two thirds of young people achieve a minimum of five GCSEs Grade A*- C or equivalent, including English/Welsh and mathematics and the gap in literacy and numeracy between those who receive free school meals and those who do not is reduced.

How did we do in 2014-15?

We made good progress towards achieving this improvement priority.




We wanted to secure a big change in the rate of improvement so that, by September 2015, children are functionally literate and numerate at the end of their primary education and at least 60% of young people achieve the level of qualification expected of them at GCSE.






In 2014-15

- the percentage of pupils achieving the Core Subject Indicator at the end of their primary education increased from 82.6% in 2013-14 to 86.2% in 2014-15;
- 99.9% of pupils left compulsory education, training or work based learning with an approved external qualification; and
- more children achieved a minimum of five GCSEs Grade A*- C or equivalent, including English/Welsh and mathematics, increasing from 52.30% to 54.80%, although this improvement is not as much as we would like.

Progress against Success Indicators

We identified 8 indicators to measure success and the majority of these showed improvement as set out below.

| How did we say we would measure success? | How did we do? | Traffic Light |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Most of our children can read, write and count to a level of skill needed to get by in life, by the time they complete their primary education | The percentage of pupils assessed at the end of Key Stage 2 achieving the Core Subject Indicator, as determined by Teacher Assessment, increased from 86.20% in 2013-14 to 87.6% in 2014-15. |  |
| Attainment levels for pupils in all areas across the county borough increase | Educational attainment for all pupils increased in 2014-15 at Key Stage 2 (primary school), Key Stage 3 and Key Stage 4 (GCSE). |  |
| Our children achieve the level of qualification expected of them at GCSE | The percentage of pupils who achieved the Level 2 threshold including a GCSE grade A*-C in English or Welsh first language and mathematics increased between from 52.30% in 2013-14 to 54.80% in 2014-15 (relating to the previous academic year) but narrowly missed our education consortium target of 55% and did not meet our challenging target of 60%. Early results for the academic year ending July 2015 indicate that the percentage of pupils achieving Level 2 increased to 58.8%. |  |

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Children who receive free school meals have as much success throughout their education as those who do not receive free school meals(FSM) | In most schools, the performance of children who receive free school meals was maintained or improved but as performance was not consistent across all schools, the percentage difference in the achievement of the Level 2 threshold including a GCSE grade A*-C in English or Welsh first language and mathematics between children who receive free school meals and those that do not widened by 4.6% points in the 2013-14 academic year. Schools will continue to work with their challenge advisers to improve the performance of FSM pupils and this target area will remain a key focus for secondary schools. |  |
| Children with additional learning needs receive the support they need | The gap in the percentage of pupils achieving level 4 or above in English/Welsh, maths and science at the end of Key Stage 2 between pupils that have special educational needs and those who do not reduced from 47.31% in 2013-14 to 40.15% in 2014-15. |  |
| Our children who have left school either further their education, find employment or undertake some form of training | The percentage of Year 11 leavers from schools in the Authority identified as not being in education, employment or training in the Careers Wales Annual Destination Survey Statistics improved from 3.7% to 3.6%. |  |
| When our children leave education or any form of training, they do so with an approved qualification that will help give them a good start in life | The percentage of all pupils that leave compulsory education, training or work based learning with an approved external qualification improved from 99.6% in 2013-14 to 99.9% in 2014-15. |  |
| More children are members of our libraries | The percentage of children under 5 who are members of the library service increased from 27.81% in 2013-14 to 31.26% in 2014-15. |  |

Progress against 2014-15 Commitments

Most of the commitments for this Improvement Priority were completed as set out below.

| | | |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 2.1 | Use data to ensure we better understand the performance of individuals and groups of learners and offer extra help at an earlier stage in their education |  |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

There are specialist teachers who collect pupil progress data for pupils with additional learning needs. We provided training in 2014-15 so that these teachers were better able to collect and analyse their data and identify when pupils are not making expected progress and what support they need. The progress made in using the data was recognised by the schools monitoring body, Estyn, as good practice. However, we need to modify our ICT systems in schools to improve this process further but we were held back by a lack of resources.

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| 2.2 | Support schools to meet pupils' additional learning needs and the needs of more-able pupils who need extra support to reach their full potential |  |
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We set up a process for the Inclusion Service and schools to discuss pupils with additional learning needs and identify what support the school needs. For example, if there is a high incidence of dyslexia in a school then the locality Cognition & Learning teacher will look at what the school does to support this group of learners and provide training to improve the teachers' skills. For more able pupils we carried out exploratory work to better understand how we can support them.

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| 2.3 | Monitor and seek to improve the effectiveness of schools through the Central South Consortium |  |
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The Central South Consortium comprises five local authorities (including Bridgend County Borough) and was set up to improve schools' effectiveness. This year, challenge advisors from the Consortium were put in place to work with all schools and provide additional support where necessary to improve pupils' educational attainment. The challenge advisors also provided statistics on performance and prepared annual performance reports for schools.

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| 2.4 | Reduce the number of young people not in education, employment or training (NEET) |  |
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This year the percentage of Year 11 school leavers known not to be in education, employment or training reduced from 3.7% (67 young people) in 2013-14 to 3.6% (60 young people). We employed an Engagement and Progression Coordinator (EPC) and team of 6 dedicated full-time Lead Workers who provided targeted support to young people identified as potentially vulnerable to becoming NEET in all schools as well supporting pupils attending alternative educational provisions or who were Elected Home Educated.

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| 2.5 | Provide 14-19 year olds with the advice they need to ensure they engage in the right type of qualification for them |  |
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Lead Workers in schools supported young people to access accredited courses (via Agored Cymru, the Duke of Edinburgh programme) and to build their confidence, and to develop their CV skills and Interview skills. We also restructured EOTAS (Educated Other Than At School) provision, including the Bridge Alternative provision for school age single mothers.

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| 2.6 | Develop and implement the school attendance strategy |  |
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The Authority's Attendance Strategy came into effect on 1st January 2015. It supports schools in identifying children who are showing signs of poor attendance and helps them to tackle and overcome any problems or obstacles.

Following public consultation we set up a code of practice for Fixed Penalty Notices to be used when a pupil's attendance does not improve. During 2014-15 we saw a significant improvement in attendance in primary schools from 93.49% to 94.8% and secondary schools from 92.46% to 93.9%.

2.7 Provide community focused schools that support the needs of all learners and their local community

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2014-15 saw the official openings of Coleg Cymunedol Y Dderwen, Pen-y-Fai School and the Garw Valley South scheme. Construction of the Emotional Behavioural and Social Difficulties (EBSD) Specialist Provision on the former Ogmores Comprehensive School Site and the new Coity primary school also started.

A feasibility study was completed to address growing pressure on the number of primary school places in the Valleys Gateway Area, including Tondy, Bryncethin and Brynmenyn primary schools. A consultation was prepared on the proposals to relocate Brynmenyn school and build a two form entry replacement school to the rear of Coleg Cymunedol Y Dderwen.

2.8 Develop opportunities for local participation in sports leadership and accredited learning programmes for young people

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We trained 129 young leaders through leadership pathway, which was identified by Estyn as 'sector leading'. The scheme supported employability skills and accreditation. Ten of the 129 young leaders are Looked After Children. Ten former pupils of Heronsbridge School completed sports leadership training and will progress to entry level coaching awards to support the development of community based opportunities.

Eighty young people who received accredited training are now working locally. Two of Bridgend County Borough's young leaders were finalists for the Wales Sports Personality of the year awards.

Bridgend County Borough Council was recently awarded "International Partner of the Year" for its work with young people in the Create Development national awards.

2.9 Promote libraries and implement a series of programmes designed to get more children and young people to enjoy reading

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More than 2,500 children participated in the Summer Reading Challenge. To promote the challenge, staff visited schools, issued press releases and put information on our website. Over 68% of the children completed the scheme which is an improvement on the previous year and attracted more families and young people to benefit from reading. "It's really helped my son to enjoy reading", said one mother whose child took part at Bridgend Library.

Overall, library membership in the under 5s rose from 27.81% in 2013-14 to 31.26% in 2014-15.

What are our challenges for 2015-16 and how will we respond?

We continue to face budget reductions, constraints and capacity issues in the face of increasing demands in some service areas.

We will:

- use data to ensure we better understand the performance of individuals and groups of learners and offer extra help at an earlier stage in their education;
- support schools to meet pupils' additional learning needs and the needs of more-able pupils who need extra support to reach their full potential;
- monitor and seek to improve the effectiveness of schools through the Central South Consortium;
- continue to implement the Youth Engagement and Progression Framework;
- support schools in the implementation and use of Fixed Penalty Notices for non-attendance in schools;
- implement the BCBC attendance strategy;
- provide 14-19 year olds with the advice they need to ensure they engage in the right type of qualification for them;
- provide schools that support the needs of all learners and their communities;
- promote libraries and implement a series of programmes designed to get more children and young people to enjoy reading;
- deliver the agreed actions under the School Modernisation Programme, including implementation of projects within the capital programme; and
- under the auspices of the Schools Task Group, work with schools to develop a sustainable strategy for the provision of education in Bridgend County Borough.

Improvement Priority Three: Working with children and families to tackle problems early



What do we want for people in Bridgend County Borough by March 2017?

We want to increase the effectiveness of early support and intervention to prevent issues from becoming complex and reduce the risk of children becoming looked after.

How did we do in 2014-15?

We made good progress with this priority.





We wanted to achieve more positive changes for more children and families.

We

- helped 223 children, young people and parents through our Families First programme achieve an improvement in their literacy and/or numeracy skills relative to their age;
- saw a reduction in the number of looked after children, children in need and children on the child protection register;
- supported 32 families with complex needs and prevented 52 children / young people from becoming Looked After Children.

Progress against Success Indicators

We identified 6 indicators to measure success and the majority of these met their target as set out below.

| How did we say we would measure success? | How did we do? | Traffic Light |
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| <p>Our early intervention measures lead to reduction in:</p> <ul style="list-style-type: none"> • the number of children and young people being referred to Social Services; • the number of Looked After Children; • the number of children in need; • the number of children recorded on the Child Protection Register | <p>The number of children referred to Social Services with concerns of neglect or abuse reduced to 401, compared to 448 in 2013-14.</p> <p>During 204/15 the number of Looked After Children reduced from 412 at 31st March 14 to 390 at 31st March 15, 22 fewer children.</p> <p>The number of children in need decreased to 884 as at 31 March 2015, compared to 967 for the previous year.</p> <p>There were 125 children on the Child Protection Register, down from 179.</p> |  |
| The prospects for Looked After Children in the county borough improve, with fewer leaving school without a recognised qualification | All our Looked After Children left school with a recognised qualification in 2014-15 and we are ranked first in Wales for this indicator. |  |
| The number of children adopted increases | This year 24 children were adopted compared to 25 last year but more than our target of 16 adoptions. We also increased the number of approved prospective adopters from 18 exceeding our target of 16. |  |
| More young people leaving care are able to get the help and on-going support they need | We stayed in contact with 94.7% of young people who left care up from 82.6% in the year before. |  |

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| More families benefit from working with the Multi-Agency Community teams and receive support at an earlier stage | 399 families were referred in for early support this year compared to 263 for 2013-14. | G |
| More families and young children access the Flying Start provision | 1,428 children and their families accessed Flying Start provision in 2014-15 compared to 1,171 last year. | G |

Progress against 2014-15 Commitments

Most of the commitments for this Improvement Priority were completed as set out below.

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| 3.1 Improve the way we and other agencies help families to address the root causes of their problems | G |
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We brought all family support services together into local 'hubs' and established an Early Intervention and Prevention Strategy that brings together all integrated early support for families. We reviewed our Joint Assessment Family Framework (JAFF) and Team Around the Family (TAF) processes to make more services available and easier to access. We provided 167 families with intensive family support, exceeding our target of 160 and all families reported that they were satisfied with the service they had received.

Our Edge of Care service supported 32 families with complex needs and prevented 52 children / young people from becoming Looked After Children.

We trained staff across agencies to work together to address families' needs at an early stage, making it easier for families to engage with the support on offer.

We also developed a new carer's assessment template and e-learning module for staff to improve their awareness and identification of young carers. There was, however, a poor take up by staff of the Carers Awareness e-Learning module. We will do more to promote it in 2015-16 and team managers will ensure that front line staff use the e learning module.

Despite this, all young carers known to us were assessed and provided with a service. We held a Young Carers Conference in October 2014 which resulted in the following actions:

- the provision of training to the county's schools;
- a process to identify and support Young Carers' Champions in schools;
- awareness-raising sessions for school health nurses; and
- the production of a range of materials, including posters, aimed at those who may be young carers and for distribution schools, GP surgeries, hospitals, libraries, etc.

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| 3.2 | Increase the number of family support workers and train them to help families make the decisions that are right for them |  |
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There are now 19 trained family support workers in place, increased from 16.

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| 3.3 | Put systems in place that mean families need only tell their stories once using the Joint Assessment Families Framework |  |
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We developed a single referral route for all support services and an improved Joint Assessment Families Framework process making it simpler to use. All teams have been trained in the developments including the assessment model.

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| 3.4 | Increase the number of staff in a named key worker role within the Multi-Agency Community teams |  |
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There are now key workers in each hub and they have a single referral process to aid access to a range of services.

More work will be done in 2015-16 to enable partner agency staff to access BCBC systems to help share information across partner agencies.

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| 3.5 | Continue to develop partnership working arrangements with relevant partners |  |
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We established hubs across the County Borough with a mix of safeguarding and early help staff located in each hub. This resulted in much closer working relationships with a greater range of partners.

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| 3.6 | Implement Looked After Children strategy and the regional adoption service |  |
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We implemented a refreshed placements and permanency strategy during the year, aimed at safely reducing the number of Looked After Children. This strategy, along with the launch of our new prevention and early help strategy, steadily reduced the number of Looked After Children during the year. Of those children who became looked after, 96.9% of their first placements began with a care plan in place.

The regional adoption service became operational in January 2015 and adoption teams from Bridgend County Borough Council, Swansea and Neath Port Talbot local authorities are now based in offices in Neath Port Talbot Civic Centre. Proposals for replacing our Independent Fostering Agency placements with a new local Parent and Child Fostering Service were slightly delayed but are now moving ahead.

3.7 Implement a reconfigured 'Families First' programme

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The Families First programme is aimed at families across the borough that need extra help and support to make a lasting improvement in their lives. Support services provided to families included work focused training, improved parenting skills and support to achieve better family health and wellbeing. We worked with partners to help 223 children, young people and parents achieve an improvement in their literacy and/or numeracy skills relative to their age. We successfully supported 258 young people and parents access employment, education or training as a result of the support received. We also supported 194 families in managing the effect of disability on the family, with 70 families pleasingly demonstrating improvements in confidence, nurturing and resilience.

3.8 Increase the number of children benefiting from Flying Start nursery provision by expanding the service into Lewistown, Blackmill and Sarn

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Flying Start is a Welsh Government programme aimed at supporting families and children under four years old who live in some of the most deprived areas of Wales. In 2014-15 we introduced Flying Start nursery provision to the communities in Blackmill and Sarn and created 72 new childcare places although due to delays in Lewistown we missed our target of 92 new childcare places.

Overall the rate of attendance at all Flying Start nursery provision is 81% compared to our target of 76%.

What are our challenges for 2015-16 and how will we respond?

We must maintain the pace of transformation of services to ensure good outcomes for children, young people and their families in the light of current and future budget reductions.

We will:

- put systems in place to support our new Multi-Agency Safeguarding Hub (MASH) arrangements;
- relaunch the Joint Assessment Family Framework to ensure that partnership arrangements are more effective;
- implement the Permanency and Placement Strategy and the Early Help Strategy to reduce the number of looked after children and to prevent children becoming looked after; and
- improve the way we work with other agencies to help identify more families that are in need of support and to address the root cause of their problems.

Improvement Priority Four: Working together to help vulnerable people to stay independent



What do we want for people in Bridgend County Borough by March 2017?

We want to enable vulnerable people to live independently.

How did we do in 2014-15?




We made good progress with this priority.



We wanted to ensure effective care and support was given to people when it is needed.

- Our Better@Home service provided 394 people with support at home as an alternative to staying in hospital while they awaited the start of their planned support.
- Through our Healthy Homes Assistance Grant that provides small scale essential works to prevent trips and falls we helped 450 older people maintain their independence and remain in their own homes.
- Our Assisted Recovery in the Community (ARC) service received 1,363 referrals to support people with mental health needs.

Progress against Success Indicators

We identified 5 indicators to measure success all of which showed improvement as set out below

| How did we say we would measure success? | How did we do? | Traffic Light |
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| The proportion of older people aged 65+ who live independently increases | <p>During the year, we supported more people to live independently than in the year before by increasing the number of people using telecare services and accessing community services, thus reducing the number of people needing to live in care homes.</p> <p>Our Telecare service responded to 1,009 callouts to people who had fallen, of which 720 avoided an ambulance call out. Our Telecare service consistently supported people to feel confident to remain independent at home, with 96% of people using the service reporting that it made it easier for them to stay in their own home.</p> <p>Working closely with partners, we also encouraged people to access advice and support directly from the third sector and within their own networks and communities. Our commissioned Care and Repair services helped 450 people in 2014-15 compared to 310 last year.</p> |  |
| The numbers of inappropriate admissions to hospital and residential care are reduced | Our Community Resource team and services supported 960 people to stay at home and avoid being admitted to hospital and residential care. |  |
| More carers say that they are supported and their needs are met | 67% of carers surveyed said they felt that services for carers had improved. This was against a target of 35%. |  |

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| The number of people who have been discharged home with short-term packages of care increases | This is a new measure and we supported 705 people of whom 432 did not require an ongoing care service. More services are being developed with the carers centre to support successful discharge planning. |  |
| The average number of days to deliver a Disabled Facilities Grant reduces | We reduced the number of days to deliver a grant from 214.12 to 182.26. We are one of only nine councils in Wales to achieve an improvement in this indicator, improving our ranking from ninth to sixth across Wales. |  |

Progress against 2014-15 Commitments

Almost all of the commitments for this Improvement Priority were completed as set out below.

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| 4.1 | Continue to bring health and social care together in order to appropriately respond to older and disabled people and further develop preventative services within the community |  |
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Significant work took place across Western Bay to integrate Health and Social Care teams.

We reviewed Mental Health services with all stakeholders, including service users and carers. The number of people accessing primary mental health services increased from 1,931 to 2,123.

We developed a common service framework for the Community Support Team so that people with a learning disability who are known to adult social care, now receive joined up health and social care services.

We also introduced a new common assessment framework for Adult Social Care across the Western Bay area so that community health and social care services are better co-ordinated.

As part of the development of Prevention and Wellbeing services, we established a pilot for Local Community Co-ordination in the Llynfi Valley where Local Community Coordinators, based in communities, provided support and assistance to 34 vulnerable people by building links with local people, their families and their local community.

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| 4.2 | Work with partner organisations to remodel our homecare and residential services |  |
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We agreed a transformation plan and we are on target to complete the remodelling of homecare by December 2015. As part of this remodelling, we took on board new homecare providers and this helped to strengthen the local homecare market which has grown significantly over the last few years.

Our transformation plan includes the redevelopment of residential care in older people to an Extra Care service model. Extra Care housing provides quality, safe accommodation with flexible care and support services. We have not yet appointed a Registered Social Landlord (RSL) to build the Extra Care Housing schemes but we are continuing to hold discussions with RSLs who expressed an interest.

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| 4.3 | Review the commissioning arrangements with the third sector to ensure the right support and services are in place |  |
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We reviewed the 24 agencies that we commissioned from the third sector using a new toolkit. The review highlighted that there were opportunities to work more effectively with the third sector and this is being taken forward by the corporate Transformation Change Programme within the Council to develop stronger contracts with better performance measures.

As part of the work being done by the Prevention and Wellbeing Board, a communication plan was put in place which improved the provision of information available on the internet so that service users are clear about what support and services are available to them.

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| 4.4 | Create alternatives to hospital admission including respite, crisis provision and carer support |  |
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Throughout 2014-15 the Community Resource Team (CRT) continued to develop its services that offer alternatives to hospital admissions.

We made therapies available from the CRT in Accident & Emergency at the hospital that resulted in more people being able to return home without having to be admitted.

We are also working with the Bridgend Carers Centre to support successful discharge from hospital and avoid re-admission through support for carers by signposting them to other services and support available.

The CRT also enabled fast access to community clinics where people could get health and social care services to avert inappropriate admission to long term care services or avoid having to be seen at the hospital.

Our early response service assessed and supported 569 people in 2014-15 who, without our intervention, might have ended up in hospital. Ninety percent of users stated the service had improved their quality of life.

Our Better@Home service provided 394 people with support at home as an alternative to staying in hospital while they awaited the start of their planned support.

The Reablement unit at Bryn y Cae provides reablement services to people at risk of moving to long-term care. During 2014-15, 37 people successfully completed programmes and returned home with further support from the CRT services. We know that over 92% of people who used the facility at Bryn y Cae said they felt the service had improved their independence.

Overall, during 2014-15, the CRT received 1,872 referrals including:

- 630 interventions made by our BridgeStart enabling service;
- 411 interventions by other services including includes Bryn Y Cae Residential Reablement Unit;
- 569 Early Response Service interventions; and
- 394 Better at Home interventions.

Of the referrals above, 960 people were provided with an alternative to a hospital placement.

4.5 Ensure standards are in place and monitored to improve quality of care

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We put standards and a framework in place to ensure that our citizens had consistent quality care and good experiences within a care home setting. This framework has helped care home providers to monitor and continually improve the quality of care they provide.

Residential and Nursing Contract Monitoring Officers spend time in homes talking to service users and their families to seek their views on how their life is within that environment, what outside community activities come into the home and what improvements could be made. In 2014-15, 74 users gave us their views. 100% of care homes in Bridgend County Borough were assessed in 2014-15.

Bridgend County Borough Council also led on the development of the regional quality framework across Western Bay.

4.6 Continue to develop new models of service and support for people during the day

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We developed a prevention and well-being strategy to support people to have meaningful daytime activities. In particular, we worked with our colleagues in Learning Disability and Healthy Living to develop day opportunities in the community including community and leisure facilities as well as potential employment and volunteering opportunities. From information gathered in discussions with service users, we developed a range of activities including sessions in the hydrotherapy pool, support to join a fishing club and learning I.T. skills.

We developed a Dementia Strategy to improve support and services to individuals and families that included the development of a dementia friendly community and dementia training for care home providers.

In 2014-15, the Assisted Recovery in the Community (ARC) service supported a large number of people with mental health needs with day opportunities. There was an increase of 40.4% in referral rates from 971 in 2013-2014 to 1363 in 2014-15. This was due to GPs

referring patients directly to ARC rather than through a secondary health service. A customer service questionnaire highlighted that 88% of people who use the service would recommend it to others.

4.7 Develop an accommodation strategy with a range of supported accommodation options

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The strategic direction for supported accommodation is set out in the Bridgend Strategy and Commissioning Plan for Learning Disability Services and the Western Bay Learning Disability Commissioning Plan. The Learning Disability Accommodation group, which includes representatives from Adult Social Care, the Communities Directorate and Health, developed a number of accommodation projects in partnership with Registered Social Landlords based on different models of support, including 24 hour supported living, and local support and advice provided through community hubs. So far, two community hubs have been set up and a third is being planned.

4.8 Increase accommodation options for households who are homeless or threatened with homelessness

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The Kerrigan project provides temporary supported accommodation for single people who are homeless, vulnerable and have complex support needs. It aims to provide a homely, safe environment, where people are assisted to access services and achieve independent living. There was a small delay in delivering a new house for the scheme but when completed it will provide 7 temporary supported accommodation units that will move service users onto more settled accommodation within six months.

We have continued over the year to explore shared accommodation options with our housing associations but the lack of housing support available was identified as a barrier by our partners.

A new floating support scheme is being implemented which will assist people to maintain their tenancies i.e. managing their money, keeping healthy, and integrating into the community. A single access point for service users with support needs will be provided to help those who require supported housing, floating support services and move-on into independent accommodation. We now have 51 supported accommodation units, a rise from 44 in 2013-14.

The focus for 2015-16 will be to prevent and relieve homelessness in line with the greater responsibilities placed on the Council through the new Housing (Wales) Act 2014, which was implemented on 27th April 2015.

4.9 Review the Private Sector Housing Renewal and Disabled Adaptations Policy to ensure it is meeting needs and delivering value for money

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We did not fully review the Private Sector Housing Renewal and Disabled Adaptations Policy as intended this year.

The take up of our Healthy Homes Assistance Grant was good. This grant provides small scale essential works to prevent trips and falls. 450 older people were able to maintain their independence and remain in their own homes with 98% being independent for longer than 6 months.

Disabled Facilities Grants (DFGs) are awarded to homeowners for adaptations to their homes and are approved using the Council's in-house schedule of rates. We review rates for individual items of work continually to keep them in line with inflation. A review of the current schedule of rates was begun and will be published when the exercise has been completed.

It is worth noting that in 2014-15, Bridgend County Borough Council was one of only nine local authorities across Wales who reduced the time taken to deliver DFGs.

4.10 Develop an agreement with partners to address the needs of carers across the Western Bay region

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Across the Western Bay region, a strategic partnership group began working to develop ways of supporting carers and had responsibility for spending the Carers Measure funds (approximately £52,920 in 2014-15). The funds were used to support a variety of local projects such as Welfare benefit surgeries, information leaflets, promotional DVDs and focused work in hospitals, schools and GP practices. We also held events such as specific training for parent carers e.g. on challenging behaviour and the Young Carers' Conference.

4.11 Continue to work with partners to mitigate the impacts of UK Government Welfare Reforms

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The 'Get Bridgend On Line' project supported Job Seekers and others to improve their IT skills and get online. The project is a partnership between BCBC Libraries, Valleys to Coast, Wales Co-operative Centre and the voluntary sector. It provided support in libraries, community centres and other community venues across the county. During the life of the project, 1,353 Bridgend County Borough residents were supported to get on line, 20 volunteer digital champions were recruited and over 80 front line staff in partner organisations received digital inclusion training to help them provide support to their service users.

What are our challenges for 2015-16 and how will we respond?

The service is now focusing on the implementation of the Social Services and Wellbeing Act by April 2016 and must continue to build on the work done so far to meet this timetable. At the same time we must progress with the transformation agenda for social care if we are to address the risks associated with future budget cuts. We expect to continue to face increasing demand for services from demographic changes and dementia.

We will:

- produce and consult on the prevention and wellbeing strategy that includes the coordination of support, information and advice available in local communities;
- increase the range and accessibility of advice and information for carers;
- develop a regional quality framework to monitor and improve the quality of care;
- take reasonable steps to prevent homelessness in line with strengthened duties under the new Housing (Wales) Act 2014;

- help vulnerable people retain their dignity and stay as independent as possible in accommodation that best meets their needs;
- further develop crisis prevention, support and accommodation options for people with mental health needs that promotes independence and prevents hospital admission;
- continue the development of two new extracare schemes across the borough;
- continue the transformation of homecare services; and
- establish an integrated operational model for the Learning Disability Community Support Team.

Improvement Priority Five: Working together to tackle health issues and encourage healthy lifestyles



What do we want for people in Bridgend County Borough by March 2017?

We want to see a healthier population.

How did we do in 2014-15?

We made progress towards achieving this improvement priority. We wanted to “make good progress in encouraging more people across the borough to live healthily” and to “see increased participation in physical activity across all population groups”.





Working together, we


- completed the redevelopment of the Bridgend Life Centre;
- exceeded the target of the number of Access to Leisure scheme memberships by 565 to 1962; and
- increased the retention rates for those completing a 16 week National Exercise Referral Food Wise Programme from 395 to 438 participants.

Progress against Success Indicators

We have chosen a combination of short-term and long-term indicators for this priority. For long-term indicators it usually takes years to see any effect.

We made progress in improving our short-term indicators, but less so in the long-term ones.

| How did we say we would measure success? | How did we do? | Traffic Light |
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| Percentage of the population who smoke reduces | The latest data (2014) showed a reduced rate of people who smoke, from 22% (in 2013) to 20%. |  |
| Percentage of the population who are overweight or obese reduces | The latest data (2014) showed no change for the year, remaining at 58%. |  |
| Percentage of adults who binge drink on at least one day per week reduces | The latest data (2014) showed that the number of people who binge drink on at least one day per week decreased from 30% (in 2013) to 27%. |  |
| Percentage of adults achieving the recommended levels of physical activity increases | The latest data (2014) showed that the rate of people achieving the levels of physical activity recommended from 31% to 29%. The number of visits to local authority sport and leisure centres during the year per 1,000 population where the visitor participated in physical activity decreased marginally from 9,588 to 9,528. However, this does not include clubs who over the year migrated to using playing fields on school sites, or the development of all new weather playing areas to support clubs. |  |

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| Gap in Healthy Life Expectancy between the borough's most and least deprived communities narrows | In 2009 the gap for Male was 19.4 years and for Female 20.8 years. No new data after 2009 is available. |  |
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Progress against 2014-15 Commitments

Almost all of the commitments for this Improvement Priority were completed, as set out below.

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| 5.1 | Implement a series of early years programmes to encourage more physically active households |  |
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The Family Active Zone programme continued to promote active and healthy households with 27 partners receiving training and resources and 117 households accessing the programme at 8 locations throughout the borough.

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| 5.2 | Remove or reduce barriers to being physically active for underrepresented groups by delivering the sport and physical activity objectives of the Strategic Equalities Plan |  |
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Our Sport and Leisure service worked with Disability Sport Wales to develop community based opportunities for people with disabilities. There were 923 junior participants, 623 senior participants and 293 volunteers in the programme. BCBC also supported 12 community partners to achieve the 'Insport' inclusive activity accreditation and delivered 'Disability Inclusion Training' to 27 local providers. BCBC was the only local authority in Wales to be awarded 'Calls for Action' monies, from Sport Wales, via a one off investment fund, to engage better with disabled people and enhance local opportunities and citizen voice.

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| 5.3 | Develop an effective preventative support services which will enhance people's wellbeing and contribute to a healthier lifestyle. |  |
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We achieved 100% of high risk inspections, which included advice and guidance to food businesses across the borough as well where appropriate Health and Safety inspection and enforcement. Underage sales enforcement was completed as planned for the year. In addition to this, the number of broadly compliant (i.e. a Food Hygiene Rating of 3 or above) food businesses in the borough increased to just over 90% through inspection and advice to businesses. We launched the Healthy Options Award with HALO within Bridgend Life Centre, promoting healthier food choices on menus and supported the promotion of Food Safety week and Food Standards Agency campaigns.

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| 5.4 | Further develop targeted projects to encourage better health with a particular focus on the Llynfi Valley and a reduction of smoking. |  |
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We continued to work towards narrowing the twenty year gap in health life expectancy and addressing health and wellbeing inequalities in the Llynfi Valley. Initiatives included undertaking test purchases where evidence suggested the sale of age restricted

products to minors, resulting in either cautions or prosecutions where applicable. Bridgend County Borough Council also participated in a successful targeted campaign to raise awareness of the problems associated with counterfeit or smuggled tobacco.

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| 5.5 | Complete the re-development of Bridgend Recreation Centre and re-launch it as Bridgend Life Centre by July 2014 |  |
|------------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

Bridgend Life Centre was officially opened on 18th July 2014. Since then 465,208 visits to the Centre have been recorded. Throughout Bridgend County Borough's leisure centres, attendances for a physical activity reached 1,338,439 during 2014-15.

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| 5.6 | Deliver the National Exercise Referral Food Wise Programme in partnership with HALO Leisure Ltd to help address obesity levels and encourage better weight management across the county borough |  |
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This pilot programme worked with partners and attracted people from across the County Borough including, for example, carers from Bridgend Carers centre and Communities First areas. In all, three courses ran and 438 people completed the 16 week National Exercise Referral programme against a target of 395.

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| 5.7 | Support the implementation of the Active Travel Bill by developing walking and cycling initiatives |  |
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We developed the Love 2 Walk Programme which included community walking groups. In all, 402 people regularly took part in our community walking programme against a target of 350. The community groups supported older people, people with learning disabilities and mental health conditions (delivering 8 navigational awards). The programme supported older people to become accredited walk leaders.

We also delivered adult cycling programmes in the Ogmores/Garw valleys and trained staff to support school cycling programmes such as 'Bike Bridgend'.

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| 5.8 | Protect and promote the health, safety and wellbeing of our employees |  |
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We set out to identify any issues relating to health and safety performance and safety culture within the Council. This involved presentations to managers and a survey on existing health and safety arrangements. This will now enable us to target resources at those areas where staff face the greatest risks. Initiatives during the year included reviewing safety of staff working near roads, lone worker training as well as providing access to a confidential service for staff who have a health condition or may be suffering from wellbeing issues such as stress and anxiety.

What are our challenges for 2015-16 and how will we respond?

We face ongoing challenges of budget cuts and increased demands for services. We will continue to meet these challenges through continuing working with new and existing partners, including working collaboratively where there are clear reasons for improving service provision and to create further efficiencies.

We will:

- ensure our schools meet the standards of the Healthy Eating in Schools Regulations 2013;
- continue to roll-out and implement cashless catering system across our schools;
- through the Family Active Zone initiative, promote nutrition, physical activity and family relationships for positive lifestyle change;
- promote the Healthy Options Scheme with businesses across the county borough to offer customers healthy options on a food business' menu;
- continue to work with partners towards joint inspections of premises selling age restricted products such as tobacco and alcohol which will help tackle nuisance behaviour related to alcohol consumption;
- develop and provide advice and education to businesses on matters such as the sale of age restricted products and food hygiene standards;
- implement the primary and secondary school national sport programme to increase physical activity levels;
- support partners in the LSB to further develop target projects to encourage better health with a focus on the Llynfi Valley;
- develop services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups, by working in partnership with HALO Leisure and a range of community partners;
- continue to deliver the National Exercise Referral Programme in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management across the county borough;
- co-ordinate the Love to Walk programme to support community walking networks;
- develop active travel maps and support walking and cycling initiatives that will contribute to the implementation of the Active Travel (Wales) Act; and
- identify and promote new initiatives that support the health and wellbeing of employees.

Improvement Priority Six: Working together to make the best use of our resources



What do we want for people in Bridgend County Borough by March 2017?

We want people in the borough to be confident that the Council is fair, ambitious, customer-focused and efficient.

How did we do in 2014-15?






We made good progress towards achieving this improvement priority. We planned to make £11.274 million of savings in 2014-15 and to prepare for further savings in future years while driving improvements in priority areas.

Working together, we

- achieved the savings for the year;
- generated £8 million of capital receipts through our disposals programme;
- continued to improve the way we communicate with citizens;
- reduced CO₂ emissions; and
- improved the way we commissioned facilities and services, saving over £1.3 million through the Value Wales Collaborative Procurement Programme.

Progress against Success Indicators





We identified 5 success measures for Improvement Priority Six, all of which achieved their target as set out below.

| How did we say we would measure success? | How did we do? | Traffic Light |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Planned savings are achieved | We achieved the savings required. |  |
| The use and value of our available office space is maximised | We rationalised our offices through reconfiguring our Civic Offices providing more useable office space for staff, enabling us to dispose of two council sites. We put in place new office arrangements and facilities at Civic Offices and Ravens Court, which enabled staff to work flexibly maximizing the space available. |  |
| Our current spend on ICT systems is reduced | The savings for ICT systems were achieved. |  |
| Our resource strategies clearly support the delivery of the corporate improvement priorities and the Medium Term Financial Strategy(MTFS) | We delivered the budget reductions required under the MTFS and corporate improvement priorities show progress (evidenced elsewhere). |  |
| There is positive feedback from citizens regarding communication, engagement, access to services and value for money | Our latest Citizens Panel Survey found that 44% of citizens surveyed found the Council was good or very good at telling them about the services it provides and council related news, against a target set of |  |

| | | |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| | 40% for 2014-15. In addition, there was an increase in the percentage of citizens who said that their individual access requirements are met when contacting the Council at 63% against a target set of 52% for 2014-15. | |
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Progress against 2014-15 Commitments

Almost all of the commitments for this Improvement Priority were completed as set out below.

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 6.1 | Continue to develop our Medium Term Financial Strategy aligning our resources to our improvement priorities |  |
| <p>Our Medium Term Financial Strategy (MTFS) for the four year period from 2014-15 to 2017-18 is developed in line with corporate improvement priorities and the Council's Corporate Plan. The MTFS identifies budget changes against improvement priorities over financial years and specific budget reductions against improvement priorities. The capital programme is also linked to each of our improvement priorities.</p> | | |
| 6.2 | Deliver the savings proposals identified in the 2014-15 budget |  |
| <p>Savings of £11.274 million were identified and £10.429 million achieved against these. We achieved additional savings to compensate for this shortfall by managing staff vacancies and a tighter control on general expenses.</p> | | |
| 6.3 | Deliver the 'Making Best Use of Resources' projects in Bridgend Change Programme for the coming year |  |
| <p>We introduced a new performance management system to measure our performance. The e-post mail room became operational and we introduced Electronic Data Record Management (EDRM) whereby all incoming and outgoing mail is digitised. This also included ongoing digitisation of our back office files which reduced storage requirements. Hybrid mail is now in place, reducing the amount of time, effort and money to mail out large volumes of letters or documents, by processing them electronically. We continued to rationalise our office accommodation. Civic Office accommodation was reconfigured and Sunnyside and Glanogwr Road offices were sold.</p> | | |
| 6.4 | Continue to rationalise and improve council systems and processes |  |
| <p>The new digital office became operational with all incoming and outgoing mail digitised. To date almost 13 million documents have been scanned and are held electronically on the EDRM system. This represents the first steps in moving the organisation to being digital by default.</p> | | |

6.5 Complete our procurement and commissioning review

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We completed the corporate contracts register (a list of all the authority's contracts) which will enable us to better manage our existing contracts and adhere to re-commissioning timetables. Currently the project is being re-profiled and is subject to a structural review.

We saved a total of £1.367 million through the Value Wales Collaborative Procurement Programme.

6.6 Implement the Asset Management Plan (AMP) 2014-15 actions, including energy and carbon reduction measures

G

We are on target to deliver the Asset Management Plan 2021 with audit and condition surveys completed to enable us to make the right decisions to achieve efficiencies. The Carbon Reduction measures for 2013/14 (figures for 2014-15 not yet available) achieved 1,053 tonnes of carbon reduction savings, reducing our liability for buying allowances by £12,636 from the previous year.

6.7 Work towards a collaborative land agreement for Parc Afon Ewenni (Waterton)

G

As consensus was not reached with other land owners, we decided that we will market the site independently. Work is ongoing to relocate the Highways depot from Waterton. Agents have been appointed to market the site and technical reports commissioned to enable the sale.

6.8 Deliver the enhanced disposals programme

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Our disposals programme works to reduce our surplus assets. Monies raised go towards the Council's capital programme including supporting the Council's match funding requirement for the Welsh Government's 21st Century Schools programme. Since the enhanced programme began in April 2014 we generated £8 million of capital receipts including about £1 million from property auctions. The disposals ranged from small plots of land, vacant offices and caretaker's houses to large development sites.

6.9 Share best-practice and take action, where necessary, to reduce absence levels

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We have been working with the Welsh Local Government Association (WLGA) on undertaking a 'compare and contrast' exercise on how sickness is managed in local authorities across Wales. We have developed policies and reviewed Managers' guidelines to reduce our sickness levels. Furthermore, an Absence Management toolkit is being developed and a new absence management training course developed and rolled out to those staff managing staff absence. However, despite these concerted efforts, sickness levels increased across the Council during 2014-15 from 9.80 days to 10.83 days. Going forward, we will also implement any recommendations from the WLGA sickness absence project.

A new counselling service was put in place offering a wide range of services and support to all staff on a 24/7 basis.

6.10 Develop a management competency framework and organisational development plan

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New management competencies were developed to ensure that managers can perform effectively in their role. A Workforce Plan for 2015-18 was developed to help the Council plan for future changes, including: improving and expanding employee skills and performance; planning to reduce the workforce whilst recruiting and retaining employees in key areas; and focusing on employees' wellbeing.

6.11 Further develop mechanisms to enhance customer feedback

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For the first time, residents were able to sign up to the Citizens' Panel and receive a survey immediately whilst a consultation was open. This created the highest sign up rate recorded with an additional 35 new members. We saw a 10% rise in the number of responses as a result of consultations and Citizens' Panel having more online capabilities, such as altering the size of the screen, making it easier to use. We increased the number of opportunities for residents to respond to consultations such as making them available in paper format in our libraries and undertaking public engagement events for the budget consultation which received over 60 attendees overall.

6.12 Review the work with our partners, including the Local Service Board and the third sector

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Four boards were set up in partnership with our LSB partners, which included representatives from Health, Police, Fire Services, Natural Resources Wales, Business sector and Further Education to look at effective ways of joint working for the benefit of the residents of Bridgend County Borough. One of the Boards developed a project aimed at understanding the reasons why residents in some areas feel more unsafe and disengaged from their communities and services than others and then to work with those communities and LSB partners to develop new ways of working to address this.

We reviewed our arrangements with the third sector, to ensure that the services they provided met our needs, achieved good outcomes, provided value and were efficient, against a background of reduced funding. We supported organisations such as BAVO, Shelter and Women's Aid in delivering a small number of vital services, which include supporting vulnerable children and young people and older people across the Borough. Our Independent Professional Advocacy service, targeted at young people engaged with Social Services, was remodelled during the year.

We worked with six other local authorities and the Health Board in providing assessment and specialist intervention for children and young people who are displaying sexually harmful behaviour. We will continue to support the third sector and try to limit the impact of further funding reductions by working more in partnership with the sector and building its capacity.

What are our challenges for 2015-16 and how will we respond?

Our main challenges include:

- managing declining resources against an expectation of increased demand;
- managing staff workload and retaining the required expertise;
- introducing new Welsh Language Standards across the authority; and
- the potential for disengagement and negativity from the public as service provision reduces.

We will:

- implement the planned savings identified in the 2015-16 budget;
- deliver the projects contained within the Bridgend Change Programme (BCP);
- improve efficiency by rationalising and maximising the use of ICT systems and software applications;
- develop proposals to provide citizens with more self- service options for accessing Council services;
- develop effective mechanisms to improve our understanding of citizens' views;
- explore new ways of engaging and consulting with children and young people to continue to hear their voice;
- implement the contract management and e-procurement strategy to improve efficiency;
- deliver the agreed actions of the Parc Afon Ewenni scheme;
- extend electronic learning opportunities for staff to develop the skills and flexibility of the Council's work force;
- further rationalise the Council's operational estate to reduce accommodation costs;
- pursue our asset disposal strategy with the aim of securing capital receipts of at least £6 million; and
- introduce a compliance tracking system to support more effective facilities management of our buildings.

Section 3 – Financial Performance

Our financial environment is becoming increasingly challenging. We need to make unprecedented savings in the future that can only be achieved by changing the way we work and changing the way services are delivered.

2014-15 Expenditure

Last year, the amount we spent on delivering services to our citizens and investing in our landscape and infrastructure totalled around £425 million. The total amount that we have available to spend is made up from three main sources listed below.

Revenue Expenditure

Our revenue expenditure represents day to day costs such as salaries, equipment, supplies and services. Our net revenue expenditure in 2014-15 after allowing for appropriation to earmarked reserve, additional income from council tax and an underspend on general contingencies (as reported in the 2014-15 Statement of Accounts) was **£255.08 million**, which resulted in an underspend of £55,000 which was transferred to the Council Fund. The table below shows the expenditure and proportion of spend per Improvement Priority in 2014-15:

| Improvement Priority for 2014-15 | Revised Budget 2014-15 (£'Million) | Actual Outturn 2014-15 (£'Million) | Actual Over/(Under) Spend 2014-15 (£'Million) |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------------------------------------|
| 1.Working together to develop the local economy | 9.4 | 9.1 | 0.2 |
| 2.Working together to raise ambitions and drive up educational achievement | 104.2 | 103.4 | 0.8 |
| 3.Working with children and families to tackle problems early | 21.6 | 22.2 | -0.6 |
| 4.Working together to help vulnerable people to stay independent | 25.5 | 25.5 | 0.0 |
| 5.Working together to tackle health issues and encourage healthy lifestyles | 18.6 | 18.4 | 0.2 |
| 6.Working together to make the best use of our resources / Other Business as Usual and Not Linked to Improvement Priorities | 75.8 | 76.4 | -0.6 |
| TOTAL | 255.131 | 255.076 | 0.055 |

Capital Expenditure

This represents our spending on schools and infrastructure such as roads, bridges and buildings. These assets will benefit the community over long periods of time and the expenditure is largely financed by borrowing and capital grants.

Our capital expenditure in 2014-15 was **£28.23 million**, where the main projects carried out during the year included:

- £3,840,000 Community Care Information System (CCIS);

- £ 1,713,000 Disabled Facility grants & Private Sector Housing;
- £ 2,686,000 Coety / Parc Derwen primary school;
- £ 1,447,000 Energy Company Obligation (ECO) grant;
- £ 1,423,000 Coleg Cymunedol y Dderwen;
- £ 2,787,000 Carriageway Reconstruction & Street Lighting;
- £ 2,674,000 Additional Learning Needs (former Ogmere School site).

Grants

We also received specific government grants, in addition to the core Revenue Support Grant and Non-domestic Rate (NDR) allocations, totalling **£93.31 million** during 2014-15, which we are able to use in addition to our own Revenue and Capital expenditure. The main grants received during 2014-15 included:

- £6,536,000 Post-16 Grant;
- £6,152,000 Supporting People grant;
- £2,854,000 Sustainable Waste grant;
- £3,024,000 Flying Start grant;
- £1,839,000 Families First grant.

Budget Reductions

We made good progress in achieving budget reductions over the past three years, which resulted in a recurring annual saving of £19.78 million. However additional reductions of £11.225 million need to be achieved in 2015-16 and each year it gets more difficult to identify new proposals.

In 2014-15, we planned to make budget reductions of £11.274 million. Reductions of £10.701 million were fully achieved during the year, with the remaining £573,000 not achieved. This is after £272,000 of budget reduction proposals in respect of the MREC were rolled forward into 2015-16. Budget reduction proposals for 2014-15 that were not fully met relate to:

| Proposal | 2014-15 |
|---------------------------------------------------|----------------|
| Re-provision and re-modelling of Shared Lives | 105 |
| Reduction in sickness absence (Wellbeing) | 50 |
| Residential Resettlement | 192 |
| Efficiencies in internal supported living service | 75 |
| Review Continuing Health Care eligible cases | 51 |
| Anaerobic Digestion Facility | 100 |
| | 573 |

To compensate for this shortfall, additional savings were achieved through the use of the Council's staff vacancy management protocol and through a tighter control on general expenses.

Section 4 - Working in Partnership

We work in partnership with a range of public sector, private sector and third sector organisations on a local, regional and national basis to most effectively address some of the most challenging issues faced by our citizens. This approach enables us to provide improved services in a more cohesive and effective way, whilst ensuring that services provided use public money in the most efficient way possible. Some of our major collaborative activities from 2014-15 are shown below:

The **Western Bay Health and Social Care Collaboration Programme** was established in January 2012. Its primary aim is to work across boundaries to integrate health and social care to meet financial and demographic challenges.

During the year, a Partnership Forum was established, focusing on three transformational programmes. These are Community Services, Prevention and Wellbeing and Contracting and Procurement. A plan was put in place to ensure that the remaining priorities continue to progress. These include the Community Learning Disability Team model, the Mental Health Project and the Regional Adoption Service. The remaining Western Bay activity, regional Supporting People Committee, regional Area Planning Board for Substance Misuse, the regional Safeguarding Boards and the Integrated Family Support Services have separate governance arrangements but if there are specific issues there is still the ability to escalate to the Leadership Forum.

During the year our **Adoption Service** merged with Adoption Services in Swansea and Neath Port Talbot to form a new Western Bay Regional Adoption Service. The service is responsible for recruiting prospective adopters and finding families for children who need to be adopted. The aim is to better meet the needs of those children who need permanence through adoption by bringing together the best practice from each authority into a single more efficient and flexible service.

Our **Intensive Family Support Service (IFSS)** works in a very intensive way with families where there is parental substance misuse. The team, made up of social workers and nurses, works with the whole family and ensures that all involved agencies are included in the family plan. During 2014-15, there were 114 referrals across the region, with 31 in Bridgend County Borough.

Our **Youth Offending Services/Teams (YOS/Ts)** have a legal duty to co-operate in order to secure youth justice services appropriate to their area. The joint service across Bridgend County Borough Council, Neath Port Talbot and Swansea began in May 2014, following agreement with all three local authorities, with a view to sharing resources and expertise, achieving efficiencies and improving outcomes. First time entrants reduced by 36%, which compared favourably to the South Wales average of 19% and Wales average of 31%. In Bridgend County Borough Council, a 43% reduction was achieved which amounted to 21 young people entering the Youth Justice System. Other developments being shared include a “building” skills programme and Intervention Centre helping young people move away from offending and reach their potential as young adults.

Working with **Action on Hearing Loss** and the **British Deaf Association** to improve service delivery for deaf customers culminated in us attaining the BSL Charter in December 2014 and the Action on Hearing Loss Gold Award in May 2015.

The **Regulatory Services collaboration** between Bridgend County Borough Council, Cardiff and the Vale of Glamorgan commenced on the 1st April 2015, and we now provide a new shared Public Protection service. The project will enable efficiency savings to be made while protecting services to the public.

We are providing **Work Placements, Traineeships and Apprenticeships** through joint working across service areas and in partnership with other organisations such as Job Centre Plus and local training providers. Since April 2014 the Council provided more than 120 work placements, which included apprentice placements in Building Maintenance for first year students, social care placements and placements for young job seekers. Arrangements are also in place to provide support to young people who are leaving care through an employment and training project. These initiatives will continue in 2015/16. In September 2014 the Council, in partnership with Jobcentre Plus, invited local residents to a jobs and information event. In its fourth year, visitors to the event discussed employment and volunteering opportunities with a host of local employers, offering a range of temporary and permanent jobs. Help and support was also on hand from agencies that can assist people find employment.

We secured £2.5 million in Welsh Government funding to purchase and refurbish **Celtic Court** to provide a modern, bespoke and fit for purpose healthcare provision, which is due to be completed in October 2015. The refurbishment was designed and undertaken by the Council on behalf of Welsh Centre for Action on Dependency and Addiction (WCADA) and Community Drug and Alcohol Team (CDAT).

The Council recently completed its community asset transfer of **Carnegie House** (former Bridgend library) to Bridgend Town Council so that they can relocate their offices and establish a new community arts hub within the town centre. Working in partnership the parties secured Town Heritage Initiative funding to undertake works to the exterior of this listed building. As well as providing a new base for the town council, Carnegie House is successfully hosting regular exhibitions and events.

The **Joint Vehicle Maintenance Facility and Fleet Management Service** is a partnership with South Wales Police which maintains both organisations' fleets. Work was progressed, and became operational as of March 2015.

We will continue to look for new opportunities to work in partnership where we can see that working with others will improve service quality or value for money. Over the next 4 years we will maintain our close working relationships with other organisations, including:

- Abertawe Bro Morgannwg University Local Health Board;
- Bridgend Association of Voluntary Organisations;
- Bridgend Business Forum;
- Bridgend College;
- Bridgend Equality Forum;
- Bridgend schools;
- Bridgend Tourism Association;

- Bridgend Youth Council;
- City and County of Swansea Council;
- Community groups;
- Environment Agency Wales;
- HALO/GLL and commercial partners;
- Neath Port Talbot County Borough Council;
- Other local authorities;
- Service user and carer representation groups;
- South Wales Fire & Rescue Service;
- South Wales Police;
- Town and Community Councils;
- Vale of Glamorgan Council;
- Valleys to Coast and other registered social landlords;
- Wales Probation Trust; and
- Welsh Government.

Section 5 – Our citizens' feedback

Citizen feedback is vital when planning how we will improve local services for local people. There are a range of options available for our citizens on the consultation page of our website www.bridgend.gov.uk to get in touch and to have their say on how well we provide services or how we should be carrying out our services both now and in the future. In 2013-14 we also developed an improved social media presence through Twitter to gain citizens' views.

Across all our services we are communicating with our citizens every day. In 2014-15 our Customer Service Centre dealt with:

- 15,445 written contacts, 99.98% of which were responded to within 5 days;
- 181,140 phone calls, 72% of which were answered in 30 seconds; and
- 23,806 visitors to the Customer Service Centre in the Civic Offices where 68% were seen within 10 minutes with the average wait time being 8.80 minutes.

These contacts related to all aspects of our services, including waste collection, planning, council tax, homelessness. Our Customer Service Centre was able to help resolve 95% of all the issues raised through telephone or visitor contacts on that first contact. Overall 76% of people surveyed said that they found the service to be good or very good (Citizens' Panel Autumn 2014).

We continued to provide a wide range of opportunities for service users to help us with feedback on our services, often through working with third sector partner organisations and other partners. In 2014-15 these opportunities included:

- Bridgend Equality Forum (BEF) aims to promote equality in Bridgend County Borough by assisting in the process of airing and resolving equality related issues and helping to build strong and positive relationships between people from different backgrounds. The forum met bi-monthly and shared information, discussed important council-based issues and offered opportunities for members to work together on projects and activities;
- direct contact with people living in residential or nursing care homes through regular monitoring visits;
- a Contact Centre survey sent out to anyone who received a service; and
- regular service users meetings as part of the Neath Port Talbot/Bridgend Community Group to discuss topical issues relating to the Supporting People Programme and consider emerging service needs related to supported accommodation.
- visits to private and 3rd Sector care and nursing home provision to monitor service quality. Engagement with residents and service users is an integral part of this; and
- elected members visiting our care establishments on a rota basis.

Each year we also hold specific public consultations to help us with planning services, setting priorities and making changes to the way we provide services. In 2014/15 these consultations included:

Budget Review 2015 – Over the next four years Bridgend County Borough Council is expecting to have to make £49 million worth of savings on its annual budget. We wanted to better understand our awareness of the financial situation, and to gather residents' views on how the council should prioritise its budget. The consultation held in the autumn of 2014 received 443 responses overall.

We put forward proposals for 'how we can bring money in'. These could potentially generate £218,000 of income for the council. The most popular were:

- 1) introduce a charge for pest control (58% of the votes);
- 2) introduce a parking charge for Blue Badge holders in our off-street car parks (58% of the votes); and
- 3) introduce a percentage charge for credit card payments made to the council (55% of the votes).

- The most popular 'money saving proposal', receiving over 64% of the votes was to set up a 'not for profit trust' to deliver library and cultural services. The proposal could offer estimated savings of £391,000. We worked on this proposal with partners and set up a new cultural Trust which will operate from October 2015. The Council will continue to play an active strategic and supportive role in the development of facilities and services of the new trust.
- Over one in three (36 per cent) believed that residents could help reduce demand on council services by taking more personal responsibility. This will be explored further in 2015-16 when we review the way we deliver our services.

School attendance fixed penalty notice code of conduct – A public survey inviting views on the proposed fixed penalty code of conduct was conducted between 24 June 2014 and 4 August 2014. The local authority code of conduct was introduced in September 2014 setting out the framework for the operation of fixed penalty notice schemes. This proposal will affect all mainstream pupils between the ages of 5 to 16. In total 345 responses were received.

- Over eight in ten (81 per cent) said they would not support a consistent approach in refusing term-time holidays.
- Almost all (95 per cent) of the respondents agreed there is a need to have exceptional circumstances for authorising absences.
- Seven in ten (70 per cent) agreed with the additional considerations that can be taken into account before issuing a penalty.
- Over three quarters (76 per cent) also disagreed with the circumstances for issuing a fixed penalty notice. In total 43 per cent disagreed with holiday fines and five per cent with fines for lateness.

Learner Travel Review – A public consultation on Bridgend County Borough Council's home to school transport policy was undertaken over a twelve week period from 29 September 2014 and 22 December 2014. The consultation received 725 responses from a combination of the consultation survey and seven community workshops held across the county borough. There were three proposals:

- Proposal one - To increase the distance required for free transport between a pupil's home and their school, to match the distance required by law (including Welsh and religious schools). 34 per cent stated that there would be little to no impact if proposal one were to be introduced.

- Proposal two - To charge the full cost of a school bus pass for pupils who do not receive free school transport. The majority of respondents (35 per cent) stated that charging the actual cost was too expensive.
- Proposal three - To stop providing free transport for learners aged 16 or over, who go to school or college. Exactly one in five (20 per cent) believe introducing proposal three would have a negative impact on the community in the future.

Starting in September 2016, proposal one and two will be progressed and the Learner Travel Policy will be amended to bring it in line with minimum statutory requirements.

This will mean that the qualifying distances for free transport to primary schools will change from 1.5 miles to two miles and from two miles to three miles for secondary schools. The new qualifying distances will include Welsh-medium and voluntary aided schools. The qualifying distance for post-16 students will change from two to three miles.

Pupils who currently receive free transport will continue to do so until they move to the next stage of their education or another non-catchment school, while a pupil starting at the same catchment school as an elder brother or sister will automatically receive the same entitlement as their sibling.

The cost of a daily return ticket for primary and secondary pupils and post-16 students who live outside the qualifying distances will increase by 48p from £1.42 to £1.90.

Public Toilet Review A public consultation reviewing Bridgend County Borough Council's public conveniences was undertaken on 12 January 2015. In total, 933 responses were gathered, with 96% of respondents stating that there should be disabled access at all public toilets in the County. Responses showed that those aged 55 and over are almost twice as likely to use the public toilet as 25 – 34 year olds. 87% of respondents supported the re-introduction of the comfort scheme which provided small grants to businesses to permit the use of their toilets by the general public.

Section 6 – What did our regulators say about us?

Each year, the Auditor General is required to prepare an Annual Improvement Report (AIR) which presents a picture of how well we are planning for improvement and delivering services. This report also includes a summary of the key findings from reports issued by regulators such as the Care and Social Services Inspectorate Wales (CSSIW) and Her Majesty's Inspectorate for Education and Training in Wales (Estyn).

In his annual report for 2014-15, issued in October 2015, the Auditor General said that the Council continued to make progress in delivering improvements in its priority areas and had recognised the need to support improvement of children's services. The Auditor General said that the Council's forward planning arrangements and track record suggest that " it is well placed to secure improvement in 2015-16"

In October 2012, Estyn (the education and training inspectorate for Wales) said that the authority needed monitoring to

- improve outcomes for learners, especially at key stages 2 and 3 by using individual pupil data to set more robust targets and by strengthening the rigour and consistency in the local authority's challenge to schools;
- improve attendance in primary and secondary schools by continuing to develop the joint work between education welfare and family engagement officers;
- strengthen self-evaluation in order to understand what is working well and what needs to improve in order to help learners achieve their goals;
- improve the quality of information provided to elected members so that they can challenge the performance of the authority's services and schools more robustly; and
- continue to reduce the number of young people not in education, employment or training (NEET).

In its follow up inspections in 2014-15 Estyn judged that the Council made significant progress and no further monitoring was required.

In October 2014 the CSSIW reported that the Council continued to work towards its change agenda and the development of new models of service delivery, in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014. The Council faces particular challenges in respect of improving children's services and is taking action to tackle this. The CSSIW 2015 evaluation report will report on progress in 2014-15 and will be published in October 2015. .

The Auditor General for Wales did not make any statutory recommendations but made a few proposals for improvement.

Copies of Auditor General's report and the Estyn and CSSIW reports are available on the Estyn website: <http://www.estyn.gov.uk/>, the CSSIW website: www.cssiw.org.uk and the Wales Audit Office's website: <http://www.wao.gov.uk>

Section 7 – Our Improvement Objectives for 2015-16

In 2015-16, we have retained the six improvement priorities identified in the Corporate Plan 2013-17. These are the things that citizens told us are most important:

- Working together to develop the local economy
- Working together to raise ambitions and drive up educational achievement
- Working with children and families to tackle problems early
- Working together to help vulnerable people to stay independent
- Working together to tackle health issues and encourage healthy lifestyles
- Working together to make the best use of our resources.

For full details on the actions we have in place to deliver each Improvement Priority, please visit the Corporate Improvement page on our website and view our Corporate Plan: <http://www1.bridgend.gov.uk/services/corporate-improvement.aspx>

The six Improvement Priorities are our contribution towards delivering the four outcomes from the Local Service Board's Single Partnership Plan 'Bridgend County Together' which are shown below:

- People in Bridgend are healthier
- People in Bridgend benefit from a stronger and more prosperous economy
- People in Bridgend are engaged and empowered to achieve their own potential
- Bridgend is a great place to live, work and visit.

A copy of 'Bridgend County Together' is available on the website: <http://www.bridgendlsb.org.uk/Bridgend-County-Together>.

ANNUAL REPORT 2014-15 SUCCESS AND PERFORMANCE INDICATORS

(Please note: some of the indicators below are measuring long-term outcomes we want to achieve for our citizens and our services will contribute to them. Data for these long-term outcome indicators takes time to collect and for those indicators we use the latest data available for reporting.

The trend arrow refers to the improvement trend e.g. if the smoking rate decreases which is one of our aims, the performance trend will indicate an upward arrow.

N/A indicates where the data is not available or has yet to be released. Please note: targets stating 'increase' or 'reduce' are not suitable for setting specific targets.)











Of the 69 indicators identified for the Corporate Plan, 62 can be compared against their target: 44 (71%) met their target, 9 (almost 15%) were off target by less than 10% and 9 (almost 15%) missed the target by more than 10%.

| PRIORITY ONE – WORKING TOGETHER TO DEVELOP THE LOCAL ECONOMY | | | | | | | | | |
|--------------------------------------------------------------|---------|---------|----------|----------|--------------------|---------------|--------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicator | 2012-13 | 2013-14 | 2014 -15 | | | | | 2015-16 Target | Comment |
| | Actual | Actual | Actual | Target | Trend ¹ | Wales Average | S E Wales Average ² | | |
| Percentage of working age population that is in employment | 68.8% | 72.1% | 69.8% | increase | ↓ | 76.3% | 75.8%% | increase | This indicator and those below are not directly influenced by the Authority, but they are chosen for the Corporate Plan because they give an indication of the socio-economic state of the borough. Figures taken from the Local Area Statistics |
| Percentage of 16-24 year olds in employment | 46.4% | 50.49% | 46% | increase | ↓ | 59.1% | 59.1% | increase | Figures taken from the Annual Population Survey |
| Gross Value Added (GVA) per head | £15,334 | £15,593 | N/A | increase | N/A | £16,893 | N/A | increase | 2014/15 figures not released in the local area statistics |
| Gross Disposable Household Income (GDHI) per head | £14,513 | £14,733 | N/A | increase | ↑ | £15,413 | £15,112 | increase | 2014/15 figures not released in the local area statistics |

¹ The 'trend' indicates performance direction and is based on 2013-14 actual performance against the previous year's performance. Where the 2014-15 data is not available, the trend direction is based on the previous years' performance.

² The South East Wales group consists of the following Local Authorities: Bridgend, Vale of Glamorgan, Rhondda Cynon Taf, Cardiff, Merthyr Tydfil, Caerphilly, Blaenau Gwent, Torfaen, Monmouthshire and Newport

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|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------|
| Percentage of all children under 16 who are living in working age households with no one in employment | 17.5% | N/A | 20% | reduce |  | 16.5% | N/A | reduce | 2013-14 figures not released in local area statistics |
| The percentage of children living in households below 60% median income | 22.7% (2011, ONS) | 23.1% | 22.2% (2012 ONS) | reduce |  | 20.8 | N/A | reduce | Latest figures available are from 2011 |
| The percentage of: principal (A) roads non-principal (B) roads and non-principal (C) roads in overall poor condition | A. 6.8% B. 7.8% C. 14.5% | Overall – 6.9% A. 5.0% B. 6.1% C. 11.4% | Overall - 7.7% A. 5.1% B. 5.7% C. 12.4% | Overall - 8.42% A. 6.96% B. 9.88% C. 12.82% |  | Overall- 11.9% A. 4.10% B. 5.0% C. 17.20% | Overall - 8.4% A. 5.0% B. 5.50% C. 11.70% | Overall- 9.42% A. 6.96% B. 9.88% C. 13.5% | Whilst overall performance is lower than last year, we surpassed the target set for 2014-15. |
| The number of people claiming Job Seekers Allowance | 4.0% | 3.1% | 2.20% | reduction |  | 2.5% | 2.9% | reduce | NOMIS figures |
| The number of visitors to town centres (annual footfall in Bridgend and Porthcawl) | Bridgend 5,030,292 Porthcawl 2,700,000 | Bridgend 5,565,023 Porthcawl 3,135,193 | Bridgend 5,354,363 Porthcawl 3,975,792 | Bridgend 5,000,000 Porthcawl 2,700,000 |   | N/A | N/A | Bridgend 5,000,000 Porthcawl 2,700,000 | National Figures not applicable |
| Total annual expenditure by tourists | £268.8m (2011, BCBC) | £289m | £306.6mm | increase |  | N/A | N/A | Increase by 2% on previous year | National Figures not available |
| The number of vacant premises in town centres. | Bridgend 66 Maesteg 17 Porthcawl 12 | Bridgend 65 Maesteg 19 Porthcawl 17 | Bridgend 55 Maesteg 19 Porthcawl 17 | reduction |   | N/A | N/A | Bridgend 55 Maesteg 19 Porthcawl 17 | Figures provided by Town Centre Health Check |
| Number of VAT/PAYE registered businesses | 4,075 | 4,000 | 4,090 | 4,001 |  | 5,146 | 4,586 | increase | |

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| PRIORITY TWO – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ACHIEVEMENT | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|--------|-------|--------|---------------|--------------------|------------------------------------------------------------------------------------------------------------------|---------|
| Indicator | 2012-13 | 2013-14 | 2014-15 | | | | Wales Average | SE Wales Average | 2015 -16 Target | Comment |
| | Actual | Actual | Actual | Target | Trend | | | | | |
| The percentage of pupils aged 15 at the preceding 31 August, in schools maintained by the local authority who achieved the Level 2 threshold including a GCSE grade A*-C in English or Welsh first language and mathematics | 50.7%* | 52.3% | 54.8% | 60% | ↑ | 55.5% | 53.40% | 65% | August 2015 data suggests that 58.8% of our children gained 5 GCSEs at grades A*-C in the 2014-15 academic year. | |
| The percentage of all pupils (including those in local authority care) in any local authority maintained school, aged 15 as at the preceding 31 August that leave compulsory education, training or work based learning without an approved external qualification | 0.33% | 0.45% | 0.10% | 0.54%* | ↑ | 0.40% | 0.60% | 0.10% | | |
| Foundation Phase Indicator: the percentage of pupils at the end of the Foundation Phase achieving at least Outcome 5 (the expected outcome) in teacher assessments | 81.80% | 82.30% | 85.10% | 82.1% | ↑ | 85.20% | 86.20% | 86.90% provisional | | |
| The percentage of pupils assessed at the end of Key Stage 2, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment. | 80%* | 82.6% | 86.20% | 84.40% | ↑ | 86.4% | 86.30% | 85% | | |

* These figures relate to the previous school year

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| The percentage of pupils assessed at the end of Key Stage 3 in schools maintained by the local authority achieving the core subject indicator as determined by Teacher assessment | 67.1% | 73.6% | 79.30% | 78.5% | ↑ | 81.20% | 79.80% | 79.70% | |
| The percentage of pupils assessed in schools maintained by the local authority, receiving a Teacher Assessment in Welsh (first language) at the end of Key Stage 3 | 5.9% | 5.14% | 6.60% | 10.1% | ↑ | 17.20% | 9.40% | 6.50% | |
| Core Subject Indicator Key Stage 4: percentage of pupils achieving the Level 2 threshold in each of the subjects of English or Welsh, mathematics and science at the end of Key Stage 4 | 49.90% | 50.60% | 54.50% | 55.30% | ↑ | 52.60% | N/A | 57.90% | |
| Average points score for pupils aged 15 at the preceding 31 August in schools maintained by the local authority | 425.2 | 442.1 | 486 | 430 | ↑ | 530.4 | 505.7 | 515 | |
| Percentage of final statements of special education need issued within 26 weeks: (a) Including exceptions; | 10.70% | 6.10% | 66.70% | 75% | ↑ | 64.5% | 66% | 100% | Figures relate to calendar years |
| Percentage of final statements of special education need issued within 26 weeks (b) excluding exceptions | 50% | 100% | None applicable | 100% | N/A | 95.6%* | 93.9% | 100% | Figures relate to calendar years |
| The percentage of pupil attendance in primary schools | 94.6%* | 93.49%* | 94.80% | 94.60%* | ↑ | 94.80% | 94.70% | 95.80% | |
| The percentage of pupil attendance in secondary schools | 92.4%* | 92.46%* | 93.90% | 93%* | ↑ | 93.60% | 93.5% | 94.90% | |
| The size of the gap in educational attainments between pupils entitled to free school meals and | 31.10% | 31.70% | 36.30% | 24% | ↓ | N/A | N/A | 24%* | |

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| those who are not (measured by Level 2 inclusive indicator) | | | | | | | | | |
| Year 11 Leavers for Schools in the Authority known to be not in education, employment or training in the Careers Wales Annual Destination Survey statistics | 6.4% | 3.7% | 3.60% | 4% | ↑ | 3.10% | N/A | 4% | |
| The percentage of children under 5 who are members of the library service | N/A | 27.81% | 31.26% | 27.50% | N/A | N/A | N/A | 28% | |
| The number of visits to public libraries during the year per 1,000 population | 3820 | 4,182 | 4,600 | 4,600 | ↑ | 5,526 | 5,907 | 4,500 | |

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| PRIORITY THREE – WORKING WITH CHILDREN AND FAMILIES TO TACKLE PROBLEMS EARLY | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------|--------|-------|---------------|------------------|---------|---------|
| Indicator | 2012-13 | 2013-14 | 2014 -15 | | | | | 2015-16 | Comment |
| | Actual | Actual | Actual | Target | Trend | Wales Average | SE Wales Average | Target | |
| The number of families benefiting from intensive family support provided by Connecting Families (CF) and Intensive Family Support Services (IFSS) that adopt a 'team around the families' approach. | 133 | 184 | 167 | 160 | ↑ | N/A | N/A | 173 | |
| The number of children in need | 918 | 967 | 884 | 915 | ↑ | N/A | N/A | 750 | |
| The number of children recorded on the Child Protection Register | 161 | 179 | 125 | 150 | ↑ | N/A | N/A | 145 | |
| Looked after children as a percentage of children aged 0-17 | 1.34% | 1.40% | 1.30% | 1.10% | ↑ | | | 1.30% | |
| Average external qualifications point score for 16 year old Looked After Children in any local authority maintained learning setting | 273 | 202 | 262 | 300 | ↑ | 276 | 270 | 217 | |
| The percentage of all pupils in local authority care in any local authority maintained school, aged 15 as at the preceding 31 August that leave compulsory education, training or work based learning without an approved external qualification | 6.25% | 0% | 0% | 5% | ↔ | 1.20% | 1.80% | 1% | |
| The percentage of young people formerly looked after with whom the authority is in contact at the age of 19 | 100% | 82.60% | 94.70% | 80% | ↑ | 93.30% | 94.80% | 95% | |
| The percentage of young people formerly looked after with whom the authority is in contact, who are known to be in suitable non-emergency accommodation at the age of 19 | 93.30% | 89.50% | 100.00% | 100% | ↑ | 93.10% | 93.60% | 100% | |

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| The percentage of young people formerly looked after with whom the authority is in contact, who are known to be engaged in education, training or employment at the age of 19. | 73.30% | 31.60% | 61.10% | 85% | ↑ | 59.50% | 58.10% | 70% | |
| The percentage of children looked after on 31 March who have had three or more placements during the year | 10.60% | 10% | 13% | 9% | ↑ | 9.00% | 9.00% | 12% | |
| The number of children benefiting from the Flying start programme | 950 | 1,171 | 1,428 | 1,421 | ↑ | N/A | N/A | 1,586 | |
| The percentage of looked after children who have experienced one or more changes of school during a period/s of being looked after, which were not due to transitional arrangements | 15.2% | 11.8% | 8.8% | 14.0% | ↑ | 13.5% | 13.7% | 14.0% | |
| Percentage of reviews of looked after children, children on the child protection register and children in need carried out in line with the statutory timetable | 85.8% | 91% | 90.5% | 85% | ↓ | 88.90% | 88.50% | 85% | We surpassed our target significantly but narrowly missed last year's result. |
| Percentage of initial assessments that were completed during the year where there is evidence that the child has been seen by a social worker | 74.4% | 74.2% | 73.7% | 75% | ↓ | 78.00% | 71.80% | 80% | |
| Percentage of initial assessments that were completed during the year where there is evidence that the child has been seen alone by a social worker | 54.0% | 52% | 51% | 45% | ↓ | 44.80% | 39.40% | 50% | We surpassed the target we set but narrowly missed last year's actual. |
| Percentage of statutory visits to looked after children due in the year that took place in accordance with regulations | 71.5% | 69% | 76.2% | 80% | ↑ | 87.70% | 85.80% | 80% | |

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| Percentage of eligible relevant and former relevant children that have pathway plans as required | 100% | 86.5% | 100% | 100% | ↑ | 91.20% | 87.40% | 100% | |
|--------------------------------------------------------------------------------------------------|------|-------|------|------|---|--------|--------|------|--|

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| PRIORITY FOUR – WORKING TOGETHER TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|-------------|----------|-------|---------------|----------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicator | 2011-12 | 2012-13 | 2013 -14 | | | | 2014-15 Target | Comment | |
| | Actual | Actual | Actual | Target | Trend | Wales Average | | | SE Wales Average |
| The rate of: a) older people (aged 65 or over) supported in the community per 1,000 population aged 65 or over at 31 March | 86.1 | 83.2 | 76.75% | <85 | ↑ | 67.3 | 72.53 | <81 | Our focus is on prevention and early intervention to reduce the number of older people in need of support from services. |
| The rate of: b) older people (aged 65 or over) whom the authority supports in care homes per 1,000 population aged 65 or over at 31 March | 19.9 | 18.5 | 16.46% | <19 | ↑ | 18.85 | 17.89 | <18.5 | |
| The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over | 1.9 | 0.9 | 1.11 | <2.75 | ↓ | 4.83 | 6.21 | <2.5 | Despite a slight increase in performance when compared to last year, we still achieved a result that is lower than the target we set. |
| The percentage of adult protection referrals completed where the risk has been managed | 87.40% | 100% | 94% | 88% | ↓ | 95.60% | 93.86% | >90% | Our result was below the 100% result in 2013/14 and was due to a number of the referrals being led by Health and therefore not managed by our Social Services. |
| The percentage of Telecare clients who said that the service made it easier for them to manage in their own home | 94% | 94% | 96% | 95% | ↑ | N/A | N/A | 95% | |
| The numbers of recipients of Community Resource Team (intermediate services) that have been provided with an alternative to a hospital placement | 697 | 682 | 960 | 800 | ↑ | N/A | N/A | 820 | |
| The average number of calendar days taken to deliver a Disabled Facilities Grant | 201 days | 222 days | 182.26 days | 253 days | ↑ | 231 | 213 | 307 days | The method of calculating the indicator figure changed slightly following a Review of Independent Living Adaptations carried out by Welsh Government in January 2015. |

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| | | | | | | | | | The review identified that the start point for timing was being interpreted differentially by different local authorities. Clarification was provided by Welsh Government that the starting point should be the date of first contact. Processes were therefore changed to ensure the date of first contact is now recorded and used as the starting point. As the number of days awaiting an OT assessment and having the OT assessment carried out are now counted in the indicator figure, the average number of days increased. This was anticipated with the change; however, it better reflected the average number of days waiting from the service user's perspective. The target was amended to reflect this. |
| Average cost per client for home care | £6,143 | £6,067 | | reduce | ↑ | N/A | N/A | reduce | 2014-15 data available December 2015 |
| Unit cost of residential care placements for adults age 65+ | £24,900 | £25,367 | N/A | reduce | N/A | N/A | N/A | reduce | 2014-15 data available December 2015 |
| The number of carers that report that information and support for carers is improving in the County Borough | N/A | N/A | 35 | Establish baseline | N/A | N/A | N/A | 40 | New measure |
| Percentage of all potentially homeless households for whom homelessness was prevented for at least 6 months | 52.90% | 61.54% | 64.2% | 61% | ↑ | 65.40% | 57.40% | 67% | |
| Average time taken to process housing benefit(HB) and Council tax reduction(CTR) new claims | 23.48 | 15.92 | 17.60% | 17 | ↑ | N/A | N/A | 17 | |
| Average time taken to process housing benefit(HB) and Council tax reduction(CTR) changes | 13.42 | 7.66 | 6.11 | 10 | ↑ | N/A | N/A | 10 | |
| The number of people discharged from hospital who, following a short term enabling service, require no ongoing personal care service | N/A | N/A | 432 | Establish baseline | ↑ | N/A | N/A | 437 | |

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|------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|---|--------|--------|--------|----------------------------------------------------------------------------|
| Percentage of adult clients who are supported in the community during the year | 88% | 88.34% | 89.12% | >88.5% | ↑ | 85.20% | 85.61% | >88.5% | |
| Percentage of adult clients with a care plan at 31st March whose care plans should have been reviewed that were reviewed during the year | 79.50% | 83.10% | 79.20% | >79% | ↓ | 80.00% | 79.90% | >79% | We did not meet last year's result but we surpassed our target for 2014-15 |
| Percentage of carers of adults who were offered an assessment or review of their needs in their own right during the year | 88.90% | 97.00% | 94.70% | >89.5% | ↓ | 88.30% | 81.50% | >93% | We did not meet last year's result but we surpassed our target for 2014-15 |

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| PRIORITY FIVE – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|--------------------|--------|-------|---------------|----------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicator | 2011-12 | 2012-13 | 2013 - 2014 | | | | 2014-15 Target | Comment | |
| | Actual | Actual | Actual | Target | Trend | Wales Average | | | SE Wales Average |
| The percentage of the population(aged 16 and over) who smoke | 23% | 22% | 20% | reduce | ↑ | 21% | N/A | reduce | Latest figures taken from the Welsh Health Survey (Covering January to December 2014) |
| The percentage of adults who are overweight or obese | 59% | 58% | 58% | reduce | ↔ | 58% | N/A | reduce | Latest figures taken from the Welsh Health Survey (Covering January to December 2014) |
| The percentage of adults who report being physically active on five or more days in the past week | 30% | 31% | 29% | reduce | ↓ | 30% | N/A | increase | Latest figures taken from the Welsh Health Survey (Covering January to December 2014) |
| The percentage of adults who reported binge drinking on at least one day in the past week | 30% | 30% | 27% | reduce | ↑ | 25% | N/A | reduce | Latest figures taken from the Welsh Health Survey (Covering January to December 2014) |
| Variation (in years) in healthy life expectancy across our wards a) Male b) Female | N/A | N/A | N/A | reduce | N/A | N/A | N/A | reduce | No update since 2009 |
| The percentage of adults reporting being treated for any mental illness | 13% | 14% | 14% | reduce | ↔ | 12% | N/A | reduce | |
| The number of visits to local authority sport and leisure centres during the year per 1,000 population where the visitor will be participating in physical activity | 8,914 | 9,588 | 9,528 | 9,400 | ↓ | 8,662 | 8,357 | 9,450 | We surpassed our target but the development of new all-weather playing areas to support clubs other than grass, and usage might have impacted the result. |
| Number of referrals to the Food Wise programme | N/A | N/A | 71 | 50 | ↑ | N/A | N/A | N/A | |
| Percentage of Food Wise referrals completing the course | N/A | N/A | Establish baseline | | N/A | N/A | N/A | N/A | |
| Percentage of food establishments which are broadly compliant with food hygiene standards | 83.60% | 88% | 93% | 80% | ↑ | 94.19% | 92.40% | 85% | |

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|-------------------------------------------------------------------------------|-----|-----|--------------------|--|-----|-----|-----|-----|--|
| Number of working days lost per full time equivalent due to industrial injury | N/A | N/A | Establish baseline | | N/A | N/A | N/A | TBC | |
|-------------------------------------------------------------------------------|-----|-----|--------------------|--|-----|-----|-----|-----|--|

Bridgend County Borough Council
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| PRIORITY SIX – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|-------------------|--------------|-------|---------------|------------------|----------------|---------|
| Indicator | 2011-12 | 2012-13 | 2013 - 14 | | | | | 2014-15 Target | Comment |
| | Actual | Actual | Actual | Target | Trend | Wales Average | SE Wales Average | | |
| The value of planned savings achieved | £3,968k | £3,531k | £10,429k | £11,274k | ↑ | N/A | N/A | £11,225k | |
| The percentage of citizens surveyed who found the Council was good or very good at telling them about the services it provides and council related news. | 49% | 44% | 44% | 40% | ↔ | N/A | N/A | N/A | |
| The percentage of citizens surveyed who said that their individual access requirements are met when contacting the Council | Question not asked | 63% | 63% | 52% | ↔ | N/A | N/A | 60% | |
| The value of budget reduction proposals for ICT systems achieved | new measure | £122k | £50k | £50k | N/A | N/A | N/A | £52k | |
| The total savings achieved through the National Procurement Service programme | N/A | £58,015 | £1,367,000 | £1,055,000 | ↑ | N/A | N/A | N/A | |
| Percentage of change in carbon dioxide emissions in the non-domestic public building stock | 15,757t/CO2 | 14,704t/CO2 | not yet available | 3% reduction | ↑ | N/A | N/A | reduce by 3% | |
| The ratio of employees to desk space | N/A | N/A | 1.1 | 3 to 2 | N/A | N/A | N/A | N/A | |
| The number of working days/shifts per fulltime equivalent local authority employee lost due to sickness absence | 10.15 days | 9.8 days | 10.83 days | 8.5 days | ↓ | 9.9 | 10.1 | reduce | |

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| OTHER NATIONAL KEY PERFORMANCE INDICATORS THAT ARE NOT INCLUDED IN ANY IMPROVEMENT PRIORITIES | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-----------|---------------------------|-------|---------------|------------------|----------------|---------|
| Indicator | 2011-12 Actual | 2012-13 Actual | 2013 - 14 | | | | | 2014-15 Target | Comment |
| | | | Actual | Target | Trend | Wales Average | SE Wales Average | | |
| Percentage of adults aged 60 or over who hold a concessionary bus pass | 91.6% | 88.55% | 90.65% | 91% | ↑ | 85.80% | 90.90% | 89% | |
| Number of additional affordable housing units provided throughout the year as a percentage of all additional housing units provided during the year | 37 | 13 | 27 | 10 | ↑ | 41 | 45 | TBC | |
| 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 | 7.19% | 5.04% | 6.48% | 5.11% | ↑ | 11.76% | 7.36% | 7.86% | |
| Percentage of highways and relevant land inspected of a high or acceptable standards of cleanliness | 98.50% | 99.2% | 95.60% | 98% | ↓ | 96.90% | 95.50% | 99% | |
| Percentage of reported fly tipping incidents cleared within 5 working days | 97.97% | 96.69% | 95.60% | 98% | ↓ | 93.05% | 93.04% | 98% | |
| Percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled, including source segregated bio-wastes that are composted or treated biologically in another way | 57.11% | 56.49% | 55.71% | ≥ 52% (statutory minimum) | ↑ | 56.23% | 54.42% | 58% | |
| Percentage of municipal waste collected by local authorities sent to landfill | 16.69% | 21.69% | 13.24% | 48% | ↑ | 29.38% | 27.71% | 42% | |

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE CORPORATE DIRECTOR RESOURCES

CAPITAL PROGRAMME 2015-16 TO 2024-25

1. Purpose of Report.

- 1.1 The purpose of this report is to obtain approval from Council for a revised capital programme for 2015-16 to 2024-25.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Capital investment in our assets is a key factor in meeting the Improvement Objectives set out in the Council's Corporate Plan.

3. Background.

- 3.1 In February 2015 Council approved a capital programme for 2014-15 to 2024-25 of £153.014 million. This was since revised in July 2015 to reflect funding changes to some schemes, slippage from 2014-15, additional external funding approvals and changes to expenditure profiles. The capital programme as approved by Council in July 2015 is attached as **Appendix 1** for information. The programme has changed since July to reflect further funding changes, additional external funding approvals and changes to expenditure profiles.

- 3.2 The main reasons for the difference between the programme approved by Council in July and the current programme are:

- Slippage of £2.4 million funding for Llynfi Development into 2016-17, when works are expected to commence.
- Additional Flying Start grant for provision at Garth Primary of £246,000.
- Additional Welsh Government grant for Housing Renewal in Caerau of £417,000.
- Slippage of £5.5 million funding for Porthcawl Infrastructure into 2016-17, pending decision on the way forward for the project.
- Slippage of funding for upgrading parks pavilions into 2016-17.
- Slippage on a number of 21st Century School projects, including Garw Valley South Primary School.

4. Current situation / proposal.

4.1 The Council has been rigorously pursuing an enhanced disposal strategy over the past eighteen months and as at 31 March 2015 held capital receipts of £14.5 million. Of this figure £1 million arose from the disposal of schools sites and is therefore earmarked for the 21st Century Schools Programme. A further £5.3 million is supporting commitments already in the capital programme leaving £8.2 million available to support the Council's future capital investment requirements.

4.2 As part of the Medium Term Financial Strategy (MTFS), a review is underway to identify the Council's capital investment requirements for 2016-2025 against the following criteria:

- Link to proposed new corporate priorities:

- 1) **Supporting a successful economy**
- 2) **Helping people to be more self sufficient**
- 3) **Smarter use of resources**

- High level of Risk of not progressing, based on the following criteria (in line with the allocation of funding for feasibility works):

| | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

- Service is able to meet any additional revenue costs arising from the scheme
- Payback period (where appropriate).

4.3 In addition to the £8.2 million capital receipts available now more are forecast in the current financial year (the target is £6 million for 2015-16, but £2 million of this is for 21st Century Schools). The review will identify and prioritise investment pressures against the available capital receipts that have been realised up to January 2016 for inclusion in the MTFS which will be submitted to Cabinet and Council for approval in February 2016. In the meantime, decisions are needed before February 2016 on a number of schemes that meet the Council's proposed new corporate priorities and more detail is provided on these below.

Rationalising the Administrative Estate

4.4 Now that the refurbishment of the interior of the Civic Offices is complete the Maximising Space and Technology Programme has been wound up and a new Programme Board has been established (chaired by the Corporate Director

Resources) to take forward further rationalisation of the Council's administrative estate. Subject to Council's approval of the capital investment required, this Board will be responsible for the successful delivery of the leasing of Raven's Court; the relocation of staff to the Civic Offices; an increase in agile working to facilitate a staff to desk ratio of 3:2; and the refurbishment of the external envelope of the Civic Offices to provide a safe, dry and warm working environment for visitors, Members and staff.

Agile working investment

- 4.5 A report was presented to Cabinet on 1st September 2015 informing members of the proposal to lease out the entire Raven's Court building and to transfer staff to Civic Offices and Sunnyside House. This will require the staff working in Civic Offices to move to a ratio of three staff to every two desks, which in turn will require an increase in the number of staff who can work remotely. The increase in agile working can only be achieved through capital investment in ICT infrastructure to allow seamless and safe access to user applications. Such investment would allow designated staff to 'roam' where there is an "available connection" and allow them to access their corporate applications remotely while ensuring all security and application patches are readily available. It would require:
- An additional 287 Laptops to be procured
 - 239 Niche users to be made agile to support movement within the office environment this will be specific use cases that currently have dedicated machines to support core applications an example the Computer-aided design (CAD) high Graphic Users
 - All laptop users to have "follow me" phone and presence.
- 4.6 The total estimated cost of this investment over the period 2015-16 to 2020-21 is £1.160 million, which will enable initial investment plus replacement within the ICT rolling programme.
- 4.7 In addition, there will be a requirement to undertake some physical works to the ground floor of Sunnyside House, and to purchase an EDRM falcon scanner to improve electronic storage. The total estimated cost is £25,000 for the building works and £32,000 for the scanner (for which funding has been set aside in an earmarked reserve). The total capital investment needed to deliver agile working is therefore estimated (subject to procurement) to be **£1.217 million**.
- 4.8 It should be noted that no capital expenditure will be incurred until a tenant for the whole of the Raven's Court building has been secured.

Civic Offices External Envelope

- 4.9 There is an urgent need to improve the external fabric of the Civic Offices to continue to provide basic protection from the elements and to maximize the use of the building as our core administrative building, which will accommodate more than 800 staff, 55 members and providing front line services to 38,000 visitors each year.
- 4.10 The building has had little investment during its 33 year history and is now in desperate need of repair. The roof and windows are at the end of their design life and are failing in many areas. In addition, the parapet detailing throughout the

building has broken down and is leaking, risking further damage due to water ingress. As well as preventing inevitable increased spend in future years, the investment will provide a material improvement in energy efficiency. Failure to make the investment now will result in further degradation of the fabric due to water ingress causing dilapidation, requiring increased annual maintenance costs and eventual repair costs. Localised areas of dilapidation may not be available for use.

- 4.11 The total estimated cost (subject to procurement and detailed feasibility) to replace the roof and windows, repair the parapets, and clean/protect the stonework, is **£2.55 million**, including fees and a 10% contingency. The investment will extend the life of the building by a further 30 years ensuring an important ongoing civic presence in Bridgend town centre.
- 4.12 Investment in agile working and the external envelope will enable the Council to realise its vision for a small and centrally located administrative estate. Since 2010 the Council has reduced the number of offices from 28 to 12 delivering capital receipts of £1.671 million and revenue savings of £1.060 million per annum to date. Leasing Raven's Court will deliver further revenue savings of approximately £290,000 per annum.

21st Century Schools Programme

Mynydd Cynffig Infant and Junior School Amalgamation

- 4.13 As reported previously to Cabinet, the Council closed Mynydd Cynffig Infants School in August 2015 and extended the age range of Mynydd Cynffig Junior School to a 3-11 school, creating an all through primary school from September 2015. Initially this will operate as a split site school, but the intention is to accommodate the new primary school on one site under the 21st Century Schools Programme and there is £4.5 million built into the capital programme for this.
- 4.14 A project team is considering the options for the location of the new primary school, including relocating the whole school on the junior site (which would release the infant site for sale) as well as relocating the whole school on the Cynffig Comprehensive School site. The advantages of the Comprehensive School site would be the removal of secondary school surplus places; the opportunity for shared facilities (such as kitchen and dining) and an additional capital receipt from the sale of the junior school. A Cabinet report recommending a preferred site is expected in November 2015.
- 4.15 Should the decision be to locate the school on the Cynffig Comprehensive site, additional highways works would be required to ensure the safety of pedestrian, cycle and vehicular traffic, particularly around the school entrance sites. A consultant assessment (reviewed by the Highways Department) of the necessary works has estimated a cost of £700,000. However, highways works outside the school boundary are not eligible for 21st Century Schools funding so these costs would need to be met by the Council alone. The capital receipt expected from the release of the junior school site is expected to be sufficient to cover this additional cost without impacting on the rest of the 21st Century Schools' Programme. If the decision is taken not to relocate to the comprehensive site, this element of the scheme will be removed from the capital programme.

21st Century Schools' Matched Funding

- 4.16 The Welsh Government has committed to fund 50% (£22.475 million) of the total costs for the 21st Century Schools Programme, with the Council meeting the remaining 50%. Council has agreed that this would be met from core funding allocations of £5 million, anticipated Section 106 funding of £4 million and projected receipts from the sale of school and other sites of £13.475 million.
- 4.17 A review of the receipts likely to be realised from school sales has recently been revised following changes to market rates and current contract negotiations. The current estimate is that there is a shortfall in our match funding requirement of around £1.1 million. There is the risk of further shortfalls should potential planning consent conditions negatively impact on the sale receipts currently agreed on the larger residential development sites. We have given a commitment to the Welsh Government to provide the full match funding requirement for the 21st Century Schools Band A programme and it would therefore be prudent to provide budgetary cover for the current estimated shortfall in the capital programme now to enable the programme to progress with confidence.

Coety Primary School

- 4.18 The original cost of the Coety Primary School scheme was £8 million to be met from £4 million Section 106 receipt from the developer consortium at Parc Derwen and £4 million Welsh Government funding. The Section 106 receipts were index linked to 2006 and have increased over time as the indices have risen. Consequently there is currently an increase of approximately £988,000 on receipts, with further increases due on the remaining payments, to an estimated value of approximately £100,000. The cost of the scheme has increased by around £560,000 to date due to additional works that were not included in the contract, including works required as part of planning conditions and work necessitated by ground conditions. It is proposed that the additional scheme costs are met from the additional Section 106 payments, leaving £500,000 Section 106 funding, also to be used on the scheme in place of the equivalent level of Welsh Government funding. In turn the displaced Welsh Government funding will be moved across to another scheme under the 21st Century Schools Programme.

Community Asset Transfer

- 4.19 Cabinet agreed on 14 July 2015 to increase the funding currently allocated in the capital programme for 2016-17 to 2018-19 to Town and Community Councils from £50,000 to **£100,000**, and to refocus the funding to support Community Asset Transfer (CAT). The MTFS review of capital pressures will assess whether this level of funding is likely to be sufficient to meet the interest in CAT over the Autumn as well as funding requests for projects traditionally supported by the fund.

Fleet Vehicles

- 4.20 The Fleet Service acquires vehicles on behalf of directorates, to be funded from directorate budgets and met from revenue contributions, lease or prudential borrowing. Approval to purchase four replacement specially adapted vehicles for adult social services (**£204,000**), and a gritter and tipper trucks for highways (**£79,000**) have recently been provided under Delegated Powers.

Sports Facilities

- 4.21 A balance of **£87,000** is available from the 'replacement site' escrow account in respect of Bridgend Football Club, which is proposed to be used towards improved sporting facilities within the County Borough. The intention is to use it to contribute as match funding towards projects totaling £500,000 for focused sport facility developments within the County Borough. These projects link with the "All Wales Collaborative project" for all weather sports areas.
- 4.3 A revised capital programme allowing for the proposed changes along with additional external funding approvals and changes to expenditure profiles is attached as **Appendix 2** to this report.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 Paragraph 3 of the Financial Procedure Rules requires that any variations to the capital programme shall require the approval of the Council.

6. Equality Impact Assessment

- 6.1 Projects within the capital programme will be subject to the preparation of Equality Impact Assessments before proceeding.

7. Financial Implications.

- 7.1 These are reflected in the report.

8. Recommendation.

Council is recommended to approve the revised Capital Programme as set out in Appendix 2 of this report.

Ness Young
Corporate Director – Resources
October 2015

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Background documents

Report to Council 16 July 2015

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| | Revised Budget | Indicative | | | | | | | | | Total to 2024/25 £'000 |
|---------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
| | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | |
| WG - 21st Century Schools | 1,317 | 8,330 | 2,900 | 400 | - | - | - | - | - | - | 12,947 |
| WG - Vibrant & Viable | 4,259 | 1,057 | | | | | | | | | 5,316 |
| Coastal Housing | 150 | 2,205 | | | | | | | | | 2,355 |
| Transport Grant | 1,211 | - | - | - | - | - | - | - | - | - | 1,211 |
| EU | 161 | - | - | - | - | - | - | - | - | - | 161 |
| S106 | 3,063 | 504 | - | - | - | - | - | - | - | - | 3,567 |
| Other Contributions | 932 | - | - | - | - | - | - | - | - | - | 932 |
| Sub-Total External Funding Approvals | 15,788 | 12,629 | 2,935 | 435 | - | - | - | - | - | - | 31,787 |
| Total Funding Available | 51,155 | 26,834 | 12,929 | 6,723 | 6,288 | 6,288 | 6,288 | 6,288 | 6,288 | 6,288 | 135,369 |
| Funding Shortfall/Surplus | - | - | - | - | - | - | - | - | - | - | - |

Glossary of terms

SBIG - School Building Improvement Grant

WG - Welsh Government

SEN - Special Educational Needs

TG - Transport Grant

SUSTRANS - Org. focused on making smarter travel choices

EU - European Union

Area

HLPP - Healthy Living Partnership Programme

Planning Act 1990

| | Indicative | | | | | | | | | | | | | | | Total to 2024/25 £'000 |
|---------------------------------------------|---------------------------|---------------|--------------------|----------|----------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------------------|
| | Total Costs to 31-3-15 | 2015/16 | New | Vire | Slippage | Revised | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | |
| | £'000 | £'000 | Approvals £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Coastal Housing | | 150 | | | | 150 | 2,205 | | | | | | | | | 2,355 |
| Transport Grant | | 1,211 | | | | 1,211 | - | - | - | - | - | - | - | - | - | 1,211 |
| EU | | 161 | -57 | | | 104 | - | - | - | - | - | - | - | - | - | 104 |
| S106 | | 3,063 | 565 | | | 3,628 | 504 | - | - | - | - | - | - | - | - | 4,132 |
| Other Contributions | | 932 | 87 | | | 1,019 | - | - | - | - | - | - | - | - | - | 1,019 |
| Sub-Total External Funding Approvals | | 15,788 | 1,239 | 0 | -714 | 16,313 | 13,591 | 2,935 | 435 | - | - | - | - | - | - | 33,274 |
| Total Funding Available | | 51,155 | 1,872 | 0 | -12,804 | 40,223 | 41,101 | 15,074 | 6,723 | 6,288 | 6,288 | 6,288 | 6,288 | 6,288 | 6,288 | 140,849 |
| Funding Shortfall/Surplus | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE SECTION 151 OFFICER

ANNUAL TREASURY MANAGEMENT REPORT 2014-15

1. Purpose of the Report

1.1 The purpose of the report is to:-

- Comply with the requirement of the Chartered Institute of Public Finance and Accountancy 'Treasury Management in the Public Services: Code of Practice' (the Code) to report an overview of treasury activities for the preceding financial year;
- Report on the actual Treasury Management and Prudential indicators for 2014-15.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The Annual Treasury Management Report is integral to the delivery of the Corporate Improvement Objectives as the allocation of resources determines the extent to which the Corporate Objectives can be delivered.

3. Background

3.1 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, develops the controls and powers within the Act.

3.2 The Council is required to operate the overall treasury function with regard to the Code and this was formally adopted by the Council in February 2012. This includes a requirement for the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements. Council approved the TMS 2014-15 on 19 February 2014.

- 3.3 The Welsh Government (WG) issued revised Guidance on Local Authority Investments in April 2010, which requires the Council to approve an Investment Strategy prior to the start of each financial year and this is included in the TMS.
- 3.4 The Council is also required to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council's adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.
- 3.4 This Annual Report covers the following areas for 2014-15:
- The Council's treasury position
 - Treasury Risk Management
 - Borrowing Strategy
 - Investment Strategy & Outturn
 - Performance Measurement
 - Review of the Treasury Management Strategy
 - Reporting Arrangements
 - Treasury Management and Prudential Indicators

4. Current Situation

4.1.1 The treasury position for 2014-15:

| | | Principal as at 01-04-14 | Average Interest Rate | Principal as at 31-03-15 | Average Interest Rate |
|---------------------------------------------------|------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | £m | % | £m | % |
| Fixed rate long term funding | PWLB* | 77.63 | 4.70 | 77.62 | 4.70 |
| | Market | - | - | - | - |
| Variable rate long term funding | PWLB* | - | - | - | - |
| | Market LOBO** | 19.25 | 4.65 | 19.25 | 4.65 |
| Total Long Term External Borrowing*** | | 96.88 | 4.69 | 96.87 | 4.69 |
| Other Long Term Liabilities*** (including PFI) | | 21.60 | | 21.58 | |
| TOTAL GROSS DEBT | | 118.48 | | 118.45 | |
| Fixed rate investments | | 4.50 | 0.63 | 18.00 | 0.51 |
| Variable rate investments | | 6.00 | 0.55 | 1.50 | 0.50 |
| TOTAL INVESTMENTS**** | | 10.50 | 0.59 | 19.50 | 0.51 |
| TOTAL NET DEBT | | 107.98 | | 98.95 | |

* Public Works Loan Board (PWLB)

** Lender's Option Borrower's Option (LOBO)

*** Long term borrowing/liabilities include all instruments with an initial term of 365 days or more so includes the short term Liability relating to long term borrowing/liabilities included as "Current Liabilities" in the Council's balance sheet in the Statement of Accounts.

**** The investment totals include instant access deposit accounts which are included as "Cash" in the Council's balance sheet in the Statement of Accounts and also investments shown as "Cash Equivalents" in the Council's balance sheet that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. A breakdown of the movement during the year is shown in Section 5.

Fixed rate in the above table includes instruments which are due to mature in the year

4.1.2 It should be noted that the accounting practice required to be 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). The figures shown in the above table and throughout the

report are based on the actual amounts borrowed and invested and so may differ from those in the Statement of Accounts which include accrued interest or are stated at fair value in different instances.

- 4.1.3 The £19.25 million showing as maturing in 2054, relates to Lender's Option Borrower's Option (LOBO) loans which 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 (the trigger dates being July and January) and therefore, the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The current average interest rate for these LOBO's is 4.65% compared to the PWLB Loans average interest rate of 4.70%.
- 4.1.4 The long term liabilities figure of £21.58 million at 31 March 2015 includes £19.30 million for the Council's Private Finance Initiative (PFI) arrangement (for the provision of a Secondary School in Maesteg) which includes the short term PFI liability of £0.51 million which is included as current financial liabilities in the Council's balance sheet in the Statement of Accounts.
- 4.1.5 Favourable cash flows have provided surplus funds for investment and the balance on investments at 31 March 2015 was £19.50 million with an average rate of interest of 0.51%. This was an increase from the start of the financial year where investments were £10.50 million but the actual average rate of interest has decreased from a rate of 0.59%. The table in 4.4.3 details the movement of the investments during 2014-15 by counterparty types and shows the average balances and rates for the year.
- 4.1.6 The Co-Operative Bank (previously the Council's bankers) announced in November 2013 that they did not wish to support local government banking beyond 2015-16 so a bank retendering exercise was undertaken in 2014. The Co-Operative bank contract remained in force during 2014-15, however a new banking contract was awarded to Barclays Bank which commenced on 5 January 2015 so from January to March 2015 the two contracts were in force to aid the transition process to the new contract with Barclays. This process was successfully completed with no adverse impact and the Internal Audit report completed in 2015 for the banking contract identified that "the transition between banking providers was a seamless process" and the audit opinion issued was one of "substantial assurance".
- 4.1.7 The Treasury Management function was reviewed by the Council's External Auditors, KPMG, during the 2014-15 annual audit. In addition to the External Audit work, Internal Audit undertook an audit of Treasury Management during 2014-15 and the audit identified that "during the Audit strengths and areas of good practice were noted in all areas tested. Based on an assessment of the strengths and weakness of the areas examined, and through testing it has

been concluded that the effectiveness of the internal control environment is considered to be sound". The audit opinion issued was one of 'substantial assurance' and of the areas selected for examination, no control weaknesses were identified therefore no recommendations were made.

4.1.8 The Council's Treasury Management Advisers are currently Arlingclose and the services provided to the Council include:-

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

4.2 Treasury Risk Management

4.2.1 The Treasury Management Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Council's overall treasury risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks.

4.2.2 The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk (i.e. security) – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

4.2.3 The Council's primary objective for the management of its investments is to give priority to the security and liquidity of its funds before seeking the best rate of return so not all the options available to the Council were utilised during 2014-15. The majority of the Council's surplus funds during 2014-15 were therefore kept in the form of short-term investments and were all placed with UK registered banks and building societies satisfying the appropriate credit criteria, UK local government and the UK Debt Management Office (DMO - executive agency of the UK government) and spread over a number of

counterparties. This was deemed a much safer option even though it may be at the expense of extra basis points in interest and more detail is provided below in section 4.4.

4.2.4 The counterparty limits were constantly reviewed and where market conditions dictated, the limit was dropped below the limits detailed in the Investment Strategy. No breaches of the Council's counterparty criteria occurred during 2014-15 and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise. The table below in 4.4.4 summarises the credit risk exposures of the Council's investment portfolio by credit rating, based on the lowest long term rating.

4.3 Borrowing Strategy 2014-15

4.3.1 The interest rate views, incorporated in the Council's Treasury Management Strategy for 2014-15, were based upon officers' views supported by a selection of City forecasts provided by Arlingclose, our Treasury Management advisers. This view was seeing the Bank Rate remaining at 0.50% for 2014-15 and it was considered that it could be 2016 before official UK interest rates rise. The Bank Rate started the financial year at 0.50% and remained at that level during 2014-15.

4.3.2 Given the significant cuts to public expenditure 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 took 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 borrow short term loans or use internal resources. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates as shown in the treasury management indicators below in section 8. However, with long term rates forecast to rise in the coming 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.

4.3.3 The Council's primary objective for the management of its debt is to ensure its long term affordability. The majority of its loans have therefore been borrowed from the Public Works Loan Board at long term fixed rates of interest. No long or short term borrowing was taken during 2014-15 and the premium charge for early repayment of PWLB debt remained relatively expensive for the loans

in the Council's portfolio and therefore unattractive for debt rescheduling activity so no rescheduling activity was undertaken as a consequence.

4.4 Investment Strategy & Outturn 2014-15

- 4.4.1 Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income. The Annual Investment Strategy incorporated in the Council's Treasury Management Strategy 2014-15 deals with the credit ratings defined for each category of specified investments, the prudential use of non-specified investments and the liquidity of investments.
- 4.4.2 The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd., Moody's Investors Service Inc. and Standard & Poor's Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality unless an investment specific rating is available. In the current climate, relying mainly on credit ratings is considered to be inappropriate and 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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 4.4.3 On a day to day basis the Council potentially has surplus cash balances arising from the cash-flow e.g. timing differences between grants being received and making various payments. These are invested on the market via brokers, direct with the institution or held in instant access business reserve accounts. The Council usually invests for a range of periods dependent on cash flow requirements and the interest rates on offer having regard to the Investment Strategy. There was one £2 million long term bank deposit taken out during 2014-15 for one year, however, there are none outstanding at 31 March 2015 as this was transferred to short term in the Balance Sheet. No additional longer term investments were taken out during 2014-15 with any UK banks and building societies as our time limit durations were reduced following advice from Arlingclose but this will be reviewed in 2015-16.

The table below details these investments by counterparty type:

| Investment Counterparty Category | Balance 01-04-14 (A) | Investments Raised (B) | Investments Repaid (C) | Balance 31-03-15 (A+B-C) | Average Balance 2014-15 | Average Interest Rate 2014-15 % |
|---------------------------------------|----------------------|------------------------|------------------------|--------------------------|-------------------------|---------------------------------|
| | £m | £m | £m | £m | £m | |
| Government (DMO) | 0.50 | 144.95 | 145.45 | - | 3.67 | 0.25 |
| Local Authorities | - | 132.90 | 123.90 | 9.00 | 13.24 | 0.34 |
| Building Societies | 2.00 | 18.00 | 15.00 | 5.00 | 4.62 | 0.59 |
| Banks Call Accounts (Instant Access)* | 6.00 | 69.35 | 73.85 | 1.50 | 5.36 | 0.49 |
| Banks (fixed deposits) | 2.00 | 9.00 | 7.00 | 4.00 | 4.85 | 0.74 |
| Total | 10.50 | 374.20 | 365.20 | 19.50 | 31.74 | 0.45 |

* All these banks are UK registered apart from Svenska Handelsbanken which is a Swedish bank incorporated in the EEA and entitled to accept deposits through a branch in the UK and are classed as a UK Bank in the Government's Borrowing Statistical Return

4.4.4 As shown above the balance on investments at 31 March 2015 was £19.50 million which was made up of £11 million short term investments and £8.50 million Cash and Cash Equivalents. The table below summarises the credit risk exposures of the Council's investment portfolio as at 31 March 2015 by credit rating, (based on the lowest long term rating) maturity profile and counterparty type:

| Counterparty Category | Credit Rating 31 March 2015 | Instant Access Deposit Accounts £m | Deposits Maturing Within 1 Month £m | Deposits Maturing Within 3 Months £m | Deposits Maturing Within 6 Months £m | Total £m |
|---------------------------|-----------------------------|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------|
| Banks (UK Registered) | A | 1.50 | 2.00 | - | 2.00 | 5.50 |
| Building Societies | A | - | - | 2.00 | - | 2.00 |
| Building Societies | A- | - | 2.00 | 1.00 | - | 3.00 |
| Unrated Local Authorities | | - | 7.00 | 2.00 | - | 9.00 |
| Total | | 1.50 | 11.00 | 5.00 | 2.00 | 19.50 |

4.5 Performance Measurement 2014-15

4.5.1 The Code of Practice on Treasury Management requires the Council to set performance indicators 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 (shown below in section 8) 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.

4.5.2 The average long term borrowing rate for 2014-15 and at 31 March 2015 was 4.69% (the same rate as at 31 March 2014) and 80% of this was made up of Public Works Loan Board (PWLB) loans with an average rate of 4.70% (the same rate as at 31 March 2014). Comparable performance indicators are shown below:

| Bridgend CBC Average Rate of PWLB Debt at 31-03-15 | Welsh Unitary Local Authorities Average Rate for outstanding PWLB Debt at 31-03-15 | All UK Authorities Average Rate for outstanding PWLB Debt at 31-03-15 |
|----------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| 4.70% | 5.37% | 4.45% |
| | -0.67% | +0.25% |

4.5.3 The average rate on investments for 2014-15 was 0.45% and at 31 March 2015 was 0.51% (compared to 0.43% for 2013-14 and 0.59% at 31 March 2014). Comparable performance indicators for benchmarking purposes are the average 1 month LIBID (London Inter Bank Bid) rate and the average Bank Rate. The tables below shows the investments average interest rate for 2014-15 and the actual rate as at 31 March 2015 against the two benchmarking rates:

| Bridgend CBC Average Rate of Return on Investments 2014-15 | Average 1 month LIBID (London Inter-Bank Bid rate) 2014-15 | Average Bank Rate 2014-15 |
|----------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------|
| 0.45% | 0.43% | 0.50% |
| | +0.02% | -0.05% |
| Bridgend CBC Average Rate of Return on Investments as at 31-03-15 | 1 month LIBID (London Inter-Bank Bid rate) as at 31-03-15 | Bank Rate as at 31-03-15 |
| 0.51% | 0.43% | 0.50% |
| | +0.08% | +0.01% |

4.6 Review of the Treasury Management Strategy 2014-15

4.6.1 CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary to make any Changes to the main parts of the Treasury Management Strategy 2014-15, however, it was beneficial for the Council to make some minor revisions to the Investment Strategy included within this Statement. This was done to enable increased flexibility in an ever changing financial market and increase the investment opportunities available to the Council whilst still maintaining security. The Council meeting of 12 November 2014 approved the revisions as a result of this half year review of the Treasury Management Strategy.

4.7 Reporting Arrangements 2014-15

4.7.1 CIPFA's Code of Practice for Treasury Management requires that the Council reports on its treasury management as an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close all to Full Council. The Council also produces quarterly monitoring reports that go to Cabinet as Information Reports. 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 Council's Treasury Management Strategy and CIPFA's Standard of Professional Practice on Treasury Management.

4.7.2 In addition to the Code of Practice, the Welsh Government has issued Guidance on Local Government Investments which require local authorities to report their Annual Investment Strategy.

4.7.3 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy, Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. Audit Committee received training in March 2015 to assist them in their function of scrutinising treasury management, with particular emphasis on investment options available to the Council.

4.7.4 During the 2014-15 financial year in addition to the regular quarterly treasury management reports to Cabinet and Council, the Treasury Management Strategy 2014-15 and the Half Yearly Outturn were reported to Council on 19 February 2014 and 12 November 2014 respectively. Also, the Annual Treasury Management Report 2013-14 was presented to Audit Committee in September 2014 and the Half Year Treasury Management Report 2014-15

and the Treasury Management Strategy 2015-16 were both presented to Audit Committee in January 2015.

4.8 Treasury Management & Prudential Indicators 2014-15

4.8.1 The Treasury Management Code and Prudential Code require the Council to set and report on a number of Treasury Management and Prudential Indicators. Details are shown in **Appendix A** of the estimated indicators for 2014-15 as detailed in the Treasury Management Strategy (TMS) 2014-15 approved by Council 19 February 2014, the revised projection (where applicable) as set out in the Treasury Management Strategy 2015-16 approved by Council 25 February 2015, and the actual indicators for 2014-15.

4.8.2 During the financial year 2014-15, the Council operated within the treasury limits and prudential indicators set out in the Council's Treasury Management Strategy 2014-15 and also complied with its Treasury Management Practices.

5. Effect upon Policy Framework & Procedure rules

5.1 As required by Financial Procedure Rule 17.3, all investments and borrowing transactions have been undertaken in accordance with the Treasury Management Strategy 2014-15 as approved by Council.

6. Equality Impact Assessment

6.1 There are no equality implications.

7. Financial Implications

7.1 The financial implications are reflected within the report.

8. Recommendation

8.1 It is recommended that:

- Council approve the treasury management activities for 2014-15;
- Council approve the actual Treasury Management and Prudential Indicators for 2014-15.

Ness Young
Section 151 Officer
Corporate Director - Resources
10 September 2015

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Loans & Investment Officer

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Background documents:

Treasury Management Strategy 2014-15

Treasury Management Strategy 2015-16

1 Treasury Management Indicators 2014-15

1.1.1 The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to Treasury Management risks.

The Council needs to set the upper limits to its **Interest Rate Exposure** for the effects of changes in interest rates. There are two treasury management indicators that relate to both fixed interest rates and variable interest rates. These limits have been calculated with reference to the net outstanding principal sums and are set to control the Council's exposure to interest rate risk and are shown in the table below.

The Section 151 Officer managed interest rate exposure between these limits during the year and as shown below the net borrowing position for fixed and variable rates was within the limits set.

| No. | | Treasury Management Strategy 2014-15 Upper £m | Revised Projection TMS 2015-16 £m | Actual Outstanding 31-03-15 £m |
|-----|---------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------|--------------------------------|
| | Total Projected Principal Outstanding on Borrowing 31 March 2015 | 101.87 | 96.87 | 96.87 |
| | Total Projected Principal Outstanding on Investments 31 March 2015 | 9.00 | 9.00 | 19.50 |
| | Net Principal Outstanding | 92.87 | 87.87 | 77.37 |
| 1. | Upper Limit on fixed interest rates (net principal) exposure | 130.00 | n/a | |
| 2. | Upper Limit on variable interest rates Exposure (net principal) exposure | 50.00 | n/a | |
| | Fixed interest rate Exposure (net principal) 31-03-15 | | | 59.62 |
| | Variable interest rate Exposure (net principal) 31-03-15 | | | 17.75 |

1.1.2 A further indicator for Treasury Management measures the **Maturity Structure of Borrowing** and is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk 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.

The 19.87% in the table below relates to £19.25 million Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054, as detailed in section 1. The Code requires the maturity of LOBO loans to be shown as the earliest date on which the lender can require payment, i.e. the next call date after 31 March 2015 which is July 2015. The lender did not exercise their option in July and due to current low interest rates, the Council is not anticipating that this will occur during 2015-16 (the next date being January 2016) so the maturity date is actually uncertain but is shown in the "Under 12 months" category as per the Code.

| No. | Maturity structure of fixed rate borrowing during 2014-15 | Treasury Management Strategy 2014-15 Upper limit | Treasury Management Strategy 2014-15 Lower limit | Actual Outstanding 31-03-15 |
|-----|-----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-----------------------------|
| 3. | Under 12 months | 50% | 0% | 19.87% |
| | 12 months and within 24 months | 25% | 0% | 0% |
| | 24 months and within 5 years | 50% | 0% | 0% |
| | 5 years and within 10 years | 60% | 0% | 5.76% |
| | 10 years and above | 100% | 40% | 74.37% |

- 1.1.3 The **Upper Limit for Total Principal Sums invested over 364 days** indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

| No. | | Treasury Management Strategy 2014-15 £m | Actual Principal Invested During 2014-15 £m |
|-----|-----------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------|
| 4. | Upper Limit for Total Principal Sums Invested for more than 364 days | 12 | 2 |

The actual for all three treasury management indicators above are within the accepted range.

2 Prudential Indicators 2014-15

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's *Prudential Code for Capital Finance in Local Authorities*.

Council is also required to formally adopt CIPFA's Treasury Management Code and the revised edition of the 2011 Code was adopted by Council on 22 February 2012.

2.1 Prudential Indicators for Prudence

2.1.1 The following Prudential Indicators are based on the Council's capital programme which is subject to change.

The Council's capital expenditure plans are summarised below and this forms the first prudential indicator for Prudence. The total capital expenditure was funded from capital grants and contributions, capital receipts and revenue with the remainder being the **Net Financing Need for the Financial Year** to be met from borrowing.

| No. | Prudential indicators For Prudence | Estimate Treasury Management Strategy 2014-15 | Revised Projection TMS | Actual |
|----------|---------------------------------------------------|-----------------------------------------------------------|---------------------------|---------------|
| | 2014-15 | 2014-15 | 2015-16 | 2014-15 |
| | | £'000 | £'000 | £'000 |
| 1 | Estimates of Capital Expenditure (Non-HRA) | 32,060 | 31,069 | 28,462 |
| | Total Capital Expenditure | 32,060 | 31,069 | 28,462 |
| | Financed by :- | | | |
| | Capital Grants and Contributions | 11,393 | 11,821 | 17,643 |
| | Capital Receipts | 12,005 | 9,962 | 2,019 |
| | Revenue | 0 | 910 | 1,803 |
| | Net Financing Need for Year | 8,662 | 8,376 | 6,997 |

The capital expenditure figures have changed from the Treasury Management Strategy 2014-15 as the capital programme approved by Council on 19 February 2014 has been amended to incorporate slippage of schemes and a change in the profile of prudential borrowing.

2.1.2 The second Prudential Indicator is the **Capital Financing Requirement (CFR)** for the Council and is shown in the table below. This shows the total outstanding capital expenditure that has not been funded from either revenue or other capital resources. It is derived from the actual Balance Sheet of the Council. It is essentially a measure of the underlying need to finance capital expenditure and forms the basis of the charge to the General Fund under the Prudential Code system.

The process for charging the financing of capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP). The actual MRP charge needs to be prudent as detailed in the Council's MRP policy in the TMS 2014-15. The MRP requirement for the PFI Scheme, Finance Leases, Innovation Centre and Halo Leisure Contract will be equivalent to the write down of the liability for the year and is met from existing budgets.

| No. | Prudential indicators For Prudence | Est. Treasury Management Strategy 2014-15 £'000 | Revised Projection TMS 2015-16 £'000 | Actual 2014-15 £'000 |
|----------|---------------------------------------------------|-------------------------------------------------|--------------------------------------|----------------------|
| 2 | Capital Financing Requirement (CFR) | | | |
| | Opening CFR (1 April 2014) excluding PFI | 157,092 | 155,429 | 155,429 |
| | Opening PFI CFR | 19,776 | 19,776 | 19,776 |
| | Opening Finance Lease CFR | 41 | 41 | 41 |
| | Opening Innovation Centre | 816 | 816 | 816 |
| | Opening HALO | 1,267 | 971 | 971 |
| | Total Opening CFR | 178,992 | 177,033 | 177,033 |
| | Movement in CFR excluding PFI & other liabilities | 1,778 | 1,648 | (449) |
| | Movement in PFI CFR | (476) | (476) | (476) |
| | Movement in Finance Lease CFR | (41) | (41) | (41) |
| | Movement in Innovation Centre CFR | (47) | (47) | (47) |
| | Movement in HALO CFR | (117) | 180 | (9) |
| | Total Movement in CFR | 1,097 | 1,264 | (1,022) |
| | Closing CFR (31 March 2015) | 180,089 | 178,297 | 176,011 |
| | Movement in CFR represented by :- | | | |
| | Net Financing Need for Year (above) | 8,662 | 8,376 | 6,997 |
| | Adjustment for Halo | - | 296 | - |
| | Minimum and Voluntary Revenue Provisions | (7,565) | (7,408) | (8019) |
| | Total Movement | 1,097 | 1,264 | (1,022) |

*Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) represent the revenue charge for the repayment of debt and includes MRP for the Public Finance Initiative (PFI), Finance Leases, Innovation Centre and HALO

2.2 Limits to Borrowing Activity

2.2.1 The Council's borrowing at the 31 March 2015 was £96.87 million as detailed above in section 1, the Treasury Position. External Borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. Because the Council has an integrated Treasury Management Strategy there is no association between individual loans and particular types of expenditure. Therefore, the Capital Financing Requirement and actual external borrowing can be very different.

The **Gross Debt** position (Borrowing and Long Term Liabilities) is shown in the table below. The reason for the reduction from the estimated indicator is because there was no new borrowing taken during 2014-15.

| No. | Prudential indicators For Prudence Gross Debt 2014-15 | Estimate Treasury Management Strategy 2014-15 £'000 | Revised Projection (as per Treasury Management Strategy 2015-16) £'000 | Actual Outstanding 31-03-15 £'000 |
|----------|-----------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------|
| 3 | External Borrowing | 101,867 | 96,867 | 96,867 |
| | Long Term Liabilities | 21,219 | 21,219 | 21,578 |
| | Total Gross Debt | 123,086 | 118,086 | 118,445 |

2.2.2 Within the Prudential Indicators, there are a number of key indicators to ensure the Council operates its activities within well-defined limits. One key control is to ensure that over the medium term, debt will only be for a capital purpose. The Council needs to ensure that the external debt does not, except in the short term, exceed the Capital Financing Requirement for 2014-15. The table below shows that the Council has complied with this requirement.

| No. | Prudential indicators For Prudence 2014-15 | Estimate Treasury Management Strategy 2014-15 £'000 | Revised Projection (as per Treasury Management Strategy 2015-16) £'000 | Actual Outstanding 31-03-15 £'000 |
|----------|---------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------|
| 4 | Gross Debt & the CFR | | | |
| | Total Gross Debt | 123,086 | 118,086 | 118,445 |
| | Closing CFR (31 March) | 180,089 | 178,297 | 176,011 |

2.2.3 A further two Prudential Indicators control the Council's overall level of debt to support Capital Expenditure.

The Authorised Limit for External Debt – this represents the limit beyond which borrowing is prohibited. It reflects a level of borrowing that could not be sustained even though it would be affordable in the short term. It needs to be set and approved by Members.

The Operational Boundary for External Debt – this is not an actual limit and actual borrowing can vary around this boundary during the year. It is based on the probable external debt during the course of the year.

These are detailed below and confirms that the Council is well within the limit set:

| No. | Prudential indicators For Prudence | Treasury | Actual |
|-----|------------------------------------|----------|--------|
|-----|------------------------------------|----------|--------|

| | | Management Strategy 2014-15 £m | 31-03-15 £m |
|----------|---------------------------------------------|--------------------------------|---------------|
| 5 | Authorised limit for external debt - | | |
| | Borrowing | 140 | |
| | Other long term liabilities | 30 | |
| | Total | 170 | |
| 6 | Operational Boundary | | |
| | Borrowing | 115 | |
| | Other long term liabilities | 25 | |
| | Total | 140 | |
| | | | |
| | Borrowing | | 96.87 |
| | Other long term liabilities | | 21.58 |
| | Total | | 118.45 |

2.3 Prudential Indicators for Affordability

2.3.1 The Prudential Code Indicators Numbered 1 to 6 above cover the overall controls on borrowing and financing of capital expenditure within the Council. The second suite of indicators detailed below assesses the affordability of capital investment plans and the impact of capital decisions on the Council's overall finances.

The indicator **Ratio of Financing Costs to Net Revenue Stream** demonstrates the trend in the cost of capital against the Total Revenue amount to be met from local taxpayers and the amount provided by WG in the form of Revenue Support Grant. The estimates of capital financing costs include interest payable and receivable on Treasury Management activities and the Minimum Revenue Provision charged to the Comprehensive Income and Expenditure Statement. The revenue stream is the amount to be met from government grants and local taxpayers.

| No. | Prudential Indicators for Affordability | Estimate Treasury Management Strategy 2014-15 % | Revised Projection Treasury Management Strategy 2015-16 % | Actual 2014-15 % |
|-----|-------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|------------------|
| 7. | Ratio of Financing Costs to Net Revenue Stream | 5.34 | 5.00 | 5.91 |

2.3.2 The indicator of the **Incremental Impact of Capital Investment Decisions on Council Tax** identifies the estimate of the incremental impact to the Council Tax from the capital expenditure proposals, particularly changes in borrowing requirements that have occurred since the Capital Programme was approved for the year. This is a purely notional calculation designed to show the effect of changes in capital investment decisions.

| No. | Incremental Impact of Capital Investment Decisions on Council Tax | Estimate Treasury Management Strategy 2014-15 £ | Revised Projection Treasury Management Strategy 2015-16 £ | Actual 2014-15 £ |
|-----|-------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|---------------------|
| 8. | Increase in Band D Council Tax as per Capital Programme | 3.28 | 3.28 | 2.77 |

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE CORPORATE DIRECTOR - COMMUNITIES

AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE

1. Purpose of Report.

- 1.1 To report to Council the outcome of the consultation exercise on the draft Affordable Housing Supplementary Planning Guidance (SPG) document.
- 1.2 To seek the Council's endorsement of the proposed amendments to the draft document and adopt the amended version as SPG to the Bridgend Local Development Plan.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The adoption of this Supplementary Planning Guidance will assist in the implementation of policies within the adopted Bridgend Local Development Plan, the Council's statutory land-use planning document.

3. Background

- 3.1 On the 3rd September 2015 the Development Control Committee resolved to consider the representations received during public consultation, endorse the suggested reasoned responses, decisions, and changes to the draft Affordable Housing Supplementary Planning Guidance contained in Appendix 1 and to recommend that Council adopts SPG13 – Affordable Housing as Supplementary Planning Guidance to the adopted Bridgend Local Development Plan.
- 3.2 A 6-week period of public consultation was held between 19th December 2013 and 6th February 2014. The consultation was advertised in the following ways:
 - Statutory notices placed in the *Glamorgan Gazette* on the 19th December 2013;
 - The consultation documents were available for inspection with representation forms at every library in the County Borough and at the Planning Department, Civic Offices, Angel Street.
 - A press release was issued at the start of the consultation;
 - Information on the consultation, including all the documentation, representation forms and the facility to make representations electronically was placed on the Council's website; and
 - A copy of the draft SPG was sent to approximately 550 targeted consultees including Community Councils, planning consultants, house builders, housing

associations and other relevant external organisations with details on how to respond.

4. Current Situation

- 4.1 By the end of the consultation period three individuals and external organisations had submitted comments on the draft SPG. In response the Council has produced a Consultation Report which is included in Appendix E in the SPG. This provides the Council's response to the representations received and outlines any changes which have been made to the document as a result. Given the lapse in time since the draft document was published for consultation, the SPG also includes a small number of factual updates. The SPG (as amended) is included as **Appendix 1** to this report. Copies of the full representations can be viewed by Members at the Planning Department.
- 4.2 In summary, the main areas of change in the document arising from the public consultation responses and due to factual updates are as follows:
- Greater clarity provided regarding the provision of a percentage of affordable housing rather than a specific number of units on applications for outline consent.
 - Greater clarity provided regarding the process of negotiating commuted sums.
 - Updated information relating to the Welsh Government's Acceptable Cost Guidance Figures in Appendix B.
- 4.3 Council is requested to consider each of the representations received, approve the suggested reasoned response, decisions, and actions and proposed changes to the document, and adopt for publication.

5. Effect upon Policy Framework & Procedure Rules

- 5.1 The production of this Supplementary Planning Guidance is required in order to meet the Council's commitments in implementing the Local Development Plan as outlined in the Plan's Monitoring Framework, specifically Policy Target 29.
- 5.2 The SPG will represent a material consideration in the determination of future planning applications.

6. Equality Impact Assessment

- 6.1 An Equalities Impact Assessment Screening has been undertaken and the proposed recommendation is unlikely to have an impact on equality issues.

7. Financial Implications

- 7.1 None.

8. Recommendations

- 8.1 That Council:
- 8.1.1 Considers the representations received and endorses the suggested reasoned responses, decisions, and changes to the draft Affordable Housing Supplementary Planning Guidance contained in **Appendix 1**.

8.1.2 Adopts SPG13 – Affordable Housing (as amended) as Supplementary Planning Guidance (SPG) to the adopted Bridgend Local Development Plan.

Mark Shephard
Corporate Director - Communities

7th October 2015

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Development Planning Manager

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Background documents

Appendix 1 Supplementary Planning Guidance 13: Affordable Housing
Bridgend Local Development Plan

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SPG 13 Affordable Housing



Supplementary Planning Guidance (SPG) 13

Affordable Housing

**Development Planning
Regeneration and Development
Bridgend County Borough Council
Civic Offices, Angel Street
Bridgend, CF31 4WB**

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Appendices

- Appendix A Housing Sub Markets in Bridgend County Borough
- Appendix B Welsh Government Acceptable Cost Guidance Figures (2015)
- Appendix C Commuted Sum Worked Examples
- Appendix D Viability Checklist
- Appendix E Public Consultation Comments Received, Factual Updates Required and Council Response

1. INTRODUCTION

1.1. The vision of the Council's Local Housing Strategy (2009) is:

“...To best meet people’s housing needs by ensuring the provision of accommodation of their choice that is appropriate to the needs of each household and is safe, warm and affordable...”

1.2. To help achieve this, the Strategy identifies the Local Development Plan (LDP) as a key tool in the delivery of affordable housing through the planning system within the County Borough. Strategic Objective 4c of the LDP aims:

“To deliver the level and type of residential development to meet the identified needs of the County Borough ensuring that a significant proportion is affordable and accessible to all.”

1.3. Whilst the planning system is not the only method of meeting this need, it plays an important role in increasing the supply of good quality affordable homes.

1.4. The requirement to meet need for affordable housing is a material planning consideration and will be taken into account in the determination of planning applications.

2. POLICY CONTEXT

- 2.1. The purpose of this Supplementary Planning Guidance (SPG) is to give further guidance on how the Council will implement the affordable housing policies contained within the LDP. It will outline how the Council will seek to deliver affordable housing as part of new residential developments through the planning process, with the aim of meeting housing need as identified in the Local Housing Market Assessment (LHMA Update, 2012).
- 2.2. The delivery of affordable housing in the County Borough will be facilitated by **Policy COM5** Affordable Housing:

POLICY COM5 Affordable Housing

Where a local need is demonstrated, the Council will expect an appropriate element of 'affordable housing' to be provided on sites capable of accommodating 5 or more dwellings or exceeding 0.15 hectares in size.

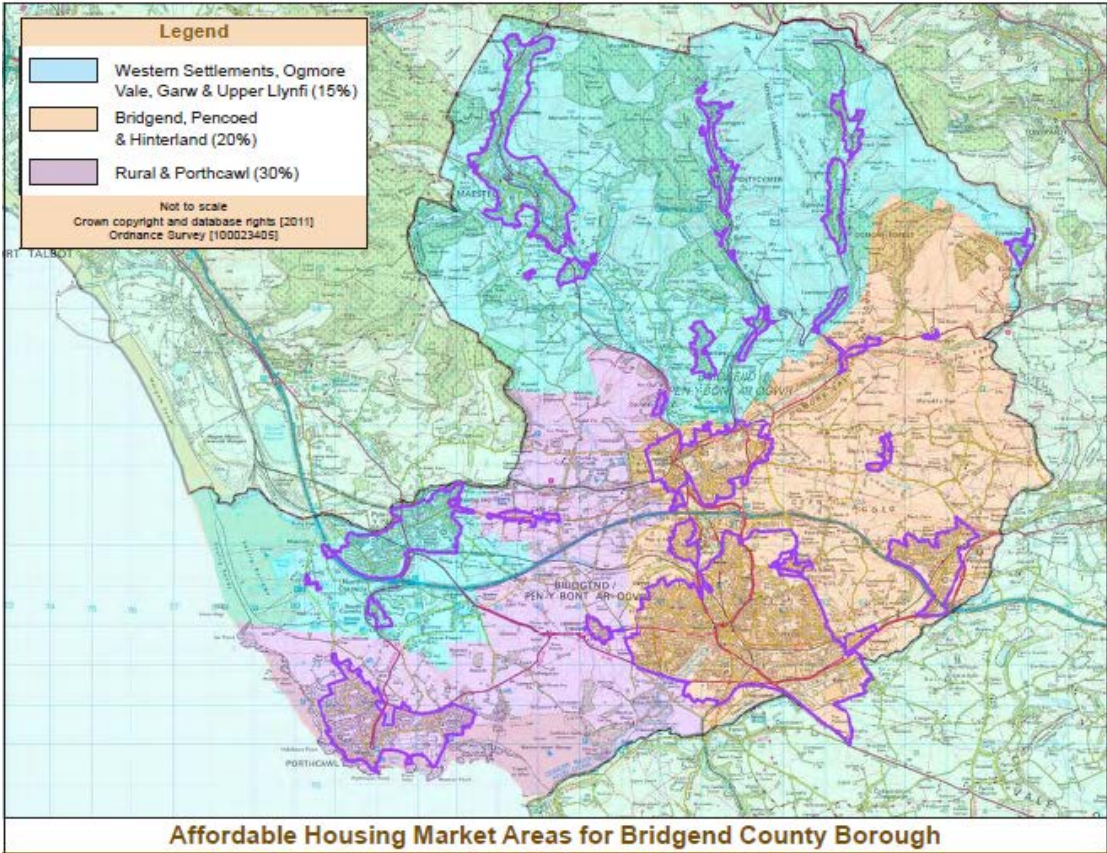
The Council will seek the following affordable housing Market Area targets:

- **30% affordable housing in Porthcawl and Rural;**
- **20% affordable housing in Bridgend, Pencoed and Hinterland;**
- **15% affordable housing in the Western Settlements, Ogmore, Garw and Upper Llynfi Valleys.**

Such affordable housing will be implemented through the use of appropriate planning conditions and/or obligations/agreements and/or through contractual agreements between the Council, developers and Registered Social Landlords.

- 2.3. The area specific targets and thresholds contained in Policy COM5 have been derived from the Affordable Housing Viability Study (AHVS, 2010) that was prepared as part of the LDP evidence base. The AHVS was completed in line with an agreed methodology prepared by Three Dragons on behalf of the South East Wales Strategic Planning Group (SEWSPG). The Study demonstrated that the levels of affordable housing identified in Policy COM5 are challenging yet achievable. Diagram 1 below illustrates the location of the different Market Areas and these are broken down into settlements and post codes in Appendix A.

Diagram 1: BRIDGEND CBC Market Areas



3. DEFINITION OF AFFORDABLE HOUSING

3.1. Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006) and Planning Policy Wales Edition 7 (July 2014) defines affordable housing as:

“...Affordable housing for the purposes of the land use system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers...” (TAN 2, 2006)

3.2. TAN 2 defines the two main types of affordable housing as:

- Social rented housing – provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government’s guideline rents and benchmark rents; and
- Intermediate housing - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include low cost home ownership models including shared equity and assisted purchase schemes.

3.3. All other types of housing are referred to as ‘market housing’ which is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local authority or RSL. This includes low cost market housing, which the Assembly Government does not consider to be affordable housing for land use planning purposes.

3.4. Annex B of TAN 2 also indicates that affordable housing should include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

4. AFFORDABLE HOUSING NEED

- 4.1. As part of the LDP process, a Local Housing Market Assessment (LHMA) was completed in 2009 and updated in 2012. The LHMA followed the steps of the needs assessment model specified by the Welsh Government's Local Housing Market Assessment Guide (2006) and the 2012 Update indicated **a yearly requirement of 1,762 affordable dwellings** throughout the County Borough.
- 4.2. Delivering 1,762 affordable dwellings on a yearly basis through the planning system is unlikely to be achieved given the planned total build rate of 646 dwellings per year for the LDP period. The 2012 update of the LHMA undertook sensitivity testing of the figure to take account of the prevailing market conditions in the County Borough. This factored in higher affordability thresholds that households in the private rented sector pay in current market conditions and the supply of private rented accommodation, supported by Local Housing Allowance, as a short term solution to house those requiring affordable housing. This reduced the **need for new affordable units to 292 per year**, which represents the affordable housing pressure experienced in current market conditions, and still represents some 45% of new housing planned for the County Borough as being affordable. It should be recognised however that this figure does not reflect limitations relating to development viability.
- 4.3. The LHMA only forms part of the evidence base for the LDP, which seeks to maximise affordable housing contributions whilst still ensuring that development is viable. The **LDP target of approximately 1,370 affordable dwellings** as defined in Policy SP12 of the LDP, to be delivered through the planning system is a more realistic assessment of what can be achieved through the Plan period.

5. PROCESS

- 5.1. The Council appreciates that the expected provision of affordable housing can affect land values for residential development at any given location. However, it will expect developers to have taken account of the LDP's affordable housing policy COM5 and this guidance (and its impact on land values) before entering into land and property negotiations. Pre-application discussions are advised and encouraged with Council Officers to determine the likely provision of affordable housing and other planning obligation requirements that will be expected for a proposal; however, it is acknowledged that in exceptional circumstances, such as where there are significant abnormal costs associated with developing a site, the levels of affordable housing sought in policy may result in a development becoming unviable.
- 5.2. **Where the viability of providing affordable housing is considered to be an issue, developers will be required to provide information to the Council to enable Officers to undertake an 'open book' financial assessment of the costs and anticipated profits of the scheme based on properly sourced evidence.**

The submitted information will need to include details of:

- **The acquisition price of the site**
- **Projected construction costs**
- **Any abnormal costs**
- **Proposed final sales values per unit**
- **Developers profit requirement**
- **Unit types**
- **Finance costs**
- **Any other relevant information**

A more detailed viability checklist for applicants and developers is included in Appendix D.

- 5.3. The Council will then use a Development Appraisal Toolkit to examine the economics of the development and determine the viability of affordable housing provision. Where a development appraisal indicates that the provision of affordable housing required would not be viable, a lower percentage may be negotiated.
- 5.4. In the event of a dispute over site viability or any of the information submitted, independent verification should take place by a third party commissioned by the local authority. The identity of the third party should be agreed upon by both the Council and the developer and the cost of this independent appraisal will be met by the developer.

- 5.5. The latest viability assessment was carried out in August 2010 and the assumptions used reflect current market conditions at that time. If it can be demonstrated that there have been significant changes in market conditions since the viability assessment was undertaken, it may be appropriate to reconsider the affordable housing requirements based on an assessment of viability on a site-specific basis.
- 5.6. The targets contained in Policy COM5 assume that no Social Housing Grant (SHG) will be made available by the Welsh Government to assist in funding affordable housing provided as part of market housing developments. If grant funding is available for a scheme then this will be taken into account when determining the appropriate level of affordable housing on the development. A higher level of affordable housing might be sought in such circumstances, though this will be based on an assessment of viability at the time.
- 5.7. Securing affordable housing through planning obligations is seen as a priority by the Council; however this will not negate the need to contribute towards other obligations/levies. Developers should refer to the LDP, other planning obligations SPG and/or other charging schedule information published by the Council for details of other requirements.
- 5.8. **Where the Council identifies that a site has been sub-divided resulting in the number of units on any part of the site falling below the affordable housing threshold, then the total number of residential units will be calculated and the affordable housing policy will be applied accordingly. Similarly, where there is phasing of development on larger sites, the affordable housing must be phased appropriately to ensure that it contributes to the delivery of mixed communities in a phased manner. In all cases, the timing of delivery of the affordable units in relation to the market units on a site will be clearly set out in the Section 106 Agreement.**
- 5.9. An element of affordable housing will be required on all outline, full or change of use planning applications for housing, or for a mix of uses incorporating housing, which either can accommodate 5 or more dwellings or exceed 0.15 hectares of gross site area. **Where affordable housing has been secured at outline stage, any change in numbers as a consequence of a subsequent application may result in an increase or decrease in affordable housing provision.** It is therefore required that any Section 106 Agreement relating to outline consent will specify the amount of affordable housing to be provided as a percentage. Further details will then be agreed in conjunction with any subsequent application for reserved matters. In the case of mixed use schemes, the affordable housing requirement will be calculated on the basis of the housing area(s) proposed, rather than on the total site area.

5.10 If the affordable housing requirement for a scheme, when calculated, produces a decimal number, the number of units will be rounded up or down to the nearest whole number.

6. DELIVERY

6.1. The delivery of affordable housing through the planning system is to be achieved through three policy mechanisms:

- **On-site Provision**
- **Off-site Provision**
- **Commuted Sums**

ON-SITE PROVISION

6.2. **It is the Council's preference for a Registered Social Landlord (RSL) to be involved in the development and management of affordable housing to ensure control over subsequent changes of ownership and occupation. The preferred method of delivery is for affordable housing units to be provided on-site by a developer and then transferred to an RSL approved by the Welsh Government to operate in BCBC (See Section 8 for RSL details).**

6.3. The type, size and mix of affordable housing on a particular site will be determined according to local needs, and will draw on the evidence base provided by the LHMA.

6.4. **Affordable housing units for social rent must comply with the Welsh Government's Development Quality Requirements (DQR). Intermediate affordable units should also aim to be DQR compliant, or as a minimum they should meet the Welsh Government's Welsh Housing Quality Standards.**

6.5. It is expected that for the foreseeable future social rented affordable housing may need to be delivered without the benefit of Social Housing Grant (SHG).

6.6. The developer's contribution to the provision of the required number of affordable dwellings should be equivalent to what would have been (if it was available) the SHG required to deliver a new build scheme on the site (currently at a rate of 58% of Acceptable Cost Guidance (ACG)). As such, the nominated RSL should pay the developer not more than 42% of the ACG per unit, less the RSL's on-costs (the Council will specify the unit transfer price). The Council will also not normally seek to supplement developer contributions with SHG, unless this delivers more than the target percentage of affordable housing for the site. Please find the latest ACG figures in Appendix 2.

6.7. If, after using all reasonable endeavours, the owner has been unable to dispose of the affordable housing to a nominated RSL, an alternative method for securing on site affordable housing benefits (to a value not

less than that which would have been achieved had the owner disposed of the affordable housing to the nominated RSL) will be delivered.

- 6.8. If the owner is unable to comply with the alternative scheme, the owner shall pay the Council a sum equal to the value which would have been achieved had the owner disposed of the units to a nominated RSL. This will be utilised by the Council to facilitate the provision of affordable housing within the Borough (See paragraphs 6.13 – 6.15 relating to commuted sums).

OFF-SITE PROVISION

- 6.11. In the interests of ensuring communities are balanced and mixed, it is the Council's preference for the need for affordable housing to be delivered on site. Off-site provision will only be considered in circumstances where it would be unfeasible for on-site provision to be made, or where the Council's strategic aims would not be achieved. This may include circumstances where:

- The on-site management of affordable units cannot be secured effectively.
- The provision of affordable housing in another location within the vicinity would better contribute to mixed communities by widening the choice of housing.
- The on-site provision of the affordable units could not physically be provided on site by virtue of their size, type and level of contribution.
- There are other exceptional circumstances as considered appropriate by the local authority.

- 6.12. In the exceptional cases where off-site provision is considered acceptable by the local authority, the units provided should be of an equivalent nature to the type of units that would be required on-site. A sequential approach to the location of off-site provision will be appropriate with the preference being for the provision of affordable housing within the same settlement. If this is not achievable then provision should be made within the same submarket and then, only if no other options are available, provision may be acceptable elsewhere in the County Borough where there is evidence of need.

COMMUTED SUMS

- 6.13. In cases where on-site provision is not considered appropriate and units cannot be delivered off-site, the Council will consider whether or not a commuted sum is appropriate. This will be guided in the first instance by consultation with the Council's Housing Strategy Team given their knowledge of suitable local projects and funding requirements.

6.14. The value of the commuted sum will need to be fairly and reasonably related in scale and kind to the development, whilst mindful of the requirements of other planning obligations. The following formula is a useful starting point, providing a guide to the equivalent value of delivering the affordable housing on-site:

For Social Rented properties,

Committed Sum = (ACG £ per unit) x (% ACG) x N

ACG: Acceptable Cost Guidance per dwelling, related to the current ACG figures published by the Welsh Government (See Appendix B)

% ACG: Rate of Social Housing Grant payable to RSLs. In the absence of SHG this amount is to be provided by the developer (currently 58%)

N: Number of units required, according to Affordable Housing Target

For Intermediate properties for Sale or for Rent,

Committed Sum = (OMV £ per unit) x (% OMV) x N

OMV: Open Market Value per dwelling relating to the dwelling type that would have otherwise been expected on-site

% OMV: Discounted Open Market Value rate for Low Cost Home Ownership or Intermediate Rented properties, set at a level considered affordable by the Council in the locality

N: Number of units required, according to Affordable Housing Target

A worked example of the commuted sum formula is provided in Appendix C.

6.15. Such contributions will be used to support overall affordable housing provision within the County Borough to be delivered in partnership with RSLs. Contributions will be used to provide either part or full funding for schemes, projects and initiatives which may include:

- The purchase and refurbishment of long term empty properties by an RSL for reuse as affordable housing
- Purchase of land for affordable housing

- Delivery of Mortgage Rescue
- Development of supported temporary and move-on accommodation
- Supplementing on site affordable housing provision on other developments in the local area
- Any other scheme identified by the Council that will increase the supply of affordable housing in the County Borough.

7. EXCEPTION SITES

- 7.1. The LDP does not provide for affordable housing 'exception' sites in the countryside, where development is usually strictly controlled. This is because there has been little expressed concern or identified shortfall of affordable rural housing in the County Borough. Any subsequent need that does arise can easily be accommodated within the main urban areas, which lie no more than 4 to 5 miles from any countryside location.
- 7.2. Neither does the Council propose affordable housing exception sites on the edge of the County Borough's towns and villages on the basis that the County Borough is highly urbanised and has ample opportunities within settlements to provide affordable housing opportunities. Even those small villages identified in the LDP's settlement hierarchy are in very close proximity to larger towns and villages which adequately service all of the County Borough's local community needs including for affordable housing.
- 7.3. Given the above LDP policy position, there is no requirement, and indeed, no basis for further commentary of exception sites in this SPG.

8. CONTACTS

8.1. Bridgend County Borough Council

For general affordable housing queries contact:

Housing Strategy, Civic Offices, Bridgend, CF31 4WB
Tel: 01656 643527
Email: housing@bridgend.gov.uk

For Section 106 queries contact:

Development Planning, Civic Offices, Bridgend, CF31 4WB
Tel: 01656 643193
Email: developmentplanning@bridgend.gov.uk

For pre-application enquiries please contact:

Development Control, Civic Offices, Bridgend, CF31 4WB
Tel: 01656 643166
Email: planning@bridgend.gov.uk

8.2. Registered Social Landlords

There are four Registered Social Landlords zoned to operate within BCBC under the Welsh Government's zoning arrangements. These are:

Wales & West Housing Association

3 Alexandra Gate, Ffordd Pengam, Tremorfa, Cardiff CF24 2UD
Tel: 0800 052 2526
www.wwha.co.uk

Valleys to Coast Housing

No.1 Court Road, Bridgend CF31 1BE
Tel: 0300 123 2100
www.v2c.org.uk

Linc Cymru Housing Association

387 Newport Road, Cardiff CF24 1GG
Tel: 029 2047 3767
www.linc-cymru.co.uk

Hafod Housing Association

First Floor, St Hilary Court, Copthorne Way, Cardiff CF5 6ES
Tel: 029 2067 5800
www.hafod.org.uk

Appendices

Appendix A

Housing Sub Markets in Bridgend County Borough

| Sub Market & Targets | Primary Key & Main Settlements | Local Service Settlements | Small Settlements | Post Codes |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Porthcawl & Rural (30%) | Porthcawl | | Cefn Cribbwr Coytrahen Laleston | CF36 3, CF36 5, CF32 0 |
| Bridgend, Pencoed & Hinterland (20%) | Bridgend Pencoed Valleys Gateway (Aberkenfig / Bryncethin / Brynmenyn / Sarn / Tondu / Ynysawdre) | | Blackmill Coity Coychurch Glynogwr Heol y Cyw Pen y Fai | CF35 6, CF35 5, CF31 1, CF31 2, CF31 3, CF31 4, CF31 5, CF31 9, CF32 9 |
| Western Settlements, Ogmore, Garw & Upper Llynfi Valley (15%) | Maesteg Pyle/ Kenfig Hill / North Cornelly | Bettws Blaengarw Caerau Nantyffyllon Nantymoel Ogmore Vale Pont Rhyd y Cyff Pontycymmer | Cwmfelin Evanstown Kenfig Llangeinor Llangynwyd Mawdlam Pantyrwel Pontyrhyl South Cornelly | CF33 4, CF33 6, CF34 9, CF32 7, CF32 8, CF39 8, CF34 0 |

Appendix B

Current Welsh Government Acceptable Cost Guidance Figures (2015)

Acceptable Cost Guidance (ACG) figures are provided as guidance on the likely acceptability of social rented schemes for grant purposes but can be used as a basis for determining the price an RSL pays for an affordable housing unit with or without grant. The figures reflect current standards set out in Development Quality Requirements (2005). To take account of cost variations throughout Wales, five cost bands have been determined. The specific localities falling within each band are shown in Table 1, which is based on Community Council areas within BCBC.

Table 1 ACG Bands

| ACG Band | Community Council |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Garw Valley, Ogmores Valley |
| 2 | Coychurch Higher, Llangynwyd Middle, Ynysawdre |
| 3 | Cefn Cribbwr, Llangynwyd Lower, Maesteg |
| 4 | Brackla, Bridgend, Coity Higher, Cornelly, Coychurch Lower, Laleston, Merthyr Mawr, Newcastle Higher, Pencoed, Porthcawl, Pyle, St Bride's Minor |

The costs per dwelling related to occupancy, type of unit and property band are detailed in Table 2.

Table 2 Acceptable Cost Guidance

| Unit Type | BAND 1 | BAND 2 | BAND 3 | BAND 4 |
|------------------|---------------|---------------|---------------|---------------|
| 7P4B HOUSE | 176300 | 191300 | 206400 | 226500 |
| 6P3B HOUSE | 166500 | 179200 | 192000 | 209000 |
| 5P3B HOUSE | 142600 | 153600 | 164700 | 179400 |
| 4P3B HOUSE | 133500 | 143900 | 154200 | 168000 |
| 4P2B HOUSE | 127100 | 137500 | 147800 | 161600 |
| 3P2B BUNGALOW | 115200 | 128000 | 140700 | 157700 |
| 3P2B FLAT | 109400 | 114500 | 119700 | 126600 |
| 2P1B FLAT | 86600 | 91200 | 95800 | 101900 |
| 1P1B BEDSIT | 64800 | 68500 | 72200 | 77100 |

Appendix C

Commuted Sum Example

1. Worked Example – Social Rent

| | PROCESS | EXAMPLE (30 units in Bridgend) |
|---|-----------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1 | Identify the appropriate target for affordable housing provision | Bridgend is within Bridgend Housing Market Area |
| 2 | Identify the number of units required if the provision were to be on site | 30 units x 20% = 6 units |
| 3 | Identify the size and type of units required if the provision were to be on site | Size/Type required is 2 Person, 1 Bedroom flats (2P1B) |
| 4 | Identify the relevant band within the 'ACG for use with SHG funded Housing in Wales.' | Bridgend is Band 4 |
| 5 | Select ACG in Annex A of ACG Doc for the size/type of units to be provided | ACG for 2P1B flat in Band 4 = £101,900 |
| 6 | Calculate 58% of ACG which is current rate of SHG payable to Registered Social Landlord | £101,900 x 58% = £59,102 |
| 7 | Multiply the number of units identified in [2] by the amount calculated in[6] | 6 units x £59,102 = £354,612 |

2. Worked Example – Intermediate for Sale or Rent

| | PROCESS | EXAMPLE (30 units in Bridgend) |
|---|----------------------------------------------------------------------------------|--------------------------------------------------------|
| 1 | Identify the appropriate target for affordable housing provision | Bridgend is within Bridgend Housing Market Area |
| 2 | Identify the number of units required if the provision were to be on site | 30 units x 20% = 6 units |
| 3 | Identify the size and type of units required if the provision were to be on site | Size/Type required is 4 Person, 2 Bedroom House (4P2B) |
| 4 | Developer to indicate likely OMV if not already known; to be verified by BCBC | 4P2B house is £140,000 |
| 5 | BCBC to identify percentage of OMV considered affordable in the locality | Typically 70% of OMV |
| 6 | Identify % of OMV to be subsidised by developer (typically 30%) | £140,000 x 30% = £42,000 |
| 7 | Multiply the number of units identified in [2] by the amount calculated in[6] | 6 units x £42,000 = £252,000 |

Appendix D

Viability Checklist

| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Overview</p> <ul style="list-style-type: none"> • Site Address • Current use • Current use value of site if known • Who owns the site? • Are there any ownership options on the site? • Ward • Site Size (Hectares) • Description of the proposed scheme • Application Number <u>or</u> Pre-Application Reference • State the case for lower levels of planning contributions |
| <p>2. Characteristics of Development</p> <ul style="list-style-type: none"> • Numbers & Types of dwelling, including both Private and Affordable Housing (i.e. house, flat, bungalow, bedsit etc.) • Size of dwellings by Type (sq. m) • Number of Bedrooms by Type • Parking by Type (none, surface, undercroft or underground) • Number of storeys of buildings |
| <p>3. Market Values</p> <ul style="list-style-type: none"> • Sale value of Private Dwellings (by Type) <p>NB. All sales values to be supported by evidence for independent verification on a unit by unit basis</p> |

4. For Mixed Use Schemes Only - Sales Revenues & Costs
(categorise by: Industrial; Office; Retail; Hotel; Leisure; Community; Other)

Revenues:

- Size of scheme (gross sq. m)
- Rent (£ per sq. m)
- Yield (%)
- Capital Value

Costs:

- Build Costs (£ per GIA sq. m)
- Professional and Other Fees (% build costs)
- Return (% capital value)

5. Development Costs

- Build costs by Type (£ per sq. m)
 NB: Differentiate between sub and super structures and external infrastructure i.e. special landscaping, garages, drives etc.
- Eco-homes Standards (for Private and Affordable)
- Professional Fees (% of build costs)
- Internal Overheads (% of build costs)
- Finance Costs (% of market value)
- Marketing Fees (% of market value)
- Developers Return (% of market value)
- Abnormal/Exceptional Costs
- Actual or Anticipated land acquisition cost (please state if conditional, and the condition) and date of contracts where relevant.

NB. All information submitted must be supported by evidence. This should include detailed breakdown of costs provided by appropriate professionals and a method statement of how costs have been calculated.

6. S106 contributions (Please state amount of any agreed contributions)

- Education
- Affordable Housing
- Highway Works
- Public Open Space
- Community Facilities
- Sustainable Transport Improvements
- Public Realm
- Others (e.g. Environmental Improvements, Town Centre Improvements, Public Art, Employment-related training, Flood Defence Measures)

7. Affordable Housing Dwellings

- Percentage and/or number sought by the Council
- Percentage proposed (if different to above)
- Type of Tenure

8. Financial Contribution from any other sources

- Welsh Government
- European Union Funding
- Local Authority Capital Grant
- Other Regeneration Funding
- Commuted Sum
- CADW (Heritage Funding)
- Other

Appendix E

Public Consultation Comments Received, Factual Updates Required and Council Response

Comments Received

| Organisation | Section No. | Page No. | Representation | Reasoned Response | Decision and Action |
|-----------------|-------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Persimmon Homes | | | Overall, we are generally supportive of the provision of the proposed guidance, which sets out further guidance on the implementation of the established housing policies contained within the LDP. Importantly, the SPG continues to recognise that the delivery of the envisaged levels of affordable will be challenging. It is on this basis that our representations are submitted, in order to ensure that flexibility is built in to the guidance to enable site specific issues to be considered when implementation and delivering affordable housing. | Support is welcome. | No action required |
| | 5.2 | 8 | Further clarification required. We welcome and support the proposed open book assessment methodology when considering scheme viability. However, it would be worth considering providing further clarification on the 'make up' and content of what would be considered as abnormal costs as part of this process. We would suggest that a comprehensive schedule be included in an Appendix to the SPG listing what is (and is not) considered to be an abnormal cost on a site, together with clarification that the submission of abnormal costs can be supported by a detailed breakdown of all such costs. | Support for 'open book' assessment approach is welcomed. However, it is not considered necessary to provide further clarification as to what may or may not constitute an abnormal cost. This duty is the responsibility of the Developer/Applicant in cases where they feel the burden of such costs has a negative impact on scheme viability. In such cases, the Council welcomes the submission of a detailed breakdown of all development costs together with a reasoned justification explaining which of these costs should be considered as 'abnormal'. | No action required |

SPG 13 Affordable Housing | 2015

| Organisation | Section No. | Page No. | Representation | Reasoned Response | Decision and Action |
|--------------|-------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 5.3 | 8 | Clarification required over ability to negotiate a lower percentage in appropriate circumstances. Change "... a lower percentage may be negotiated" to "...a lower percentage <u>will</u> be negotiated." | Disagree. The provision of Affordable Housing in accordance with the targets of Policy COM5 is a material consideration in the determination of a planning application. Failure to meet the target may be considered a non-conformity with the LDP and will need to be justified through the provision of the information described in Para 5.2 of this SPG. Any subsequent reduction on this basis is only likely to be agreed where there is significant planning merit and/or public interest in the site being developed. | No action required |
| | 5.4 | 8 | Further clarification required. The SPG should clarify that if the developer is expected to pay for an independent verification of scheme viability that these additional costs can also be included within the appraisal as a further abnormal or professional fee element when considering overall viability. | Disagree. The Developer/Applicant should meet any additional cost incurred if independent verification of any data is required, and this should not be seen as an abnormal cost of development. The use of an independent consultant to undertake a third party appraisal of the site at the developer's expense will only be used in exceptional circumstances if no agreement can be reached between the local authority and the developer, so is not expected to be utilised for every application. It is considered this approach is wholly appropriate as a way of progressing applications that would otherwise stagnate. | No action required |
| | 5.9 | 9 | Amendment required addressing outline applications where no information is available on the number of units to be developed. At present the wording of this is considered to be overly complicated and risks setting a | Agree. In cases where affordable housing is secured through a planning obligation relating to outline consent, a percentage of units will be sought. Generally, sites with outline consent will only specify in | Amend wording of Paragraph 5.9: "An element of affordable housing will be required on all outline, full or change of use planning applications for housing, or |

| Organisation | Section No. | Page No. | Representation | Reasoned Response | Decision and Action |
|--------------|-------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>level of affordable housing that may ultimately be subject to further change and not reflect the final built development.</p> <p>If the number of units is unknown, the Council should request that affordable units be set on a percentage basis, which would remove uncertainty. The reference to assumed densities should therefore be removed and replaced with reference to an agreed percentage value for affordable provision.</p> | <p>the S106 the amount of affordable housing to be provided in percentage terms rather than specifying the number of units. This allows for flexibility if the reserved matters identify a higher or lower number of units than originally envisaged at outline application stage. The actual number of units and type will normally be resolved as part of the application for reserved matters.</p> | <p>for a mix of uses incorporating housing, which either can accommodate 5 or more dwellings or exceed 0.15 hectares of gross site area. Where affordable housing has been secured at outline stage, any change in numbers as a consequence of a subsequent application may result in an increase or decrease in affordable housing provision. It is therefore felt appropriate that any Section 106 Agreement relating to outline consent will specify the amount of affordable housing to be provided as a percentage. Further details will then be agreed in conjunction with any subsequent application for reserved matters. In the case of mixed use schemes, the affordable housing requirement will be calculated on the basis of the housing area(s) proposed, rather than on the total site area."</p> |
| | 5.10 | 10 | <p>Further clarification required. The number of units should be rounded down to reflect the fact that a whole unit is not applicable.</p> | <p>Disagree. Rounding the number of units to the nearest whole number provides more accuracy. In this way, any number equal to or greater than .5 will get rounded up and any number below .5 will get rounded down.</p> | <p>No action required</p> |
| | 6.4 | 11 | <p>The reference to DQR is unnecessary, as these requirements will be determined by each RSL. Change</p> | <p>All affordable housing should be constructed to the requirements of the Welsh Government at the time the</p> | <p>No action required</p> |

SPG 13 Affordable Housing | 2015

| Organisation | Section No. | Page No. | Representation | Reasoned Response | Decision and Action |
|-----------------------------------------------------|-------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| | | | the wording of the paragraph to read: "All affordable housing units should as a minimum, meet the Welsh Government's Welsh Housing Quality Standards and the required level of the Code for Sustainable Homes. The RSL involved in the development should then identify and negotiate with the site developers the delivery of dwellings to comply with the Welsh Government's Development Quality Requirements (DQR), as appropriate." | application is submitted. Details of current requirements can be obtained from either the Housing Section at Bridgend CBC, Registered Social Landlords (RSL's) or the Welsh Government. BCBC understands that the Welsh Government is currently undertaking a review of its Development Quality Requirements (DQR). Until the outcome of this review is known, the Welsh Government standard remains for affordable housing to meet the requirements of the DQR. | |
| South Wales Police, Crime Prevention Design Advisor | | | I have no observations to make. | Noted | No action required |
| Natural Resources Wales | | | Natural Resources Wales do not have any comments on this Draft SPG. | Noted | No action required |

Late Representations Received

| Organisation | Section No. | Page No. | Summary of Representations | Reasoned response | Decision and Action |
|--------------|-------------|----------|----------------------------|-------------------|---------------------|
| | | | | | |

Factual Updates Required

| Organisation | Section No. | Page No. | Update Required | Decision and Action |
|--------------|-------------|----------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| BCBC | 4.2 | 7 | Build rate of dwellings per year for the LDP needs updating to reflect the adopted LDP housing provision | Amend wording of Paragraph 4.2: "Delivering 1,762 affordable dwellings on a yearly basis through the planning system is unlikely to be |

SPG 13 Affordable Housing | 2015

| Organisation | Section No. | Page No. | Update Required | Decision and Action |
|--------------|-------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | figure of 9,690. | achieved given the planned total build rate of 600-646 dwellings per year for the LDP period.” |
| BCBC | 4.2 | 7 | Update percentage of affordable housing needed as proportion of new homes planned for the County Borough for remainder of plan period. | Amend wording of Paragraph 4.2: “This reduced the need for new affordable units to 292 per year , which represents the affordable housing pressure experienced in current market conditions, and still represents some 48.7 45% of new housing planned for the County Borough as being affordable.” |
| BCBC | 5.2 | 8 | Include a Viability Checklist to provide further clarity to the information required when developers consider the provision of affordable housing to be an issue. | Viability Checklist included in Appendix D and referenced at Paragraph 5.2: “ A more detailed viability checklist for applicants and developers is included in Appendix D. ” |
| BCBC | 6.4 | 11 | Code for Sustainable Homes no longer applies in Wales. | Delete reference: “Affordable housing units for social rent must comply with the Welsh Government’s Development Quality Requirements (DQR). Intermediate affordable units should also aim to be DQR compliant, or as a minimum they should meet the Welsh Government’s Welsh Housing Quality Standards. In addition, the Welsh Government requires all new dwellings, including affordable housing, to meet the required level of the Code for Sustainable Homes. ” |
| BCBC | 6.7 & 6.8 | 11 & 12 | Determining how SHG is spent is a function of the Housing Strategy. | Delete paragraphs 6.7 and 6.8. |
| BCBC | 6.14 | 13 | Provide greater clarity to formula used for calculating commuted sums, so that the sum provides equivalent value to delivering the affordable housing on site. | Amend Commuted Sum formula to relate to the Welsh Government’s Acceptable Cost Guidance. Worked example included in Appendix C. |
| BCBC | 6.15 | 14 | Update the supported accommodation requirement to meet new housing legislation requirements. | Amend wording of Paragraph 6.15 Development of supported temporary and move-on accommodation or adapted housing schemes, |
| BCBC | Appendix B | 19 | Update Acceptable Cost Guidance figures to relate to those published by Welsh Government in February 2015. | Update Appendix B Table 2. |

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE MONITORING OFFICER

APPOINTMENT OF MEMBERS TO THE STANDARDS COMMITTEE

1. Purpose of Report

- 1.1 Members will be aware that a number of vacancies have arisen on the Standards Committee. It is therefore necessary for appointments to be made to fill these vacancies.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The Standards Committee functions directly support the Corporate Priorities.

3. Background

- 3.1 The Standards Committees (Wales) Regulations 2001 provide for the membership of Standards Committees. The Standards Committee of this Council has a current membership of five members comprised as follows: Two County Borough Councillors, one Town and Community Council Member and two Independent Members.

- 3.2 Vacancies have arisen on the Committee, three vacancies for Independent Members and one vacancy for a Town and Community Council Member. The Council has previously provided delegated authority to the Monitoring Officer to oversee a recruitment process and to report to Council on the outcome for its decision on appointments.

- 3.3 The Monitoring Officer contacted all Town & Community Councils within the administrative area of the County Borough and sought expressions of interest. For the vacancy of the Independent Member, a general advert was placed on the Council's Website and in a local newspaper.

- 3.4 The following criteria were adopted for the appointments:

- Understanding of the Model Code of Conduct.
- Understanding / experience of undertaking investigative hearings.
- Understanding of Local Government and the role of Members.
- Acceptance of the values required within public office.

4. Current situation / proposal

- 4.1 Following interviews by the Standards Committee of candidates, it was recommended that the following be appointed to the vacancies:

- Mr Clifford Jones, Independent Member with effect from October 2015;

- Mrs Judith Kiely, Independent Member with effect from October 2015;
- Mr Jeff Baker, Independent Member with effect from February 2016;
- Cllr Alana Davies, Town and Community Councillor Member with effect from October 2015.

4.2 Under the 2001 Regulations, the term of office of a Member of a Standards Committee who is an Independent Member of that Committee shall be not less than four years nor more than six years.

4.3 For a Community Committee Member, the term of office shall be no more than four years; or the period until the ordinary elections for the Community Council of which the Community Committee Member is a Member next following the appointment of that person as a Community Committee Member of that Committee, whichever is the shorter period.

5. Effect upon Policy Framework & Procedure Rules

5.1 There is no effect upon the Policy Framework and Procedure Rules; however the Standards Committee contributes to the maintenance of probity in the Authority.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Financial Implications

7.1 None.

8. Recommendation

8.1 It is recommended that Council note the appointments to the Standards Committee as set out in paragraph 4.1 of the report.

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Background documents

None

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE MONITORING OFFICER

INFORMATION REPORTS FOR NOTING

1. Purpose of Report.

- 1.1 The purpose of this report is to inform Council of any information reports for noting since its last ordinary meeting.

2. Connection to Corporate Plan / Other Corporate Priorities.

- 2.1 The report relates to the Corporate Priority working together to make the best use of our resources by improving the way we communicate and engage with citizens.

3. Background.

- 3.1 Council has previously agreed to receive a report of this content.

4. Current situation / proposal.

4.1 Information Reports

The information reports below have been published since the last ordinary meeting of Council:-

| <u>Title</u> | <u>Officer</u> | <u>Date published</u> |
|----------------------------------------|---------------------|-----------------------|
| Final Statement of Accounts 2014-15 | Section 151 Officer | 1 October 2015 |
| Urgent Delegated Decision | Monitoring Officer | 1 October 2015 |

4.2 Availability of Documents

The above reports have been circulated electronically and placed on the BCBC website. Hard copies of the reports have also been placed in the Members Room for information and are available on request from Cabinet and Committee Services.

5. Effect upon Policy Framework and Procedure Rules.

- 5.1 This report accords with the relevant Procedure Rules.

6. Equality Impact Assessment.

- 6.1 There are no equality implications attached to this report.

7. Financial Implications.

- 7.1 There are no financial implications regarding this report.

8. Recommendation.

8.1 Council is recommended to note the contents of this report.

P A Jolley

Assistant Chief Executive Legal and Regulatory Services and Monitoring Officer

29 September 2015

Contact Officer: M A Galvin
Senior Democratic Services Officer - Committees

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CF31 4WB

Background documents:

None were used in the production of this report

BRIDGEND COUNTY BOROUGH COUNCIL
INFORMATION REPORT REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE SECTION 151 OFFICER

FINAL STATEMENT OF ACCOUNTS 2014-15

1. Purpose of the Report

- 1.1 The purpose of this report is to present the audited Statement of Accounts for 2014-15, approved by Audit Committee on the 24 September 2015, to Council.

2. Connection to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 The Council's financial performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 The Council's audited and signed Statement of Accounts for the financial year ended 31 March 2015 is attached as Appendix A. The preparation of the statement is a requirement of the Accounts and Audit (Wales) Regulations 2014. Its content is largely defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code) which is in line with International Financial Reporting Standards and CIPFA's Service Reporting Code of Practice (SerCOP).
- 3.2 The audited Statement of Accounts was signed off by the Chief Financial Officer as presenting a true and fair view of the financial position of the Council at 31 March 2015 following Audit Committee on 24 September 2015.
- 3.3 The Independent Auditor's Report to Members is included at page 123 of Appendix A which states that the accounting statements and related notes have been prepared in accordance with proper practice and give a true and fair view of the financial position of the Council. There is also the certification of completion of the audit as required by the Public Audit (Wales) Act 2004.

4. Current Situation / Proposal

- 4.1 The Council Fund balance as at 31 March 2015 presented in the pre-audit Statement of Accounts was £7.450 million. There were no audit adjustments that impacted on this figure. However, there were a number of adjustments to the asset valuations within the post audit Balance Sheet. These reflect the rise in building indices from the date of valuation 1 April 2014 to the year-end balance sheet date 31 March 2015 and resulted in an indicative revaluation increase of £22.7 million.

5. Effect upon Policy Framework & Procedural Rules

- 5.1 There are no implications upon policy framework and procedural rules.

6. Equality Impact Assessment

- 6.1 There are no equality implications.

7. Financial Implications

- 7.1 These are reflected in the body of the report.

8. Recommendations

- 8.1 It is recommended that Members:-
- Note the audited Statement of Accounts 2014-15 (Appendix A)

Ness Young
Section 151 Officer
Corporate Director - Resources

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Background Documents:

Bridgend County Borough Council Statement of Accounts 2014-15
The Accounts and Audit (Wales) (Amendment) Regulations 2014

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Statement of Accounts 2014-15

Electronic Version - unsigned

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Explanatory Foreword

1. The Statement Of Accounts

The accounts for 2014-15 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2014-15. This is in accordance with International Financial Reporting Standards (IFRS). The main changes include the adoption of the following standards:-

IFRS 10 - Consolidated Financial Statements – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts.

IFRS 11 – Joint Arrangements – This standard addresses the accounting for a ‘joint arrangement’, which is defined as a contractual arrangement over which two or more parties have joint control. These are classified either as a joint venture or a joint operation.

IFRS 12 – Disclosures of Involvement with Other Entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated ‘structured entities’.

The accounts consist of the following financial statements:

a) Statement of responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

b) Annual governance statement

This statement provides a continuous review of the effectiveness of the Council’s governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and/or address identified weaknesses.

c) Statement of accounting policies

The purpose of this Statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

d) The ‘core’ financial statements

1. Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Council. These are analysed into ‘usable reserves’ i.e. those that can be applied to fund expenditure or reduce local taxation and other ‘unusable’ reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council’s services, details of which can be found in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance when the Council sets the annual revenue budget. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the

statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. This shows that the total Council fund balance has increased by £0.055 million.

2. The Comprehensive Income & Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded in cash terms when the budget is set. Therefore, some caution is required in interpreting this statement as the cost of services shown includes items such as depreciation on the fixed assets owned by the Council and the estimated cost of the shortfall on the pension scheme, which are not directly funded by the Council Tax payer.

For 2014-15, the Council showed a deficit on the Comprehensive Income and Expenditure Statement of £70.036 million. This contrasts with the budget outturn underspend of £55,000. Note 21 explains how the budget outturn compares to the CIES.

3. Balance Sheet

The statement summarises the Council's assets and liabilities and the balances and reserves at the Council's disposal, used in the Council's operations. This shows the Council's net worth was £94.7 million, which is a reduction of £64.7m from 2013-14 (which was £159.4m). This reduction impacted entirely on the Council's 'Unusable Reserves', and is the result of the Asset revaluation exercise undertaken both at 1 April 2014 and 31 March 2015, the net result of which was to reduce asset values, and the Actuarial review of the Council's Pension Fund Liabilities as at 31 March 2015, which were assessed to have increased since 31 March 2014.

4. Cash Flow Statement

This shows the changes in cash and cash equivalents of the Council during the financial year. It illustrates how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made from resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Council. The cash and cash equivalent position of the Council has decreased by £2.104 million.

e) **The Notes to the Accounts**

These are disclosures relating to the financial statements and include pensions and financial instruments disclosures.

2. Funding Council Services

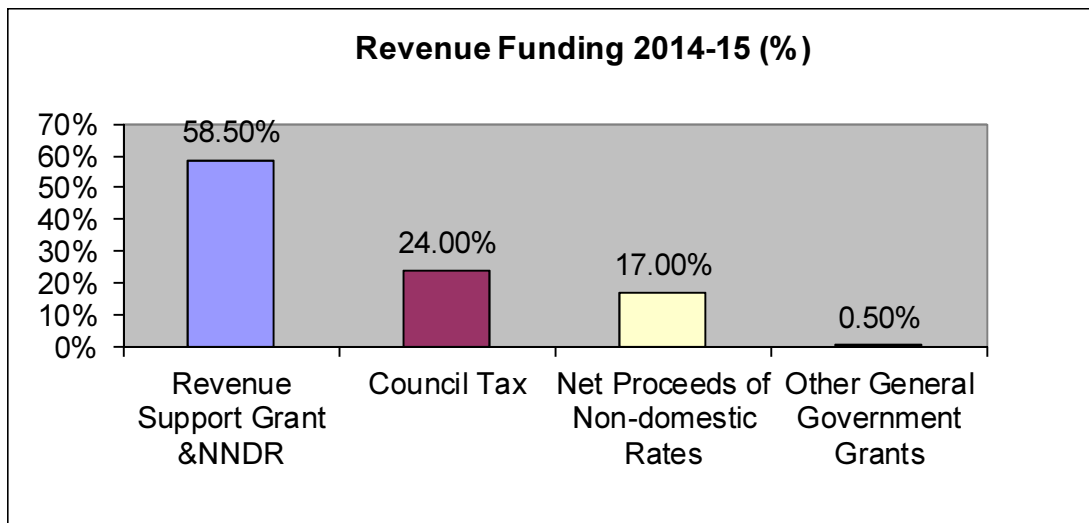
The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

Revenue expenditure covers spending on the day to day costs of services such as staff salaries, maintenance of buildings and general supplies commissioning and equipment. This expenditure is paid for by the income received from council tax payers, business ratepayers, the fees and charges made for certain services, and by grants received from government.

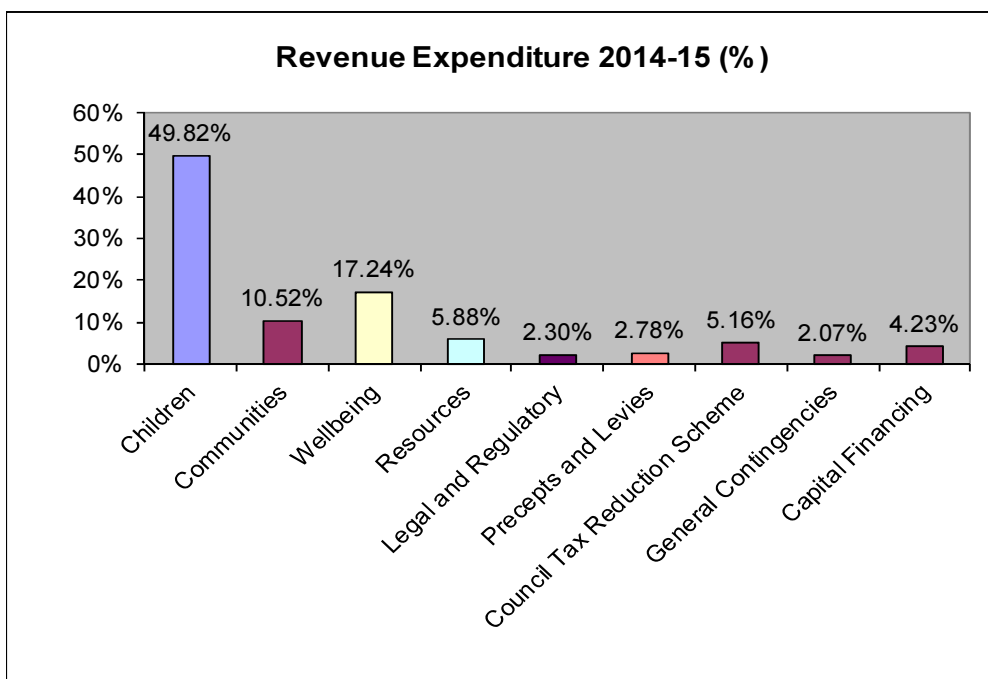
Capital expenditure covers spending on assets such as roads, new schools, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is mainly financed by borrowing and capital grants.

a) Revenue spending on council services

Where the money came from.....



Where the money was spent.....



In 2014-15, the net spend on revenue services was £215.168 million. This compares to £216.964 million anticipated when the budget was revised, resulting in a £1.796 million under-spend on Directorate Budgets. The overall position for the Council was a slight under-spend of £55,000 after allowing for appropriation to Earmarked Reserves, additional income from council tax and an under-spend on general contingencies.

The following table shows how the actual expenditure on services during 2014-15 compared with the budget set for the year. Explanations are provided for significant differences between spend and budget.

Comparison of actual spend with budget 2014-15

| | Original Budget 14-15 £'000 | Budget Transfers In Year £'000 | Revised Budget 14-15 £'000 | Actual 14-15 £'000 | Variance 14-15 £'000 |
|------------------------------------------|--------------------------------------|-----------------------------------------|-------------------------------------|--------------------------|----------------------------|
| Directorates | | | | | |
| Children | 125,557 | (417) | 125,140 | 124,996 | (144) |
| Wellbeing | 46,875 | (3,397) | 43,478 | 43,259 | (219) |
| Communities | 22,869 | 3,817 | 26,686 | 26,382 | (304) |
| Resources | 16,128 | (984) | 15,144 | 14,758 | (386) |
| Legal & Regulatory Services | 5,689 | 827 | 6,516 | 5,773 | (743) |
| Total Directorate Budgets | 217,118 | (154) | 216,964 | 215,168 | (1,796) |
| Precepts & Levies | 7,030 | - | 7,030 | 6,974 | (56) |
| General Contingencies | 7,590 | 154 | 7,744 | 5,944 | (1,800) |
| Council Tax reduction Scheme | 13,825 | - | 13,825 | 12,938 | (887) |
| Capital Financing | 10,515 | - | 10,515 | 10,607 | 92 |
| Net Expenditure | 256,078 | - | 256,078 | 251,631 | (4,447) |
| General Government Grants | (1,414) | - | (1,414) | (1,412) | 2 |
| NNDR Discretionary Rate Relief | 111 | - | 111 | 125 | 14 |
| Appropriation to/(from) Reserves | 356 | - | 356 | 6,429 | 6,073 |
| Net Budget | 255,131 | - | 255,131 | 256,773 | 1,642 |
| Revenue Support Grant | (150,943) | - | (150,943) | (150,943) | - |
| Non Domestic Rates | (43,919) | - | (43,919) | (43,919) | - |
| Council Tax | (60,269) | - | (60,269) | (61,966) | (1,697) |
| Net (Under)/Overspend on Services | - | - | - | (55) | (55) |

Revised budgets differ from those set at the beginning of the year as they reflect any budget transfers from central funds and reserves to cover unplanned expenditure, along with transfers between Directorates resulting from realignment of responsibilities.

Reasons for differences between budget and spend

The financial position as at 31 March 2015 showed an under-spend on service expenditure within the year of £1.796 million. A summary of the most significant variances is outlined below:-

Children's Directorate

The net budget for the Directorate for 2014-15 was £125.140 million and the actual outturn was £124.996 million, resulting in an under spend of £144,000. An over spend of over £567,000 on Looked After Children has been offset by under spends across other services in the directorate. The under spends across the Directorate have negated the need for draw down of the Looked After Children earmarked reserves in 2014-15. However, there was £1.225 million drawn down from other earmarked reserves for specific pressures.

The most significant variances are detailed below:

| CHILDREN'S DIRECTORATE | Net Budget £'000 | Outturn £'000 | Variance Over/ (Under) budget £'000 | % Variance |
|--------------------------------------------|---------------------|------------------|-------------------------------------------|------------|
| Schools Special Needs | 2,529 | 2,240 | (289) | -11.4% |
| Youth Service | 730 | 604 | (126) | -17.3% |
| Education Otherwise Than At School (EOTAS) | 324 | 451 | 127 | 39.2% |
| Catering Services | 881 | 449 | (432) | -49.0% |
| Integrated Working | 561 | 383 | (178) | -31.7% |
| Looked After Children | 11,154 | 11,721 | 567 | 5.1% |
| Other Child and Family Services | 767 | 1,064 | 297 | 38.7% |
| Commissioning and Social Work | 4,265 | 4,609 | 344 | 8.1% |

School Special Needs

There is an under spend of £289,000 in relation to support for special educational needs services for schools following the restructuring of the service to deliver 2015-16 budget reduction proposals. As such the under spend is not expected to recur in 2015-16.

Youth Service

There is a total under spend of £126,000 on youth services following restructure of the service and receipt of additional grant income at year end.

Education Otherwise Than At School

The over spend of £127,000 has arisen due to increased demand on the service and an increased provision for pupils outside of school settings, including individual training packages at College or at other settings.

Catering Service

The under spend on the catering service was £432,000. A substantial amount of this was due to the higher number of trading days for the service, arising from the lack of inclement weather and its usual impact on school opening days. In addition, savings were generated through vacancy management and lower than anticipated costs of repairs and maintenance.

Integrated Working

The under spend of £178,000 on the Integrated Working teams was as a result of strict vacancy management in anticipation of budget reductions in 2015-16.

Looked After Children (LAC)

The over spend of £567,000 is due to the number and costs of placements being higher than forecast. As at the end of March the Council had 390 looked after children. While this is 22 less children than as at 31st March 2014 and

shows LAC numbers on a downward trajectory it is 17 more than the target of 373.

Other Child and Family Services

The over spend of £297,000 is a combination of an over spend on the adoption service of £379,000 due to higher numbers of children being placed for adoption, partly offset by savings on the Leaving Care service. The target number of adoptions for 2014-15 was 15, but the actual number of placements made was 24, which has had a positive impact on the number of LAC in the County Borough. From April 2015 a joint adoption service has been provided across the Western Bay region.

Commissioning and Social Work

The over spend of £344,000 is mainly due to the high costs associated with the temporary backfilling of social worker posts through employment agencies to cover vacancies. At the year end there were 5 agency workers being employed in the service.

Schools' Delegated Budgets

School balances reduced from £2.467 million at the end of 2013-14 to £2.410 million at the end of March 2015 (a reduction of £57,000), representing 2.67% of the funding available. Total deficit budgets equate to £735,000 and total surplus budgets equate to £3.145 million.

There are 7 schools (5 primary, 2 secondary) with deficit budgets and 20 schools (13 primary, 5 secondary, 2 special) with balances in excess of the statutory limits (£50,000 primary, £100,000 secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed by the Corporate Director - Education and Transformation, in line with the agreed 'Guidance and procedures on managing surplus school balances'.

Wellbeing Directorate

The Directorate's net budget for 2014-15 was £43.478 million and the actual outturn was £43.259 million resulting in an under spend of £219,000. This is made up of an under spend of £142,000 on Adult Social Care and an under spend of £77,000 on Sport, Play and Active Wellbeing services. The Adult Social Care outturn has reduced by approximately £316,000 compared to the projection at quarter 3 reflecting increased income from residential placements and service user charges and maximisation of grant and other funding. There were specific earmarked reserves set aside to offset some of the costs associated with integrating health and social care, and this is reflected in the outturn position. There was £0.123 million drawn down from earmarked reserves throughout the year for specific pressures.

The most significant variances are detailed below:

| WELLBEING DIRECTORATE | Net Budget | Outturn | Variance Over/(Under) Budget | % Variance |
|----------------------------------------|-------------------|----------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Older People Residential Care | 8,269 | 8,062 | (207) | -2.5% |
| Physical Disabilities Residential Care | 501 | 416 | (85) | -17.0% |
| Learning Disabilities Residential Care | 1,990 | 2,346 | 356 | 17.9% |
| Learning Disabilities Home Care | 4,471 | 4,575 | 104 | 2.3% |
| Mental Health Residential Care | 1,169 | 1,074 | (95) | -8.1% |
| Sports Centres and Swimming Pools | 2,606 | 2,549 | (57) | -2.2% |

Older People Residential Care

During the financial year, expenditure on residential clients has remained fairly constant; however additional income has been generated from service user charges, offset in part by additional staffing cost pressures, such as sickness cover, resulting in a net under spend of £207,000.

More generally the full year effect of the changes in the Fairer Charging policy, as well as the increase in the Fairer Charging cap from £55 to £60 per week and increased demand for domiciliary care, resulted in higher than anticipated income across this client group.

Physical Disabilities Residential Care

The under spend of £85,000 has arisen as a result of a reduction in the number of residential placements during the year. The service overall generated an under spend of £176,000, with staff vacancies in-year contributing to this total.

Learning Disabilities Residential Care

The over spend of £356,000 relates in the main to the delays in implementing the resettlement programme for residents at Bryneithin and Maesglas into independent homes, which has led to delays in securing new accommodation for service users. The service also met the costs of redundancy associated with the restructuring of the service.

Learning Disabilities Home Care

The over spend of £104,000 on home care is as a direct result of the increased number of service users accessing the service, which places additional costs on the service. The directorate continues to work closely with its independent providers to ensure that services provided meet the needs of clients. Provision for this budget pressure has been recognised within the 2015-16 budget.

Mental Health Residential Care

The under spend of £95,000 results from increased contributions from health to client costs, and increased contributions from clients via Fairer Charging. This

additional income offset increased service costs resulting from additional placements.

Sports Centres and Swimming Pools

The service generated an under spend of £57,000 as a result of savings realised in relation to the HALO partnership arrangement and client side efficiencies.

Communities Directorate

The net budget for the Directorate for 2014-15 was £26.686 million and the actual outturn is £26.382 million resulting in an under spend of £304,000. There was £0.531 million from earmarked reserves for specific pressures.

The most significant variances are detailed below:

| COMMUNITIES DIRECTORATE | Net Budget | Outturn | Variance Over/(Under) Budget | % Variance |
|------------------------------------|-------------------|----------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Development | 461 | 328 | (133) | -28.9% |
| Housing and Community Regeneration | 1,379 | 1,209 | (170) | -12.3% |
| Regeneration | 1,887 | 1,814 | (73) | -3.9% |
| Waste Collection and Disposal | 6,500 | 6,687 | 187 | 2.9% |
| Highways and Fleet | 6,536 | 6,814 | 278 | 4.3% |
| Transport and Engineering | 1,048 | 1,067 | 19 | 1.8% |
| Culture | 3,391 | 3,140 | (251) | -7.4% |

Development

There is an under spend of £133,000 on the Development budget. This mainly consists of an increase in planning application fees over and above budgeted income. The Bridgend Local Development Plan (LDP) was adopted in late 2013 and a number of allocated housing sites (including some in Council ownership) have been submitted as major planning applications. In addition plans have been submitted for a number of infrastructure projects including two large solar farms at Court Colman and Caerau and a major extension to the existing Pant-y-Wal wind farm. These applications attract a high fee although some of this income is offset against the need to seek external expert advice.

Housing and Community Regeneration

There is an under spend of £170,000 on the Housing & Community Regeneration service. This comprises an under spend of £70,000 relating to the ongoing improved management of demand for temporary accommodation, with the balance from staff vacancy management. There is a risk that demand for Bed & Breakfast accommodation will increase once the full impact of the Housing Act is felt, so close on-going budget monitoring will be required in 2015-16.

Regeneration

There is an under spend of £73,000 on the Regeneration budget. This is a combination of staff vacancy management and under spends within other budget headings.

Waste Collection and Disposal

The over spend on the Waste budget of £187,000 primarily relates to waste disposal costs resulting from a higher than predicted tonnage of black bag waste presented at the kerbside. This increase in tonnage has also attracted a higher unit charge per tonne for its disposal through the Council's waste treatment partnership with Neath Port Talbot County Borough Council (NPT). The disposal arrangements with NPT are currently under review and it is anticipated that unit rates for the treatment and disposal of the Council's residual black bag waste will reduce from 2016-17, though further budget pressures may be experienced during the current 2015-16 financial year.

Highways and Fleet

The £278,000 over spend on this budget is partly attributable to the repayment of £225,000 of prudential borrowing to generate reduced finance charges which will contribute to the MTFS budget reduction realisation in 2015-16 and beyond. The remaining £51,000 over spend is mainly due to additional expenditure on highways maintenance borne by the directorate, which was partly offset by reduced energy costs on street lighting. This position is unlikely to continue into 2015-16 as energy costs are predicted to steadily increase. To offset the increase, and also to meet the Council's MTFS budget reductions, significant energy savings targets have been set for street lighting energy consumption in the current and future years, to be achieved through a programme of street lighting replacement to LED units, to deliver significant savings on energy usage.

Transport & Engineering

There is an over spend of £19,000 against the Transport & Engineering budget. Part of the over spend has arisen as a result of a number of health and safety issues which have had to be resolved within our car parks and the bus station. In addition there was a shortfall on staff car parking income. Whilst the one off costs in respect of the health and safety issues have now been addressed the directorate will need to address the income target for staff car parking.

Culture

The under spend of £251,000 within cultural services is attributable to the reduction in salary and activity expenditure in advance of the 2015-16 MTFS budget reduction, along with deliberate measures to restrict spend to off-set any potential over spend risk posed by the historical position at Bryngarw House. In the event, the transformation project at Bryngarw House was completed to schedule with a favourable financial outcome. The under spend was also generated from the management of vacancies, in particular within the library service, along with the realisation of additional income across service other areas.

Resources Directorate

The net budget for the Directorate for 2014-15 was £15.144 million and the actual outturn was £14.758 million resulting in an under spend of £386,000. There was £0.822 million from earmarked reserves during the year for specific pressures.

The most significant variances are detailed below:

| RESOURCES DIRECTORATE | Net Budget £'000 | Outturn £'000 | Variance Over/(Under) Budget £'000 | % Variance |
|------------------------------|----------------------------|----------------------|-------------------------------------------------|---------------|
| Financial Services | 3,616 | 3,430 | (186) | -5.1% |
| Human Resources & OD | 4,389 | 4,041 | (348) | -7.9% |
| ICT | 4,096 | 4,163 | 67 | 1.6% |
| Property (Estates) | 1,732 | 1,843 | 111 | 6.4% |
| Property (Built Environment) | 592 | 571 | (21) | -3.5% |

Financial Services

The under spend of £186,000 arises from strict vacancy management and staff restructures linked to 2015-16 budget reductions as well as in year reductions in external and internal audit fees which will contribute to the MTFS in future years.

Human Resources & Organisational Development

The under spend of £348,000 in this service is primarily due to vacancy management to deliver 2015-16 budget reduction requirements as well as anticipated DBS/CRB checks, lower than anticipated learning and development activities and earlier than expected changes from paper to electronic communication techniques.

ICT

The over spend of £67,000 is attributable to the repayment of £353,000 of prudential borrowing as outlined in paragraph 4.1.5, off set by under spends resulting from vacancies held and a team restructure to deliver 2015-16 budget reductions and under spends on ICT Supplies and Services as a result of delivery delays by a supplier.

Property Estates and Built Environment

There is an over spend of £111,000 primarily due to under-recovery of income at the Innovation Centre following the temporary re-location of Legal Services during the refurbishment of the Civic Offices.

Despite a forecast over spend in respect of changes to CIPFA rules on capital charging, the service has achieved an under spend of £21,000 as a result of challenging productivity rates and a full workbook for the whole year in relation to the design functions. As part of the ongoing process of

developing this service model, targets and structures will be reviewed annually.

Legal and Regulatory Services

The net budget for the Directorate for 2014-15 was £6.516 million and the actual outturn was £5.773 million resulting in an under spend of £743,000. There was £0.128 million drawn down from earmarked reserves during the year for specific pressures.

The most significant variances are detailed below:

| LEGAL & REGULATORY SERVICES | Net Budget | Outturn | Variance Over/(Under) Budget | % Variance |
|----------------------------------------|-------------------|----------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Legal Services | 2,184 | 1,890 | (294) | -13.5% |
| Regulatory Services | 1,930 | 1,771 | (159) | -8.2% |
| Partnership Services | 406 | 254 | (152) | -37.4% |

The majority of the under spend has arisen due to strict vacancy management across all services in anticipation of budget reduction savings in 2015-16 and the planned joint regulatory service with Cardiff and the Vale of Glamorgan Councils. A further £40,000 of the under spend relates to the reversal of a provision made in 2013-14 in respect of a complex fraud case, which was not required in full in 2014-15. There was also additional income raised by the registrars and regulatory services of £113,000.

Council Wide Budgets

The net budget for council wide services and budgets was £38.167 million and the actual outturn was £35.176 million, resulting in an under spend of £2.991 million. The most significant variances are detailed below:

| COUNCIL WIDE BUDGETS | Net Budget | Outturn | Variance Over/(Under) Budget | % Variance |
|------------------------------------|-------------------|----------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Building Maintenance / Feasibility | 890 | 674 | (216) | -24.3% |
| Council Tax Reduction Scheme | 13,825 | 12,938 | (887) | -6.4% |
| Insurance Costs | 1,737 | 966 | (771) | -44.4% |
| Other Corporate Budgets | 4,170 | 3,017 | (1,153) | -27.6% |

Building Maintenance/Feasibility

There was an under spend of £216,000 on the corporate budget for feasibility work and minor works, due to slippage in some building works. This funding has therefore been transferred into an earmarked reserve for 2015-16.

Council Tax Reduction Scheme

The under spend of £887,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This a demand led budget which is based on full take up, but actual take up is not known until year end.

Insurance Costs

The under spend of £771,000 on insurance costs is primarily due to £479,000 in fortuitous and unexpected rebates in respect of the Maesteg PFI scheme and lower than anticipated payments made by the Council's claim handlers. The balance is attributable to a reduction in premiums following an in-year assessment of liabilities and is an MTFs budget reduction proposal for 2015-16 and beyond.

Other Corporate Budgets

The under spend of £1.153 million on other corporate budgets has arisen as a result of:

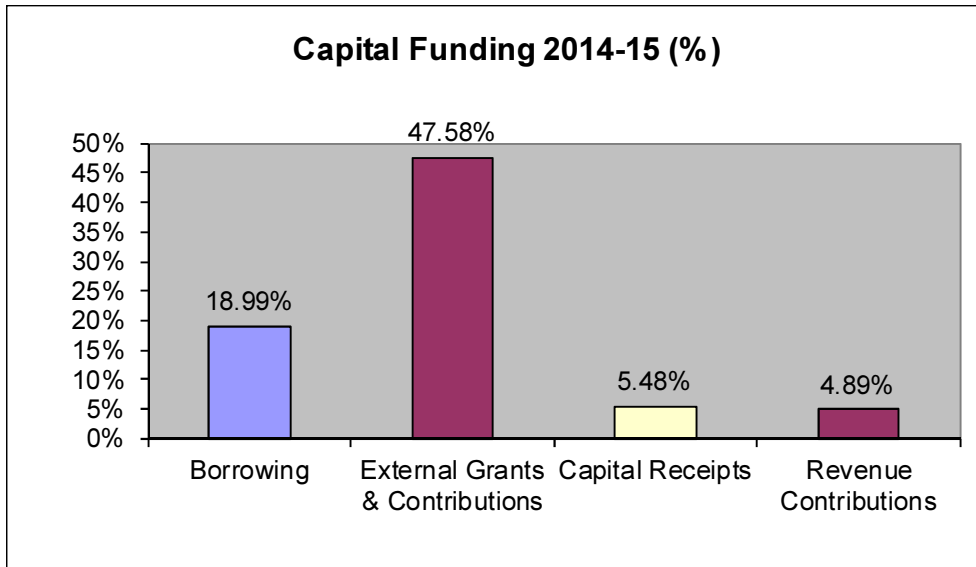
- Less demand from Directorates to meet in year pay and price inflationary pressures such as energy costs and job evaluation;
- Later than anticipated introduction of the removal of employers' national insurance rebate;
- Lower than expected in-year cost of implementing auto enrolment for new entrants. This cost is due to increase incrementally as the Council works towards September 2017 by which time all eligible employees must be enrolled in the Local Government Pension Scheme; and
- A mild winter resulting in no call for contingency funding for winter maintenance.

b) Capital spending in 2014-15

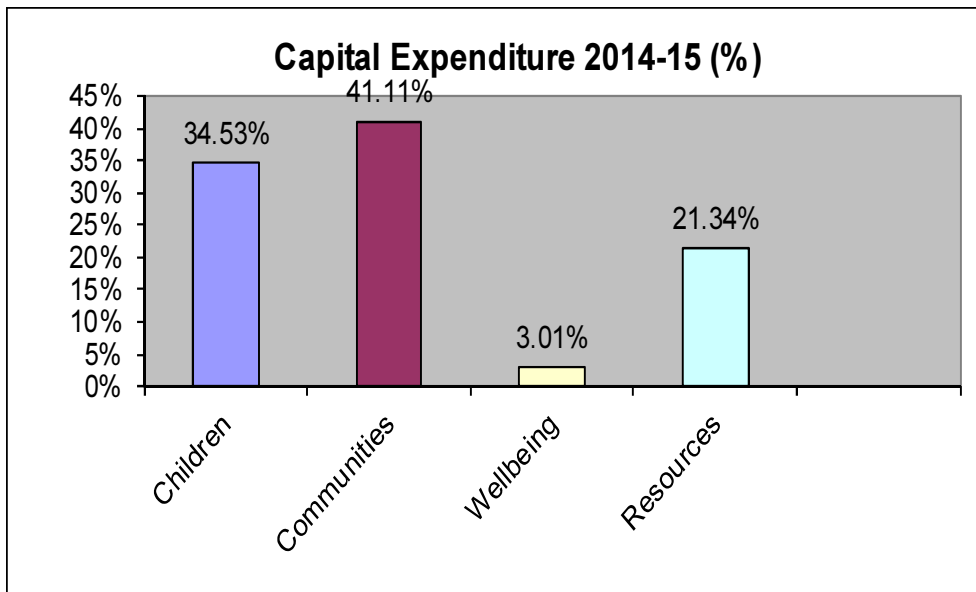
In addition to spending money on providing services on a day to day basis, the Council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. The total capital spending in 2014-15 was £28.230 million. Assets created, improved or work in progress as a result of this spend included:

- Bridgend Market Regeneration
- All Wales Community Care Information System
- Parc Derwen Primary School
- Developments at the former Ogmere Comprehensive School
- Disabled Facility Grants
- Carriage reconstruction and street lighting

Where the money came from.....



What the money has been spent on.....



c) Borrowing arrangements and sources of funds

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to this Code of Practice.

The Council's Treasury Management Practices allow the Council to raise funds from a variety of sources. The Section 151 Officer is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

Each year, in accordance with the Local Government Act 2003, and the Prudential Code, the Council is required to set various limits in relation to its Treasury Management activities including limits for debt:-

The limits set at the start of the financial year were as follows:-

| | 2014-15 £m |
|-------------------------------------------|---------------|
| Authorised limit for external debt | |
| Borrowing | 140 |
| Other long term liabilities | 30 |
| Total | 170 |
| Operational Boundary | |
| Borrowing | 115 |
| Other long term liabilities | 25 |
| Total | 140 |

As can be seen from the Balance Sheet as at 31 March 2015 long term borrowing totalled £ 97.444 million (£97.451 million 2013-14) and long term liabilities totalled £20.847 million (£20.923 million 2013-14) so the Council has operated within the limits set.

3. The Council's reserves

The financial reserves held by the Council as at 31 March 2015 can be summarised as follows:-

| | Opening Balance £'000 | Movement £'000 | Closing Balance £'000 |
|--------------------------------------|-----------------------------|-------------------|-----------------------------|
| Council Fund | 7,395 | 55 | 7,450 |
| Delegated Schools | 2,467 | (57) | 2,410 |
| Maesteg School PFI Equalisation Fund | 3,051 | 356 | 3,407 |
| Earmarked Reserves | 32,381 | 3,256 | 35,637 |
| Total | 45,294 | 3,610 | 48,904 |

The Delegated Schools Balances represent amounts held by schools that are committed to be spent on the Education service and are not available to the Authority for general use. Whilst the majority of schools have surplus balances, some are carrying deficits into 2015-16. As part of the requirements of the Financial Scheme for Schools, schools have been asked to provide reasons for their balances. Reasons can include issues such as falling rolls, negative retrospective adjustments and planned initiatives.

The Maesteg School PFI Equalisation Fund has been set up to meet the future costs of the PFI contract, and as such is not available to the Council for general use.

Further information about earmarked reserves can be found in the note 30b to the main financial statements.

4. Pension Fund Liability

Disclosure information about retirement benefits in the Statement of Accounts is based on International Accounting Standard (IAS) 19. The pension fund liability that is disclosed in the Balance Sheet is the net position taking into account this Council's notional value of the fund assets, and the amount of money that needs to be set aside to meet the pension earned up to 31 March 2015. This deficit will change on an annual basis dependent on the performance of investments, the actuarial assumptions that are made in terms of current pensioners, deferred pensions and current employees, and the contributions made to the fund. The Pension Liability for 2014-15 is £273.010 million (£243.900 million in 2013-14). It is matched on the Balance Sheet with a pension reserve.

The assumptions used to calculate the pension liability are heavily prescribed by the relevant accounting standard (IAS19). However, the Actuary has more autonomy to apply differing, more council specific, assumptions when carrying out a triennial revaluation of the Pension Fund, which is used to determine the employer's contribution rates necessary to cover 100% of the pension fund liabilities. The triennial revaluation is therefore arguably a more accurate indication of the deficit that will be payable in the future, and employer contribution rates are set to cover this deficit. Statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds. Consequently, whilst the Council is required to carry out and disclose the IAS19 based pension fund liability, statutory arrangements, combined with triennial actuarial assessments of employer's liabilities, will ensure that funding will have been set aside by the time the benefits come to be paid.

5. The Main Changes to the Accounts for 2014-15 compared to 2013-14

The Council's accounts for the financial year 2014-15 have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 ('the Code'). This specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents fairly the financial position and transactions of a Local Authority. As identified at the beginning of the Explanatory Foreword, a number of IFRS changes have been considered in the production of the Statement of Accounts for 2014-15. IFRS 10 – Consolidated Financial Statements, IFRS11 Joint Arrangements, and IFRS 12 – Disclosures of Involvement with Other Entities, have all required a review of current arrangements, and has impacted on the way in which the Authority recognises its Schools accounts within the main statements.

6. The Impact of the Current Economic Climate on the Authority

The Council's Medium Term Financial Strategy indicates that a number of budget reductions will be challenging and a number of proposals are dependent on re-engineering and remodelling services. It is important that proposals are progressed as quickly as possible and timescales adhered to. The level of balances held is sufficient to enable the Council to respond to unforeseen eventualities but the council fund balance must be retained at around the current level. Service spending must be controlled within budgets to ensure that the financial position of the Council is not compromised. Whilst

projections of future funding have been made available these are only indicative estimates and the position could change for future years.

The Statement of Responsibilities for The Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Corporate Director – Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Chair of Audit Committee Certificate

Signed :

Date:

Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Section 151 Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bridgend County Borough Council at 31 March 2015 and of its income and expenditure for the year ended 31 March 2015.

Signed :

Section 151 Officer :

Date :

Annual Governance Statement 2014-15**1. Scope of Responsibility**

- 1.1 Bridgend County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 1.3 In discharging its overall responsibilities, the Council is also responsible for ensuring that it has proper arrangements for the governance of its affairs and a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance which is consistent with the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to avoid inappropriate use or loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and to manage their impact.
- 2.3 The following paragraphs summarise the governance framework and the system of internal control, which has been in place within the Council for the year ended 31 March 2015. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance. This was updated during 2014-15 and approved by Audit Committee in June 2014.

3. The Governance Framework

- 3.1 The six principles of corporate governance that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in *italics*) are as follows:

- Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First; Achieving Value for Money*).
- Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovative Delivery*);
- Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
- Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*).

3.2 The Council has followed these principles and has identified the following points whilst gathering evidence to gain assurance that governance within the Council is robust.

4. Principle 1 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area (*Putting the Citizen First; Achieving Value for Money*).

4.1 The Council's published Corporate Plan 2013-2017 included Improvement Priorities which are aligned with the key outcomes of the Local Service Board's 'Bridgend County Together' Single Integrated Partnership Plan. This ensures that the Council is able to deliver on the commitments made with partner organisations. The Plan also takes into account a number of factors including service demands, legislative requirements, citizens' needs, resource availability, the priorities of partner organisations, together with the expectations of the Welsh Government and regulatory bodies.

4.2 The Plan includes the following six improvement priorities:

- Working together to develop the local economy;
- Working together to raise ambitions and drive up educational achievement;
- Working with children and families to tackle problems early;
- Working together to help vulnerable people to stay independent;
- Working together to tackle health issues and encourage healthy lifestyles;
- Working together to make the best use of our resources.

4.3 These improvement priorities must be reviewed on an annual basis and this work gives direction for Directorate Business Plans. Arrangements are in place for progress against the improvement priorities to be reviewed on a quarterly basis. The Corporate Plan has identified a number of outcome-focused 'success indicators', some of which are benchmarking measures. All of the indicators included in the Plan are aimed at measuring the success of our joined up working with citizens and partners.

4.4 The Council approved a Medium Term Financial Strategy (MTFS) for the period 2015-16 to 2018-19. This provides an integrated planning and financial framework for the next four years and includes the detailed budget strategy for the next financial year. The annual revenue budget and forward financial planning together with the capital programme enables the Council to align its financial resources with

its priorities. Quarterly budget monitoring reports are submitted to Cabinet and to Scrutiny Committees, with the Corporate Resources and Improvement Scrutiny Committee nominated as the lead Scrutiny Committee.

4.5 There are a range of projects, linked to programmes, in progress to ensure that the improvement priorities are achieved. The corporate Programme Management Board (PMB) is overseeing a number of major initiatives under its Change Management Programme including:

- School modernisation programme;
- Integrating Health and Social Care;
- Town centre regeneration projects;
- Accommodation Strategy;
- Implementing the Inclusion Strategy;
- Residential Care remodelling;
- Domiciliary Care services remodelling;
- Schools ICT strategy;
- Strategic Collaboration projects;
- Key budget reduction proposals linked to strategic change.

4.6 The Auditor General's Annual Improvement Report on the Council was received in May 2014. The Report recognised that the Council had made good progress in delivering improvement in most of its priority areas and recognised the need to accelerate improvements in education. Also, the Council had established a culture of self-evaluation which has resulted in a fair and balanced account of its performance although there were some areas for improvement. Finally, despite significant financial challenges, the Report recognised that the Council has sound plans for improvement. The Auditor General arrived at his views by:-

- reviewing the Council's own self assessment on what progress it considers it has made since the Auditor General published his last Annual Improvement Report on the Council early in 2013;
- assessing contributions from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (the CSSIW) and the Welsh Language Commissioner.

4.7 The Auditor General carried out an audit of the Council's Improvement Plan for 2014-15 and certified in June 2014 that the Council discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in the Measure and statutory guidance.

4.8 The Auditor General also audited the Council's assessment of its performance in 2013-14 in accordance with the Measure and his Code of Audit Practice and certified in November 2014 that the Council discharged its duties under pertinent sections of the Measure and acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

4.9 Activity that demonstrates commitment to Principle 1 - "**Putting the Citizen First**", included:

- Ongoing use made of the Citizens' Panel and extensive public engagement activity undertaken within areas such as Regeneration, and linked with Local Service Board priorities;
- Delivery of the Local Service Board's Citizen Engagement Strategy;

- Customer contact centre as focal point for customer engagement;
- Consultation activity with customers – e.g. consultation on corporate improvement priorities, development of “Ask Bridgend”.

5. Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles (*Knowing Who does What and Why*).

5.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It operates a Leader and Cabinet system within which:-

- The Council sets the overall budget and appoints the Leader of Council;
- The Leader appoints members of the Cabinet and may announce the Deputy Leader and the portfolio of Cabinet Members;
- Audit Committee has a clearly defined function providing an independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council’s financial and non-financial performance to the extent that it affects the Council’s exposure to risk and weakens the control environment, and to oversee the financial reporting process;
- Scrutiny Committees advise on policy formulation and hold the Cabinet to account in relation to specific matters. They may also review areas of activity which are not the responsibility of the Cabinet or matters of wider local concern;
- Regulatory Committees (e.g. Licencing, Development Control) are in place to determine matters as defined within the Council’s Constitution;
- The Cabinet makes decisions within this framework but some decisions are delegated to individuals in the Cabinet, committees of the Cabinet or officers;
- Clear arrangements are in place to record decisions made by Cabinet Members and officers under delegated powers.

5.2 There is a Standards Committee to promote and maintain high standards of conduct by Town and Community Councillors and County Borough Councillors, co-opted members and Church and Parent Governor Representatives.

5.3 The Constitution is at the heart of the Council’s business and assigns responsibility within the Council. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.

5.4 The Constitution is a comprehensive document that is kept under continual review by the Monitoring Officer. It provides a point of reference for individuals and organisations both inside and outside the Council. Its Rules of Procedure govern the overall framework within which the Council operates. Procedural rules and codes of conduct outline how the Constitution will be put into effect. Whilst the Constitution is required by statute its content is not fully prescribed. The Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Assistant Chief Executive – Legal and Regulatory

Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.

- 5.5 All Committees have clear terms of reference that set out their roles and responsibilities and work programmes. These are reviewed by the committee during the year and updated as required. The Audit Committee provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.
- 5.6 The Council's Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Corporate Management Board.
- 5.7 All staff, including senior management, have clear terms and conditions of employment and job descriptions which set out their roles and responsibilities. Terms and conditions of employment are monitored by the Human Resources Department.
- 5.8 The Corporate Director - Resources is the Section 151 Officer appointed under the 1972 Local Government Act and carries overall responsibility for ensuring that the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The corporate finance function provides a range of support to departments and determines the budget preparation and financial monitoring process.
- 5.9 The Corporate Director – Wellbeing is statutory Director for Social Services, as defined by the Local Authority Social Services Act 1970, which outlines the 6 core responsibilities across all the Social Services functions, including ensuring that the Authority has proper safeguards to protect vulnerable children and adults.
- 5.10 Similarly, the Corporate Director – Education and Performance, has been identified as the Chief Education Officer, as prescribed by the Education Act 1996.
- 5.11 The Monitoring Officer carries overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters.
- 5.12 In December 2014, Council approved the realignment of responsibilities for the line management of the Safeguarding Children Teams under the Director of Wellbeing who therefore became the Director of Social Services and Wellbeing. This means that the social care functions for children and adults are now located within the same directorate of Bridgend County Borough Council. The increased responsibilities of the Social Care and Wellbeing Act places a greater emphasis on local authorities considering children and adults at risk more holistically and the new arrangement will support this and will be key to the successful delivery of a number of objectives including the sustained reduction in the number of looked after children.
- 5.13 The revised Performance Management Framework was launched in December 2013 and adopted by Cabinet in June 2014. This documents Council processes and procedures and the roles and responsibilities of managers within the process. It includes expectations around the style and behaviour of managers to support the further evolution of a strong culture of self-assessment. During 2014-15, the Council introduced CMB challenge on Performance Management, which complements the Corporate Performance Assessment (CPA). This structured challenge focuses on a wide range of issues as well as Performance Indicators. The introduction of a

bespoke Performance Management system provides timely, consistent management information for managing service improvement and decision making.

6. Principle 3 - Promoting Values for the Council and Demonstrating the Values of Good Governance through upholding High Standards of Conduct and Behaviour (*Living Public Service Values*).

6.1 The Council's core values encapsulated in the acronym FACE demonstrate the Council's commitment to the Public Service values. It stands for 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) and Efficient (delivering services that are value for money).

6.2 The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be made. There is also a gifts and hospitality register.

6.3 The Council takes fraud, corruption and maladministration very seriously and has the following policies, which aim to prevent or deal with such occurrences;

- Anti-Fraud and Bribery Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- HR policies regarding the disciplining of staff involved in such incidents
- Corporate Complaints Policy

The first three policies above were reviewed, updated and approved by Cabinet during 2014-15.

6.4 Conduct of Members is monitored by the Public Services Ombudsman for Wales. The Council's Standards Committee also considers any reports submitted by the Ombudsman and the Monitoring Officer and any representations received relating to alleged breaches of the Code of Conduct.

6.5 A corporate complaints policy is in place for the Council to receive and investigate complaints made against it and this is overseen by the Monitoring Officer.

6.6 The Audit Committee helps raise the profile of internal control and risk management within the Council. This enhances public trust and confidence in the financial governance of the Council.

6.7 The Council has a 'Bridgend County Borough Council, social media and you' protocol which is available on the website. The aim of this is to be clear about how the Council will engage with users and manage expectations.

7. Principle 4 - Taking Informed and Transparent Decisions which are subject to effective scrutiny and Managing Risk (*Fostering Innovative Delivery*).

7.1 The Council's Constitution sets out how the Council operates and the process for policy and decision-making. Within this framework, key decisions are made by the Cabinet. All Cabinet meetings are open to the public (except on the limited occasions where items are exempt or confidential).

- 7.2 All decisions made by the Cabinet are taken on the basis of written reports, including assessments of the legal, financial, and equalities implications. Consultation (including with ward members when appropriate) is a routine part of the process.
- 7.3 The decision-making process is monitored by five Overview and Scrutiny Committees, which support the work of the Council as a whole. The Council's Constitution provides for the Chairs of these committees to be appointed based on the political balance of the elected members that form the Council. The members of a Scrutiny Committee can "call in" a decision that has been made by the Cabinet but not yet implemented. They may recommend that the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and on the development of policy.
- 7.4 Other decisions are made by Cabinet Members individually or by officers under delegated powers. The authority to make day-to-day operational decisions is detailed within the Schemes of Delegation.
- 7.5 Policies and procedures that assist the governance of Council's operations include Financial Procedure Rules (FPRs); Contract Procedure Rules (CPRs) and the Risk Management Policy. All managers have responsibility to ensure compliance with these policies.
- 7.6 The Council's Performance Management Framework describes the 'Golden Thread' for planning which links the Council's vision of "Working together to improve lives" through services delivered at the frontline of the Council and how external factors influence the vision. The external factors include national priorities from both Welsh and UK Government and local priorities from Citizens, Partners, Elected Members and the Local Service Board via the Single Integrated Partnership Plan (SIPP) entitled 'Bridgend County Together'. The Council's Corporate Plan is aligned to the key outcomes of the SIPP. The vision and priorities that are set out in the Corporate Plan have a direct relationship with directorate business plans, service delivery plans, group delivery plans and the individuals' objectives within staff appraisals.
- 7.7 Corporate Performance Assessment (CPA) is undertaken on a quarterly basis and is attended by Cabinet Members, Corporate Management Board, and Heads of Service and is supported by the Corporate Improvement and Finance teams. The purpose of the CPA is as follows:
- Obtain a holistic view of the Council's performance;
 - Identify and explore cross-cutting issues;
 - Critically challenge areas of poor performance; and
 - Identify service improvement opportunities, risks to delivery and resource implications.
- 7.8 Specifically, the CPA monitors:
- The overall financial position;
 - The Council's improvement priorities as defined by the Corporate Plan;
 - Agreed key indicators/measures and service actions that are linked to directorate priorities as defined by the Corporate Plan;
 - The budget allocated to delivering improvement priorities; and
 - Corporate risks.

When necessary, the CPA may also, by way of exception, monitor progress against relevant Outcome Agreements and other national and collaborative initiatives.

- 7.9 The Council has developed a robust approach to the management of risk and the risk management policy is aligned with Directorate Business Plans and the Council’s performance management framework. All risks identified are assessed against the corporate criteria.
- 7.10 Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled in the Corporate Risk Register. Most major risks are managed within one of the key strategic programmes. CMB regularly reviews the risk register and actions being taken to mitigate the risks. The Corporate Risk Register is also presented to Audit Committee for review.

The main risks facing the Council that were identified during 2014-15 included:

| Risk Description | Potential Impact |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Welfare Reform Bill | Changes being made by the UK Government to benefit entitlements mean that demands on some services are likely to increase as the Council's resource base reduces. |
| Impact of the recession and using resources effectively | Pressure will be placed on council services which support local businesses and employment. Any shortfall in identified savings may result in the need to make unplanned cuts to services which puts vulnerable people at risk. Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary. |
| Supporting vulnerable people, children and young people | Failure to remodel services to reflect demographic changes will restrict the council's ability to respond to assessed needs and may result in inefficient services. The wellbeing and safety of children might be compromised. |
| School Modernisation | Insufficient progress may have a negative impact on pupils' learning and wellbeing. |
| Improving educational attainment | Potentially fewer quality learning opportunities for students resulting in poorer educational attainment. |
| Disposing of Waste | Failure to achieve recycling/composting targets could result in inefficient use of resources with waste going to landfill sites and penalties against the Council. |
| Collaboration with Partners | If the council does not undertake collaboration projects where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services. |

| | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintaining the infrastructure | A poor highways network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on the economy and reduced quality of life for citizens. |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- 7.11 During the latter half of the financial year, the potential for Local Government Reorganisation was identified and this was incorporated into the Risk Register within the MTFs that Council received in February 2015. The costs of Local Government Reorganisation are unknown, but will be high. These costs have not been factored into the 2015-16 to 2018-19 MTFs. There is also a risk because greater demands will be placed on senior management as they plan for Local Government Reorganisation, whilst bringing about the transformative change required to deliver services within reduced budgets. In June 2015, the Public Services Minister, Leighton Andrews, announced his vision for the future of local councils which included the potential of Bridgend CBC merging with Rhondda-Cynon Taf CBC and Merthyr Tydfil CBC. It is anticipated that a draft 'Mergers and Reform' Bill will be published for consultation in the autumn 2015. There are also other risks associated with three workforces and sets of financial arrangements being brought together necessitating harmonisation of pay and conditions and council tax.

- 7.12 The Council's approach to Risk Management ensures that key risks are considered when determining Council priorities, targets and objectives. These are incorporated in Directorates' Business Plans.

- 7.13 The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. In particular, the Financial Procedure Rules and Contract Procedure Rules and the scheme of delegation provide the framework for financial control. The Corporate Director - Resources has responsibility for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration. As part of its performance management framework, the Council links the strategic planning process with the budget process and ensures alignment between them, facilitating the allocation of resources to corporate priorities. Chief Officers are responsible for financial management within their respective services. Monthly financial monitoring is undertaken by CMB and quarterly reports are produced for Cabinet and Scrutiny Committees. This work informs the production of the statutory annual Statement of Accounts.

- 7.14 The Council is committed to demonstrating due regard to the Equality Act 2010. It published its Strategic Equality Plan 2012-16 in April 2012. This is not just a council plan and has been developed with partners. It seeks to ensure that Bridgend County Borough is a fair and welcoming place to be. The plan has been written based on what is known about our services and on the views and needs of Bridgend citizens and the people who use services. There was an Annual Report 2013-14 on the Strategic Equality Plan which went to Cabinet in March 2015. The report reviewed and reflected on previous work and outlines progress made by the Council on each of its equality objectives and themes. Heads of Service and Senior Service Managers are responsible for ensuring the actions in the Strategic Equality Action Plan are achieved. Quarterly updates are provided to the Bridgend Equality Forum, membership of which includes a number of third sector groups and organisations as well as a number of key local service providers. All committee reports include an equality impact assessment.

8. Principle 5 - Developing the Capacity and Capability of Members and Officers to be Effective (*Being a Learning Organisation*).

- 8.1 The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities. New members and staff are provided with an induction to familiarise them with protocols, procedures, values and aims of the Council.
- 8.2 There is an Elected Member Learning & Development Strategy 2012-17, which provides a framework for supporting elected members in the roles that they are required to undertake both within, and outside, the Council. The Strategy assists members to develop and strengthen their ability to be confident and effective political and community leaders.
- 8.3 The Council's Staff Appraisal System enables individuals to understand how they contribute to achieving the aims of the Council. The process recognises that most actions are delivered by individuals working in teams to achieve set priorities. All staff appraisals are completed during the first quarter of the financial year to ensure that targets can be linked to service priorities reflected in annual business plans. There is also a Six Month Review form which identifies progress on targets or any additional targets that need to be included. The Appraisal system is an important part of the Council's Performance Management Framework. The percentages of completed appraisals are reported to the Corporate Performance Assessment (CPA) forum.
- 8.4 The Member Development Programme is regularly reviewed by the Democratic Services Committee to ensure that any training activities are appropriate, relevant and timely.
- 8.5 In 2014-15 a cross party group of 13 Elected Members participated in an in-house Leadership academy co-ordinated by the Welsh Local Government Agency (WLGA) consisting of 3 modules including Leading through relationships, Leading Innovation and Change and Community Leadership. There were also 5 other senior Elected Members who attended the All Wales Leadership Academy which supported the personal development of these Members and promoted collaborative working across Wales.
- 8.6 The Council maintains a set of management standards that seek to promote High Performing Behaviours. These are built around the 'FACE' core values and underpin the Leadership and Management Development training that is provided.

9. Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability (*Engaging with Others*);

- 9.1 The Council is committed to understanding and learning from the views of the public. Consultation processes enable views of stakeholders to inform policies and service delivery. The Council's planning and decision-making processes are designed to include consultation with stakeholders. The Council's Citizen Engagement Strategy will provide a framework for engagement activities, which are undertaken by the Council and will support work being done in this area by the Local Service Board.

- 9.2 Arrangements for consultation and for gauging local views are extensive; significant activity, such as strategic needs assessment, is undertaken by the Local Services Board. Elected members offer surgeries, or equivalent means of providing assistance, for their constituents.
- 9.3 The Council has a Citizens' Panel made up of people aged 16 and upwards from across the county borough. Its panel members agree to take part in three or four surveys a year about a range of issues relating to council services and policies. Previously, members of the Citizens' Panel have given their views on a range of topics including street cleanliness, customer service and the local housing strategy. This has helped the Council to understand residents' opinions about the services the Council provides and to help improve things in the future.
- 9.4 During 2014-15, the Council consulted on a wide range of issues including the following (this list is not exhaustive):
- Budget Review 2015;
 - Learner Travel Review;
 - Nursery Education Policy;
 - Local Transport Plan;
 - Various schools proposals.

The Budget Review 2015 included six community engagement workshops throughout the county borough, an on-line survey and access to a budget simulator which captured the views of the public on how to achieve the budget savings necessary for the financial year 2015-16

The Council is also using social media to promote various aspects of the Council and its services and enables feedback from the public.

- 9.5 The Council operates a corporate complaints procedure and uses this to identify areas where service quality is not satisfactory, and to take action to improve. Complaints can be made electronically or in writing and the Council has set target times for responding to all complaints received to ensure accountability.
- 9.6 All Council meetings are open to the public except where personal or confidential matters are discussed. All public agendas, reports and minutes are available on the Council's website.
- 9.7 The Local Service Board (LSB) brings together representatives from organisations across a range of service areas in Bridgend to work together to improve the quality of life for people living and working in Bridgend. Current members of the LSB are:
- Abertawe Bro Morgannwg University Health Board
 - Bridgend Association of Voluntary Organisations
 - Bridgend Business Forum
 - Bridgend College
 - Bridgend County Borough Council
 - Natural Resources Wales
 - South Wales Fire and Rescue Service
 - South Wales Police
 - Valleys to Coast Housing Association
 - Wales Probation
 - Welsh Government

9.8 In 2014, the LSB undertook a comprehensive review of its priorities and its approach to delivering those priorities, taking into consideration a series of factors, including diminishing resources faced by partner organisations. As a result, the LSB now focuses on a smaller number of priorities that require really partnership working, with those priorities being delivered through flagship projects. As part of the review, the LSB also restructured its constituent boards by abolishing both the People's Board and Communities' Board and reducing the Programme Boards to five:

- Wealthy Programme Board
- Healthy Programme Board
- Wise Programme Board
- Place Programme Board
- Community Safety Partnership

The new structure is aligned with the population outcomes of the Single Integrated partnership Plan and supported by a reformed Neighbourhood Network (NHN), which focuses on local priorities and takes forward local projects underpinned by local information, citizen engagement, co-production, and investment in local infrastructure.

9.9 In the development of the Medium Term Financial Strategy 2015-16 to 2018-19, Council agreed that future collaborative efforts should focus on projects which have the potential to generate the greatest benefit, make a clear contribution to the Council's corporate priorities and result in a clear service benefit.

10. Review of Effectiveness

10.1 The Council has responsibility for annually reviewing the effectiveness of its governance framework, including the system of internal control and the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This is informed by the work of Internal Audit and chief officers within the Council who have responsibility for the development and maintenance of the internal control environment. The Council also draws assurance on its governance arrangements from independent sources and in particular Internal Audit, External Audit and other external regulators.

10.2 The following elements are key to the Council in monitoring and reviewing its governance:

- The Constitution, which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also includes the Codes of Conduct for both members and employees.
- The Cabinet (as Executive) who are responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The Scrutiny function which holds the Cabinet to account. The Corporate Resources and Improvement Scrutiny Committee is responsible for

maintaining an overview of financial performance including value for money. The Partnerships and Governance Overview and Scrutiny Committee maintain an overview of cross-cutting matters. In the Committee's Terms of Reference it has a responsibility "to consider the Council's policies and strategies in relation to collaborative and partnership working arrangements". The Committee will liaise with other Scrutiny Committees who will be responsible for scrutinising collaboration projects within their remit to ensure work programmes are co-ordinated.

- The Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of Internal Audit and receiving reports from the Council's external auditors. The Committee met regularly throughout the year and provided independent assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters.

10.3 Additional requirements of the Local Government (Wales) Measure 2011 have included:

- the election of the Chairperson of the Audit Committee by the Audit Committee itself rather than by an appointment by Council;
- the requirement that Audit Committee must have at least one lay-member, a professional representative with no connections to the Authority that is able to assist in the role of the Audit Committee. The number of lay-members required to support the committee is being kept under review;
- the appointment of a Head of Democratic Services.

10.4 Training has been provided to ensure that all members (including the Lay-Member) have the opportunity to gain a comprehensive understanding of their role. In March 2015, the Audit Committee received training on the Treasury Management to assist them in scrutinising the Annual Treasury Management Strategy of the Council. Also, it was noted by the Estyn Inspection that training provided to elected members to increase their understanding and ability to interrogate data to enable them to challenge the performance of the Children's Directorate and schools was well received.

10.5 This is being further enhanced with the use of role descriptions for all committee Member and Chairpersons including the Audit Committee. These are based on the WLGA model role descriptions and have been adapted to reflect the specific roles undertaken in the Council. The role descriptions also form part of Personal Development Review Process which enable members to better understand their role, reflect on how they have undertaken their duties in the previous year and identify any further support or training that they require to effectively carry out their duties. This will increase the ability of Audit Committee members to analyse, monitor and challenge the effective performance of the Council.

10.6 The Cabinet and Scrutiny Committee functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Scrutiny Committees establish Research and Evaluation panels (such as that set up to review budget options); they undertake reviews of specific areas of Council operations and make recommendations to Cabinet for improvement. The Budget Research & Evaluation Panel was commended in June 2014 by the Wales

Audit Office and the Centre for Public Scrutiny as an example of best practice at the Scrutiny in the Spotlight Event

- 10.7 Internal Audit undertakes a continuous audit of Council services, which are assessed and prioritised according to relative risk. This risk assessment draws upon the corporate and service risks identified as part of the Service planning process. During 2014-15, in carrying out its duties, Internal Audit has been working to the Public Sector Internal Audit Standards (PSIAS). The PSIAS is applicable to all areas of the United Kingdom public sector and is based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework. The Head of Audit undertook a self-assessment to demonstrate the extent to which the Internal Audit Shared Service complied with the PSIAS and to identify areas where further work was required to demonstrate compliance. This was reported to Audit Committee in April 2015. The review showed that the Internal Audit Shared Service is fully compliant with all relevant parts of the Standards. However, in relation to Standard 1312 'External Assessment' the two negative answers can only be addressed once the Internal Audit Shared Service has agreed a timetable for being assessed externally. An external assessment needs to be carried out before the end of March 2018.
- 10.8 Internal Audit also provides independent and objective assurance. A programme of reviews is completed in accordance with the Annual Audit Plan which enables the Chief Internal Auditor to provide an opinion on the internal control, risk management and governance arrangements. In addition, Internal Audit undertakes fraud investigation and is proactive in fraud detection work. This includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Audit Committee and Cabinet as appropriate.
- 10.9 As part of the normal audit reporting process, recommendations are made and agreed with the relevant chief officers to address any issues that could impact upon the system of internal control. Furthermore, the S151 Officer provides regular updates and an annual report to the Audit Committee summarising any significant internal control issues.
- 10.10 In 2014-15, the Council's financial management arrangements were found to be conforming to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 10.11 The Council is subject to an annual programme of independent external audits and statutory inspections which report on the Council's governance, performance and accounting arrangements. The Wales Audit Office's Annual Audit Letter summarises the key issues arising from the work that the Council's external auditors carried out. The Annual Audit Letter for 2013-14 confirmed that the appointed auditor issued an unqualified audit opinion on the accounting statements for 2013-14 and was satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Letter confirmed that there were not any other matters specifically required by auditing standards to be communicated to those charged with governance.
- 10.12 The Wales Audit Office issued the following reports to Audit Committee, one on the Audit of the Financial Statements Report 2013-14 in September 2014 and one on the Certification of Grants and Returns 2013-14 in March 2015. The first report did not identify any material weaknesses in the Council's internal controls. The second report concluded that the Council had generally good arrangements in place for the

production and submission of its 2013-14 grant claims. Improvements were noted from 2012-13 but it did highlight some scope for further improvement which are being followed up by management. One recommendation related to discretionary relief awards, management have now undertaken a full review of all discretionary rate reliefs during 2014-15 and a number have been cancelled as a result.

- 10.13 During the period March to May 2014, the Wales Audit Office completed a review of the assurance and accountability arrangements of the Council for ensuring that safeguarding of Children policies and procedures are in place and are being adhered to. This reviewed examined how the Council discharged its safeguarding responsibilities at all levels including Cabinet, Senior Management Team, Scrutiny and individual officers. The review found that the governance, accountability and management arrangements for overseeing whether the Council is meeting its safeguarding responsibilities to children are adequate but some improvements could be made. It recommended that a Corporate Safeguarding Policy be developed. This was taken onboard and Cabinet approved the Policy in February 2015. One other proposal for improvement was to identify and agree an appropriate internal audit programme of work for safeguarding. The Internal Audit Plan 2015-16 allocated 20 days for Safeguarding which will also incorporate an assessment of the Council's overall operating model for safeguarding.
- 10.14 The Auditor General's letters on the Improvement Assessment of the Council have stated that the Council has discharged its improvement reporting duties under the Local Government (Wales) Measure 2009 and has acted in accordance with Welsh Government guidance and "the Council has discharged its duties to prepare and publish an improvement Plan in accordance with statutory requirements".
- 10.15 The Public Services Ombudsman for Wales reports on each council in Wales the number of complaints received and investigated. In July 2014, the Council received its Annual Letter for 2013-14. The letter noted an increase in the number of complaints received, 39 in 2013-14 compared to 24 in 2012-13. The comparative figure for the local authority average was 40 for 2013-14 (36 for 2012-13). Only 1 complaint was investigated by the Ombudsman which was the same as 2013-14. The increases in the number of complaints received relate to 'Children Social Services' and 'Planning and Building Control'. The Ombudsman did not find it necessary to issue any 'upheld' reports against the Council during 2013-14.
- 10.16 The Care and Social Services Inspectorate Wales (CSSIW) Annual Review for Bridgend 2013-14 concluded that the Council has continued to work towards its change agenda and the development of new models of service delivery, in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014. The review identified the appointment of two new Corporate Directors for Wellbeing and Children and how they take a strong lead in supporting the service by providing oversight of strategic delivery and operational components of the service. It recognised that the Wellbeing Business Plan covers the new way of working with greater integrated working with health and the third sector. It also recognised that the Council has mechanisms in place for identifying and addressing gaps in performance. A number of specific areas for improvement have been identified within the report and the Council's progress towards these will be discussed during regular engagement meetings and site visits during 2015-16.
- 10.17 In October 2012, Estyn Inspection carried out a major inspection of the quality of education services for children and young people in Bridgend. The Report was published in February 2013 and even though it identified that the Council had more strengths than areas for improvement, it still concluded that the Council fell into the

category of follow-up activity and will require an Estyn monitoring visit. A Post Inspection Action Plan (PIAP) was developed following discussions with officers, elected members and the Central South Consortium and this was signed off by Estyn in July 2013. Progress against the PIAP was monitored closely by Estyn and there were follow up visits in March and December 2014. In December, Estyn Inspectors revisited to undertake a full re-inspection which consisted of discussions with elected members, head teachers and governors, senior officers and a range of other staff. The team scrutinised documentation including evidence on the progress made against each of the recommendations since the 2012 inspection. Estyn concluded that the Council "is judged to have made sufficient progress in relation to the recommendations following the inspection of October 2012. As a result, Her Majesty's Chief Inspector of Education and Training in Wales considers that the authority is no longer in need of Estyn monitoring and is removing it from further follow-up activity".

- 10.18 The previous Annual Governance Statement 2013-14 that was presented to Audit Committee in June 2014 identified the governance risk of the retirement of the deputy Section 151 officer in July 2014 at the same time that the Section 151 Officer was unable to perform her duties. The Chief Executive addressed this with interim arrangements being put in place to cover the statutory role in the short term and the Council was able to appoint a new Head of Finance and ICT who took up his post in September 2014. The Corporate Director Resources also returned to perform her duties in September 2014.

11. Significant Governance Issues

- 11.1 The Annual Governance Statement 2013-14 was reviewed and an update was provided to Audit Committee in November 2014. This reported that the governance issue surrounding the requirement to review and update the Code of Corporate Governance had been addressed with Audit Committee approving the revised Code of Governance in July 2014.
- 11.2 As mentioned above, one of the significant governance issues in 2013-14 related to the Estyn Report on the quality of local authority education services for children and young people. However, the confirmation in January 2015 that the Council is no longer in need of Estyn monitoring means that this governance issue can be removed from the updated Action Plan.
- 11.3 As reported to Audit Committee in November 2014, Directorates undertook a series of reviews of third sector organisations over the summer, to determine the extent to which the services they provide meet corporate priorities and are providing value for money. This was as a result of a WAO review of Council's arrangements for ensuring value for money from its working with the Third Sector which identified a specific governance issue around the Council's need to develop a clear strategy of how it will work with the third sector to deliver its priorities. A Report was taken to the Community Safety and Governance Overview and Scrutiny Committee in March 2015. The budget reductions currently identified fall short of the budget savings of £150,000 for 2015-16 and 2016-17 built into the MTFS. The Council is working with those organisations to identify ways of managing the reductions to minimize impact on front line services. A number of payments to the Third Sector are for services provided on behalf of the Council, rather than general grant funding. If the Council were to cease this payment, depending on the statutory nature of the provision, the Council may have to provide this service itself, and this could be at a higher cost. The project has now been brought under the Director of Education and

Transformation as part of the overall Transformation Programme. It is the intention for the project to be reviewed and a revised business plan presented to PMB in the first instance.

- 11.4 The Annual Governance Statement 2013-14 highlighted the significant financial challenge facing the Council in terms of delivering a savings target of the £36m savings identified in the Medium Term Financial Strategy (MTFS) 2014-15 to 2017-18. In July 2014, the MTFS was updated following further analysis of assumptions to increase the estimated budget reductions to £50m over the period to 2018-19.
- 11.5 The implementation of the MTFS 2014-15 to 2017-18 has been led by Cabinet and the Corporate Management Board. This has now been rolled forward a year to cover the period 2016-17 to 2019-20 taking account of auditors' views and any issues which need to be addressed from 2014-15, together with a continued desire to embed a culture of medium term financial planning closely aligned with corporate planning. Implementation of the strategy will be led by Cabinet and Corporate Management Board underpinned by financial and performance data. The Council will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners). There will also be a role for the Budget Research and Evaluation Panel (BREP) which will work on an on-going basis, in an advisory capacity, with Cabinet and officers.
- 11.6 The Annual Internal Audit Opinion was reported to the Audit Committee in June 2015, for the period April 2014 to March 2015. It stated that based on the work undertaken and taking into account all available evidence "the adequacy and effectiveness of internal control at Bridgend CBC is reasonable". Although reasonable assurance demonstrates good control across the board, the Opinion states that "it is important that control weaknesses in systems where the assurance level has been rated as Limited or No Assurance are dealt with and given priority by management". During 2014-15, there were 9 reviews which limited assurance was given and 1 where no assurance could be given. This related to the Section 117 Process within the Wellbeing Directorate. The significant control issues identified have tended to relate to specific service areas rather than a general breakdown in controls. The relevant managers have agreed to implement the recommendations made within the reports. Internal Audit has already revisited the area with no assurance and 4 with limited assurance with a plan to revisit the remaining areas shortly.

12. Certification of Annual Governance Statement

Steps to address and mitigate the matters referred to in section 11 above will be taken to further enhance our governance arrangements.

Signed:

Section 151 Officer.....Date.....

Chief Executive Officer.....Date.....

Leader of the Council.....Date.....

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2014-15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005 in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2014-15 and the *Service Reporting Code of Practice* 2014-15 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Provisions, Contingent Liabilities and Contingent AssetsProvisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

4. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, employee and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

5. Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grant / contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

6. Employee benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in the Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes. Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

- The *Teachers' Pension Scheme*, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.
- The *Local Government Pension Scheme - Other Employees* are members of the Rhondda Cynon Taf County Borough Council Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:-

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:-
 - i. Quoted securities – current bid price
 - ii. Unquoted securities – professional estimate
 - iii. Property – market value
- The change in the net pensions liability is analysed into the following components:-
 - iv. Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - v. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - vi. Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - vii. Remeasurements comprising:-
- The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and expenditure
 - viii. Contributions to the pension fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners

any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue and Customs and all VAT paid is recoverable from them.

8. Overheads and support services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014-15 (SeRCOP)*. For 2014-15, most support service costs have been apportioned by a variety of methods. The most important being:

- actual use of support service
- estimated staff deployment, in some cases backed by formal time recording systems
- apportionments based on related financial or physical quantities (e.g. employee numbers, number of deliveries etc)

Support services defined as Corporate and Democratic Core and Non-Distributed Costs are not chargeable to direct services in accordance with the *SeRCOP*.

- Corporate and Democratic Core are costs relating to the Council's status as a multi-functional, democratic organisation.
- Non distributed costs are the costs of discretionary benefits awarded to employees retiring early and any impairment losses chargeable on Assets Held for Sale.

These two categories are defined in *SeRCOP* and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of the Net Expenditure on Continuing Services.

9. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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 Authority 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.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- buildings – Depreciated on a straight-line basis according to estimated asset lives (ranging from 1 to 79 years) based on the value at the start of the year except for land, which is not depreciated.
- vehicles, plant, furniture and equipment – Depreciated on a straight-line basis according to estimated asset lives (ranging from 3 to 10 years).
- infrastructure – Depreciated on a straight-line basis over 30 years on Bridges and 15 years on Roads.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately according to the residual life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

10. Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. The Council recognises its civic regalia as a Heritage Asset, and these items are reported in the Balance Sheet at insurance valuation which is based on market values.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. If the Council disposes of a heritage asset, the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

11. Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. However, it is required to make an annual prudent provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is detailed in the Council's Annual Minimum Revenue Provision Statement, and differentiates between supported capital expenditure, unsupported capital expenditure, and Finance Leases / PFI. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this *Minimum Revenue Provision* (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

12. Revenue Expenditure Funded from Capital Resources under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples of such expenditure include home improvement grants, town improvement grants, demolitions and land feasibility studies. Where the Council has determined to meet the cost of these from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Council as a LessorOperating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Authority has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are remeasured amounts for the LOBOs on the Balance Sheet.

Where premiums and discounts on early repayment have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

15. Financial Assets

Loans and Receivables are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

16. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

17. Private Finance Initiatives (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under the PFI scheme and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed as follows:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement
- payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator

PFI assets are subject to MRP. The Annual MRP Policy for the Council has deemed this charge to be equivalent to the finance lease liability written down for the year.

PFI Credits

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future expenditure.

18. Joint Arrangements

The Council has administrative responsibilities for County Borough Supplies and Coychurch Crematorium. Independent financial statements continue to be prepared and reviewed for each of these joint committees. The activities of these joint arrangements are excluded from the Council's single entity financial statements on the basis of materiality of both assets and population.

19. Council Tax Income

All Council Tax income is shown in the Comprehensive Income and Expenditure Statement of the Authority with the major preceptors' precepts (South Wales Police) being included as expenditure.

20. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

No prior period adjustment needs have arisen during 2014-15

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

21. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

22. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

23. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

24. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

25. Carbon Reduction Commitments Allowances

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the services and is apportioned to services on the basis of energy consumption.

26. Local Authority Schools

The Code of Practice on Local Authority Accounting confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements as if they were of the authority.



Core Financial Statements 2014-15

Movement in Reserves Statement For Years Ended 31 March 2014 & 2015

| | Council Fund Balance | Earmarked Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|-----------------------------------------------------------------------------------------------|----------------------|--------------------|--------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 31 March 2013 carried forward | 7,320 | 35,601 | 12,505 | 176 | 55,602 | 34,940 | 90,542 |
| Movement in Reserves during 2013-14 | | | | | | | |
| Surplus or (deficit) on provision of services Other Comprehensive (Expenditure) and Income | (22,118) | | | | (22,118) | 91,020 | (22,118) 91,020 |
| Total Comprehensive (Expenditure) and Income | (22,118) | - | - | - | (22,118) | 91,020 | 68,902 |
| Adjustments between accounting basis & funding basis under regulations (Note 4) | 24,491 | | (2,260) | 333 | 22,564 | (22,564) | - |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | 2,373 | - | (2,260) | 333 | 446 | 68,456 | 68,902 |
| Transfers to Earmarked Reserves (Note 30) | (2,298) | 2,298 | - | - | - | - | - |
| Increase/(Decrease) in 2013-14 | 75 | 2,298 | (2,260) | 333 | 446 | 68,456 | 68,902 |
| Balance at 31 March 2014 carried forward | 7,395 | 37,899 | 10,245 | 509 | 56,048 | 103,396 | 159,444 |
| Balance at 31 March 2014 carried forward | 7,395 | 37,899 | 10,245 | 509 | 56,048 | 103,396 | 159,444 |
| Movement in Reserves during 2014-15 | | | | | | | |
| Surplus or (deficit) on provision of services Other Comprehensive (Expenditure) and Income | (70,036) | | | | (70,036) | 5,292 | (70,036) 5,292 |
| Total Comprehensive (Expenditure) and Income | (70,036) | - | - | - | (70,036) | 5,292 | (64,744) |
| Adjustments between accounting basis & funding basis under regulations (Note 4) | 73,646 | | 4,289 | (356) | 77,579 | (77,579) | - |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | 3,610 | - | 4,289 | (356) | 7,543 | (72,287) | (64,744) |
| Transfers to Earmarked Reserves (Note 31) | (3,555) | 3,555 | - | - | - | - | - |
| Increase/(Decrease) in 2014-15 | 55 | 3,555 | 4,289 | (356) | 7,543 | (72,287) | (64,744) |
| Balance at 31 March 2015 carried forward | 7,450 | 41,454 | 14,534 | 153 | 63,591 | 31,109 | 94,700 |

Comprehensive Income and Expenditure Statement 2014-15

| 2013-14 | | | | 2014-15 | | | Notes |
|-------------------|------------------|------------------|----------------------------------------------------------------------------|-------------------|------------------|------------------|-------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure | |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | |
| 173,727 | (35,364) | 138,363 | Children's and Education Services | 222,432 | (34,142) | 188,290 | |
| 59,907 | (14,575) | 45,332 | Adult Social Care | 61,353 | (16,237) | 45,116 | |
| 27,624 | (9,241) | 18,383 | Highways, Roads and Transport Services | 27,999 | (9,443) | 18,556 | |
| 57,464 | (55,059) | 2,405 | Housing Services | 58,704 | (55,802) | 2,902 | |
| 28,929 | (8,876) | 20,053 | Central Services to the Public | 34,619 | (7,883) | 26,736 | |
| 15,105 | (3,243) | 11,862 | Cultural and Related Services | 17,675 | (3,028) | 14,647 | |
| 21,232 | (8,855) | 12,377 | Environmental and Regulatory Services | 22,397 | (10,430) | 11,967 | |
| 13,364 | (8,798) | 4,566 | Planning Services | 15,340 | (10,024) | 5,316 | |
| 5,502 | (126) | 5,376 | Corporate and Democratic Core | 4,941 | (417) | 4,524 | |
| 853 | - | 853 | Non-Distributed Costs | 560 | - | 560 | |
| 403,707 | (144,137) | 259,570 | Cost Of Services | 466,020 | (147,406) | 318,614 | |
| | | | Other Operating Expenditure | | | | |
| 10,590 | - | 10,590 | Payments of precepts | 11,199 | - | 11,199 | 5 |
| 7,063 | - | 7,063 | Levies payable | 6,894 | - | 6,894 | 5 |
| 5,882 | - | 5,882 | (Gain) / loss on disposal of non current (fixed) assets | 718 | - | 718 | |
| 23,535 | - | 23,535 | Other Operating Expenditure | 18,811 | - | 18,811 | |
| | | | Financing and Investment Income and Expenditure | | | | |
| 4,625 | - | 4,625 | Interest payable on debt | 4,577 | - | 4,577 | |
| 104 | - | 104 | Interest element of finance leases (lessee) | 167 | - | 167 | |
| 1,505 | - | 1,505 | Interest payable on PFI unitary payments | 1,471 | - | 1,471 | 12 |
| 13,580 | - | 13,580 | Net Interest on Net Defined Benefit Liability | 10,090 | - | 10,090 | |
| | (607) | (607) | Investment Interest & Other Interest Receivable | - | (853) | (853) | |
| 410 | - | 410 | Changes in fair value of investment properties | - | (647) | (647) | |
| 6,736 | (6,756) | (20) | (Gain) / loss on trading accounts (not applicable to a service) | 7,000 | (7,056) | (56) | 6 |
| 26,960 | (7,363) | 19,597 | Financing and Investment Income and Expenditure | 23,305 | (8,556) | 14,749 | |
| | | | Taxation and Non-Specific Grant Income | | | | |
| | (154,722) | (154,722) | RSG | | (150,943) | (150,943) | 7 |
| | (68,987) | (68,987) | Council tax | | (73,164) | (73,164) | 9 |
| | (43,026) | (43,026) | NNDR | | (43,794) | (43,794) | 10 |
| | (11,310) | (11,310) | Recognised capital grants and contributions | | (12,825) | (12,825) | 8 |
| | (2,539) | (2,539) | Non service related government grants | | (1,412) | (1,412) | 8 |
| - | (280,584) | (280,584) | Taxation and Non-Specific Grant Income | - | (282,138) | (282,138) | |
| 454,202 | (432,084) | 22,118 | (Surplus) or Deficit on Provision of Services | 508,136 | (438,100) | 70,036 | |
| | (278) | (278) | (Surplus) or deficit on revaluation of Property, Plant and Equipment | | (74,036) | (74,036) | |
| 248 | | 248 | Impairment losses on non-current assets charged to the Revaluation reserve | 48,654 | | 48,654 | |
| | (90,990) | (90,990) | Actuarial (gains) / losses on pension liabilities | 20,090 | | 20,090 | |
| | | (91,020) | Other Comprehensive (Income) and Expenditure | | | (5,292) | |
| | | (68,902) | Total Comprehensive (Income) and Expenditure | | | 64,744 | |

Balance Sheet for Years Ended 31 March 2014 and 2015

| 31 March 2014 | | 31 March 2015 | Notes |
|------------------|--------------------------------------------------------|------------------|------------|
| £'000 | | £'000 | |
| | Property, Plant & Equipment | | 22 |
| 398,102 | - other land and buildings | 354,330 | |
| 5,202 | - vehicles, plant, furniture and equipment | 7,927 | |
| 88,659 | - infrastructure | 83,373 | |
| 4,537 | - community assets | 4,808 | |
| 16,115 | - assets under construction | 15,848 | |
| 10,669 | - surplus assets not held for sale | 9,767 | |
| 51 | Heritage Assets | 73 | 24 |
| | Investment Property | | |
| 3,011 | - Investment property | 4,103 | 23 |
| | Long Term Debtors | | |
| 29 | Housing Advances | 17 | 25 |
| 384 | Finance Leases | 261 | 25 |
| 526,759 | Long Term Assets | 480,507 | |
| | Short Term Investments | 11,027 | 37 |
| 4,005 | Assets held for sale | 7,478 | 27 |
| 6,721 | Inventories | 463 | |
| 433 | Short Term Debtors | 29,272 | 26 |
| 27,063 | Cash and Cash Equivalents | 6,573 | |
| 4,469 | | | |
| 42,691 | Current Assets | 54,813 | |
| | Short Term Borrowing | (879) | 37 |
| (1,543) | Short Term Creditors | (43,458) | 28 |
| (38,901) | | | |
| (40,444) | Current Liabilities | (44,337) | |
| | Provisions | (2,424) | 29 |
| (4,900) | Long Term Borrowing | (97,444) | 37 |
| (97,451) | | | |
| | Other Long Term Liabilities | | |
| (20,923) | PFI & Other Long Term Liabilities | (20,847) | 30 |
| (243,900) | Net pensions liability | (273,010) | 32b |
| | Capital Grants Receipts in Advance | (2,558) | |
| (2,388) | | | |
| (369,562) | Long Term Liabilities | (396,283) | |
| 159,444 | Net Assets | 94,700 | |
| | Usable reserves | | 31 |
| 7,395 | - Council Fund | 7,450 | |
| 37,899 | - Earmarked reserves | 41,454 | 31b |
| 10,245 | - Capital Receipts Reserve | 14,534 | 31a |
| 509 | - Capital Grants Unapplied | 153 | |
| | Unusable Reserves | | 32 |
| 98,804 | - Revaluation Reserve | 115,916 | 32a |
| (243,900) | - Pensions Reserve | (273,010) | 32b |
| 257,644 | - Capital Adjustment Account | 196,059 | 32c |
| (5,320) | - Financial Instruments Adjustment Account | (3,632) | 32d |
| (3,832) | - Short-term Accumulating Compensated Absences Account | (4,224) | 32e |
| 159,444 | Total Reserves | 94,700 | |

Cash Flow Statement as at 31 March 2014 and 2015

| 2013-14 £'000 | | 2014-15 £'000 | Notes |
|------------------|----------------------------------------------------------------------------------------------------------------------------|------------------|-------|
| 22,118 | Net (surplus)/deficit on the Provision of Services | 70,036 | |
| (41,063) | Adjustments to net deficit on the provision of services for non-cash movements | (96,271) | 39 |
| 11,476 | Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities | 12,825 | |
| (7,469) | Net Cash Flows from Operating Activities | (13,410) | 40 |
| 37,649 | Investing Activities | 23,972 | 41 |
| (19,959) | Financing Activities | (12,666) | 42 |
| 10,221 | Net Increase / (Decrease) in Cash & Cash Equivalents | (2,104) | |
| (14,690) | Cash & Cash Equivalent at the beginning of the Reporting Period | (4,469) | |
| (4,469) | Cash & Cash Equivalent at the end of the Reporting Period | (6,573) | |



Notes to the Core Financial Statements 2014-15

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1. Accounting Standards that have been Issued but not yet Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015-16 Code:-

IFRS 13 – Fair Value Measurement - This standard provides a consistent definition of fair value and sets out a single IFRS framework for measuring fair value. It also requires significant disclosures about fair value measurements. The adoption of this standard will require surplus assets to be revalued at market value rather than its existing use value. Operational property, plant and equipment assets are outside the scope of IFRS 13, so this standard is not expected to have a material impact on the statement of accounts.

IFRIC 21 – Levies – This standard provides guidance on levies imposed by government in the financial statements of entities paying levies. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. This clarification is not expected to require a change to current arrangements.

Annual Improvement to IFRSs (2011 – 2013 Cycle) – A number of minor amendments have been made by the IASB (to IFRS 1 and 3, and IAS 40). No adjustments are necessary to the CIPFA Code, and consequently no material adjustment to the statement of accounts is anticipated.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council is deemed to control the services provided under the outsourcing agreement for the provision of a Comprehensive School in Maesteg and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the School (valued at £22.9 million) has been recognised as Property, Plant and Equipment on the Council's Balance Sheet.

The Council has previously examined all its existing leases under IAS 17 and as a result some have been classified as finance leases. This was as a result of evaluating that the present value of the minimum lease payments amounted to substantially all of the fair value of the leased assets. The final balances of these leases were charged to the 2014-15 accounts, and consequently there are no balances remaining.

3. Assumptions made about the future and other major sources of estimated uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However,

because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

The Council's portfolio of Land and Buildings was revalued at 1 April 2014. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS. However, changes in asset values are largely influenced by market forces and build cost indices which can be volatile. A review of the asset values at 31 March 2015 concluded that for the fair value for assets valued at Depreciated Replacement Cost (DRC), there had been a significant change in values due to increases in building costs. As a result of this, desktop valuations were conducted for all assets valued on a DRC basis and the most significant of these were reflected with the Balance Sheet.

Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may result in spending on repairs and maintenance having to be reduced thus, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets will fall.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Notes to the Movement in Reserves Statement

4. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

Council Fund Balance

This is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Council Fund Balance, which is not necessarily in accordance with proper accounting practice. The Council Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit or resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

The tables below detail the adjustments for 2013-14 for comparative purposes and the adjustments for 2014-15:-

| 2013-14 | Council Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Usable Reserves | Revaluation Reserve | Pensions Reserve | Capital Adjustment Account | Financial Instruments Adjustment Account | Short term Compensated Absences | Movement in Unusable Reserves |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|--------------------------|-----------------------------|---------------------|------------------|----------------------------|------------------------------------------|---------------------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adjustments between accounting basis & funding basis under regulations | | | | | | | | | | |
| Adjustments Primarily Involving the Capital Adjustment Account | | | | | | | | | | |
| Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement | | | | | | | | | | |
| Charges for Depreciation & Impairment of Non-Current Assets | 21,887 | | | 21,887 | | | (21,887) | | | (21,887) |
| Revaluation losses on Property, Plant & Equipment | 228 | | | 228 | | | (228) | | | (228) |
| Movement in market value of investment property | 410 | | | 410 | | | (410) | | | (410) |
| Capital grant and contributions applied | (11,336) | | | (11,336) | | | 11,336 | | | 11,336 |
| Revenue Expenditure Funded from Capital under Statute | 194 | | 411 | 605 | | | (605) | | | (605) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account | 6,048 | | | 6,048 | (1,290) | | (4,758) | | | (6,048) |
| Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost. | | | | | (1,921) | | 1,921 | | | - |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | | | | | | | |
| Statutory Provision for the financing of capital investment | (7,840) | | | (7,840) | | | 7,840 | | | 7,840 |
| Capital expenditure charged against the Council Fund balance | (1,271) | | | (1,271) | | | 1,271 | | | 1,271 |
| Adjustments primarily involving the Capital Grants Unapplied Account : | | | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 26 | | (26) | - | | | | | | - |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | (52) | (52) | | | 52 | | | 52 |
| Adjustments primarily involving the Capital Receipts Reserve | | | | | | | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (166) | 166 | | - | | | | | | - |
| Use of Capital Receipts Reserve to finance new capital expenditure | | (2,453) | | (2,453) | | | 2,453 | | | 2,453 |
| | | 27 | | 27 | | | (27) | | | (27) |
| Adjustments primarily involving the Financial Instrument Adjustment Account | | | | | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (205) | | | (205) | | | | 205 | | 205 |
| Adjustments primarily involving the Pensions Reserve | | | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 34,060 | | | 34,060 | | (34,060) | | | | (34,060) |
| Employer's contributions to pension schemes | (17,340) | | | (17,340) | | 17,340 | | | | 17,340 |
| Adjustments primarily involving the Accumulated Absences Account | | | | | | | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (204) | | | (204) | | | | | 204 | 204 |
| Total Adjustments 2013-14 | 24,491 | (2,260) | 333 | 22,564 | (3,211) | (16,720) | (3,042) | 205 | 204 | (22,564) |

| 2014-15 | Council Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Usable Reserves | Revaluation Reserve | Pensions Reserve | Capital Adjustment Account | Financial Instruments Adjustment Account | Short term Compensated Absences | Movement in Unusable Reserves |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|--------------------------|-----------------------------|---------------------|------------------|----------------------------|------------------------------------------|---------------------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adjustments between accounting basis & funding basis under regulations | | | | | | | | | | |
| Adjustments Primarily Involving the Capital Adjustment Account | | | | | | | | | | |
| Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement | | | | | | | | | | |
| Charges for Depreciation & Impairment of Non-Current Assets | 28,008 | | | 28,008 | | | (28,008) | | | (28,008) |
| Revaluation losses on Property, Plant & Equipment | 59,716 | | | 59,716 | | | 59,716 | | | 59,716 |
| Movement in market value of investment property | (646) | | | (646) | | | 646 | | | 646 |
| Capital grant and contributions applied | (12,817) | | | (12,817) | | | 12,817 | | | 12,817 |
| Revenue Expenditure Funded from Capital under Statute | 774 | | (340) | 434 | | | (434) | | | (434) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account | 7,014 | | | 7,014 | (5,574) | | (1,440) | | | (7,014) |
| Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost. | | | | | (2,695) | | 2,695 | | | - |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | | | | | | | |
| Statutory Provision for the financing of capital investment | (8,020) | | | (8,020) | | | 8,020 | | | 8,020 |
| Capital expenditure charged against the Council Fund balance | (1,803) | | | (1,803) | | | 1,803 | | | 1,803 |
| Adjustments primarily involving the Capital Grants Unapplied Account : | | | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | (8) | | 8 | - | | | | | | - |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | (24) | (24) | | | 24 | | | 24 |
| Adjustments primarily involving the Capital Receipts Reserve | | | | | | | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (6,296) | 6,296 | | - | | | | | | - |
| Use of Capital Receipts Reserve to finance new capital expenditure | | (2,019) | | (2,019) | | | 2,019 | | | 2,019 |
| Other Amounts (including Mortgage Repayments) | | 12 | | 12 | | | (12) | | | (12) |
| Adjustments primarily involving the Financial Instrument Adjustment Account | | | | | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (1,688) | | | (1,688) | | | | 1,688 | | 1,688 |
| Adjustments primarily involving the Pensions Reserve | | | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 26,800 | | | 26,800 | | (26,800) | | | | (26,800) |
| Employer's contributions to pension schemes | (17,780) | | | (17,780) | | 17,780 | | | | 17,780 |
| Adjustments primarily involving the Accumulated Absences Account | | | | | | | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 392 | | | 392 | | | | | (392) | (392) |
| Total Adjustments 2014-15 | 73,646 | 4,289 | (356) | 77,579 | (8,269) | (9,020) | 57,846 | 1,688 | (392) | 41,853 |

Notes to the Comprehensive Income and Expenditure Statement

5. Precepts and levies

Precepts are the amounts paid to non-billing authorities (e.g. community councils) so that they can cover their expenses. Levies are the amounts payable when services are operated over areas covering more than one Authority, either on a joint service basis, where one Authority administers the service where other Authorities contribute to the costs, or by external bodies who levy on the appropriate Authorities. The amounts paid were as follows:

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|------------------------------------------------------------------|------------------|
| 9,078 | Precepts Police and Crime Commissioner for South Wales | 9,625 |
| 1,512 | Community Councils | 1,574 |
| 10,590 | Sub total | 11,199 |
| 6,659 | Levies South Wales Fire and Rescue Authority | 6,585 |
| 263 | Coroners Service | 208 |
| 106 | Archive Service | 95 |
| 17 | Margam Crematorium Joint Committee | (13) |
| 18 | Swansea Bay Port Health Authority | 19 |
| 7,063 | Sub total | 6,894 |
| 17,653 | Total | 18,093 |

6. Trading activities

The Council has established trading activities which were previously subject to Compulsory Competitive Tendering legislation. The outturn for the Council's trading activities are summarised as follows:

| 2013-14 Income £'000 | 2013-14 Exp. £'000 | 2013-14 Deficit/ (Surplus) £'000 | Activity | 2014-15 Income £'000 | 2014-15 Exp. £'000 | 2014-15 Deficit/ (Surplus) £'000 | Target £'000 | Variance £'000 |
|----------------------------|--------------------------|-------------------------------------------|--------------------------------------|----------------------------|--------------------------|-------------------------------------------|-----------------|-------------------|
| (2,681) | 2,747 | 66 | Building Maintenance | (3,266) | 3,281 | 15 | (13) | 28 |
| (1,175) | 1,094 | (81) | Building Cleaning | (1,076) | 1,008 | (68) | (108) | 40 |
| (2,900) | 2,895 | (5) | Fleet Services | (2,714) | 2,711 | (3) | (17) | 14 |
| (6,756) | 6,736 | (20) | Transfer to I & E Account | (7,056) | 7,000 | (56) | (138) | 82 |

7. Revenue Support Grant

This is the principal source of finance towards revenue expenditure from Welsh Government with the amount receivable fixed at the start of each financial year. The amount received in 2014-15 was £150.9 million (£154.7 million for 2013-14).

8. Government grants

In addition to the Revenue Support Grant, the Council received the following specific government grants :-

| 2013-14 | Specific Grants credited to Services | 2014-15 |
|---------------|--------------------------------------------|---------------|
| £'000 | | £'000 |
| 47,948 | Housing Benefit Subsidy | 49,512 |
| 6,717 | DCELLS Post 16 Grant | 6,307 |
| 4,187 | Foundation Phase Grants | 4,143 |
| 1,681 | PFI Grant | - |
| 3,041 | Other Children | 7,275 |
| 434 | Other Wellbeing | 1,196 |
| 5,071 | Others | 1,504 |
| 6,101 | Supporting People | 6,152 |
| - | Sport Play & Active Wellbeing | 386 |
| 2,920 | Concessionary Fares Grant | 2,806 |
| 2,486 | Flying Start | 3,025 |
| 2,960 | Sustainable Waste Grant | 2,854 |
| 1,104 | Housing/Council Tax Benefit Administration | 813 |
| 357 | Local Transport Services | 390 |
| 952 | Communities First | 1,511 |
| 1,913 | Families First | 1,840 |
| 87,872 | Total | 89,714 |

| 2013-14 | Other Government Grants credited to Taxation and Non-specific Grant Income | 2014-15 |
|----------------|----------------------------------------------------------------------------|----------------|
| £'000 | | £'000 |
| 1,401 | Improvement Agreement Grant | 1,412 |
| 1,138 | Council Tax Reduction Grant | - |
| 11,310 | Capital Grants and Contributions | 12,825 |
| 13,849 | Total | 14,237 |
| 101,721 | | 103,951 |

Grant income sits within the gross income column within services except for the Improvement Agreement Grant and capital grants and contributions.

9. Council tax

Council Tax Income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands estimating 1 April 2005 values for this specific purpose. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the South Wales Police Authority and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts – 50,566.20 dwellings for 2014-15 (50,075.92 in 2013-14). The average amount for a Band D property is £1,413.33 in 2014-15 (£1,346.83 in 2013-14 on average) and is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following multipliers for bands A* to I and the number of properties in each band were as follows:

| Band | A* | A | B | C | D | E | F | G | H | I |
|----------------------|-----|--------|--------|--------|-------|-------|-------|-------|------|------|
| Multiplier | 5/9 | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 | 21/9 |
| Chargeable Dwellings | 28 | 10,048 | 14,757 | 13,789 | 9,624 | 6,917 | 3,882 | 1,352 | 283 | 84 |

Analysis of the net proceeds from Council Tax is as follows:

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|--------------------------------------------------------|------------------|
| 68,987 | Council Tax Collectable | 73,164 |
| | Less: | |
| (1,512) | Payable to Community Councils | (1,574) |
| (9,078) | Payable to South Wales Police | (9,625) |
| 68 | Provision for non-payment of Council Tax (Increase) | (1,159) |
| 58,465 | Net Proceeds from Council Tax | 60,806 |

10. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound. This was 47.3p in 2014-15 (46.4p in 2013-14). The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by WG. WG then redistributes the sums payable back into local authorities on the basis of a fixed amount per head of population.

The Council receives a contribution from the NNDR pool direct. The income from this should be reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £43.794 million in 2014-15 (£43.026 million in 2013-14).

11. Leases

Council as a Lessee

Finance Leases (excluding Private Finance Initiative)

Under IFRS, a number of leases for vehicles, plant and equipment were previously reclassified as finance leases, and were carried as Property, Plant and Equipment in the Balance Sheet. As shown in the table below, the last elements of these costs were charged to 2014-15, and there are no balances remaining. In addition, in 2012-13 the Council entered into a contract for the management of its leisure facilities, which included a major capital investment contract that is being funded via the contracted management fee. This element of the management fee is being treated as a finance lease, and is shown below

| 31 March 2014 £'000 | | 31 March 2015 £'000 |
|---------------------------|--------------------------------------------|---------------------------|
| 1,104 | Leisure Contract - capital investment | 807 |
| 37 | Vehicles, Plant & Equipment Finance Leases | - |
| 1,141 | Total | 807 |

| 31 March 2014 £'000 | | 31 March 2015 £'000 |
|---------------------------|----------------------------------------------------------------------------|---------------------------|
| | Finance Lease Liabilities (Net Present Value of minimum lease payments) :- | |
| 158 | * current | 117 |
| 1,150 | * non-current | 1,033 |
| 532 | Finance Costs payable in future years | 439 |
| 1,840 | Minimum lease payments | 1,589 |
| 252 | Not later than one year | 200 |
| 1,588 | Later than one year | 1,389 |
| 1,840 | Total | 1,589 |

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are :-

| 31 March 2014 £'000 | | 31 March 2015 £'000 |
|---------------------------|-------------------------|---------------------------|
| 1,327 | Not later than one year | 1,058 |
| 3,676 | Later than one year | 2,469 |
| 8,486 | Later than five years | 8,034 |
| 13,489 | Total | 11,561 |

Expenditure charged in the year to the Service areas was £0.975 million made up of minimum lease payments of £0.574 million and £0.401 million for contingent rents (£1.459 million in 2013-14 made up of £0.884 million minimum lease payments and £0.575 million contingent rents).

Council as a Lessor

Operating Leases

The Council leases out property for economic purposes to provide affordable accommodation for local businesses. The future rentals receivable under operating leases are:-

| 31 March 2014 £'000 | | 31 March 2015 £'000 |
|---------------------------|-------------------------|---------------------------|
| 171 | Not later than one year | 39 |
| 182 | Later than one year | 170 |
| 851 | Later than five years | 824 |
| 1,204 | Total | 1,033 |

12. Private Finance Initiative (PFI)

During the 2008-09 financial year, the Council commenced payment under the Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg that was entered into in 2007-08 and this arrangement will run until August 2033. There is a commitment of £30.5 million (Net Present Value) over the duration of the contract, which is to

be funded by a combination of PFI Credits, agreed by the Welsh Government, and Council/Delegated School resources.

The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element. The charges are shown below:-

| 2013-14 £'000 | Unitary Charge | 2014-15 £'000 |
|------------------|-------------------------|------------------|
| 589 | Service Charge Element | 635 |
| 1,505 | Interest Element | 1,471 |
| 442 | Finance Lease Liability | 476 |
| 2,536 | Total | 2,582 |

These payments will be made over the life of the PFI contract and estimates for subsequent years are as detailed below at current prices:-

| Unitary Charge | 2015-16 £'000 | 2016-17 to 2020-21 £'000 | 2021-22 to 2025-26 £'000 | 2026-27 to 2030-31 £'000 | 2031-32 to 2033-34 £'000 |
|-------------------------|------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Service Charge Element | 502 | 2,511 | 2,511 | 2,511 | 1,500 |
| Interest Element | 1,434 | 6,513 | 5,063 | 2,959 | 409 |
| Finance Lease Liability | 513 | 3,221 | 4,672 | 6,775 | 4,119 |
| Total | 2,449 | 12,245 | 12,246 | 12,245 | 6,028 |

The Council meets the costs of the Unitary Charge from its own resources and funding from the WG. The profile of funding from WG reduces annually until the expiry of the contract term whereas the unitary charge payable by the Council increases annually over the same period. This results in a "surplus" of resources for PFI when compared to payments for the initial period of the contract period. These surplus amounts are set-aside in an earmarked reserve to fund the later part of the contract period where annual payments are greater than annual resources.

As at 31 March 2015, the balance on the PFI equalisation earmarked reserve is £3.407 million (£3.051 million as at 31 March 2014).

13. Section 33 NHS (Wales) Act 2006

There are some formal pooled budget arrangements between the Council and Abertawe Bro Morgannwg University Local Health Board and these are detailed below :-

| 2013-14 | | | Partner | Purpose of Partnership | 2014-15 | | |
|--------------------------------------|-------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------|
| Gross Income Of Partnership £'000 | Gross Expenditure of Partnership £'000 | Authority's Contribution £'000 | | | Gross Income Of Partnership £'000 | Gross Expenditure of Partnership £'000 | Authority's Contribution £'000 |
| 564 | 564 | 294 | Abertawe Bro-Morgannwg University Health Board | Integrated Service Provision using a Pooled Fund. Provision of day opportunities for people recovering from mental health problems. | 608 | 608 | 325 |
| 2,236 | 2,407 | 471 | Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf LHB Abertawe Bro Morgannwg University Health Board | Integrated commissioning from a pooled fund for procuring specified community equipment for eligible people within the partnership's administrative area. Rhondda Cynon Taf are the lead partner | 2,261 | 2,686 | 492 |

14. Minimum Revenue Provision

The Council is required by statute to set a prudent Minimum Revenue Provision (MRP) for the repayment of external debt. In accordance with this requirement the provision for 2014-15 has been calculated as shown in the table below. It is based on the opening Capital Financing Requirement (CFR) of the Council.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|--------------------------------------------------|------------------|
| 165,581 | CFR 1 April | 177,033 |
| 943 | HALO Adjustment 12-13 | 108 |
| (20,217) | PFI School | (19,776) |
| (845) | Innovation Centre | (816) |
| (95) | Finance Leases | (41) |
| (1,087) | Healthy Living Contract Capital Liability | (1,078) |
| (82) | Factor A Adjustment | (82) |
| - | Supported Borrowing significant asset adjustment | (3,946) |
| (12,368) | CFR Adj Para 19 2008/Unsupported Borrowing Adj | (24,845) |
| 131,830 | Adjusted CFR | 126,557 |
| 5,273 | MRP - 4% | 5,062 |
| - | - MRP significant asset | 132 |
| 442 | PFI School - MRP Charge | 476 |
| 28 | Innovation Centre MRP Charge | 47 |
| 54 | Finance Leases MRP Charge | 41 |
| 117 | Healthy Living Contract MRP Charge | 117 |
| 1,926 | Unsupported Borrowing MRP | 2,145 |
| 7,840 | Total MRP | 8,020 |

15. Officers' Remuneration

Four separate disclosure are required to ensure compliance with either the Accounts and Audit (Wales) Regulations 2014, or the CIPFA Code.

Disclosure 1 – Ratio of the Remuneration of the Chief Executive to the median remuneration of all the body’s employees

This is a new requirement of the Accounts and Audit (Wales) Regulations 2014. The ratio for Bridgend is 6.49, i.e. the Remuneration of the Chief Executive is 6.49 times more than the median remuneration of the Council's employees. The comparable ratio in 2013-14 was 6.72

Disclosure 2 : Table of Officers' Remuneration over £60k

The number of employees (including teachers) whose remuneration, excluding pension contributions, was £60,000 or more for the year is as follows:

| 2013-14 Number of Employees inc Redundancy Costs (re-stated) | Remuneration Band | Number of Employees | | | | |
|---------------------------------------------------------------------|---------------------|----------------------|------------------------------|---------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|
| | | Movement in Bandings | 2014-15 inc Redundancy Costs | 2014-15 exc Redundancy Costs (Note 1) | Number of Teachers inc in Figures exc Redundancy (note 1) | Number of Non-Teachers inc in Figures exc Redundancy (note 1) |
| 15 | £60,000 - £64,999 | 3 | 18 | 16 | 16 | - |
| 13 | £65,000 - £69,999 | 1 | 14 | 13 | 12 | 1 |
| 3 | £70,000 - £74,999 | 3 | 6 | 6 | 5 | 1 |
| 6 | £75,000 - £79,999 | (1) | 5 | 3 | - | 3 |
| 2 | £80,000 - £84,999 | 1 | 3 | 2 | 2 | - |
| 1 | £85,000 - £89,999 | - | 1 | 1 | 1 | - |
| 3 | £90,000 - £94,999 | 1 | 4 | 3 | 2 | 1 |
| 4 | £95,000 - £99,999 | - | 4 | 3 | 1 | 2 |
| 1 | £100,000 - £104,999 | 3 | 4 | 3 | 1 | 2 |
| 1 | £105,000 - £109,999 | (1) | - | - | - | - |
| 1 | £110,000 - £114,999 | (1) | - | - | - | - |
| - | £115,000 - £119,999 | - | - | - | - | - |
| - | £120,000 - £124,999 | - | - | - | - | - |
| 1 | £125,000 - £129,999 | - | 1 | 1 | - | 1 |
| 51 | | 9 | 60 | 51 | 40 | 11 |

Note 1: This confirms there are 51 individuals with remuneration of £60,000 or more, comprising:-

- a) 40 Headteachers and Deputy Headteachers, and
- b) 11 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Disclosure 3 : Table of Senior Officer's Remuneration (including Pensions Contributions)

| Job Title | Salary | | Expenses (see note 4 below) | | Benefits in Kind (see note 4 below) | | Pension Contributions (see note 3 below) | | Total Remuneration including Pension Contributions | |
|-----------------------------------------------------------------------------------------------|---------|---------|-----------------------------|-------|-------------------------------------|--------|------------------------------------------|--------|----------------------------------------------------|----------------|
| | 14-15 | 13-14 | 14-15 | 13-14 | 14-15 | 13-14 | 14-15 | 13-14 | 14-15 | 13-14 |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Chief Executive Officer & Head of Paid Service (see Note 1 below) | 128,169 | 125,246 | - | - | - | - | 26,051 | 26,051 | 154,220 | 151,297 |
| Corporate Director - Education and Transformation | | | | | | | | | | |
| Previous Post Holder until 31 August 2013 | | 43,362 | - | - | - | 2,275 | - | 9,019 | - | 54,656 |
| Current Post Holder from 1 September 2013 | 99,646 | 56,837 | - | - | - | - | 20,726 | 11,822 | 120,372 | 68,659 |
| Corporate Director - Communities | 101,857 | 98,620 | - | - | - | 13,066 | 21,186 | 20,513 | 123,043 | 132,199 |
| Corporate Director - Wellbeing | | | | | | | | | | |
| Previous Post Holder until 30 April 2013 | - | 5,368 | - | - | - | - | - | - | - | 5,368 |
| Current Post Holder Interim from 1 September 2013 and formally appointed from 1 November 2013 | 99,646 | 56,837 | - | - | - | 10,089 | 20,726 | 11,822 | 120,372 | 78,748 |
| Corporate Director - Resources & s151 Officer (see Note 2 below) | 104,068 | 104,068 | - | - | - | - | 21,646 | 21,013 | 125,714 | 125,081 |
| Assistant Chief Executive - Legal & Regulatory Services | 93,661 | 92,360 | - | - | - | 16,060 | 19,482 | 19,211 | 113,143 | 127,631 |

Notes

Note 1 : The Chief Executive Officers Salary excludes payment for Election Duties. These amounted to £4819 for the European Election and two local elections

Note 2 : The post of Corporate Director - Resources was created on 1 June 2013 replacing the role of Assistant Chief Executive-Performance.

Note 3 : Pension Contributions relate to actual payments made

Note 4 : Expenses' and 'Benefits in Kind' exclude non-taxable reimbursements.

Disclosure 4: Table on Exit Packages

The number of exit packages with total cost per band (£'s) and total cost of the compulsory and other redundancies are set out in the table below:

| Exit Package Cost Band (including Special Payments) | Number of Compulsory Redundancies | | Number of Other Departures Agreed | | Total Number of Exit Packages by Cost Band | | Total Cost of Exit Packages in Each Band | |
|--------------------------------------------------------|-----------------------------------------|-----------|--------------------------------------|-----------|--------------------------------------------------|------------|------------------------------------------------|------------------|
| | 14-15 | 13-14 | 14-15 | 13-14 | 14-15 | 13-14 | 14-15 £ | 13-14 £ |
| £0 - £20,000 | 73 | 53 | 45 | 30 | 118 | 83 | 955,813 | 566,652 |
| £20,001 - £40,000 | 21 | 7 | 27 | 10 | 48 | 17 | 1,391,579 | 500,503 |
| £40,001 - £60,000 | 7 | 1 | 5 | 2 | 12 | 3 | 563,059 | 138,140 |
| £60,001 - £80,000 | 1 | 1 | - | 2 | 1 | 3 | 67,383 | 205,406 |
| £80,001 - £100,000 | - | 1 | - | - | - | 1 | - | 80,101 |
| £100,001 - £120,000 | - | - | 1 | - | 1 | - | 112,117 | - |
| £120,001 - £140,000 | - | - | 1 | 1 | 1 | 1 | 125,483 | 124,507 |
| £140,001 - £180,000 | - | - | - | 2 | - | 2 | - | 309,500 |
| | 102 | 63 | 79 | 47 | 181 | 110 | 3,215,434 | 1,924,809 |

16. Members' allowances

As a result of the December 2011 Report of the Independent Remuneration Panel for Wales, a new system of 'salary' payments for Members came into effect in full from 16 May 2012. The Council now has in place a 'Basic Salary' for all members, a 'Senior Salary', and a Civic Salary. Between 1 April 2012 and 16 May 2012 there was an incremental move away from the previous system of basic allowances and special responsibility allowances, and this is the first year that real comparative information can be presented, as shown in the table below.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|----------------------------|------------------|
| 474 | Basic Salary (all Members) | 515 |
| 576 | Senior Salary | 524 |
| 38 | Civic Salary | 40 |
| 1,088 | Total | 1,079 |

Full details of the 'salary' arrangements are available on the Council's website, and details of all Member earnings are also published annually on the Council's website.

17. External audit costs

In 2014-15 Bridgend County Borough Council incurred the following fees relating to external audit and inspection:

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|--------------------------------|------------------|
| 196 | Financial Statement Audit | 196 |
| 135 | Performance Audit | 98 |
| 331 | External Audit Services | 294 |
| - | Statutory Inspection | 1 |
| 82 | Grant Claims and Returns | 47 |
| 413 | Total | 342 |

18. Associates, Subsidiaries, Joint Ventures and Joint Operations**Associates, Subsidiaries and Joint Ventures**

The Council has no Subsidiary, Associate or Joint Venture interests, as defined by the CIPFA Code.

Joint Operations

The Council participates in a number of Joint Operations and, in accordance with the CIPFA Code, recognises all revenue and expenses, and any material assets and liabilities within its single entity accounts. Joint Operations include:-

- Glamorgan Archives Service
- Civil Parking Enforcement

- Central South Consortium Joint Education Service
- South East Wales Transport Alliance

19. School Accounting

The 2014-15 CIPFA Code in 2014-15 stipulates that schools' assets, liabilities and cash flows are recognised in the local authority financial statements (and not the Group Accounts). The associated guidance recommends that this is supplemented by a summary of the number of schools included in its single entity accounts, supported by a summary of budget, expenditure, and balances (surpluses). This is shown in the table below.

| School Types | Nos in Category | 2014-15 Budget | 2014-15 Spend | 2014-15 Closing Balance |
|-------------------|-----------------|----------------|---------------|-------------------------|
| | | £'000 | £'000 | £'000 |
| Nursery Schools | 1 | 88 | 88 | - |
| Primary Schools | 50 | 43,532 | 41,961 | 1,571 |
| Secondary Schools | 9 | 42,238 | 41,837 | 401 |
| Special Schools | 2 | 7,277 | 6,839 | 438 |
| Total | 62 | 93,135 | 90,725 | 2,410 |

20. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Welsh Government

Welsh Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Notes 4 and Note 5 above.

Members

Members of the Council have direct control over the council's financial and operating policies. Members' external interests are maintained in a register, which is available for inspection on the Council's website. The total of members' allowances paid in 2014-15 is shown in Note 16. Grants were made to organisations whose senior management included Members including Groundwork Bridgend and Neath Port Talbot £43,748 in 2014-15 (£47,500 in 2013-14), Bridgend County Borough Citizens Advice Bureau £228,690 (£228,690 in 2012-13) and Bridgend Association of Voluntary Organisations £139,795 in 2014-15 (£166,299 in 2013-14). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Chief Officers

During 2014-15, no chief officer declared any material interests/relationships in a related party. This was the same in 2013-14.

Joint Committees**Glamorgan Archives Joint Committee**

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. During 2014-15, the Council contributed to the Joint Committee an amount of £95,437 (£106,040 in 2013-14). This was calculated proportionately based upon population. Financial statements for this Joint Committee are available on the Cardiff CC website (www.cardiff.gov.uk)

Coychurch Crematorium

Coychurch Crematorium is subject to the control of a Joint Committee of Members from Bridgend CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan CBC. Financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

County Borough Supplies

County Borough Supplies is administered by the Council and supplies goods such as stationery. It is a Joint Committee with Members from Bridgend CBC, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Caerphilly CBC. Financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Other Public Bodies

The Authority has a number of pooled budget arrangements with Abertawe Bro-Morgannwg University Health Board as detailed in Note 13.

21. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to Directorates.

The income and expenditure of the Council's principal Directorates recorded in the budget reports for the comparative year (2013-14) is as follows:

| Directorate Income and Expenditure 2013-14 | Children £'000 | Wellbeing £'000 | Communities £'000 | Other Services £'000 | Total £'000 |
|--------------------------------------------|-------------------|--------------------|----------------------|----------------------------|------------------|
| Fees, charges & other service income | (19,205) | (16,250) | (13,270) | (17,394) | (66,119) |
| Government grants | (22,962) | (1,865) | (14,748) | (49,793) | (89,368) |
| Total Income | (42,167) | (18,115) | (28,018) | (67,187) | (155,487) |
| Employee expenses | 110,889 | 28,729 | 16,169 | 22,232 | 178,019 |
| Other operating expenses | 55,405 | 37,002 | 36,178 | 66,437 | 195,022 |
| Total operating expenses | 166,294 | 65,731 | 52,347 | 88,669 | 373,041 |
| Net Cost of Services | 124,127 | 47,616 | 24,329 | 21,482 | 217,554 |

| Directorate Income and Expenditure 2014-15 | Children £'000 | Wellbeing £'000 | Communities £'000 | Other Services £'000 | Total £'000 |
|--------------------------------------------|-------------------|--------------------|----------------------|----------------------------|------------------|
| Fees, charges & other service income | (18,645) | (14,901) | (14,992) | (18,353) | (66,891) |
| Government grants | (22,968) | (2,554) | (14,815) | (50,780) | (91,117) |
| Total Income | (41,613) | (17,455) | (29,807) | (69,133) | (158,008) |
| Employee expenses | 111,040 | 25,826 | 18,238 | 21,190 | 176,294 |
| Other operating expenses | 50,388 | 34,755 | 36,225 | 68,474 | 189,842 |
| Total operating expenses | 161,428 | 60,581 | 54,463 | 89,664 | 366,136 |
| Net Cost of Services | 119,815 | 43,126 | 24,656 | 20,531 | 208,128 |

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The below reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement for the comparative year :-

| | 2014-15 £'000 | 2013-14 £'000 |
|------------------------------------------------------------------------------------------------------|------------------|------------------|
| Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement | | |
| Cost of Services in Service Analysis | 208,128 | 217,554 |
| Add services not included in main analysis | 18,931 | 16,326 |
| Add amounts not reported to management | 93,057 | 27,199 |
| Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement | (1,502) | (1,509) |
| Net Cost of Services in Comprehensive Income and Expenditure Statement | 318,614 | 259,570 |

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement :-

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| Reconciliation to Subjective Analysis 2013-14 | Directorate Analysis £'000 | Services not in Analysis £'000 | Not reported to mgmt £'000 | Not included in I & E £'000 | Net Cost of Services £'000 | Corporate Amounts £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------------|--------------------------------------|----------------------------------|-----------------------------------|----------------------------------|-------------------------------|------------------|
| Fees, charges & other service income | (66,119) | | | 6,756 | (59,363) | (6,756) | (66,119) |
| Surplus or deficit on associates and joint ventures | | | | | - | | - |
| Interest and investment income | | | | | - | (607) | (607) |
| Income from council tax | | | | | - | (68,987) | (68,987) |
| Government grants and contributions | (89,368) | (4,048) | | | (93,416) | (211,597) | (305,013) |
| Total Income | (155,487) | (4,048) | - | 6,756 | (152,779) | (287,947) | (440,726) |
| Employee expenses | 178,019 | 1,050 | 2,935 | | 182,004 | 13,580 | 195,584 |
| Other service expenses | 195,022 | 19,324 | | (6,736) | 207,610 | 6,735 | 214,345 |
| Support Service recharges | | | | | - | | - |
| Depreciation, amortisation and impairment | | | 24,264 | | 24,264 | | 24,264 |
| Interest Payments | | | | (1,529) | (1,529) | 6,235 | 4,706 |
| Precepts & Levies | | | | | - | 17,653 | 17,653 |
| Gain or Loss on Disposal of Fixed Assets | | | | | - | 6,292 | 6,292 |
| Total Expenditure | 373,041 | 20,374 | 27,199 | (8,265) | 412,349 | 50,495 | 462,844 |
| Surplus or deficit on the provision of services | 217,554 | 16,326 | 27,199 | (1,509) | 259,570 | (237,452) | 22,118 |

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| Reconciliation to Subjective Analysis 2014-15 | Directorate Analysis £'000 | Services not in Analysis £'000 | Not reported to mgmt £'000 | Not included in I&E £'000 | Net Cost of Services £'000 | Corporate Amounts £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------------|--------------------------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------------|------------------|
| Fees, charges & other service income | (66,891) | | | 7,056 | (59,835) | (7,056) | (66,891) |
| Surplus or deficit on associates and joint ventures | | | | | - | | - |
| Interest and investment income | | | | | - | (853) | (853) |
| Income from council tax | | | | | - | (73,164) | (73,164) |
| Government grants and contributions | (91,117) | (6,380) | | | (97,497) | (208,974) | (306,471) |
| Total Income | (158,008) | (6,380) | - | 7,056 | (157,332) | (290,047) | (447,379) |
| Employee expenses | 176,294 | 2,738 | (678) | | 178,354 | 10,090 | 188,444 |
| Other service expenses | 189,842 | 22,573 | | (7,000) | 205,415 | 7,000 | 212,415 |
| Support Service recharges | | | | | - | | - |
| Depreciation, amortisation and impairment | | | 93,735 | | 93,735 | | 93,735 |
| Interest Payments | | | | (1,558) | (1,558) | 6,215 | 4,657 |
| Precepts & Levies | | | | | - | 18,092 | 18,092 |
| Gain or Loss on Disposal of Fixed Assets | | | | | - | 72 | 72 |
| Total Expenditure | 366,136 | 25,311 | 93,057 | (8,558) | 475,946 | 41,469 | 517,415 |
| | | | | | | | |
| Surplus or deficit on the provision of services | 208,128 | 18,931 | 93,057 | (1,502) | 318,614 | (248,578) | 70,036 |

Notes to the Balance Sheet

22. Tangible Fixed Assets

a) Capital commitments

As at 31 March 2015 commitments of approximately £11.608million existed on capital works contracts started before that date, details of which are shown in the table below.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|---------------------------------------------------------|------------------|
| 88 | Porthcawl Regeneration | - |
| 873 | Bridgend Town Centre Regeneration | 107 |
| 2,811 | Highways Infrastructure Local Govt Borrowing Initiative | - |
| 1,633 | Gateway to the Valleys | - |
| 1,012 | Pen y Fai Primary School | - |
| - | Coychurch Crematoria Cremators | 840 |
| - | Celtic Court Refurbishment | 1,209 |
| - | Community Care Information System | 2,744 |
| - | Ogmore Comprehensive | 894 |
| - | Coety / Parc Derwen Primary School | 5,049 |
| - | Maximising Space | 730 |
| 363 | Lewistown Flying Start Provision | 35 |
| 6,780 | Total | 11,608 |

b) Notes on Fixed AssetsVoluntary-aided & Voluntary-controlled Schools

The Council recognises its only Voluntary-controlled School on its Balance Sheet. This is Pen-y-Fai Church in Wales Primary School. The four voluntary-aided primary schools and one voluntary-aided comprehensive school are not assets of the Council and therefore not included in the Balance Sheet.

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| c) Summary of Property, Plant & Equipment (PPE) | Other Land and Buildings £'000 | Vehicle, Plant and Equipment £'000 | Infra-Structure £'000 | Comm-unity Assets £'000 | Surplus Assets £'000 | Assets Under Construction £'000 | Total PPE Assets £'000 | PFI Assets Included In PPE £'000 | Finance Leases In PPE £'000 |
|--------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|--------------------------|----------------------------|-------------------------|------------------------------------|---------------------------|-------------------------------------|--------------------------------|
| Cost or Valuation | | | | | | | | | |
| At 1 April 2013 | 421,599 | 12,593 | 183,081 | 4,574 | 10,455 | 36,147 | 668,449 | 22,744 | 1,341 |
| Additions | 2,274 | 2,916 | 7,166 | - | - | 21,561 | 33,917 | - | 943 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 48 | - | - | - | - | - | 48 | - | - |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (281) | - | - | - | 53 | - | (228) | - | - |
| Derecognition - Disposals | (6,825) | (399) | - | - | - | - | (7,224) | - | - |
| Derecognition - other | (84) | - | - | - | - | - | (84) | - | - |
| Assets reclassified (to)/from Held for Sale | (1,401) | - | - | - | (53) | - | (1,454) | - | - |
| Assets reclassified (to)/from Investment Property | - | - | - | - | - | - | - | - | - |
| Other Movements in Cost or Valuation | 34,639 | - | 6,109 | - | 811 | (41,593) | (34) | - | - |
| At 31 March 2014 | 449,969 | 15,110 | 196,356 | 4,574 | 11,266 | 16,115 | 693,390 | 22,744 | 2,284 |
| Accumulated Depreciation and Impairments | | | | | | | | | |
| At 1 April 2013 | (42,290) | (9,179) | (97,574) | (37) | (502) | - | (149,582) | (956) | (1,092) |
| Depreciation Charge for 2013/14 | (9,059) | (1,050) | (9,729) | - | (27) | - | (19,865) | (239) | (51) |
| Depreciation written out to the Revaluation Reserve | - | - | - | - | - | - | - | - | - |
| Impairment Losses/(Reversals) recognised in the Revaluation Reserve | (18) | - | - | - | - | - | (18) | - | - |
| Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services | (1,550) | (78) | (394) | - | - | - | (2,022) | - | - |
| Derecognition - other | 41 | - | - | - | - | - | 41 | - | - |
| Derecognition - disposals | 907 | 399 | - | - | - | - | 1,306 | - | - |
| Assets reclassified (to)/from Held for Sale | - | - | - | - | - | - | - | - | - |
| Other Movements | 102 | - | - | - | (68) | - | 34 | - | - |
| At 31 March 2014 | (51,867) | (9,908) | (107,697) | (37) | (597) | - | (170,106) | (1,195) | (1,143) |
| Balance Sheet as at 1 April 2013 | 379,309 | 3,414 | 85,507 | 4,537 | 9,953 | 36,147 | 518,867 | 21,788 | 249 |
| Balance Sheet as at 31 March 2014 | 398,102 | 5,202 | 88,659 | 4,537 | 10,669 | 16,115 | 523,284 | 21,549 | 1,141 |

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| c) Summary of Property, Plant & Equipment (PPE) | Other Land and Buildings £'000 | Vehicle, Plant and Equipment £'000 | Infra-Structure £'000 | Comm-unity Assets £'000 | Surplus Assets £'000 | Assets Under Construction £'000 | Total PPE Assets £'000 | PFI Assets Included In PPE £'000 | Finance Leases In PPE £'000 |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|--------------------------|----------------------------|-------------------------|------------------------------------|---------------------------|-------------------------------------|--------------------------------|
| Cost or Valuation | | | | | | | | | |
| At 1 April 2014 | 449,969 | 15,110 | 196,356 | 4,574 | 11,266 | 16,115 | 693,390 | 22,744 | 2,284 |
| Additions | 5,752 | 4,184 | 5,356 | - | - | 7,537 | 22,829 | - | 108 |
| Accumulated Depreciation and Impairment written out to GCA | (57,585) | (8,765) | - | - | (736) | - | (67,086) | (1,366) | (126) |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 25,244 | - | - | - | 818 | - | 26,062 | 7,016 | (57) |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (59,287) | - | - | (196) | (233) | - | (59,716) | (4,446) | (333) |
| Derecognition - Disposals | (1,469) | (29) | - | - | (55) | - | (1,553) | - | - |
| Derecognition - other | - | - | - | - | - | - | - | - | - |
| Assets reclassified (to)/from Held for Sale | (4,235) | - | - | - | (2,260) | - | (6,495) | - | - |
| Assets reclassified (to)/from Investment Property | - | - | - | - | - | - | - | - | - |
| Other Movements in Cost or Valuation | 5,984 | - | (361) | 467 | 1,106 | (7,196) | - | - | - |
| At 31 March 2015 | 364,373 | 10,500 | 201,351 | 4,845 | 9,906 | 16,456 | 607,431 | 23,948 | 1,876 |
| Accumulated Depreciation and Impairments | | | | | | | | | |
| At 1 April 2014 | (51,867) | (9,908) | (107,697) | (37) | (597) | - | (170,106) | (1,195) | (1,143) |
| Depreciation Charge for 2014/15 | (14,754) | (1,382) | (10,211) | - | (268) | - | (26,615) | (772) | (51) |
| Accumulated Depreciation and Impairment written out to the surplus / deficit on the provision of services | 57,585 | 8,765 | - | - | 736 | - | 67,086 | 1,366 | 69 |
| Impairment Losses/(Reversals) recognised in the Revaluation Reserve | (702) | - | - | - | - | - | (702) | - | 57 |
| Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services | (1,175) | (48) | (170) | - | - | - | (1,393) | - | - |
| Derecognition - disposals | 351 | - | - | - | - | - | 351 | - | - |
| Assets reclassified (to)/from Held for Sale | 1 | - | - | - | - | - | 1 | - | - |
| Other Movements | 518 | - | 100 | - | (10) | (608) | - | - | - |
| At 31 March 2015 | (10,043) | (2,573) | (117,978) | (37) | (139) | (608) | (131,378) | (601) | (1,068) |
| Balance Sheet as at 1 April 2014 | 398,102 | 5,202 | 88,659 | 4,537 | 10,669 | 16,115 | 523,284 | 21,549 | 1,141 |
| Balance Sheet as at 31 March 2015 | 354,330 | 7,927 | 83,373 | 4,808 | 9,767 | 15,848 | 476,053 | 23,347 | 808 |

c) Fixed asset valuation

Non-current Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. The freehold and leasehold properties of Bridgend County Borough Council were valued as at 1 April 2014 by Council Surveyors in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Valuations derived using the 'Depreciated Replacement Cost' methodology were revalued at 31st March 2015, and material movements were reflected in both the Asset Register and these statements.

d) Sources of finance for Capital Expenditure

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|-------------------------------------------|------------------|
| 18,350 | Loans | 6,889 |
| 14,547 | Government grants | 15,996 |
| 2,453 | Capital receipts | 2,019 |
| 1,271 | Revenue contribution | 1,803 |
| 943 | Healthy Living Contract Capital Liability | 108 |
| 231 | Other contribution | 1,647 |
| 37,795 | Total | 28,462 |

e) Revenue Expenditure Funded from Capital under Statute

These relate to capital expenditure that does not result in a tangible fixed asset. They include renovation grants and contributions towards capital expenditure incurred by other parties.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|-------------------------------------------------------|------------------|
| 3,879 | Revenue Expenditure Funded from Capital under Statute | 5,113 |
| 3,879 | Total | 5,113 |

f) Capital financing requirement and the financing of capital expenditure

| 2013-14 £'000 | Capital Financing Requirement | 2014-15 £'000 |
|------------------|----------------------------------------------------------------------------------------|------------------|
| 165,581 | Opening Capital Financing Requirement | 177,033 |
| | Capital Investment | |
| 32,974 | Property, Plant and Equipment | 22,721 |
| | Investment Properties | 520 |
| 3,879 | Revenue Expenditure Funded from Capital under Statute | 5,113 |
| 943 | Healthy Living Contract Capital Expenditure | 108 |
| | Sources of Finance | |
| (14,780) | Grants & Contributions | (17,643) |
| (2,453) | Capital receipts applied | (2,019) |
| (1,271) | Revenue Contributions | (1,803) |
| (5,273) | Minimum Revenue Provision | (5,194) |
| (1,926) | Unsupported Borrowing MRP | (2,145) |
| (117) | Healthy Living Contract MRP | (117) |
| (54) | Finance Leases MRP | (41) |
| (28) | Innovation Centre MRP | (47) |
| (442) | PFI School MRP | (476) |
| 177,033 | Closing Capital Financing Requirement | 176,010 |
| | Explanation for Movements in Year | |
| (1,327) | Decrease in Underlying Need to Borrow (supported by government financial assistance) | (1,262) |
| 12,477 | Increase in Underlying Need to Borrow (unsupported by government financial assistance) | 812 |
| 744 | Assets acquired under finance leases | (97) |
| (442) | Assets acquired under PFI Contract | (476) |
| 11,452 | Increase/(Decrease) in Capital Financing Requirement | (1,023) |

g) Capital Grants Received in Advance

The table below shows the breakdown of capital grants received in advance:-

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|---------------------------------------------|------------------|
| 2,388 | Developers' Contributions - capital element | 2,558 |
| 2,388 | Total | 2,558 |

23. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|------------------------------------------------------------|------------------|
| 526 | Rental Income from Investment Property | 573 |
| (152) | Direct Operating Expenses arising from Investment Property | (281) |
| 374 | Net gain/(loss) | 292 |

The following table summarises the movement in the fair value of investment properties over the year:-

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|-----------------------------------------------|------------------|
| 3,421 | Balance at 1 April | 3,011 |
| | Acquisitions | 520 |
| | Disposals | (75) |
| (410) | Net gain / (loss) from fair value adjustments | 647 |
| 3,011 | Balance as at 31 March | 4,103 |

24. Heritage Assets

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|-------------------------------|------------------|
| 51 | Civic Regalia | 73 |
| 51 | Balance as at 31 March | 73 |

25. Long term debtors

The Long Term Debtors figure is detailed below. It consists of the value of long term loans made by the Council to former tenants and private households for mortgages and a Finance Lease for vehicles linked to the waste contract.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|----------------------------------------------|------------------|
| 29 | Mortgages | 17 |
| 384 | Waste Contract Vehicles Leased to contractor | 261 |
| 413 | Balance as at 31 March | 278 |

26. Short Term Debtors

This represents the monies owed to the Council after making provision for debts that might not be recovered. The main debtors are listed below:

| 2013-14 £'000 | Short-term Debtors | 2014-15 £'000 |
|------------------|--------------------------------|------------------|
| 12,492 | Central Government Bodies | 12,818 |
| 4,189 | Other Local Authorities | 4,774 |
| 541 | NHS Bodies | 1,277 |
| 9,841 | Other Entities and Individuals | 10,403 |
| 27,063 | Balance as at 31 March | 29,272 |

The Council collects NNDR payments on behalf of Welsh Government. As at the 31 March 2015, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £0.199 million. The equivalent for 2013-14 was a debtor of £3.102 million which represented monies not yet paid over by Welsh Government.

27. Assets Held for Sale

| 2013-14 £'000 | Assets Held for Sale | 2014-15 £'000 |
|------------------|--------------------------------------------------------------------------|------------------|
| 5,354 | Balance at 1 April | 6,721 |
| 1,454 | Assets newly classified as held for sale: Property, Plant & Equipment | 6,494 |
| | Assets declassified as held for resale | |
| | - Property, Plant & Equipment | |
| | - Revaluation Gain/(Loss) | - |
| (87) | Assets Sold | (5,737) |
| 6,721 | Balance as at 31 March | 7,478 |

28. Short Term Creditors

These represent monies owed by the Council and are analysed as follows:

| 2013-14 £'000 | Short Term Creditors | 2014-15 £'000 |
|------------------|--------------------------------|------------------|
| (4,135) | Central Government Bodies | (2,594) |
| (6,379) | Other Local Authorities | (6,228) |
| (94) | NHS Bodies | (39) |
| (28,293) | Other Entities and Individuals | (34,597) |
| (38,901) | Balance as at 31 March | (43,458) |

29. Provisions

The Council has a number of provisions as detailed below:

| 2013-14 £'000 | | Expenditure £'000 | Transferred to LT Liabilities £'000 | Increase £'000 | 2014-15 £'000 |
|------------------|-------------------------------|----------------------|-------------------------------------------|-------------------|------------------|
| 3,933 | Insurance (BCBC) | (1,912) | - | 77 | 2,098 |
| 204 | Equal Pay and Other | (204) | - | - | - |
| 550 | Waste Disposal | - | (550) | - | - |
| 213 | Carbon Reduction Commitment | (166) | - | 279 | 326 |
| 4,900 | Balance as at 31 March | (2,282) | (550) | 356 | 2,424 |

Insurance Provision(Self-funding / MMI)

Self-Fund

The Council has a self-insurance fund. This Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding liability for policy years up to 2013-14 for Employer's Liability, Public Liability and Property. However the actual cost of individual claims and the timing of payments is uncertain. The Council also has an earmarked reserve for Insurance which acts as an additional buffer amount to the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses both in frequency and cost.

Municipal Mutual Insurance (MMI) Limited

Prior to local government reorganisation the former Ogwr Borough Council and Mid Glamorgan County Council's insurance cover was provided by Municipal Mutual Insurance Limited. When this company hit severe financial difficulties both became a creditor under the Scheme of Arrangement, accepting liability to return to MMI some proportion of historical claim payments received from MMI if the Scheme were to trigger. The Board of Directors of MMI 'triggered' MMI's Scheme of Arrangement on 13 November 2012.

Carbon Reduction Commitment Energy Efficiency Scheme

This provision represents the obligation to purchase Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions incurred during 2014-15. The payment will be made with the retrospective purchase of allowances in the summer 2015.

30. PFI and Other Long Term Liabilities

| 2013-14 £'000 | | Additions in Year £'000 | Transferred from Provisions £'000 | Moved to Short Term Creditors £'000 | 2014-15 £'000 |
|------------------|-------------------------------------------|-------------------------------|--------------------------------------------|-------------------------------------------------|------------------|
| 19,300 | Maesteg School PFI Lease Liability | - | - | (513) | 18,787 |
| 770 | Innovation Centre Financial Liability | - | - | (51) | 719 |
| - | - Waste Contract | - | 500 | (50) | 450 |
| - | - Escrow (Football Club) | 47 | - | - | 47 |
| 853 | Healthy Living Contract Capital Liability | 108 | - | (117) | 844 |
| 20,923 | Balance as at 31 March | 155 | 500 | (731) | 20,847 |

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI School as at the date the asset came onto the Council's Balance Sheet being £21.898 million (July 2008). This will be written down over the life of the PFI contract by the value of the unitary payment deemed to be the finance lease element each year. For 2014-15, the amount written down was £476,000 and £513,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £18.78 million at year end.

The Innovation Centre Financial Liability of £0.917 million was recognised in 2009-10 as a loan in substance. This is being written down over the remaining fourteen years of the loan. The amount written down in 2014-15 was £47,000 and £51,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.719 million at 31 March 2015.

A new addition was recognised during 2012-13 to reflect the capital work being undertaken by Halo Leisure Services Ltd at the Bridgend Recreation Centre as part of the Healthy Living Partnership Contract which commenced on 1 April 2012. This has been recognised as a long term liability over the contract life. There were additions of £0.108 million for 2014-15 and the amount written down during the year was £117,000, which was transferred to Short Term Creditors resulting in a long term financial liability of £0.844 million at 31 March 2015.

The Waste Contract liability was previously a provision. However a £500k liability has now been recognised, payable at £50k p.a. instalments.

31. Usable Reserves

The following notes detail the Usable Reserves of the Authority:-

a) Useable capital receipts reserve

This represents capital receipts available to finance capital expenditure in future years.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|----------------------------------------------|------------------|
| 12,505 | Balance at 1st April | 10,245 |
| 166 | Capital Receipts Received | 6,296 |
| 27 | Mortgage repayments (Council Fund) | 12 |
| (2,453) | Receipts used to finance capital expenditure | (2,019) |
| 10,245 | Balance as at 31st March | 14,534 |

b) Revenue reserves

The revenue reserves in the Balance Sheet as at 31 March 2015 are detailed below with descriptions of what they represent:-

| Opening Bal 2013-14 £'000 | Move- ment 2013-14 £'000 | Closing Bal 2013-14 £'000 | Reserve | Move- ment 2014-15 £'000 | Closing Bal 2014-15 £'000 |
|---------------------------------|-----------------------------------|------------------------------------|---------------------------------------------|-----------------------------------|------------------------------------|
| 7,320 | 75 | 7,395 | Council Fund Balance | 55 | 7,450 |
| 3,737 | (1,270) | 2,467 | Delegated Schools Balance | (57) | 2,410 |
| 2,639 | 412 | 3,051 | Maesteg School PFI Equalisation Fund | 356 | 3,407 |
| | | | Earmarked Balances :- | | |
| 118 | 230 | 348 | Asset Management Plan | 354 | 702 |
| - | - | - | Building Control Reserve | 10 | 10 |
| 1,250 | (263) | 987 | Building Maintenance Reserve | (687) | 300 |
| 200 | 100 | 300 | Capital feasibility fund | 327 | 627 |
| - | 5,513 | 5,513 | Capital Programme Contribution | 921 | 6,434 |
| 175 | 380 | 555 | Car Parking Strategy | - | 555 |
| 1,000 | 1,069 | 2,069 | Change Management | 329 | 2,398 |
| 172 | 24 | 196 | Connecting Families | (165) | 31 |
| - | - | - | DDA Emergency Works | 115 | 115 |
| - | 330 | 330 | Directorate Issues | 1,160 | 1,490 |
| 151 | 50 | 201 | Election costs | - | 201 |
| 906 | 351 | 1,257 | ICT & Finance Systems | (396) | 861 |
| 1,691 | - | 1,691 | Insurance reserve | 1,486 | 3,177 |
| 770 | (359) | 411 | Invest to save / Joint projects | (150) | 261 |
| 1,030 | (206) | 824 | Looked After Children | - | 824 |
| 16,024 | (4,978) | 11,046 | Major Claims Reserve | (515) | 10,531 |
| 490 | (490) | - | Non-recurring Expenditure | - | - |
| 201 | 99 | 300 | Porthcawl regeneration | (175) | 125 |
| 900 | 300 | 1,200 | Service Pressures Contingency | (1,200) | - |
| 2,020 | 1,032 | 3,052 | Service Reconfiguration / Severence Costs | 1,697 | 4,749 |
| 1,044 | - | 1,044 | Treasury Management Reserve | - | 1,044 |
| - | 50 | 50 | Unitary Development Plan | 42 | 92 |
| - | - | - | Waste Management Contract | 210 | 210 |
| 500 | (200) | 300 | Welfare Reform Bill | - | 300 |
| 583 | 124 | 707 | Wellbeing Projects | (107) | 600 |
| 29,225 | 3,156 | 32,381 | Balance as at 31 March | 3,256 | 35,637 |
| 42,921 | 2,373 | 45,294 | | 3,610 | 48,904 |

The transfer to all Earmarked Balances excluding the Council Fund Balance was £3.555 million in 2014-15 (£2.298 million in 2013-14) and represents a charge to the Net Cost of Services within the Comprehensive Income and Expenditure Statement. This includes money transferred into the Comprehensive Income and Expenditure Statement to match expenditure within the year and amounts set aside from revenue reserves in 2014-15 to be utilised in future years to finance expenditure.

i) Delegated School Balances

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council.

Analysis of Delegated Schools Balance

| 2013-14 Closing Balance £'000 | | 2014-15 Over spends £'000 | 2014-15 Under spends £'000 | 2014-15 Closing Balance £'000 |
|----------------------------------------|-------------------|------------------------------------|-------------------------------------|----------------------------------------|
| - | Nursery Schools | - | - | - |
| 1,145 | Primary Schools | (320) | 746 | 1,571 |
| 830 | Secondary Schools | (753) | 325 | 402 |
| 492 | Special Schools | (55) | 0 | 437 |
| 2,467 | Total | (1,128) | 1,071 | 2,410 |

ii) Maesteg School PFI Equalisation Fund

As outlined in note 9 above, there is a need for an Equalisation Fund for the Unitary Charges received from Welsh Government as detailed below:-

| 2013-14 £'000 | Maesteg School PFI Accounts | 2014-15 £'000 |
|------------------|-------------------------------|------------------|
| 3,051 | Maesteg PFI Equalisation Fund | 3,406 |
| 3,051 | Balance as at 31 March | 3,406 |

iii) Other Earmarked Balances

An overview of the other main earmarked reserves is explained below:-

- Major Claims Earmarked Reserve
This reserve has been created to mainly cover the deficit on the pension fund, major capital contractual claims and mitigate potential equal pay claims.
- Insurance Reserve
This reserve is based on the assessment for potential future liabilities.
- Equalisation of Spend 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 and the preparation of the Local Development Plan and the Building Control Earmarked Reserves.
- Other Reserves
There are a number of other reserves which are either Corporate or Directorate based. These are detailed below:-

Corporate Reserves

- Service Reconfiguration / Severance Costs
This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs.
- Treasury Management
This reserve has been set up to cover unforeseen treasury management liabilities and to facilitate longer term debt restructuring.

- ICT & Finance Systems
This reserve will fund the costs of planned system developments from 2016-17 to 2017-18. It includes developments including the roll out of the cashless catering system and bringing the financial ledger system in-house.
 - Welfare Reform Bill
This reserve has been established to fund the potential impact of increases in demand for services resulting from the Welfare Reform Bill.
 - Asset Management Plan
This has been established to meet the on-going costs of condition surveys and supports the demolition of asset programme.
 - Building Maintenance Reserve
This reserve is for planned maintenance expenditure on the Council's buildings.
 - Change Management
This reserve will meet potential costs associated with corporate capacity requirements to facilitate and progress planned developments linked to achieving budget reductions in the Medium Term Financial Strategy and the Bridgend Change Programme.
 - Waste Management Contract
This earmarked reserve is to facilitate the procurement of the next waste collection contract with the current contract expiring in 2017.
 - DDA Emergency/Prevention Works
This earmarked reserve is to cover the costs of emergency works within schools as well fund a temporary post a 2 year period to ensure Fire Risk Assessments are updated and maintained within schools.
 - Invest to save / Joint Projects
This fund meets the costs of previously approved 'invest to save' initiatives which are on-going.
 - Capital feasibility fund
This fund has been established to fund studies for proposed capital projects.
 - Capital Programme Contribution
This earmarked reserve has been set up as a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts.
- Directorate Reserves**
- Looked After Children Reserve
This reserve has been established to provide for the continuing pressures over the Medium Term Financial Strategy on the Looked After Children budget within Children's Services.
 - Wellbeing Projects
This has been established to allow one off injections of financial resources into service areas to facilitate change/development linked with the Health Service.
 - Connecting Families

This reserve will be used as the Council’s contribution to the Connecting Families project. This is a multi-agency team which through collaboration across public service organisations seeks to improve outcomes for families and target resources more effectively.

- Car Parking Strategy
This reserve has been established for the up-front costs associated with new initiatives to generate income or reduce costs in relation to car parking.
- Porthcawl Regeneration
This reserve has been established to fund up front revenue costs associated with the proposed regeneration of Porthcawl.
- Directorate Issues
This relates to specific directorate issues anticipated in 2015-16, totalling £1.490 million, allocated to directorates as shown below:-

| | £'000 |
|-------------------------|-------|
| Childrens Directorate | 140 |
| Communities Directorate | 298 |
| Legal and Regulatory | 692 |
| Resources Directorate | 360 |

32. Unusable Reserves

The following notes detail the Unusable Reserves of the Authority:-

a) Revaluation Reserve (RR)

This reserve stores the accumulated gains on fixed assets held by the authority arising from increases in value as a result of inflation or other factors.

| 2013-14 £'000 | | 2014-15 | |
|------------------|----------------------------------------------------------------------------------------------------------------------------------|----------|----------------|
| | | £'000 | £'000 |
| 101,985 | Balance at 1 April | | 98,804 |
| 278 | Upward Revaluation of Assets | 74,036 | |
| (248) | Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services | (48,654) | |
| 30 | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services | | 25,382 |
| (1,921) | Difference between fair value depreciation and historical cost depreciation | (2,696) | |
| (1,290) | Accumulated gains on assets sold or scrapped | (5,574) | |
| (3,211) | Amount written off to the Capital Adjustment Account | | (8,270) |
| 98,804 | Balance as at 31 March | | 115,916 |

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| (318,170) | Balance at 1 April | (243,900) |
| 90,990 | Actuarial gains or losses on pensions assets and liabilities | (20,090) |
| (34,060) | Reversal of Items relating to Retirement Benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (26,800) |
| 17,340 | Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year | 17,780 |
| (243,900) | Balance as at 31 March | (273,010) |

c) Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account (CAA)

| 2013-14 £'000 | | 2014-15 | |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|
| | | £'000 | £'000 |
| 260,687 | Balance at 1 April | | 257,644 |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement : | | |
| (21,887) | Charges for depreciation and impairment of non-current assets | (28,008) | |
| (228) | Revaluation losses on Property, Plant and Equipment | (59,716) | |
| (605) | Revenue Expenditure funded from Capital Under Statute | (434) | |
| (27) | Other amounts including Mortgage Payments | (12) | |
| | Financial Liability Adjustment to Capital Receipts | | |
| (4,758) | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (1,440) | |
| (27,505) | Adjusting amounts written out to the Revaluation Reserve | (89,610) | |
| 1,921 | | 2,696 | |
| (25,584) | Net written out amount of the cost of non-current assets consumed in the year | | (86,914) |
| | Capital financing applied in the year: | | |
| 2,453 | Use of the Capital Receipts Reserve to finance capital expenditure | 2,019 | |
| 11,335 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing | 12,817 | |
| 52 | Application of grants to capital financing from the Capital Grants Unapplied Account | 24 | |
| 7,840 | Statutory provision for the financing of capital investment charged against the Council Fund | 8,020 | |
| 1,271 | Capital expenditure charged against the Council Fund | 1,803 | |
| 22,951 | | | 24,683 |
| (410) | Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement | | 646 |
| 257,644 | Balance as at 31 March | | 196,059 |

d) Financial Instruments Adjustment Account (FIAA)

This holds the difference between the amounts charged to income and expenditure in accordance with the Code for applying the transaction costs and assessing the fair cost of loan debts and investments and the amounts charged to the Council Fund Balance in accordance with statute.

| 2013-14 £'000 | | 2014-15 | |
|------------------|----------------------------------|---------|----------------|
| | | £'000 | £'000 |
| (5,526) | Balance at 1 April | | (5,320) |
| 199 | Premiums / Discounts Adjustments | 198 | |
| 7 | Loans / Investments Adjustments | 7 | |
| | Premiums Paid | 1,483 | |
| (5,320) | Balance as at 31 March | | (3,632) |

e) Short Term Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

| 2013-14 £'000 | | 2014-15 | |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
| | | £'000 | £'000 |
| (4,036) | Balance at 1 April | | (3,832) |
| 4,036 | Settlement or cancellation of accrual made at the end of the proceeding year | 3,832 | |
| (3,832) | Amounts accrued at the end of the current year | (4,224) | |
| 204 | Amounts by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements | | (392) |
| (3,832) | Balance as at 31 March | | (4,224) |

33. Trust funds

The Council administers Trust Funds, which are mainly of an educational or recreational nature. A large proportion of the balances are invested in the Authority's internal balances. The Trust Funds do not represent assets of the Council and are accounted for separately. The principal categories of funds and balances as at 31 March 2015 are:

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|--------------------------------------|------------------|
| 328 | Social Services Home For The Elderly | 312 |
| 53 | Education | 53 |
| 48 | Nantymoel Workmans Hall | 48 |
| 1 | Other | 1 |
| 430 | Balance as at 31 March | 414 |

The increase in Social Services Home for the Elderly Trust fund is due to a £250,000 bequest received in 2013-14.

34. Escrow accounts

There are also escrow accounts of £57,000 recognised for Bocam Park and £130,000 for Wind Farms at Forch Ness and Pant y Wal which have resulted from planning conditions. Also, the Authority has been holding an escrow linked to the sale of land to Asda previously used by Bridgend Town Football Club. This was initially £1 million, but payments made during 2013-14 and 2014-15 mean that the value of the funds held at 31 March 2015 are £47,000, which will be held to meet the future costs of replacement works.

| 2013-14 £'000 | | 2014-15 £'000 |
|------------------|--------------------------------|------------------|
| 546 | Replacement facilities account | 47 |
| 88 | Replacement site account | 0 |
| 57 | Bocam Park | 57 |
| 130 | Wind Farm | 132 |
| 821 | Balance as at 31 March | 236 |

The escrow accounts do not represent assets of the Council and are accounted for separately.

35. Developers' Contributions

Section 106 receipts are monies paid to the council by developers where, as a result of granting planning permission, works are required to be carried out or new facilities provided as a result of that permission (e.g. improvement of transport links for a housing or retail development). The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances (i.e. over £100,000) of section 106 receipts held by the Council during the year were as follows:

| | 31 March 2014 | Income | Expenditure | 31 March 2015 |
|------------------------------------------------------------------------------------------|------------------|--------------|----------------|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Llanmoor Homes - Maesteg Rd Tondy – additional education facilities | 152 | 0 | (152) | 0 |
| Broadlands Consortium – Newbridge fields - provision of playing fields facilities | 131 | 0 | (5) | 126 |
| Redrow – Lock's Lane, Porthcawl –ongoing maintenance of playing field and pavilion | 81 | 0 | 0 | 81 |
| Redrow - Brackla Park & Ride – upgrade B4181 | 313 | 0 | (11) | 302 |
| Rockwool - Pencoed | 83 | 0 | (13) | 70 |
| Parc Derwen Primary School Design fees - Persimmon Homes | 215 | 0 | 0 | 215 |
| Parc Derwen Primary School - WG | 0 | 488 | (488) | 0 |
| Parc Derwen Primary School - Consortium | 0 | 415 | (249) | 166 |
| Land at Tyn Y Coed Farm (Maendy Farm), Bryncethin - Sports Provision | 569 | 0 | (59) | 510 |
| Land at Tyn Y Coed Farm (Maendy Farm), Bryncethin - Education Capital | 16 | 0 | 0 | 16 |
| Bridge Renewal Dowry | 1 | 0 | 0 | 1 |
| Coychurch Primary | (150) | 75 | 0 | (75) |
| Bridgend retail Park – crossing | 0 | 95 | (5) | 90 |
| Affordable Housing | 404 | 97 | 0 | 501 |
| Other | 1046 | 46 | (67) | 1025 |
| Total | 2,861 | 1,216 | (1,049) | 3,028 |

36. Pensions liabilities, IAS 19 disclosures

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

This Council participates in the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered under the Regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that the Authority and employees pay contributions

into a fund, at a rate determined by the Fund's Actuary based on triennial actuarial valuations, which aims to balance 100% of pension liabilities with investment assets.

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf.

<http://www.rctpensions.org.uk>

Any award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. No investment assets are built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they fall due

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Council Fund with the amounts required by statute as described in the accounting policies note.

The disclosures required for 2014-15 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pensions actuary.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves Statement during the year:-

Statement of Accounts

2014-15

| Comprehensive Income & Expenditure Statement | Local Govt Pension Scheme | | LGPS Unfunded Benefits | | Teachers' Unfunded Benefits | | Total | |
|------------------------------------------------------------------------------------------------------|---------------------------|----------------|------------------------|-------------|-----------------------------|---------------|--------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Cost of Services : | | | | | | | | |
| Service cost comprising: | | | | | | | | |
| current service cost | 16.15 | 19.94 | 0.00 | 0.00 | 0.00 | 0.00 | 16.15 | 19.94 |
| past service costs | 0.56 | 0.50 | 0.00 | 0.00 | 0.00 | 0.04 | 0.56 | 0.54 |
| (gain)/loss from settlements | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financing & Investment Income & Expenditure :- | | | | | | | | |
| Net interest expense | 9.57 | 13.01 | 0.32 | 0.30 | 0.20 | 0.27 | 10.09 | 13.58 |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 26.28 | 33.45 | 0.32 | 0.30 | 0.20 | 0.31 | 26.80 | 34.06 |
| Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement | | | | | | | | |
| <i>Remeasurements of the net defined benefit liability comprising:</i> | | | | | | | | |
| Return on plan assets (excluding the amount included in the net interest expense) | (39.72) | (16.34) | 0.00 | 0.00 | 0.00 | 0.00 | (39.72) | (16.34) |
| Actuarial (gains) / losses due to changes in financial assumptions | 62.72 | (47.27) | 0.59 | (0.42) | 0.26 | (0.21) | 63.57 | (47.90) |
| Actuarial (gains) / losses due to changes in demographic assumptions | 0.00 | (15.40) | 0.00 | 0.08 | 0.00 | 0.09 | 0.00 | (15.23) |
| Actuarial (gains) / losses due to liability experience | (3.63) | (11.04) | (0.08) | 0.93 | (0.05) | (1.41) | (3.76) | (11.52) |
| Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement | 19.37 | (90.05) | 0.51 | 0.59 | 0.21 | (1.53) | 20.09 | (90.99) |
| Movement in Reserves Statement:- | | | | | | | | |
| Reversal of net charges made for retirement benefits in accordance with IAS 19 | (26.28) | (33.45) | (0.32) | (0.30) | (0.20) | (0.31) | (26.80) | (34.06) |
| Actual amount charged against the Council Fund Balance for pensions in the year :- | | | | | | | | |
| Employers' Contributions payable to the scheme | 16.84 | 16.40 | | | | | 16.84 | 16.40 |
| Retirement Benefits Paid Out | | | 0.50 | 0.50 | 0.44 | 0.44 | 0.94 | 0.94 |

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:-

| | Local Govt Pension Scheme | | LGPS Unfunded Benefits | | Teachers' Unfunded Benefits | | Total | |
|--------------------------------------------------------------|---------------------------|---------------|------------------------|-------------|-----------------------------|-------------|---------------|---------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Present value of defined benefit obligation | 698.52 | 614.31 | 8.27 | 7.94 | 5.07 | 5.10 | 711.86 | 627.35 |
| Fair Value of Plan Assets | (438.85) | (383.45) | 0.00 | 0.00 | 0.00 | 0.00 | (438.85) | (383.45) |
| Net liability arising from defined benefit obligation | 259.67 | 230.86 | 8.27 | 7.94 | 5.07 | 5.10 | 273.01 | 243.90 |

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

| | Local Govt Pension Scheme | |
|--------------------------------------------------------------------------------------|---------------------------|---------------|
| | £m 2014-15 | £m 2013-14 |
| Opening fair value of scheme assets | 383.45 | 351.06 |
| Interest income on assets | 16.48 | 15.47 |
| Remeasurement gain/(loss): | | |
| The return on plan assets, excluding the amount included in the net interest expense | 39.72 | 16.34 |
| Contributions by Employer | 16.84 | 16.40 |
| Contributions by Participants | 4.84 | 4.77 |
| Settlements | 0.00 | 0.00 |
| Net Benefits Paid Out | (22.48) | (20.59) |
| Balance as at 31 March | 438.85 | 383.45 |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| | Local Govt Pension Scheme | | LGPS Unfunded Benefits | | Teachers' Unfunded Benefits | | Total | |
|--------------------------------------------------------------------------|---------------------------|---------------|------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | £m 2014-15 | £m 2013-14 | £m 2014-15 | £m 2013-14 | £m 2014-15 | £m 2013-14 | £m 2014-15 | £m 2013-14 |
| Opening balance at 1 April | 614.31 | 654.92 | 7.94 | 7.55 | 5.10 | 6.76 | 627.35 | 669.23 |
| Current Service Cost | 16.15 | 19.94 | 0.00 | 0.00 | 0.00 | 0.00 | 16.15 | 19.94 |
| Interest Cost | 26.05 | 28.48 | 0.32 | 0.30 | 0.20 | 0.27 | 26.57 | 29.05 |
| Contributions from scheme participants | 4.84 | 4.77 | 0.00 | 0.00 | 0.00 | 0.00 | 4.84 | 4.77 |
| Remeasurement (gains) and losses: | | | | | | | | |
| Actuarial gains / losses arising from changes in financial assumptions | 62.72 | (47.27) | 0.59 | (0.42) | 0.26 | (0.21) | 63.57 | -47.90 |
| Actuarial gains / losses arising from changes in demographic assumptions | 0.00 | (15.40) | 0.00 | 0.08 | 0.00 | 0.09 | 0.00 | -15.23 |
| Actuarial gains / losses arising from changes in liability experience | (3.63) | (11.04) | (0.08) | 0.93 | (0.05) | (1.41) | (3.76) | (11.52) |
| Past Service Cost | 0.56 | 0.50 | 0.00 | 0.00 | 0.00 | 0.04 | 0.56 | 0.54 |
| Benefits Paid | (22.48) | (20.59) | (0.50) | (0.50) | (0.44) | (0.44) | (23.42) | (21.53) |
| Liabilities extinguished on settlements | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31 March | 698.52 | 614.31 | 8.27 | 7.94 | 5.07 | 5.10 | 711.86 | 627.35 |

Local Government Pension Scheme assets comprised:

| | Fair Value of Scheme Assets 2014-15 £'m | Asset Split 2014-15 % | Fair Value of Scheme Assets 2013-14 £'m | Asset Split 2013-14 % |
|---------------------------------------------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------------------------|--------------------------------|
| Cash and cash equivalents | 18.019 | 4.11 | 11.527 | 3.01 |
| Equity Instruments: <i>by industry type (FTSE Sector)</i> | | | | |
| Oil & Gas | 10.874 | 2.48 | 14.342 | 3.74 |
| Basic Materials | 9.207 | 2.10 | 9.091 | 2.37 |
| Industrials | 37.634 | 8.58 | 31.840 | 8.30 |
| Consumer Goods | 34.579 | 7.88 | 30.762 | 8.02 |
| Health Care | 22.623 | 5.15 | 20.558 | 5.36 |
| Consumer Services | 49.407 | 11.26 | 32.397 | 8.45 |
| Telecommunications | 3.392 | 0.77 | 2.719 | 0.71 |
| Utilities | 1.189 | 0.27 | 1.309 | 0.34 |
| Financials | 61.059 | 13.91 | 46.615 | 12.16 |
| Technology | 24.366 | 5.55 | 17.110 | 4.46 |
| Pooled Equity Investment Vehicles | 48.244 | 10.99 | 65.214 | 17.01 |
| Sub-total equity | 302.574 | 68.94 | 271.957 | 70.92 |
| Bonds: <i>By Sector</i> | | | | |
| Corporate | 51.328 | 11.70 | 32.780 | 8.55 |
| Government | 42.334 | 9.65 | 44.713 | 11.66 |
| Sub-total bonds | 93.663 | 21.35 | 77.493 | 20.21 |
| Property: <i>By Type</i> | | | | |
| Retail | 6.049 | 1.38 | 6.853 | 1.79 |
| Office | 4.045 | 0.92 | 3.428 | 0.89 |
| Industrial | 5.162 | 1.18 | 3.409 | 0.89 |
| Other Commercial | 9.338 | 2.13 | 8.784 | 2.29 |
| Sub-total property | 24.595 | 5.60 | 22.474 | 5.86 |
| Total assets | 438.850 | 100.00 | 383.451 | 100.00 |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries, in accordance with IAS 19.

The significant assumptions used by the Actuary were:

| | 2014-15 % pa | 2013-14 % pa |
|-------------------------------------------|-----------------|-----------------|
| Discount rate | 3.2 | 4.3 |
| Rate of pension increases | 1.8 | 2.4 |
| Rate of salary increases | 3.3 | 3.9 |
| Mortality Assumptions: | | |
| Longevity at 65 for current pensioners :- | | |
| Men | 23.0 | 22.9 |
| Women | 25.9 | 25.8 |
| Longevity at 65 for future pensioners :- | | |
| Men | 25.2 | 25.1 |
| Women | 28.3 | 28.2 |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

| | Increase in Assumption £m | Decrease in Assumption £m |
|------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | (13.35) | 13.61 |
| Rate of increase in salaries (increase or decrease by 0.1%) | 3.17 | (3.14) |
| Rate of increase in pensions (increase or decrease by 0.1%) | 10.19 | (10.03) |
| Longevity (increase or decrease in 1 year) | 18.31 | (18.34) |

Impact on the Council's Cash Flows

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary has recently carried out an Actuarial Valuation as at 31 March 2013, and has set the current Employer's contribution rate to achieve a funding level of 100% of scheme liabilities. Consequently, whilst there is a significant shortfall (liability) between the benefits earned by past and current employees and the resources the Authority has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The expected employer's contributions to the Local Government Pension Scheme for the accounting period ending 31 March 2016 are :-

| | 2015-16 £m |
|---------------------------|---------------|
| Local Govt Pension Scheme | 17.00 |
| LGPS Unfunded | 0.51 |
| Teachers' Unfunded | 0.45 |

The weighted average duration of the defined benefit obligation for the scheme members is 19.3 years, which is the same as for 2013-14

Teachers

In 2014-15, the Council paid £6.9 million (£6.8 million for 2013-14) to the Teachers Pensions Agency in respect of teachers' pension costs. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2014-15, these amounted to £0.5 million (£0.5 million for 2013-14).

37. Financial Instruments Disclosures

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Council has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are re-measured amounts for the LOBOs on the Balance Sheet.

Where premiums and discounts on early repayment have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Council's non-derivative financial liabilities are carried in the Balance Sheet at amortised cost split between short and long term.

The Short Term Borrowing in the Balance Sheet is detailed below:

| Short Term Borrowing & Other Short Term Financial Liabilities | 31 March 2015 £'000 | 31 March 2014 £'000 |
|----------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Public Works Loan Board (<1 year) | - | 16 |
| Short Term Loans (Accrued Int. Long Term) | 275 | 275 |
| Escrow (Football Club) Short Term | - | 634 |
| Escrow (Bocam Park) Short Term | 57 | 57 |
| Escrow (Wind Farms) Short Term | 132 | 130 |
| Other Trust Funds | 415 | 431 |
| Short Term Borrowing | 879 | 1,543 |
| Short Term Trade Payables(Creditors) | 2,897 | 3,546 |
| Other Short Term Financial Liabilities(Creditors) | 1,379 | 1,301 |
| Total Current Financial Liabilities | 5,155 | 6,390 |

The short term trade payables (creditors) figure £2.897 million relates to trade payables for goods and services received. 63% of this is not overdue for payment, 37% is due within 6 months. The other short term financial liabilities figure of £1.379 million represents monies held by the Council on behalf of different third parties.

The value of the short term liability relating to Other Long Term Liabilities for 2014-15, is made up as follows:-

| Short Term Liability relating to Other Long Term Liabilities | 31 March 2015 £'000 | 31 March 2014 £'000 |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Maesteg School PFI Lease Liability | 513 | 476 |
| Innovation Centre Financial Liability | 51 | 47 |
| Finance Lease Liability | - | 41 |
| HALO Financial Liability | 117 | 117 |
| Waste Contract (MREC) | 50 | - |
| Total | 731 | 681 |

The £2.897 million, £1.379 million and £0.731 million shown in the tables above are all included in the Short Term Creditors Balance Sheet figure of £43.458 million which also includes creditors that do not meet the definition of a financial liability so is not detailed here. Note 27 provides more detailed information of the total short term creditors figure.

The long term borrowing figure in the balance sheet of £97.444 million is made up as follows:

| Long Term Borrowing | 31 March 2015 | | | 31 March 2014 | | |
|----------------------------------|------------------------------|---------------|----------------|------------------------------|---------------|----------------|
| | Principal Sum Outstanding | Balance Sheet | Fair Value | Principal Sum Outstanding | Balance Sheet | Fair Value |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| PWLB (long term) | 77,617 | 77,617 | 118,094 | 77,617 | 77,617 | 96,644 |
| Total PWLB debt | 77,617 | 77,617 | 118,094 | 77,617 | 77,617 | 96,644 |
| LOBO's | 19,250 | 19,827 | 30,130 | 19,250 | 19,834 | 24,902 |
| Total Market Loans | 19,250 | 19,827 | 30,130 | 19,250 | 19,834 | 24,902 |
| Total Long Term Borrowing | 96,867 | 97,444 | 148,224 | 96,867 | 97,451 | 121,546 |

PFI and other long term liabilities figure in the balance sheet of £20.85 million are detailed below:

| Other Long Term Liabilities | 31 March 2015 | | 31 March 2014 | |
|------------------------------------------|---------------|---------------|---------------|---------------|
| | Balance Sheet | Fair Value | Balance Sheet | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Maesteg PFI Lease Liability | 18,787 | 28,419 | 19,300 | 26,710 |
| Innovation Centre Financial Liability | 719 | 1,073 | 770 | 1,109 |
| HALO Financial Liability | 844 | 1,458 | 853 | 1,569 |
| Escrow (Football Club) | 47 | 47 | - | - |
| Waste Contract (MREC) | 450 | 454 | - | - |
| Total Other Long Term Liabilities | 20,847 | 31,451 | 20,923 | 29,388 |

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of the remaining contractual cash flows at 31 March 2015, which provides an estimate of the value of payments in the future in today's terms. The fair value of short-term instruments, including trade payables is assumed to approximate to the carrying amount so these have not been disclosed above. The fair value of long-term borrowing is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

The Public Works Loan Board (PWLB) fair values of loans were provided by the PWLB based on premature repayment rates.

The fair values of long-term "Lender's Option Borrower's Option" (LOBO) loans have been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate interest rate swap rate on 31 March plus a margin for local authority credit risk and adding the value of the embedded options.

The fair values of PFI scheme liabilities and other financial liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA corporate bond yield.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are classed as Loans and Receivables, which are assets that have fixed or determinable payments but are not quoted in an active market. They are carried in the balance sheet at amortised cost. Annual credits to

the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Short Term Investments and Cash and Cash Equivalents in the Balance Sheet are detailed below:

| Investments and Cash and Cash Equivalents | 31 March 2015 Balance Sheet £'000 | 31 March 2014 Balance Sheet £'000 |
|-------------------------------------------|-----------------------------------------|-----------------------------------------|
| Investments (< 1 year) | 11,027 | 4,005 |
| Total Short Term Investments | 11,027 | 4,005 |
| Cash & Cash Equivalents (Deposits) | 8,502 | 6,500 |
| Cash in Hand/Overdrawn | (1,929) | (2,031) |
| Total Cash & Cash Equivalents | 6,573 | 4,469 |
| Short Term Trade Receivables (Debtors) | 5,330 | 6,301 |
| Total Current Financial Assets | 22,930 | 14,775 |

The £5.330 million trade receivable (debtor) figure above is for goods and services delivered and an age debt analysis of these trade debtors is shown below in the Credit Risk section. This figure is included in the Short Term Debtors figure of £29.272 million in the balance sheet which also includes debtors that do not meet the definition of a financial liability and Note 25 provides more detailed information of the total short term debtors figure.

The fair value of short-term instruments, including trade receivables are assumed to approximate to the carrying amount so are not detailed in this disclosure.

There was one long term investment taken out during 2014-15 for one year for £2million, however, there are none outstanding at 31 March 2015 as this has been transferred to short term in the Balance Sheet so is included in the table above. There are Long Term Debtors carried in the Balance Sheet which are financial assets. These are Housing Advances (£17,000) which are made of 8 long term loans made by the Council to former tenants and private households for mortgages and a lease receivable carried in the balance sheet as Finance Leases (£261,000) for vehicles linked to the waste contract.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

| Offsetting of Financial Assets and Liabilities | 31 March 2015 Gross Assets (Liabilities) £000 | 31 March 2014 Gross Assets (Liabilities) £000 |
|------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Bank Accounts in Credit | 2,322 | 138 |
| Total Financial Assets | 2,322 | 138 |
| Bank Overdrafts | - 2,415 | - 87 |
| Total Financial Liabilities | - 2,415 | - 87 |
| | | |
| Net Position on Balance Sheet | - 93 | 51 |

Financial Instruments - Risk

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Council meeting of the 19 February 2014 accepted the Treasury Management Strategy 2014-15 and the Treasury Management and Prudential Indicators.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the WG's *Guidance on Local Government Investments*. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy is based on seeking the highest rate of return consistent with the proper levels of security and liquidity. The Council also conducts a mid-year review of its treasury management policies, practices and activities and any revisions of the Investment Strategy to enable increased flexibility in an ever changing financial market and investment opportunities available will be approved by formal Council. Actual performance is also reported annually to Members in the form of the Annual Treasury Management Report which is reviewed by Audit Committee. These policies are implemented by a central Financial Control Team.

The Council's activities expose it to a variety of financial risks, the key risks are:-

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Investment Strategy contained within the Treasury Management Strategy 2014-15.

The Council's definition of "**high credit quality**" is deemed to be counterparties 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. Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) and Clydesdale Bank plc (a subsidiary of National Australia Bank) were classed as UK banks due to their substantial UK franchises and arms-length parent-subsiidiary relationships.

Cipfa's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary for the Council to make any major changes to the Investment Strategy only a few minor revisions to enable increased flexibility in an ever changing financial market and to increase the investment opportunities available to the Council whilst still maintaining security and. The Council meeting of 12 November 2014 approved the revisions as a result of the half year review of the Treasury Management Strategy and all these are reflected within this disclosure. Based on this, the Council's **approved counterparties** are shown in the table below:

| Counterparty | Credit Rating (or equivalent) | Time Limit | Cash Limit |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------|-------------------------------------------------------------------------------------|
| UK registered banks, building societies and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is: | AAA | 6 years | £8m each of which no more than £3m over 1 year |
| | AA+ | 5years | |
| | AA | 4years | |
| | AA- | 3years | |
| | A+ | 2 years | £6m of which no more than £3m over 1 year |
| | A | 1 year | £5m |
| | A- | 1 year | £3m |
| | | 6 months | £5m (higher cash limit than 1 year due to shorter duration and less perceived risk) |
| | BBB+ | 100 days | £2m |
| UK Central Government | n/a | 10 years | Unlimited |
| UK Local Authorities** but excluding parish and community councils | n/a | 10 years | £15m |
| The Council's current account bank if it fails to meet the above criteria* | | next day | £3m |
| UK registered building societies whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is: | BBB | 100 days | £2m |
| UK registered building societies without credit ratings with assets greater than £250m | | 100 days | £1m |
| Banks owned and domiciled in foreign countries with a sovereign rating of AA+ or higher | A+ | 6 months | £3m |
| Money market funds** and other pooled funds* | | n/a | £2m |
| Any other organisation and pooled fund subject to an external credit assessment and specific advice from the Council's treasury management advisers | | 1 year | £1m |
| | | 6 months | £2m |

*following discussion and approval from Treasury management advisers

** as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003

***as defined in the Local Government Act 2003, and similar authorities in Scotland

N.B. Long-term credit ratings refers to those published from Fitch, Moody's and Standard and Poor

The Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the heads of Specified Investments and Non-Specified Investments.

A Specified Investment is one which offers high security and high liquidity. It is a low risk investment where the possibility of loss of principal or investment income is negligible and satisfies the conditions below (extract WG Guidance on Local Government Investments):-

- The investment is denominated in sterling and any payments or repayments of the investment are payable only in sterling.
- The investment is not a long-term investment (contractually committed to be paid within 12 months/364 days).
- The making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting)(Wales) Regulations 2003 [SI 3239 as amended].
- The investment is made with:
 - a) a body or in an investment scheme of high credit quality; or
 - b) the UK Government;
 - c) or a local authority in England or Wales (as defined in section 23 of the 2003 Act) or similar body in Scotland or Northern Ireland;
 - d) a parish council or community council.

A Non-Specified Investment is any investment that does not fall into the criteria detailed above under the Specified definition. The WG Guidance requires the Council’s Investment Strategy to set an overall limit for non-specified investments which was set at £25 million. Therefore, at any one point in time a maximum of £25 million of investments could have been in one of the following non-specified categories:

| Non-Specified Investment Limits | Category Total Cash limit |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Total long-term investments | £15m |
| Total money market funds and other pooled funds | £ 8m |
| Total building societies not meeting the Council’s high credit quality definition (but with assets greater than £250m) | £ 6m |
| Total investments (excluding building societies – separate limit above) not meeting the Council’s high credit quality definition | £ 6m |

The combined values of specified and non-specified investments with any one organisation are subject to the limits detailed above and the approved counterparties and limits shown in the table below. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

The Council’s investments have historically been placed in bank and building society deposits and local and central government, however, investments may be made with any public or private sector organisations that meet the above credit criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

Credit ratings are obtained and monitored by the Council's treasury advisers who notify changes in ratings as they occur. They use long-term credit ratings from the three main rating agencies Fitch Ratings Ltd., Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment specific rating is available. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard is therefore 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 and reports in the quality financial press.

The Council's primary objective for the management of its investments is to give priority to the security and liquidity of its funds before seeking the best rate of return so not all the options available to the Council as detailed above were utilized during 2014-15. The majority of the Council's surplus funds during 2014-15 were therefore kept in the form of short-term investments and all were placed with UK registered banks and building societies satisfying the above credit criteria, UK local government and the UK Debt Management Office (DMO - executive agency of the UK government) and spread over a number of counterparties. This was deemed a much safer option even though it may be at the expense of extra basis points in interest. The counterparty limits were constantly reviewed and where market conditions dictated, the limit was dropped below the limits detailed above. No breaches of the Council's counterparty criteria occurred during 2014-15 and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council's investments outstanding at 31 March 2015 totalled £19.50 million as detailed below and shown in the balance sheet as both Short Term Investments (£11.027 million) and included within Cash and Cash Equivalents (£8.502 million). The maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise. The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating, based on the lowest long term rating:

| Counterparty Category | Credit Rating | Instant Access Deposit Accounts £'000 | Deposits Maturing Within 1 Month £'000 | Deposits Maturing Within 3 Months £'000 | Deposits Maturing Within 6 Months £'000 | Total £'000 |
|---------------------------|---------------|------------------------------------------|-------------------------------------------|--------------------------------------------|--------------------------------------------|----------------|
| Bank (UK registered) | A | 1,500 | 2,000 | - | 2,000 | 5,500 |
| Building Societies | A | - | - | 2,000 | - | 2,000 |
| Building Societies | A- | - | 2,000 | 1,000 | - | 3,000 |
| Unrated Local Authorities | | - | 7,000 | 2,000 | - | 9,000 |
| Total | | 1,500 | 11,000 | 5,000 | 2,000 | 19,500 |

The Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors is short term, however, £2.104 million of the £5.330 million balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

| Trade Debtors Past Due but not impaired | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--------------------------------------------|------------------------|------------------------|
| Less than three months | 1,308 | 1,238 |
| Three to six months | 259 | 136 |
| Six months to one year | 130 | 116 |
| More than one year | 406 | 443 |
| Total | 2,103 | 1,933 |

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

Liquidity risk

The Council manages its liquidity risk through its cash-flow management to ensure that cash is available when required. It has ready access to instant access deposit accounts, overdraft facilities and ready access to borrowing from the Money Markets or other local authorities to cover any day to day cash flow need and the Public Works Loan Board (PWLB) provides access to borrowing at favourable rates. The Council arranges fixed term loans and investments with a range of maturity dates within the framework and indicators approved each year. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, instead the risk relates to replenishing a significant proportion of its borrowings at a time of unfavourable interest rates.

A key parameter used to address liquidity risk is the Treasury Management Indicator which limits the maturity structure of fixed rate borrowing. This is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk 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.

| Maturity structure of fixed rate borrowing | Upper Limit 2014-15 | Lower Limit 2014-15 | Actual % 31-03-15 | Principal Outstanding £'000 31-03-15 |
|--------------------------------------------|------------------------|------------------------|----------------------|--------------------------------------------|
| Less than one year | 50% | 0% | 0.00% | 0 |
| Between 1 and 2 years | 25% | 0% | 0.00% | 0 |
| Between 2 and 5 years | 50% | 0% | 0.00% | 0 |
| Between 5 and 10 years | 60% | 0% | 5.76% | 5,580 |
| More than ten years | 100% | 40% | 74.37% | 72,037 |
| Uncertain date * | - | - | 19.87% | 19,250 |
| Total | | | 100.00% | 96,867 |

Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing all financial instruments therefore including longer term financial liabilities as they mature. The following table details the maturity of all the Council's financial liabilities based on the balance sheet value and includes all trade creditors and other creditors classed as financial liabilities which are due to be paid in less than a year.

| Maturity Analysis Financial Liabilities | 31 March 2015 | 31 March 2014 |
|----------------------------------------------------|----------------------|----------------------|
| | £'000 | £'000 |
| Less than one year | 5,884 | 7,071 |
| Between one and two years | 774 | 680 |
| Between two and five years | 2,642 | 2,319 |
| Between five and ten years | 11,181 | 5,147 |
| More than ten years | 84,057 | 90,691 |
| Uncertain date* | 19,827 | 19,834 |
| Total Financial Liabilities | 124,365 | 125,742 |

* The £19.250 million (19.87%) and £19.827 million in the two tables above showing an uncertain date relates to Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054. 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 (the next trigger date being 22 July 2015) and therefore, the Authority being given the option to accept the increase or to repay the loan without incurring a penalty. Due to current low interest rates, the Council is not anticipating that this will occur during 2015-16 however in the unlikely event that the lender exercises its option the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market Risk

The Council is exposed to the risk that financial loss could potentially occur as a result of changes in such measures as interest rate movements, market prices or foreign currency exchange rates. The Council is not exposed to the two treasury management risks of price risk or foreign exchange rate risk so only interest rate risk is detailed below.

Interest rate risk - 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; and
- 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

The Council has a number of strategies for managing interest rate risk. The Treasury Management Strategy draws together the Council's Treasury Management and Prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this, an indicator is set which provides maximum limits for fixed and variable interest rate exposure:-

| | Upper Limit TMS 2014-15 £m | Actual Principal Outstanding 31-03-15 £m |
|-------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------|
| Total Projected Principal Outstanding on Borrowing | 101.87 | 96.87 |
| Total Projected Principal Outstanding on Investments (including cash/cash equivalents deposits) | 9.00 | 19.50 |
| Net Principal Outstanding | 92.87 | 77.37 |
| Fixed interest rates (net principal) exposure | 130.00 | 59.62 |
| Variable interest rates Exposure (net principal) exposure | 50.00 | 17.75 |

The Council's borrowings and investments are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the Council Fund Balance, subject to influences from Government grants.

The Financial Control Team monitors market and forecast interest rates within the year to adjust exposures appropriately, to allow any adverse changes to be accommodated. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. According to this strategy, at 31 March 2015, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

| | Estimated £'000 + 1% | Estimated £'000 -1% |
|--------------------------------------------------------------|----------------------------|---------------------------|
| Interest payable on variable rate borrowings | 133 | 0 |
| Interest receivable on variable rate investments | (175) | 175 |
| Impact on Surplus or Deficit on Provision of Services | (42) | 175 |

The figures for an approximate impact of a 1% fall in interest rates are not the same figures as the 1% increase (but reversed) as the variable rate borrowing relates to our LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates.

38. Post Balance Sheet Events

There are no Post Balance Sheet Events.

Notes to the Cash Flow Statement

39. Adjustments for Non-Cash Movements

| 2013-14 | | 2014-15 |
|-----------------|---------------------------------------------------------------------------------------|-----------------|
| £'000 | | £'000 |
| (22,116) | Depreciation & Impairment of Assets | (87,723) |
| (4,419) | Movement in Stock, Debtors & Creditors | (9,798) |
| (195) | Revenue Expenditure Funded from Capital Under Statute | (774) |
| (16,720) | Pension Fund Adjustments | (9,020) |
| 373 | Provisions | 1,976 |
| (410) | Changes in Fair Value of Investment Properties | 647 |
| (6,048) | Gain/loss on disposal of Non Current Asset | (718) |
| 7,201 | Minimum Revenue Provision | 7,346 |
| 1,271 | Revenue Contribution to Capital | 1,793 |
| (41,063) | Adjustments to net deficit on the provision of services for non-cash movements | (96,271) |

40. Operating Activities

The cash flows for operating activities include the following items:-

| 2013-14 | | 2014-15 |
|----------------|-----------------------------------------------------------|-----------------|
| £'000 | | £'000 |
| (14,775) | Cash Flow on Revenue Activities | (19,007) |
| 6,304 | Interest Paid | 4,789 |
| 1,609 | Interest element of finance lease and PFI rental payments | 1,638 |
| (607) | Interest Received | (830) |
| (7,469) | Net Cash Flows from Operating Activities | (13,410) |

41. Investing Activities

The cash flows for investing activities include the following items:-

| 2013-14 | | 2014-15 |
|---------------|-----------------------------------------------------------------------------|---------------|
| £'000 | | £'000 |
| 33,918 | Purchase of Property, Plant and Equipment and Investment Property | 23,348 |
| 4,005 | Purchase / (Proceeds) from Short Term Investments | 7,022 |
| (274) | Proceeds from sale of Property, Plant and Equipment and Investment Property | (6,398) |
| 37,649 | Net Cash Flows from Investing Activities | 23,972 |

42. Financing Activities

The cash flows for financing activities include the following items:-

| 2013-14 | | 2014-15 |
|-----------------|------------------------------------------------------------------------------------------------------------------------------|-----------------|
| £'000 | | £'000 |
| (20,684) | Other Receipts from financing activities | (13,970) |
| 84 | Repayments of short and long term borrowing | 624 |
| 641 | Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | 680 |
| (19,959) | Net Cash Flows from Financing Activities | (12,666) |

Glossary Of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Amortisation

Reduction in value of capital expenditure which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the financial year, 31 March.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Adjustment Account

This is money set aside in the Council's accounts for capital spending and to repay loans.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash flow Statement

This is a statement that summarises the movements in cash during the year.

Comprehensive Income and Expenditure Statement

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Delegated schools balances

Under the Local Management of Schools provisions, any balances accrued at year end are delegated to individual schools. These funds are held outside of the Council's Council Fund balances.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Earmarked reserves

These are reserves set aside for a specific purpose.

Escrow account

Escrow is a legal arrangement whereby money is delivered to a third party (called an escrow agent) to be held in trust pending a contingency or the fulfillment of a condition or conditions in a contract.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Fixed asset

These are long-term assets that are used in the provision of services (usually for more than one year).

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Inventories

Inventories are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans. This should be a prudent amount.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Authority.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice. It represents:

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Private finance initiative (PFI) – a central government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

Public Works Loan Board (PWLB)

This is a Government agency which provides longer term loans to local authorities. It charges interest rates only slightly higher than those at which the Government can borrow.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and Wages, running costs of services and the financing of capital expenditure.

Service Reporting Code of Practice (SerCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SerCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform

Temporary borrowing or investment

This is money borrowed or invested for an initial period of less than one year.

Trust fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

Independent auditor's report to the Members of Bridgend County Borough Council

I have audited the accounting statements and related notes of Bridgend County Borough Council for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 19, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Bridgend County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Bridgend County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ**

September 2015

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BRIDGEND COUNTY BOROUGH COUNCIL

INFORMATION REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE MONITORING OFFICER

URGENT DELEGATED DECISION

1. Purpose of Report.

1.1 To report to Council a delegated decision taken as a matter of urgency.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1 The ability of Members and Officers to make decisions directly impacts upon the Authority's ability to implement the Corporate Improvement Objectives and Other Corporate Priorities.

3. Background.

3.1 This decision is required to be reported to Council under paragraph 18 of the Overview & Scrutiny Procedure Rules which are to be found at Part 4 of the Constitution. The background to the decision is shown in the Appendix to the report.

4. Current situation / proposal.

4.1 CMM-BS-15-125 - Date of Decision 22 September 2015 (Delegated decision form attached as **Appendix A.**)

4.2 Details of Decision

The details regarding the decision is shown in Part 2. of the Appendix.

4.4 Reason for Decision

The reason for the decision having to be taken as a matter of urgency is outlined in Part 3. of the Appendix.

4.5 Details of Consultation

Details of the consultation undertaken prior to the decision being made is specified in Part 4. of the Appendix.

5. Effect upon Policy Framework & Procedure Rules.

5.1 The decision is required to be reported to Council under paragraph 18 of the Overview and Scrutiny Procedure Rules which are to be found under Part 4 of the Constitution.

6. Equality Impact Assessment

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

7. Financial Implications.

7.1 There are no financial implications.

8. Recommendation.

8.1 It is recommended that Council note this report.

P A Jolley
Assistant Chief Executive Legal and Regulatory Services & Monitoring Officer
3 March 2015

Contact Officer: Mark Galvin
Senior Democratic Services Officer – Committees

Telephone: (01656) 643148

E-mail: mark.galvin@Bridgend.gov.uk

Postal Address Democratic Services, Civic Offices Angel Street Bridgend CF31 4WB

Background documents

The Overview and Scrutiny Procedure Rules as set out in the Council's Constitution.

SCHEMES OF DELEGATION OF FUNCTIONS RECORD OF DECISION

| | |
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| 1. Scheme Information: | |
| a. Decision Reference Number: | CMM-BS-15-125 |
| b. Decision Type (Proposed or Actual): | Actual |
| c. Scheme under which decision is to be made | A |
| d. Paragraph Number: | 1.1 |
| e. Does this Decision contain Exempt Information? If so, provide details with reference to paragraph(s) 12 to 18, Part 4 and paragraphs 19 to 21, Part 5 Schedule 12A, Local Government Act 1972. | No |
| f. Does this Decision contain "Confidential information: | No |
| 2. Details of Decision (including: Any public interest test undertaken in relation to Part 1(e) above; equalities implications and details of any assessment undertaken) | |
| <p>Subject to the requirements of paragraph 18 of the Overview and Scrutiny Procedure Rules, to make decisions on any matters falling within the Cabinet Member's portfolio (other than decisions which are contrary to the Policy Framework or contrary to or not wholly in accordance with the approved Budget) which, if delayed, would seriously prejudice the Council's or the public's interests that the Deputy Leader Cllr H J David substitutes for the Cabinet Member – Communities as the Corporate Member to hold the voting rights of the Authority at the meeting of the V2C Management Board on Wednesday 23rd September 2015.</p> | |
| 3. Reason for Decision (including any reasons for urgency which led to the implementation of the decision before the preparation of this record or before the expiry of 3 working days after the publication of the decision to which call-in provisions apply): | |
| <p>Cabinet appointed the Cabinet Member Communities (Cllr H Williams) as the Corporate Member on the V2C Management Board. Due to his unavailability for the V2C Management Board meeting on 23rd September 201, that the Deputy Leader (Cllr H J David) substitute for him as the Corporate Member for this meeting only to enable the use of the Council's Corporate vote.</p> | |

4. Details of Consultation undertaken prior to the decision or, if none reasons why none undertaken:

Legal Officers, Head of Democratic Services.

The Chairperson of the CEL Overview and Scrutiny Committee has no objection to this decision

5. Details of any interest declared in relation to the decision:

a. by any Cabinet Member consulted in relation to the Decision:

b. by any Cabinet Member who would have been the Decision maker except for the declaration of such an interest:

c. details of any dispensation granted by the Standards Committee in respect of interest declared:

6. Contact Details:

Case Officer

Decision-Maker

| | | |
|------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| a. Name: | GP Jones | Cllr H Williams |
| b. Job Title/Role: | Head of Democratic Services | Cabinet Member for Communities |
| c. Telephone Number: | (01656) 643385 | (01656) 643549 |
| d. E-mail Address: | Gary.Jones@Bridgend.gov.uk | Cllr.Hywel.Williams@Bridgend.gov.uk |
| e. Date Decision made: | | 22 September 2015 |
| f. Signature: | | Original Signed and held with Cabinet Committee |

Notes:

1. Electronic copies of this form must be sent to Democratic Services - Committees (cabinet_committee)

7. Decision Administration Information (Cabinet & Committee Services use only)

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|-------------------------------------------------|---------------------------------------|
| a. Date received | <input type="text" value="22/09/15"/> |
| b. Confirmation of Urgency | <input type="text" value="-"/> |
| c. Date published | <input type="text" value="22/09/15"/> |
| d. End of Call - In period (Scheme A & B1 only) | <input type="text" value="N/A"/> |
| e. Decision Called in. | <input type="text" value="-"/> |
| f. Effective date of Decision. | <input type="text" value="22/09/15"/> |

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