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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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

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

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



Gwasanaethau Gweithredol a Phartneriaethol / Operational and Partnership Services

Deialu uniongyrchol / Direct line /: (01656)
643147/643148

Gofynnwch am / Ask for: Andrew Rees

Ein cyf / Our ref:

Eich cyf / Your ref:

Dyddiad/Date: Wednesday, 26 October 2016

Dear Councillor,

CABINET

A meeting of the Cabinet will be held in the Committee Rooms 1/2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Tuesday, 1 November 2016 at 2.30 pm.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2008.
3. Approval of Minutes 5 - 16
To receive for approval the Minutes of the meeting of the Cabinet of 4 October 2016.
4. Budget Monitoring 2016-17 Quarter 1 - Recommendations of the Corporate Resources & Improvement Overview and Scrutiny Committee 17 - 20
To present Cabinet with the recommendations of the Corporate Resources Overview and Scrutiny Committee resulting from their deliberations and monitoring of the Budget 2016-17, Quarter 1.
5. Budget Monitoring - Quarter 2 2016-17 21 - 50
To provide Cabinet with an update on the Council's financial position as at 30th September 2016.
6. Amendment to the Private Sector Housing Renewal and Disabled Adaptations Policy 51 - 82

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To seek Cabinet approval to amend the Private Sector Housing Renewal and Disabled Adaptations Policy to reflect the new Corporate Priorities, to provide assistance to Registered Social Landlords and Charitable Housing Organisations to work in partnership with the Council to address housing need, and to maximise participation in Homes in Towns Grants.

7. School Modernisation Programme: Outcome of the Second Stage of the Tender Process for the Design and Construction of Brynmenyn Primary School 83 - 88
To seek Cabinet approval to accept the contract sum provided by BAM Construction Ltd for the construction of Brynmenyn Primary School and approve the awarding of the contract, subject to Welsh Government funding approval.
8. Information Reports for Noting 89 - 106
To inform Cabinet of the Information Reports which have been published since its last scheduled meeting.
9. Waste Management Services Contract Award 107 - 112
To inform Cabinet of the proposed appointment of a preferred bidder under the Council's waste services procurement and subject to satisfactory completion of the legal processes formally enter into a contract with the preferred bidder for the provision of the Council's Waste Collection and Community Recycling Centre (CRC) Services for a period defined by the contract of seven years from the contract commencement date of the 1st April 2017.
10. Urgent Items
To consider any items of business that by reason of special circumstances the chairperson is of the opinion should be considered at the meeting as a matter of urgency in accordance with paragraph 2.4 (e) of the Cabinet Procedure Rules within the Constitution.
11. Exclusion of the Public
The reports relating to the following items are not for publication as they contain exempt information as defined in Paragraphs 14 and 16 of Part 4 and Paragraph 21 of Part 5, Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

If following the application of the public interest test Cabinet resolves pursuant to the Act to consider these items in private, the public will be excluded from the meeting during such consideration.
12. Waste Management Services Contract Award 113 - 122
13. Bridgend Town Heat Network Project 123 - 128
14. Depot Rationalisation and Relocation 129 - 138

Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Distribution:

Councillors:

HJ David

CE Smith

Councillors

HJ Townsend

PJ White

Councillors

HM Williams

CL Reeves

MINUTES OF A MEETING OF THE CABINET HELD IN COMMITTEE ROOMS 1/2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 4 OCTOBER 2016 AT 2.30 PM

Present

Councillor MEJ Nott OBE – Chairperson

HJ David
HM Williams

CE Smith

HJ Townsend

PJ White

Officers:

| | |
|------------------|---|
| Darren Mepham | Chief Executive |
| Deborah McMillan | Corporate Director Education & Family Support |
| Mark Shephard | Corporate Director - Communities |
| Susan Cooper | Corporate Director - Social Services & Wellbeing |
| Andrew Jolley | Corporate Director Operational & Partnership Services |
| Andrew Rees | Senior Democratic Services Officer - Committees |
| Angie Bowen | Group Manager - Housing & Community Regeneration |

982. APOLOGIES FOR ABSENCE

None.

983. DECLARATIONS OF INTEREST

None.

984. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of Cabinet of 6 September 2016 be approved as a true and accurate record.

985. ANNUAL REPORT 2015-16

The Chief Executive presented the Annual Report 2015-16, which evaluated the Council's performance against the priorities set in the Corporate Plan 2013-17. It also reiterated the Council's Improvement Objectives for 2016-17. He reported that the Annual Report was prepared in order to meet the requirements of the Local Government (Wales) Measure 2009, which summarised how well the Council is progressing in these priorities in 2015-16. He stated that the Council had carried out to completion 44 (76%) of its 58 commitments, missing only marginally in a further 12 (20%) and mostly missed planned improvements in just 2 (4%). Of the 76 indicators identified for the Corporate Plan, 75 had data available with 51 (68%) meeting their target, 10 (13%) missed the target by more than expected. He informed Council that it had successfully managed both revenue and capital budgets and achieved the savings target.

The Chief Executive informed Council that the Annual Report also evaluates the Council's performance against the 41 national indicators. Comparative data was available for 39 of the indicators and of those indicators, 28 (70%) showed improvement on the previous year compared with 65% improvement nationally. This made the Council the second most improved local authority in Wales. He stated that 24 of the Council's 40 nationally comparable indicators for the year are ranked in the top half when measured against other local authorities, making the Council the joint best fifth in Wales.

The Deputy Leader in commending the Annual Report congratulated all staff for contributing to the progress the Council continues to make in its performance.

RESOLVED: That Cabinet considered the Annual Report 2015-16 and recommended it to Council for approval.

986. MAESTEG TOWN HALL

The Corporate Director Communities sought approval to commence development and delivery work to secure the regeneration of Maesteg Town Hall. He stated that the town centre of Maesteg has been the centre of the Council's Regeneration Programme for a number of years, undertaken in several phases and delivering transformational change to the public realm in the primary retail area. He stated that the last phase, termed Phase IV completed in 2014, included the redevelopment of the outdoor market, the creation of a 'civic square' outdoor stage and improvement of the bus station.

The Corporate Director Communities informed Cabinet that Maesteg Town Hall directly links with the civic square and bus station and is one of the County Borough's most significant historic buildings, and the principal public building in the Llynfi Valley. He stated that recent decades had seen a steady decline in the condition and consequently in the utility and sustainability of the Hall. He informed Cabinet that since the completion of Phase IV there had been an ambition to secure investment in the Town Hall to complete the regeneration of the retail core. An outline feasibility study was commissioned, to identify the issues and potential development opportunities and to support any future funding bids. An Expression of Interest (EOI) was submitted in 2015 for funding from the Buildings for the Future Programme to regenerate the building thereby creating a 'cultural hub' by improving performance facilities, developing new modern fit for purpose library provision for the town, including a state-of-the-art children's library, and delivering an inspiring and inclusive, creative community space. He stated the new library would be an additional attraction and anchor for the town centre, stimulating increased visitor numbers and footfall to the retail core. The combined footfall of the two existing libraries at North's Lane and Maesteg Sports Centre, 45,000 visits per annum, would be redirected to the town centre, in addition to the visitor numbers achieved as a result of enhanced facilities. The EOI was scored and prioritised for funding, however the uncertainty of future European funding as a result of the outcome of the referendum had put the project at risk and there was a need to accelerate the scheme for completion by the end of 2018.

The Corporate Director Communities reported that the proposed scheme offers an opportunity to create a high profile statement project representing the Council's regeneration of Maesteg and work to develop the proposal was currently underway for completion by the end of the year in line with the project timetable for the Buildings for the Future Programme. He stated that the preferred design solution may cost in the range of £4-5m. Detailed costs would only be available once future architectural design stages have been completed. He outlined the key design considerations of the scheme which will require significant remodeling of current inaccessible and confused entry and circulation arrangements. It was proposed for operational, design and financial sustainability reasons, that the current market stall provision within the building is not retained. He informed cabinet that this most contentious part of the proposal had given rise to significant representations from the public and traders of Maesteg. He outlined the timetable and next steps and that if funding was secured for the whole Town Hall building, it would need to close for up to 18 months.

He outlined the risks and opportunities which would need to be weighed up by Cabinet in reaching a decision. He stated that formal governance arrangements would be

required to manage the project which was likely to be large and complex, which would see the establishment of a Project Board to oversee the development and delivery stages through to completion. He stated that the deteriorating condition of the Hall presents a significant risk to one of the Council's principal heritage buildings and delay will increase these risks and associated costs further. The uncertainty of long term European Funds will require timescales for the development of the project to be accelerated if it is to proceed. This will enable the Council to take advantage of the opportunity to secure significant external funding for the scheme, provided design and tender stages can be completed together with the project EU funded elements of the project prior to the anticipated key date of end of 2018.

The Corporate Director Communities informed Cabinet that the Council has ring-fenced a match-funding allocation of £500,000 from its Capital Programme to the project. A further £30,000 feasibility funding has been allocated, to enable the scheme for the project to be more fully developed to support funding bids. In May 2016. He stated that Cabinet had confirmed its commitment to reinvest the future capital receipt arising from the sale of land at Ewenny Road, Maesteg, to a regeneration fund for the Llynfi Valley. He stated that no capital works would be carried out or expenditure incurred until the external funding position had been finalised, in line with the Council's Financial Procedure Rules.

The Cabinet Member Regeneration and Economic Development commented that it was pleasing to see that the public and traders of Maesteg had been engaged in the proposals for the future of the Town Hall which had stood for 2 centuries. He stated that the regeneration scheme would secure the future of the building for it to be left as a legacy for future generations. On reflection, the Cabinet Member Regeneration and Economic Development felt that recommendation 4 contained in the report was too rigid and did not sufficiently show the flexibility needed to involve traders in future plans. He proposed an amendment which would replace recommendation 4 with a new one which would better integrate the market into the vision for the cultural hub, improve footfall and provide new possibilities for the market traders. This amendment was discussed and agreed.

The Cabinet Member Communities commented that the scheme, based on current known funding sources, represented the one opportunity to regenerate the Town Hall delivering new library and cultural activities but would take 18 months to complete. She commented that we now needed to look at the detailed design and ensure that the plans helped reinforce the importance of the outdoor market.

The Cabinet Member Adult Social Care and Health and Wellbeing thanked the Cabinet Member Regeneration and Economic Development for taking cognisance of the representations made by the public and traders of Maesteg. He stated that there was a need to ensure that the project was not delayed once external funding was received in order to ensure the heritage of the Town Hall remains. The Cabinet Member Resources commented on the need for the strongest possible bid to be made to give the greatest chance of drawing down external funding to ensure that this facility was not lost. He commented that previously the Council has been forced to close and eventually demolish the Berwyn Centre in the Ogmere Valley because they were unable to secure sufficient funding to improve its condition and secure its future. The Deputy Leader asked the Corporate Director Communities to clarify the position with regard to disabled access and also the plans for enhanced library provision and the benefits that would bring. The Director commented that the current access for disabled people was very poor and the opportunity to provide full access was a key and non-negotiable design consideration. He added that the current library in Maesteg was undersized and the proposed new space would allow an improved offer to local people and include, for the first time, a children's library. The proposal was also not to create traditional library

space but a vibrant public meeting and social space with room to promote a range of community activities. The Leader stated that the project represented an opportunity to secure the long term future of the Town Hall and he thanked the cabinet for their empathy in listening to the representations received.

RESOLVED: That Cabinet:

1. Noted that the opportunity exists to secure multi-million pound investment in Maesteg Town Hall project, which would deliver transformational change in the town, and deliver substantial economic, social and cultural benefits for the Llynfi Valley;
2. Noted the uncertainty of future EU funding brought about as a result of the UK's proposed exit from the EU, and the need, therefore, to accelerate development work on the project, in advance of a formal funding offer;
3. Noted that the building will need to be vacated in order for works to proceed;
4. Noted the preferred option currently being proposed, based on the feasibility work carried out, does not include market stall provision within the redeveloped Town Hall, however it was recommended that:
 - (i) A relocation group be set up to meet with traders and assist in finding alternative premises;
 - (ii) The current outline plans are reviewed and developed to better integrate the outdoor market and the proposed cultural hub to maximise both the footfall and the number of traders that can be accommodated;
5. Authorised officers to undertake early negotiations with tenants of premises in the market hall, and the relevant officer to serve the required legal notices to bring existing agreements to an end at such time when officers believe it is an appropriate moment to serve such notices;
6. Authorised the Corporate Director Communities to pay appropriate compensation as necessary in respect of tenancies that need to be brought to an end;
7. Authorised officers to give priority to market hall tenants for future lettings in the outdoor market, and to offer transitional rents to take account of the differing rental levels in the indoor and outdoor markets, subject to conditions and due diligence and any legal issues being adequately addressed;
8. Agreed that budgetary adjustments are made corporately from savings identified in paragraph 7.3 of the report, to offset for the loss of letting income as set out in paragraph 7.3 of the report; and
9. Receives further reports on the project as it progresses through to delivery.

987. CHILDREN WITH DISABILITIES TRANSFORMATION PROGRAMME

The Corporate Director Social Services and Wellbeing informed Cabinet of the work undertaken as part of the Children with Disabilities Transformation programme and sought approval to implement the proposals and new models for specialist 52 week provision for children and young people with complex needs and overnight short breaks services for children with disabilities.

The Corporate Director Social Services and Wellbeing reported that the Council aimed for children and young people to remain within their local community with family and friends as there is no specialist 52 week provision available in county for children and young people with complex needs at present. She stated that when the needs, complexities and challenges of a young person escalate, and the family struggle to cope and a 52-week accommodation service is required, the only option currently available is an Out of County placement, which is costly. The Corporate Director Social Services and Wellbeing informed Cabinet that there is demand for specialist 52-week provision for children with disabilities locally, it had been identified that they could have been placed and educated in-county, if there was specialist 52-week provision available in Bridgend. A number of workshops and discussions had been held to scope options and opportunities to facilitate 52 week provision in county and 3 potential models had been considered. The Children with Disabilities Programme Board having considered the findings of the potential models agreed to look into the feasibility and viability of refurbishing and utilising buildings at Heronsbridge School, namely Model 3 with the Council providing the service and Cabinet approval was therefore sought to implement this model.

The Corporate Director Social Services and Wellbeing also reported that Short breaks for Children with Disabilities are currently provided through a combination of services, including Bakers Way, Family Link (disabled respite foster carer service) and Direct Payments. This service was reviewed in 2015/15 which found that the existing model is a high-cost, traditional model that provides limited flexibility for young people and their families, and in light of the requirements of the Medium Term Financial Strategy, it was opportune for the Council to consider alternative models for short breaks, in particular the service provided at Baker's Way. Early engagement sessions took place with staff and stakeholders to inform the development of an options appraisal for short breaks children with disabilities, followed by public consultation. In response to this, officers had developed a new model for overnight short breaks at Baker's Way and approval was sought to implement the new model.

The Corporate Director Social Services and Wellbeing reported on the financial implications of the development of the specialist 52 week provision for children and young people with complex needs which would contribute towards savings targets within the MTFs totalling £617k. The remodelling of the overnight short breaks service at Baker's Way would contribute £400k towards the MTFs savings target.

The Cabinet Member Children's Social Services and Equalities in commending the proposals commented that moving to 52 week provision at Heronsbridge will benefit families greatly and avoiding the need for costly out of county placements and bringing about efficiencies at Baker's Way and contributing to savings in the MTFs. The Deputy Leader commented on the importance of undertaking extensive consultation on the two proposals which had been welcomed by the families of those using these services and which will allow children to remain in their local community.

RESOLVED: That Cabinet:

- Noted the information contained in this report;
- Approved the proposed new model for specialist 52-week provision for children and young people with complex needs;
- Approved the proposed new model for Bakers Way, which provides overnight short breaks for children with disabilities.

988. CAPITAL PROGRAMME 2016-17 TO 2015-26

The Chief Executive reported on the current capital programme and sought approval to present a report to Council for a revised capital programme for 2016-17 to 2025-26.

He reported that Council in March 2016 approved a capital programme for 2015-16 to 2025-26 of £163.774m as part of the Medium Term Financial Strategy (MTFS). This was amended in May and July 2016 to reflect funding changes to some schemes, slippage from 2015-16, additional external funding approvals and new capital investment requirements identified. following a rigorous appraisal process of new risks and priorities against funding availability.

The Chief Executive reported on revisions which were required to be made to the capital programme on the following schemes:

- Pencoed Primary School
- Garw Valley South Primary School
- Multi-Purpose Hub at Coleg Cymunedol y Dderwen
- Community Route between Pencoed and Heol y Cyw
- Land at Aberfield Playing Fields

He stated that a revised capital programme allowing for the inclusion of the additional schemes, along with additional external funding approvals and changes to expenditure profiles since the programme approved in July 2016 and that the main variations and new approvals include:

- Budgets for a number of schemes within the 21st Century Schools programme have moved into 2017-18 following receipt of updated spend profiles from cost consultants. This includes Garw Valley South, Brynmenyn Primary and Pencoed Primary.
- New transport grant approval (£1.947 million) for schemes on the A48/A473 Link Road, safe routes to schools and the Metro National Cycle Network.
- Inclusion of £297,000 in respect of the construction of a car park in Brackla, as part of the first phase of the Park and Ride scheme, following planning approval in July 2016, funded from S106 contributions.
- Provision of £500,000 for replacement of fleet vehicles, funded from prudential borrowing.
- The release of an additional £30,000 from within the VVP programme, to maximise the allocation of Welsh Government grant, following realignment of funding across financial years.

RESOLVED: That Cabinet approved that the revised Capital Programme be submitted to Council for approval.

989. SCHOOL MODERNISATION - PENCOED PRIMARY, INVITATION TO TENDER AND CONTRACT AWARD

The Corporate Director Education and Family Support reported that Cabinet at its meeting on 6 September 2016 approved the proposal to make a regulated alteration to Pencoed Primary School by relocating the school, including the Heol y Cyw campus, to a new build school on the site of Pencoed Primary School playing fields at Penprysg Road, Pencoed with effect from 1st April 2018. The tender process for the South East Wales Schools Capital Procurement Framework (SEWSCAP) was undertaken and administered by Rhondda Cynon Taff County Borough Council, in conjunction with Capita Glamorgan. She stated that as the value of the contract will be above £5m, Cabinet was required both to invite tenders and to award a contract, following the procurement process, to the most economically advantageous tender, in accordance with the Council's Scheme of Delegation.

The Corporate Director Education and Family Support reported that the timetable for the scheme's procurement process will result in the contract having to be awarded after 30th November 2016 (when the tender exercise will complete) but early enough in December 2016 for contractor mobilisation to have occurred ready for a January 2017 start on site. She stated there were no Cabinet meetings scheduled which would facilitate the submission of a separate report detailing the outcome of the tender process and seeking permission to award the contract, in time to meet these scheme critical milestone dates.

The Corporate Director Education and Family Support reported that the anticipated cost of the proposed new Pencoed Primary School will be funded by the Council and Welsh Government under the 21st Century Schools Programme for which the Authority has received Welsh Government 'approval in principle', with the current budget for the scheme in the Capital Programme of £8.8m. However the total scheme cost is likely to exceed that amount due to site abnormalities which would increase the total estimated budget required for the scheme to £11.1m. The Corporate Director Education and Family Support informed Cabinet that Some highways works are expected to be required to ensure safe access to the new school estimated to cost £300k which is included as a separate scheme within the capital programme.

The Deputy Leader commented that it was imperative that delegated authority measures are put in place to ensure funding for the scheme is not lost.

RESOLVED: That Cabinet:

- 1) Authorised the invitation of tenders for the construction of the new Pencoed Primary School;
- 2) Delegated authority to the Corporate Director, Education and Family Support to award the Contract to the bidder submitting the most economically advantageous tender, subject to the tender price being acceptable to the S151 Officer, and subject to receipt of Welsh Government funding approval.
- 3) Subject to the Contract being awarded in accordance with paragraph 8.1.2 of the report, delegated authority to the Corporate Director, Education and Family Support to enter into a construction Contract with any relevant ancillary agreements thereto, in consultation with the Director of Operational and Partnership Services, and arrange for execution of the same on behalf of the Council.

4) Noted that Cabinet will in due course receive an Information Report detailing the outcome of the tender process.

990. APPOINTMENT OF LOCAL AUTHORITY GOVERNORS

The Corporate Director Education and Family Support sought approval for the appointment of Local Authority Governors to the school governing bodies listed.

RESOLVED: That Cabinet approved the appointments listed.

991. SCHOOL MODERNISATION PROGRAMME: PROPOSED ENLARGEMENT OF AFON Y FELIN PRIMARY SCHOOL

The Corporate Director Education and Family Support sought approval to consult on the proposal to make a regulated alteration Afon Y Felin Primary School in the form of an enlargement with effect from 1 April 2017.

The Corporate Director Education and Family Support reported that prior to the commencement of this academic year; it had become apparent there would be a significant increase in pupil numbers for 2016/17. As at September 2016 there were 110 pupils aged 4-11 and 23 nursery aged pupils on roll at the School. She stated that in order to accommodate the increased pupil numbers and avoid overcrowding it had become necessary for the School to utilise a space within the existing accommodation for teaching purposes, which has resulted in an increase to the capacity. This change has been implemented on a temporary basis in this academic year and there was a need to formalise this temporary arrangement on order to meet potential future demand from the area.

The Corporate Director Education and Family Support reported that the capacity of the school five years prior to the date of the proposed implementation i.e. 2011/12 was 96. The re-designation of spaces at the school will result in the capacity increasing to 131 which is greater than 25% of the capacity as at 2011/12. As a result, the published admission number in respect of pupils admitted into reception will increase from 15 to 18. This would necessitate a regulated alteration to enlarge the school requiring a consultation exercise to be carried out with the governing body, staff, parents, pupils and interested parties. Following a 6 week period of consultation, a further report on the outcome of the consultation would be submitted to Cabinet to consider the result of that process. Cabinet would then need to decide whether to authorise the publication of a statutory notice. If such a notice were issued, it would invite formal objections during the statutory 28 day period. At the end of the statutory notice period a further report would be submitted to Cabinet on the outcome of the statutory notice process and any objections received. If there were no objections in response to the public notice, Cabinet would be recommended to make a final decision. If there were any objections, an objections report containing a formal response would be prepared and submitted to Cabinet. She stated that Cabinet would need to give consideration to and approve the objections report and also make a final decision on whether or not the proposals should be implemented.

RESOLVED: That Cabinet approved that a consultation exercise be conducted with the governing body, staff, parents, pupils and interested parties on a proposal to make a regulated alteration to increase the capacity of Afon Y Felin Primary School with effect from 1st April 2017. The outcome of the consultation will be reported back to Cabinet.

992. TACKLING POVERTY PRIORITIES 2016-17

The Group Manager Housing and Community Regeneration reported that in January 2016, the Minister for Communities and Tackling Poverty set out 5 key recommendations to be implemented in 2016. She stated that the recommendations are intended to make the administration processes behind the programmes simpler, so that they are able to work together and focus on front line delivery. In addition to the five key recommendations, the Welsh Government has established a project to determine how the four programmes could be simplified, streamlined and where possible integrated in 2016-17. In response, the Council has established a project team which has developed and populated a Tackling Poverty Intervention Matrix.

The Group Manager Housing and Community Regeneration informed Cabinet that a Tackling Poverty Planning Group (TPP Group) which is a multi-agency group had been established. The key data identified in the Tackling Poverty Intervention Matrix had provided an evidence base which had been reported to the TPP Group which will consider and recommend any requests for virement of funding from 1 October 2016 to 30 November 2016. She also informed Cabinet that the TPP Group had received an overview of the WG Tackling Poverty Programme Alignment Project and the draft 'Tackling Poverty Priorities 2016/17' and has had the opportunity to identify any gaps or priorities. The TPP Group had received and endorsed the following recommendations:

- i. Responding to Welfare Reform
- ii. Counselling and wellbeing services
- iii. Delivering Communities First projects outside of the Communities First areas
- iv. Helping people be more self-reliant
- v. Pre-intervention – informal early help support and engagement

The Group Manager Housing and Community Regeneration informed Cabinet that the recommendations were reported to and consulted upon at the Tackling Poverty Conference 'Aligning our actions, increasing our impact' and she highlighted the feedback from the Conference. The feedback from the conference together with the key data sets identified in the Tackling Poverty Intervention Matrix have been used to develop the 'Tackling Poverty Priorities 2016/17', which is an overarching strategy for the four submitted WG delivery/commissioning plans.

The Group Manager Housing and Community Regeneration reported on the next steps in that future development would be informed by the assessments being carried out under the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations Act (Wales) 2015. It will also be dependent on Welsh Government guidance for the four Programmes being available. She highlighted the key areas which the TPP Group will focus on.

The Group Manager Housing and Community Regeneration reported on the financial implications in that the Welsh Government has indicated that any virement of budgets should be considered in the 3rd quarter based on projected underspends across the four programmes. Requests for slippage must comply with the funding guidance and criteria for that Programme and is subject to WG approval. She stated that the total grant funding allocation for the four tackling poverty programmes is in excess of £12.5m. She informed Cabinet that although WG has indicated the ability to re-allocate 5% of programme budgets in the 3rd and 4th quarter of 2016/17, the ability to strategically re-allocate any funding may be delayed by procurement processes if projects are to be commissioned. She also informed Cabinet that the annual funding of programmes does not lend itself to long term commissioning of services and this has been relayed to WG

together with the suggestion to be able to re-allocate 5% of a budget outside of current programmes to meet the outcomes of a programme.

The Cabinet Member Resources commented that the focus of the new programme was now on early intervention. The Cabinet Member Children's Social Services and Equalities commented on the linkages between the programme and child care.

RESOLVED: That Cabinet:

1. Noted the progress on the alignment of Tackling Poverty Project (Communities First; Flying Start; Families First; and Supporting People);
2. Delegated the position of the Tackling Poverty Officer Champion to the Head of Service - Performance and Partnership Services;
3. Delegated authority to the Corporate Director – Operational and Partnership Services, to determine the nature of any requests for 5% virement of funding between programmes, which is to be submitted to Welsh Government for approval;
4. Approved the 'Tackling Poverty Priorities 2016/17' as set out in Appendix 1 of the report; and
5. Noted that Cabinet will receive a further report setting out the commissioning intentions of the four Programmes for 2017/18.

993. **REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Corporate Director Operational and Partnership Services reported that the Regulation of Investigatory Powers Act (RIPA) provides a framework for certain public bodies, including local authorities to use covert surveillance to gather information about individuals without their knowledge for the purposes of undertaking statutory functions in connection with the prevention and detection of crime.

He informed Cabinet that RIPA activity and authorisations are governed by Codes of Practice and Guidance issued by the Office for Surveillance Commissioners (OSC) and the Home Office. The current Codes of Practice issued by the OSC, requires that a local authority should review its use of RIPA at least annually and set the policy at least once a year.

The Corporate Director Operational and Partnership Services reported that the Council has always been very sparing in its use of RIPA and it had only been used in cases where it was important to obtain information to support potential criminal proceedings, and only where that information cannot be obtained by any other means. He stated that since the approval of the current policy by Cabinet on 29 April 2014, there had only been four authorisations, all four authorisations were to obtain evidence to support allegations of benefit fraud.

The Corporate Director Operational and Partnership Services reported that overall responsibility lied with himself as the Senior Responsible Officer; a list of designated posts nominated to authorize surveillance activity had been reviewed and updated.

RESOLVED: That Cabinet noted the report and approved the revised policy.

994. INFORMATION REPORTS FOR NOTING

The Corporate Director Operational and Partnership Services presented a report, the purpose of which was to inform Cabinet of the Information Report which has been published since the last meeting.

RESOLVED: That Cabinet acknowledged the publication of the document listed in the report:-

| <u>Title</u> | <u>Date Published</u> |
|---|-----------------------|
| Annual Treasury Management Report 2015/16 | 28 September 2016 |

995. URGENT ITEMS

There were no urgent items.

996. COUNCILLOR MEJ NOTT OBE - LEADER OF THE COUNCIL

The Leader announced that today's meeting of Cabinet would be his last meeting as Leader of the Council and he thanked all members of Cabinet for their loyalty and support over the years. He also thanked Liam Ronan, Communications Manager for the support he had given to him.

The Deputy Leader on behalf of Cabinet and Corporate Management Board paid tribute to the way Councillor Nott had conducted himself as Leader of the Council and his service as WLGA Presiding Officer, a Magistrate and as a Community Councillor. His service to the people of the County Borough of Bridgend had been recognised Her Majesty the Queen with the award of the OBE.

All members of Cabinet thanked the Leader for his guidance, counsel and for his confidence in appointing them to their respective roles.

The Chief Executive on behalf of the Corporate Management Board placed on record their thanks to the Leader for the confidence he had shown in them.

997. 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 contained exempt information as defined in Paragraph 16 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

The Corporate Director Operational and Partnership Services confirmed that one of the items was not subject to the public interest test for reasons of legal professional privilege and should therefore be considered in private. However the public interest applied in respect of two items of business contained in the minutes.

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Following the application of the public interest test in consideration of these other items, it was resolved that pursuant to the Act referred to above, to consider them in private, with the public being excluded from the meeting as they would involve the disclosure of exempt information of the nature as stated above.

998. APPROVAL OF EXEMPT MINUTES

RESOLVED: That the exempt minutes of the meeting of Cabinet of 6 September 2016 be approved as a true and accurate record.

The meeting closed at 4.19 pm

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE CORPORATE DIRECTOR – OPERATIONAL AND PARTNERSHIP SERVICES

BUDGET MONITORING 2016-17 Q1 - RECOMMENDATIONS OF THE CORPORATE RESOURCES AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

1. Purpose of Report.

- 1.1 To present Cabinet with the recommendations of the Corporate Resources Overview and Scrutiny Committee resulting from their deliberations and monitoring of the Budget 2016-17, Quarter 1.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The improvement priorities identified in the Corporate Plan 2016-2020 have been embodied in the Overview & Scrutiny Forward Work Programmes. The amended Corporate Plan adopted by Council on 10 March 2016 formally set out the improvement priorities that the Council will seek to implement between 2016 and 2020. The Overview and Scrutiny Committees engage in review and development of plans, policy or strategies that support the Corporate Themes.

3. Background.

- 3.1 At its meeting on 21 September 2016, the Corporate Resources Overview and Scrutiny Committee received a Budget Monitoring report based on the Budget for 2016-17, Quarter 1.
- 3.2 Within this report were details of the Budget reduction proposals not achieved for 2015-16 which indicated an ongoing shortfall of £1.172 million. The Committee expressed concerns over these shortfalls, in particular those relating to charging Blue Badge Holders for parking and the review of staff car parking charges.
- 3.3 The Committee commented on the fact that the former was part of the budget public consultation for 2015-16 and was responded to positively, and changes to car parks across the county borough have now been made to enable suitable access to pay and display machines for blue badge holders. The Committee therefore questioned why this had not been progressed.
- 3.4 In relation to staff car parking, the Committee have commented on this at numerous meetings, stating the following at their meeting on 22 September 2015:

Members expressed concern over the Red Status for the Budget Reduction COM8 in relation to the Review of car parking charges for staff, given the fact that the Committee raised this in their meeting in June 2015 and had requested that this be dealt with as soon as possible to resolve the current situation. The Committee reiterated this request and asked for an update on this proposal.

3.5 At their most recent meeting, in September this year, the Corporate Director – Communities advised the Committee that there would be a full car-parking charging review undertaken in the next financial year, however Members expressed strong concerns over the continuing delays and lack of action.

3.6 Also discussed at this meeting were the financial pressures relating to waste disposal and the savings that are unable to be achieved in relation to the MREC. The Committee expressed its opinion that as these spends are a result of outside forces and factors out of the Directorate's control, the Directorate should not be expected to make up the shortfall from within their area. This budget pressure should be shared equally across the Council and dealt with Corporately.

4. Current situation / proposal.

4.1 Following discussions with Officers and Cabinet Members at their meeting held on 21 September 2016, the Committee determined to make the following recommendations in relation to the Authority's Budget:

1. The Committee expressed concern over the ongoing budget reductions not achieved from 2015-16, specifically those in relation to the implementation of charging Blue Badge Holders for parking as well as the review of staff car parking charges. The Committee recommend that a decision be made as to whether these proposals are going to be progressed or not and if so that they be actioned within the current financial year.
2. The Committee recommends that if budget pressures are outside of the control of the individual Directorate, consideration be given, on a case by case basis, as to whether the budget should be dealt with Corporately across the Authority in order to share the burden. Whilst appreciating that all Directorates are experiencing budget pressures, the Committee consider that the services within the Communities Directorate are being disproportionately affected by the difficulties in the savings being achieved in relation to MREC. The Committee therefore recommends that as these pressures are outside of the Directorates control, the budget for MREC be dealt with Corporately.

5. Effect upon Policy Framework & Procedure Rules.

5.1 The work of the Corporate Resources and Improvement Overview and Scrutiny Committee relates to the review and development of plans, policy or strategy that form part of the Policy Framework and the power to promote or improve economic, social or environmental wellbeing in the County Borough of Bridgend. This item specifically relates to the role of Overview & Scrutiny Committee in monitoring the Authority's Budget throughout the year.

6. Equality Impact Assessment

6.1 There are no Equality Impact Assessment that have been carried out in relation to this report, however, any potential changes made to the Authority's transport or Waste policies would require an EIA.

7. Financial Implications.

7.1 Should any decision be made in relation to the Authority's Blue Badge Scheme, staff car-parking, or Waste as a result of this report and its recommendations, there would be a resulting financial impact on the Budget, its reductions and the MTFs.

8. Recommendation.

8.1 Cabinet is asked to:

- a) consider the recommendations of the Corporate Resources and Improvement Overview and Scrutiny Committee in relation to the Authority's budget;
- b) Respond to the recommendations by the next Cabinet meeting as agreed in the Scrutiny recommendations protocol.

Andrew Jolley

Corporate Director – Operational Partnership Services

26/10/2016

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Background documents

None

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE HEAD OF FINANCE

BUDGET MONITORING – QUARTER 2 2016-17

1.0 Purpose of this report

1.1 The purpose of this report is to provide Cabinet with an update on the Council's financial position as at 30th September 2016.

2.0 Connections to Corporate Improvement Objectives and Other Corporate Priorities

2.1 The budget monitoring report provides an overview of the current financial position and projected outturn for the year against the budget approved by Council in March 2016. The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered.

3.0 Background

3.1 On 10th March 2016, Council approved a net revenue budget of £254.891 million for 2016-17, along with a capital programme for the year of £43.553 million, which was recently revised to £46.412 million. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

4.0 Current Situation

4.1 Summary financial position at 30th September 2016.

4.1.1 The Council's net revenue budget and projected outturn for 2016-17 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th September 2016

| Directorate | Original Budget 2016-17 £'000 | Revised Budget 2016-17 £'000 | Projected Outturn 2016-17 £'000 | Projected Over / (Under) Spend Qtr 2 2016-17 £'000 | Projected Over / (Under) Spend Qtr 1 2016-17 £'000 |
|--------------------------------------|----------------------------------|---------------------------------|------------------------------------|---|---|
| Directorate | | | | | |
| Education and Family Support | 108,034 | 108,209 | 108,273 | 64 | 287 |
| Social Services and Wellbeing | 59,697 | 60,534 | 61,277 | 743 | 249 |
| Communities | 24,644 | 24,765 | 25,570 | 805 | 406 |
| Operational and Partnership Services | 14,899 | 14,935 | 13,370 | (1,565) | (127) |
| Chief Executives and Finance | 4,333 | 4,331 | 3,951 | (380) | (251) |
| Total Directorate Budgets | 211,607 | 212,774 | 212,441 | (333) | 564 |
| Council Wide Budgets | | | | | |
| Capital Financing | 10,128 | 10,128 | 8,834 | (1,294) | 0 |
| Precepts and Levies | 6,959 | 6,959 | 6,959 | 0 | 0 |
| Sleep Ins | 800 | 765 | 765 | 0 | 0 |
| Council Tax Reduction Scheme | 14,304 | 14,304 | 13,654 | (650) | (400) |
| Insurance Costs | 1,559 | 1,559 | 1,559 | 0 | 0 |
| Building Maintenance | 900 | 894 | 894 | 0 | 0 |
| Centrally held Budget Pressures | 1,394 | 1,394 | 1,394 | 0 | 0 |
| Other Corporate Budgets | 7,240 | 6,114 | 4,714 | (1,400) | 0 |
| Total Council Wide Budgets | 43,284 | 42,117 | 38,773 | (3,344) | (400) |
| | | | | | |
| Total | 254,891 | 254,891 | 251,214 | (3,677) | 164 |

NB: Difference between Original and Revised Budget is due to allocations of pay and price pressures, inter-departmental transfers and other allocations agreed in-year.

- 4.1.2 The overall projected position at 30th September 2016 is a net under spend of £3.677 million, comprising £333,000 net under spend on directorates and £3.344 million net under spend on corporate budgets. A detailed analysis of the more significant projected under and over spends is set out in section 4.3.
- 4.1.3 The net budget for the financial year assumes full implementation of the current year budget reduction requirements across the Council's budget which amount to £7.477 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 4.1.4 A report was presented to Cabinet on 6th July 2016, outlining the latest position on the Medium Term Financial Strategy (MTFS) for 2017-18 to 2020-21. The report identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to around £36.9 million over the next four years. Against that background it is essential that expenditure is kept within the overall approved budget and that longer term proposals continue to be developed so that

the Council has as much flexibility as possible to meet the challenges which lie ahead.

- 4.1.5 At year end consideration will be given to requests from directors to establish earmarked reserves for specific purposes in the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2016-17. This is in line with the reports to Cabinet and Council on the MTFS, and the Council's Financial Procedure Rules. Similarly, consideration will be given to any over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Finally, outstanding prudential borrowing will be repaid, where possible, to reduce future capital financing charges. However, a decision will not be made until towards the end of the financial year when the overall outturn position is more definite.

4.2 Monitoring of Budget Reduction Proposals

Budget Reductions 2015-16

- 4.2.1 A report was presented to Cabinet on 5th July 2016 on Financial Performance 2015-16. In the report it was highlighted that, of the £11.225 million budget reduction proposals for 2015-16, £2.692 million were not met in full, with a shortfall in the financial year of £1.909 million. The report stated that these proposals would continue to be monitored alongside current year proposals, with mitigating action to achieve them identified. A summary of the latest position is attached as Appendix 1, which shows that while positive progress has been made, there remains an ongoing shortfall of £1.167 million in 2016-17 against these specific proposals.
- 4.2.2 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 12 states that *"Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency will be maintained"*. Further to this, a MTFS Budget Reduction Contingency was established as an earmarked reserve and is being used to partly mitigate the shortfalls on the following budget reduction proposals in this financial year.

| | | |
|--------|------------------|----------|
| COM 1 | MREC | £150,000 |
| COM 11 | Blue Badges | £83,000 |
| CH 9 | School Transport | £100,000 |

Directorates are seeking to identify mitigating actions to meet the balance of the budget reduction shortfalls in this financial year. However, now the position on some of the proposals is clearer, consideration will be given by the Section 151 Officer to further allocations from the MTFS Budget Reduction Contingency in quarter 3 to meet some of these shortfalls. In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from this contingency fund will be made as part of the overall review of earmarked reserves.

Budget Reductions 2016-17

4.2.3 The budget approved for 2016-17 included budget reduction proposals totalling £7.477 million, which is broken down in Appendix 2 and summarised with a RAG status in Table 2 below. In comparison, the budget reduction requirement for 2015-16 was £11.225 million and at quarter 2, 83% (£9.301 million) of the total value of proposals were green, 8% (£894,000) amber and 9% (£1.03 million) red. For 2016-17 Amber and Red proposals account for one third of overall proposals, with the total value of these (£2.540 million) higher than for 2015-16, despite the lower overall savings requirement. This is also higher than in quarter 1 following an update to the budget reduction projections and RAG status as the year progresses. Given the scale of budget reductions, any non-achievement will have a significant impact on the outturn position.

Table 2 – Monitoring of Budget Reductions 2016-17

| DIRECTORATE | GREEN | | AMBER | | RED | | TOTAL | |
|--------------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|-------------|
| | £'000 | % | £'000 | % | £'000 | % | £'000 | % |
| Education and Family Support | 504 | 52% | 22 | 2% | 450 | 46% | 976 | 13% |
| Social Services and Wellbeing | 1,717 | 58% | 710 | 24% | 557 | 19% | 2,984 | 40% |
| Communities | 675 | 49% | 507 | 37% | 195 | 14% | 1,377 | 18% |
| Operational and Partnership Services | 969 | 98% | 16 | 2% | 0 | 0% | 985 | 13% |
| Chief Executive and Finance | 157 | 72% | 60 | 28% | 0 | 0% | 217 | 3% |
| Corporate | 915 | 98% | 23 | 2% | 0 | 0% | 938 | 13% |
| TOTAL | 4,937 | 66% | 1,338 | 18% | 1,202 | 16% | 7,477 | 100% |

4.2.4 Six of the proposals are currently RED, totalling £1.202 million. Three are in the Education and Family Support Directorate (total £450,000) and relate to the over spends on home to school / college transport, particularly in respect of school transport route efficiencies and rationalisation of special educational needs transport. Two proposals are in the Social Services and Wellbeing Directorate, relating to the reduction in numbers of Looked After Children (£357,000), and the Remodelling of Children's Respite Care (£200,000). The remaining proposal is in the Communities Directorate relating to the lease of Raven's Court (£195,000).

4.2.5 Fourteen of the savings proposals are AMBER, totalling £1.338 million. The most significant are:

- To develop a delivery model for Bridgend Resource Centre (£108,000) – unlikely to be achieved in 2016-17 but plans still being developed for consideration.
- Transfer of Family Care Service to Community Hubs (£210,000) – full year saving unlikely, but plans progressing to achieve part year saving.
- Changes to Social Services workforce (£100,000) – still requires permanent staff restructuring to meet savings target, but some will be met in year through vacancies.
- Review of Highways Maintenance / DLO services (£417,000) – full year savings unlikely due to delays in one of the three staff restructures. This structure is still in the process of being finalised so savings in this area will be limited in 2016-17. However, overall, approximately £350,000 of the

£417,000 reduction will be achieved. This was previously reported as Green in quarter 1.

- Put some aspects of Council Tax and Housing Benefits on line (£60,000) – delay in implementing Channel Shift will prevent full savings being achieved in this financial year.

4.2.6 Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year.

4.3 Commentary on the financial position as at 30th September 2016.

A summary of the financial position for each main service area is attached as Appendix 3 to this report and comments on the most significant variances are provided below, along with draw down on earmarked reserves to date.

4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2016-17 is £108.273 million. Current projections indicate an over spend of £64,000 at year end, after draw down of £90,000 from earmarked reserves. The main variances are:

| EDUCATION & FAMILY SUPPORT DIRECTORATE | Net Budget | Projected Outturn | Variance Over/(under) budget | % Variance |
|---|-------------------|--------------------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Built Environment | 1,000 | 904 | (96) | -9.6% |
| Inter Authority Recoupment | 126 | (186) | (312) | -247.6% |
| School Improvement | 966 | 876 | (90) | -9.3% |
| Home to School / College Transport | 3,860 | 4,734 | 874 | 22.6% |
| Integrated Working | 1,022 | 917 | (105) | -10.3% |

Built Environment

- There is currently a projected under spend of £96,000 on the Built Environment service, due to under spends on supplies and services, and increased fee income for architects' services. However, the Built Environment service has recently implemented a new charging regime, to comply with accounting guidelines, and it is too early to tell what the impact of this will be on overall income levels.

Inter Authority Recoupment

- There is currently an under spend of £347,000 projected on the education budget for out of county placements, due to a reduction in the number of placements, from 28 at the end of March 2016 to 26 currently, as pupils are brought back in-County to be educated. This is partly offset by under-recovery of income due to the reduction in pupils from other local authorities attending this authority's schools.

School Improvement

- This under spend relates to a delay in appointments to the Development Team, which will support the strategic review of schools. Some appointments have been made, but there is still an under spend on the budget, part of which will be used to commission specific pieces of work.

Home to School / College Transport

- There is a projected over spend on the Home to School Transport budget of £874,000, of which £258,000 relates to over spends in 2015-16. This has increased since quarter 1 due to the delay in removing a particular route, which is currently under consideration. The 2015-16 MTFS savings were not fully achieved partly due to the limited rationalisation of contracts because of increases in the number of pupils eligible for transport, which is outside of the control of the local authority and difficult to predict with accuracy. In addition, budget reductions in respect of changes to the Learner Travel Policy were not fully realised as the agreed change to the policy by Cabinet was not implemented until September 2016 and this will not bring the same level of savings as were originally identified.
- Further efficiencies to Special Education Needs (SEN) and Looked After Children (LAC) transport have been pursued but have been impacted by some increased demand for individual transport due to the needs of individual children and our duty as a Local Authority to ensure that they are transported in line with our statutory responsibilities and our current Learner Travel policy. Additional MTFS proposals for 2016-17 of £450,000 have added to this pressure. The over spend has been partly mitigated by a contribution of £100,000 from the MTFS Budget Reduction Contingency reserve, as outlined in 4.2.2.

Integrated Working

- The under spend of £105,000 has arisen as a result of staff vacancy management.

4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2016-17 is £60.534 million. Current projections indicate an over spend of £743,000 at year end after draw down of £72,000 from earmarked reserves. The main variances are:

| SOCIAL SERVICES AND WELLBEING DIRECTORATE | Net Budget | Projected Outturn | Variance Over/(under) budget | % Variance |
|--|-------------------|--------------------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Older People Residential Care | 8,083 | 7,920 | (163) | -2.0% |
| Older People Home Care | 8,622 | 8,410 | (212) | -2.5% |
| Assessment & Care Mgt Older People and Physical Disability | 3,474 | 2,951 | (523) | -15.1% |
| Physical Disabilities Home Care | 777 | 1,115 | 338 | 43.5% |
| Learning Disabilities Residential Care | 1,451 | 1,996 | 545 | 37.6% |
| Learning Disabilities Day Opportunities | 3,078 | 2,768 | (310) | -10.1% |
| Mental Health Home Care | 412 | 638 | 226 | 54.9% |
| Looked After Children | 10,461 | 11,073 | 612 | 5.9% |

Older People Residential Care

- There is a projected under spend of £163,000 as a result of a reduction in the number of placements, as more people are being supported in their own homes through domiciliary care.

Older People Home Care

- There is a projected under spend of £212,000 as a result of staffing vacancies and increased client contributions.

Assessment and Care Management

- There is a projected under spend of £325,000 on assessment and care management for older people, and £198,000 on assessment and care management for people with physical disabilities, arising mainly from staff vacancies and recruitment issues.

Physical Disabilities Home Care

- There is a projected over spend of £338,000 as a result of increased demand for domiciliary care in this service area. There is a 40% increase on spend compared to the same time last year due to a higher average package of care, resulting from greater complexity of needs.

Learning Disabilities Residential Care

- A projected over spend of £545,000 is likely as a result of the transition of 'complex needs' children into adult services. There are currently 4 transition cases and 2 existing cases requiring increased packages of care. Given the existing pressures on the Looked After Children budget, it is not feasible to reduce that budget to offset these costs.

Learning Disabilities Day Opportunities

- There is currently a projected under spend of £310,000 arising from staff vacancies pending new appointments. It is anticipated that most of these vacancies will be filled going forward.

Adult Mental Health Services

- A projected over spend of £226,000 on home care is likely as a result of increased demand for domiciliary care in this service area, coupled with a reduction in Supporting People grant for Supported Living Schemes, following the reduction in grant in 2016-17.

Looked After Children (LAC)

- There is a projected over spend of £612,000 on LAC, after an assumed draw down of £229,000 from earmarked reserves at year end. This is mainly as a result of the delay in implementing the MTFs reduction in respect of the re-provision of residential services (£400,000 across 2015-16 and 2016-17). In addition, there is an over spend on fostering of approximately £100,000 due to higher than anticipated payments for respite care, travelling costs and childcare.
- The number of LAC at the end of September was 378 compared to 382 at the end of March 2016, so does continue to fall. In particular, the number of out of county placements has fallen by 2 to 9 currently.

- However, there are a number of “When I am Ready” clients (where a care leaver continues to live with their foster carer after they turn 18) that are still in a placement, which the Council funds, but do not count as LAC.
- Further consideration will be given to the draw down of the LAC reserve during quarter 3.

4.3.3 Communities Directorate

The net budget for the Directorate for 2016-17 is £24.765 million and the current projection is an anticipated over spend of £805,000 after draw down of £859,000 from earmarked reserves. The main variances are:

| COMMUNITIES DIRECTORATE | Net Budget | Projected Outturn | Variance Over/(under) budget | % Variance |
|--------------------------------|-------------------|--------------------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Development Control | (175) | (375) | (200) | -114.3% |
| Property | 1,242 | 1,437 | 195 | 15.7% |
| Waste Disposal | 5,136 | 5,617 | 481 | 9.4% |
| Waste Collection | 1,282 | 1,442 | 160 | 12.5% |
| Highways Services | 2,057 | 2,517 | 460 | 22.4% |
| Adult Education | 177 | 82 | (95) | -53.7% |

Development Control

- There is a projected under spend of £200,000 due to an increase in the number of planning applications at higher fee levels in the second quarter of the financial year. Fees are set by Welsh Government and vary according to the type of development. As a result of recent applications, the service is projecting higher income than budgeted.

Property

- There is a projected over spend of £195,000 in relation to the MTFs saving relating to the lease of Raven’s Court, since a tenant has still to be secured for the building. There is also an estimated over spend of £250,000 due to under occupancy of the Innovation Centre, as a result of difficulties in attracting tenants. These over spends are partly offset by reduced running costs on the Civic Offices (£50,000), staff vacancy management (£110,000) and an increase in general commercial income (£90,000).

Waste Disposal

- The MREC saving of £300,000 for 2015-16 was not achieved and is unlikely to be achieved in 2016-17. This has been partly mitigated by a contribution of £150,000 from the MTFs Budget Reduction Contingency reserve, as outlined in 4.2.2. Furthermore there are additional tonnage costs of £551,000 offset by savings from the interim Anaerobic Digestion (AD) procurement project of £220,000. This is based on current projected tonnages prior to the commencement of the new waste collection contract.

Waste Collection

- There are projected over spends arising from procurement costs and mobilisation costs associated with the new waste collection contract

(£215,000), which is currently in the process of being finalised. This has been partly offset by a full year saving generated by the closure of the Household Waste and Recycling Centre (HWRC) site in Ogmere.

Highways Services

- There is a projected over spend of £300,000 as a result of a new Service Delivery Agreement (SDA) introduced by the South Wales Trunk Road Agency (SWTRA) in April 2016, which applied to work undertaken by the Council's Highways department. The SDA includes priced schedules for work undertaken, which has impacted on the amount of funding that can be reclaimed. There are also small over spends arising on depot running costs, following the move of fleet services to the joint vehicle maintenance facility, due to the fixed nature of some of the depot costs e.g. business rates, which are being picked up by the remaining services until the depot rationalisation is completed. There are also over spends arising due to delays in staffing restructures and non-achievement of overtime savings (£110,000).

Adult Education

- There is a projected under spend across the service of £95,000 due to staff vacancy management.

4.3.4 Operational and Partnership Services Directorate

The net budget for the Directorate for 2016-17 is £14.935 million and current projections anticipate an under spend against this budget of £1.565 million after draw down of £311,000 from earmarked reserves. The main variances are:

| OPERATIONAL AND PARTNERSHIP SERVICES DIRECTORATE | Net Budget | Projected Outturn | Variance Over/(under) budget | % Variance |
|---|-------------------|--------------------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Housing and Homelessness | 1,329 | 928 | (401) | -30.2% |
| Legal Services | 1,969 | 1,724 | (245) | -12.4% |
| Regulatory Services | 1,487 | 1,311 | (176) | -11.8% |
| Human Resources and Organisational Development | 3,839 | 3,544 | (295) | -7.7% |
| ICT | 3,716 | 3,395 | (321) | -8.6% |

Housing and Homelessness

- There is a projected under spend on this area of £401,000. This is mainly as a result of an under spend on bed and breakfast costs (£180,000), as a result of improved management of demand of temporary accommodation. This is in addition to under spends on staffing budgets, both from vacancy management and use of core staff to undertake duties for which the Council receives Welsh Government grant funding (approximately £200,000), and small under spends on other budgets.

Legal Services

- The under spend on legal services is partly due to an increase in recovery of legal costs and a corresponding under spend on legal costs and disbursements.

Regulatory Services

- The under spend relates to repayment of an under spend on the shared regulatory service following the closure of the 2015-16 accounts, which was primarily due to staff vacancies following the creation of the shared service. The amount of this under spend, and any potential repayment, was not known until the accounts had been audited.

Human Resources and Organisational Development

- The under spend relates to vacancy management in preparation for future MTFS savings.

ICT

- The under spend is as a result of vacancies within the team, along with an under spend of approximately £150,000 on software licences, due to a proactive approach to the rationalisation of software across the Council when the opportunity arises.

4.3.5 Chief Executive's and Finance

The net budget for the Directorate for 2016-17 is £4.331 million and current projections anticipate an under spend against this budget of £380,000 after draw down of £18,000 from earmarked reserves. The main variances are:

| CHIEF EXECUTIVES | Net Budget | Projected Outturn | Variance Over/(under) budget | % Variance |
|-------------------------|-------------------|--------------------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Chief Officers | 645 | 491 | (154) | -23.9% |
| Housing Benefits | 847 | 633 | (214) | -25.3% |

Chief Officers

- The under spend mainly relates to the vacant staffing budget following the departure of the Corporate Director Resources. This is being held in preparation for future MTFS savings. There is also an under spend of approximately £20,000 on subscriptions due to reduced costs of e.g. WLGA.

Housing Benefits

- There is an under spend in respect of the administration of housing benefit arising mainly from staffing vacancies, but also additional grant income. In addition there is an under spend of approximately £69,000 relating to increased income from the repayment of over-paid housing benefit. The 2016-17 budget pressure in relation to the new Emmaus facility is currently being reviewed, which may reduce the under spend on this area in quarter 3.

4.3.6 Council Wide budgets

This section of the accounts includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget is £42.117 million and the projected outturn is £38.773 million, resulting in a projected under spend of £3.344 million. The main variances are detailed below:

| COUNCIL WIDE BUDGETS | Net Budget | Outturn | Variance Over/(under) budget | % Variance |
|------------------------------|-------------------|----------------|-------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | |
| Capital Financing | 10,128 | 8,834 | (1,294) | -12.8% |
| Council Tax Reduction Scheme | 14,304 | 13,654 | (650) | -4.5% |
| Other Corporate Budgets | 6,114 | 4,714 | (1,400) | -22.9% |

Capital Financing

- The projected under spend of £1.294 million is a result of an under spend on interest paid due to lower borrowing than anticipated, because the Council has used its own internal resources in the first instance to fund major schemes within the capital programme. A review will be undertaken during quarter 3 to identify any debt repayment opportunities.

Council Tax Reduction Scheme

- The projected under spend of £650,000 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. The projection is based on take up at the end of September 2016. Budget reductions are planned for future years.

Other Corporate Budgets

- The under spend of £1.4 million is a combination of:
 - o Reduced requirement from Directorates in relation to pay and prices, including superannuation and National Insurance increases.
 - o 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.
 - o Projected under spends on other corporate budgets e.g. redundancy budget, funding held centrally for budget pressures.

It should be noted that this projection could change significantly during the financial year, depending on the total cost of redundancies incurred during the financial year, the extent of inclement weather, inflationary changes, and demands on the Council Tax Reduction Scheme. At this point in the financial year it is prudent to assume that all other budgets will be fully spent by year end.

These budgets are currently being reviewed as part of the MTFS 2017-18 to 2020-21 and will be subject to significant reductions over the life of the MTFS.

4.4 Capital programme monitoring

- 4.4.1 This section of the report provides Members with an update on the Council's capital programme for 2016-17. The original budget approved by Council on 10th March 2016 was further revised and approved by Council in May, July and October to incorporate budgets brought forward from 2015-16, budgets carried forward into 2017-18, and any new schemes and grant approvals. Since then, only one additional scheme has been built into the programme, which is funded through external resources (Section 106 and insurance). The revised programme now totals

£47.102 million, of which £31.940 million is met from BCBC resources with the remaining £14.162 million coming from external resources.

4.4.2 Appendix 4 provides details of the individual schemes within the capital programme, showing the budget available in 2016-17 compared to the projected spend. Commentary is provided detailing any issues associated with these projects.

4.4.3 At this point in the financial year, and following discussions with directorates, it is assumed that all other projects will be in line with the budget as set out in Appendix 4. However, this will depend upon scheme progress during the financial year and any inclement weather experienced, which may place additional pressure on project timescales.

4.5 Review of Earmarked reserves

The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFS includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and Earmarked Reserves. A quarter 2 review of the particular pressures that were to be covered by earmarked reserves was undertaken and Directorates have drawn down the following funding :-

| Directorate | Period 6 Drawdown £'000 |
|--------------------------------------|--|
| Education & Family Support | 90 |
| Social Services & Wellbeing | 72 |
| Communities | 859 |
| Operational and Partnership Services | 311 |
| Chief Executives & Finance | 18 |
| Total | 1,350 |

This was broken down into £856,000 from Corporate Reserves and £494,000 from their specific earmarked reserves as below:-

| Opening Balance 1 April 2016 | Reserve | Additions/ Reclass- ification | Drawdown | Closing Balance 30 Sept 2016 |
|------------------------------------|---|-------------------------------------|----------------|---------------------------------------|
| £'000 | | £'000 | £'000 | £'000 |
| | Corporate Reserves:- | | | |
| | Education & Family Support | - | (70) | |
| | Social Services & Wellbeing | - | (72) | |
| | Communities | 10 | (581) | |
| | Operational and Partnership Services | - | (115) | |
| | Chief Executives & Finance | - | (18) | |
| | Non-Directorate | 2,000 | - | |
| 32,939 | Total Corporate Reserve | 2,010 | (856) | 34,093 |
| | Directorate Earmarked Reserves:- | | | |
| 1,278 | Education & Family Support | - | (20) | 1,258 |
| 1,486 | Social Services & Wellbeing | - | - | 1,486 |
| 1,884 | Communities | - | (278) | 1,589 |
| 708 | Operational and Partnership Services | - | (196) | 529 |
| 92 | Chief Executives & Finance | - | - | 92 |
| 5,448 | Total Directorate Reserves | - | (494) | 4,954 |
| | | | | |
| 38,387 | Total Usable Reserves | 2,010 | (1,350) | 39,047 |

During the first half of the year, £1 million was transferred to the Service Reconfiguration Reserve in accordance with the MTFS for Extra Care Housing Schemes and a further £1 million was used to create the MTFS Budget Reduction Contingency identified within MTFS Principle 12. The final addition to the reserves of £10,000 is for the Property Disposal Strategy and represents the de-minimis capital receipts received during the period April to September 2016. A full breakdown of total movement on earmarked reserves at 30th September is provided in Appendix 5.

5.0 Effect upon policy framework & procedural rules

- 5.1 As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the

Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.

6.0 Equality Impact Assessment

6.1 There are no implications in this report.

7.0 Financial implications

7.1 These are reflected in the body of the report.

8.0 Recommendations

Cabinet is requested to note the projected revenue and capital outturn position for 2016-17.

Randal Hemingway
Head of Finance and Section 151 Officer
October 2016

Contact Officer

Deborah Exton – Group Manager – Financial Planning and Budget Management ext 3604

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Background Papers

Individual Directorate Monitoring Reports

Report to Council 10th March 2016

Report to Council 6 May 2016

Report to Council 6 July 2016

Report to Council 5 October 2016

MONITORING OF 2015-16 BUDGET REDUCTION PROPOSALS

| Ref. | Budget Reduction Proposal | Original 2015-16 £000 | Current RAG Status (RAG) | Amount of saving likely to be achieved 2016-17 £000 |
|--|--|-----------------------|--------------------------|---|
| EDUCATION & FAMILY SUPPORT | | | | |
| EDUCATION | | | | |
| CH3 | Retender Learner Transport contracts | 400 | | 363 |
| CH4 | Rationalise Special Education Needs transport | 100 | | 0 |
| CH9 | School transport route efficiencies | 200 | | 80 |
| | Total Education and Family Support | 700 | | 443 |
| ADULT SOCIAL CARE | | | | |
| ASC2 | Support increased independence through enablement and progression in Learning Disability services | 220 | | 220 |
| ASC6 | Management, Admin and Training Implement measures to achieve 7% and 5% across the 2 years | 215 | | 115 |
| ASC7 | Reprovision and remodelling of Shared Lives | 135 | | 135 |
| ASC8 | Reduction in sickness across services | 50 | | 50 |
| | Total Adult Social Care | 620 | | 520 |
| SAFEGUARDING AND FAMILY SUPPORT | | | | |
| CH22 | Remodelling of Childrens Residential Care | 200 | | 0 |
| CH20B | Review all temp posts across the directorate/Vacancy Management | 50 | | 50 |
| | Total Safeguarding and Family Support | 250 | | 50 |
| | | | | |
| | Total Social Services & Wellbeing Directorate | 870 | | 570 |
| COMMUNITIES | | | | |
| COM1 | Procure by competitive tendering and in accordance with the provisions of a MOU between BCBC and NPTCBC, a contractor to operate and manage the MREC | 300 | | 0 |
| COM6 | Review of public conveniences | 50 | | 40 |
| COM7 | Review of Grounds Maintenance & Bereavement Services | 437 | | 437 |
| COM8 | Review of car parking charges - staff and long/short term stay car parks | 60 | | 0 |
| COM10 | Public to purchase their own black refuse bags to an appropriate specification. | 50 | | 0 |
| COM11 | Implementation of charging for Blue Badge Holders for Car Parking | 165 | | 0 |
| COM13 | Review of School Crossing Patrol service in line with GB standards. | 60 | | 35 |
| | Total Communities Directorate | 1,122 | | 512 |
| | | | | |
| | GRAND TOTAL | 2,692 | | 1,525 |

| | |
|------------------|--------------|
| Shortfall | 1,167 |
|------------------|--------------|

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MONITORING OF 2016-17 BUDGET REDUCTION PROPOSALS

| Ref. | Improvement Priority 2016-20 | Budget Reduction Proposal | Original 2016-17 £000 | Current RAG Status (RAG) |
|---|------------------------------|--|-----------------------|--------------------------|
| EDUCATION & FAMILY SUPPORT | | | | |
| CENTRAL EDUCATION & FAMILY SUPPORT | | | | |
| CH1 | IP1 | Out of County budgets - reduction of Education costs by returning children with additional needs to in-house provision with additional support if required | 200 | |
| CH2 | IP2 | Youth Offending Service Collaboration | 95 | |
| CH3 | IP3 | Retender Learner Transport contracts | 100 | |
| CH4 | IP3 | Rationalise Special Education Needs transport | 150 | |
| CH9 | IP3 | School transport route efficiencies | 200 | |
| CH15 | IP3 | Staff Restructure - Inclusion and Additional Learning Needs | 100 | |
| CH36 | IP3 | Saving on premises budget due to amalgamation of SEN services | 30 | |
| CH40 | IP3 | Reduction in cost of Central South Consortium arising from efficiencies generated from transfer of additional services. | 35 | |
| RES30 | IP3 | To review the Resources Directorate Service Level Agreement with Schools | 44 | |
| RES40 | IP3 | Change Out of Hours Service provided by Built Environment | 22 | |
| | | | | |
| Total Education and Family Support | | | 976 | |
| SOCIAL SERVICES & WELLBEING | | | | |
| Theme 1 - Remodel Service Delivery | | | | |
| ASC1 | IP2 | Focus local authority homecare on specialist and complex care | 250 | |
| ASC2 | IP2 | Support increased independence through enablement and progression in Learning Disability services | 40 | |
| ASC3 | IP2 | Link the work on the new assessment framework to the new national eligibility criteria as part of the Social Services and Wellbeing Act | 662 | |
| ASC7 | IP2 | Reprovision and remodelling of Shared Lives | 50 | |
| ASC9 | IP3 | Review CHC-eligible cases to secure appropriate contribution to packages of care | 118 | |

| Ref. | Improvement Priority 2016-20 | Budget Reduction Proposal | Original 2016-17 £000 | Current RAG Status (RAG) |
|--|------------------------------|--|-----------------------|--------------------------|
| ASC19 | IP3 | Develop a Delivery Model for the Bridgend Resource Centre | 108 | |
| ASC21 | IP3 | Transfer Family Care Service to the Community Hubs | 210 | |
| HL5 | IP3 | Library Service Options appraisal and implementation of agreed service model | 150 | |
| HL6 | IP3 | Development of arts venues trust | 100 | |
| ASC5 | IP3 | Service efficiencies - work related schemes | 67 | |
| CH25 | IP2 | Reduction in Safeguarding LAC numbers and related reduction in costs | 357 | |
| Theme 1 - Remodel Service Delivery - sub-total | | | 2,112 | |
| Theme 2 - Service Efficiencies | | | | |
| ASC6 | IP3 | Management, Admin and Training Implement measures to achieve 7% and 5% across the 2 years | 76 | |
| ASC12 | IP3 | Continued efficiencies within LD Day Services | 36 | |
| ASC15 | IP3 | Achieve transport efficiencies | 18 | |
| ASC23 | IP3 | Changes in Workforce | 100 | |
| CH22 | IP2 | Remodelling of Children's Respite Care | 200 | |
| HL 2 | IP3 | Review Healthy Living Partnership Contract | 181 | |
| HL3 | IP3 | Continued savings associated with the Halo leisure partnership | 80 | |
| HL5 | IP3 | Transfer management of Porthcawl dual use hall to school management | 12 | |
| Theme 2 - Service Efficiencies - sub-total | | | 703 | |
| Theme 3 - Income Generation | | | | |
| ASC10 | IP3 | Develop income stream for specialist Mental Health placements at Glyn Cynffig | 15 | |
| ASC20 | IP3 | Introduce charges for supplementary holiday support in Learning Disabilities | 100 | |
| ASC22 | IP3 | Income Generation at Bryn y Cae | 54 | |
| Theme 3 - Income Generation | | | 169 | |
| Total Social Services & Wellbeing Directorate | | | 2,984 | |
| COMMUNITIES | | | | |
| COM4 | IP1 | Review staffing structures within the Communities Directorate to identify possible savings | 260 | |
| COM7 | NONPTY | Review of Grounds Maintenance & Bereavement Services | 69 | |

| Ref. | Improvement Priority 2016-20 | Budget Reduction Proposal | Original 2016-17 £000 | Current RAG Status (RAG) |
|---|------------------------------|---|-----------------------|--------------------------|
| COM9 | IP3 | Review of Highways maintenance/DLO Services | 417 | |
| COM16 | NONPTY | Review of supported bus services | 15 | |
| COM18 | NONPTY | 15% Increase in planning application fees in line with Welsh Government guidelines | 75 | |
| COM21 | IP3 | Review of overtime across Highways/Streetscene | 90 | |
| COM32 | IP3 | Implementation of Digital working and Touch screens in Workshop equating to a saving of 0.5FTE | 12 | |
| COM33 | NONPTY | Review of all budget heads in Business Support creating less resilience for unexpected expenditure | 25 | |
| HL4 | IP3 | Review of Lifeguard services to consider length of season and beach coverage. | 23 | |
| RES19 | IP3 | To increase non-operational estate income | 5 | |
| RES21 | IP3 | To rationalise the core office estate - disposal of Sunnyside | 191 | |
| RES29 | IP3 | To rationalise the core office estate - leasing of Raven's Court | 195 | |
| | | | | |
| | | Total Communities Directorate | 1,377 | |
| OPERATIONAL AND PARTNERSHIP SERVICES | | | | |
| LRS1 | IP3 | Public Protection Collaboration | 181 | |
| LRS2 | IP3 | Restructure of Legal & Democratic, Performance & Partnership Services. | 70 | |
| LRS3 | IP3 | Increase income targets Registrars | 66 | |
| LRS4 | IP3 | Staff reductions already made | 81 | |
| HUMAN RESOURCES | | | | |
| RES12(b) | IP3 | Reduce CCTV Services Operations | 30 | |
| RES13 | IP3 | To reduce number of staff in HR, OD and Communications and Business Support | 95 | |
| RES15 | IP3 | To publish County Bulletin and Bridgenders electronically only | 16 | |
| RES36 | IP3 | To reduce DBS checks budget | 10 | |
| HOUSING | | | | |
| COM28 | NONPTY | Review of Housing budgets for efficiency savings in 2016/17. Saving in 19/20 from Homelessness Budget (fully committed until this year) | 56 | |

| Ref. | Improvement Priority 2016-20 | Budget Reduction Proposal | Original 2016-17 £000 | Current RAG Status (RAG) |
|------------|------------------------------|---|-----------------------|--------------------------|
| ICT | | | | |
| RES3 | IP3 | To reduce costs of ICT systems | 192 | |
| RES7 | IP3 | To reduce the number of ICT service staff | 18 | |
| RES34 | IP3 | To repay prudential borrowing on ICT capital | 170 | |
| | | Total Operational and Partnership Services | 985 | |

| Ref. | Improvement Priority 2016-20 | Budget Reduction Proposal | Original 2016-17 £000 | Current RAG Status (RAG) |
|---------------------------------|------------------------------|---|-----------------------|--------------------------|
| CHIEF EXECUTIVE FINANCE | | | | |
| RES1 | IP3 | To reduce the number of Finance and accountancy staff | 51 | |
| RES4 | IP3 | To reduce the number of Internal Audit hours commissioned from joint service | 19 | |
| RES27 | IP3 | To put Council Tax and some aspects of benefits online and to collaborate with others | 60 | |
| RES28 | IP3 | To secure reductions in External Audit Fees | 87 | |
| | | Total Chief Executive | 217 | |
| CORPORATE / COUNCIL WIDE | | | | |
| CS1 | NONPTY | Rationalise and reduce voluntary sector funding by 5% | 15 | |
| CS3 | NONPTY | Reduction in provision for corporate building maintenance | 200 | |
| CS5 | NONPTY | Review capital financing budgets, including increase in investment income | 300 | |
| CS7 | NONPTY | Reduction in the Coroner's precept | 23 | |
| CS9 | NONPTY | Reductions in Insurance Premiums | 100 | |
| CS13 | NONPTY | Reduction in provision for Council Tax Reduction Scheme | 300 | |
| | | Total Corporate / Council Wide | 938 | |

| | |
|-------------------------------|--------------|
| GRAND TOTAL REDUCTIONS | 7,477 |
|-------------------------------|--------------|

| | |
|---|--------------|
| ESTIMATED BUDGET REDUCTION REQUIREMENT | 7,477 |
|---|--------------|

| |
|-----------------------------|
| REDUCTIONS SHORTFALL |
|-----------------------------|

| | |
|--------------|--------------|
| 3,451 | 5,274 |
| 4,026 | 491 |
| 0 | 0 |
| 7,477 | 5,765 |

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| BRIDGEND COUNTY BOROUGH COUNCIL | Budget 2016-17 | | | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|---|-----------------------|------------------|----------------|----------------------|---|---------------|
| | Expenditure Budget | Income Budget | Net Budget | | | |
| | £000 | £000 | £000 | | | |
| | | | | £000 | £000 | |
| EDUCATION AND FAMILY SUPPORT | | | | | | |
| Learning | 11,013 | (3,172) | 7,841 | 7,344 | (497) | -6.3% |
| Strategic Partnerships & Comm | 127,949 | (28,744) | 99,205 | 99,866 | 661 | 0.7% |
| Built Environment | 5,478 | (4,478) | 1,000 | 904 | (96) | -9.6% |
| School Modernisation | 163 | - | 163 | 159 | (4) | 0.0% |
| TOTAL EDUCATION AND FAMILY SUPPORT | 144,603 | (36,394) | 108,209 | 108,273 | 64 | 0.1% |
| SOCIAL SERVICES AND WELLBEING DIRECTORATE | | | | | | |
| Adult Social Care | 56,110 | (15,481) | 40,629 | 40,613 | (16) | 0.0% |
| Sport, Play and Active Wellbeing | 3,162 | (826) | 2,336 | 2,336 | 0 | 0.0% |
| Safeguarding & Family Support | 18,946 | (1,377) | 17,569 | 18,328 | 759 | 4.3% |
| TOTAL SOCIAL SERVICES AND WELLBEING | 78,218 | (17,684) | 60,534 | 61,277 | 743 | 1.2% |
| COMMUNITIES DIRECTORATE | | | | | | |
| Regeneration & Development | 3,929 | (1,745) | 2,184 | 1,938 | (245) | -11.2% |
| Street Scene | 33,911 | (16,672) | 17,238 | 18,188 | 950 | 5.5% |
| Directorate Support/Contingent Provision | 569 | - | 569 | 569 | - | 0.0% |
| Culture | 3,605 | (204) | 3,401 | 3,306 | (95) | -2.8% |
| Property Services | 3,980 | (2,740) | 1,242 | 1,437 | 195 | 15.7% |
| Elections | 132 | - | 132 | 132 | - | 0.0% |
| TOTAL COMMUNITIES | 46,125 | (21,361) | 24,765 | 25,570 | 805 | 3.3% |
| OPERATIONAL & PARTNERSHIP SERVICES DIRECTORATE | | | | | | |
| Legal Services and Democratic Services | 4,408 | (395) | 4,013 | 3,730 | (283) | -7.1% |
| Regulatory Services | 1,892 | (405) | 1,487 | 1,311 | (176) | -11.8% |
| Transformation and Partnerships | 552 | - | 552 | 463 | (89) | -16.1% |
| ICT | 4,441 | (725) | 3,716 | 3,395 | (321) | -8.6% |
| Human Resources | 4,341 | (502) | 3,839 | 3,544 | (295) | -7.7% |
| Housing and Homelessness | 6,197 | (4,869) | 1,329 | 928 | (401) | -30.2% |
| TOTAL OPERATIONAL & PARTNERSHIP SERVICES | 21,831 | (6,896) | 14,935 | 13,370 | (1,565) | -10.5% |
| Chief Executives | | | | | | |
| Chief Executive | 645 | - | 645 | 491 | (154) | -23.9% |
| Finance | 53,437 | (50,123) | 3,314 | 3,100 | (214) | -6.5% |
| Internal Audit | 373 | (1) | 372 | 360 | (12) | -3.2% |
| TOTAL CHIEF EXECUTIVES | 54,455 | (50,124) | 4,331 | 3,951 | (380) | -8.8% |
| TOTAL DIRECTORATE BUDGETS | 345,232 | (132,459) | 212,774 | 212,441 | (333) | -0.2% |
| Council Wide Budgets | 43,154 | (1,037) | 42,117 | 38,773 | (3,344) | -7.9% |
| NET BRIDGEND CBC | 388,386 | (133,496) | 254,891 | 251,214 | (3,677) | -1.4% |

NB: Any differences due to rounding of £000's

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| Main Scheme | Whole Scheme Budget £'000 | Council October 16 Budget 2016-17 £'000 | New Approvals £'000 | Virements £'000 | Revised Budget 2016-17 £'000 | Total Expd to Date 2016-17 £'000 | Projected Spend £'000 | Over / (Under) Spend £'000 | Impact on BCBC Resources £'000 | Comments |
|---|---------------------------|---|---------------------|-----------------|------------------------------|----------------------------------|-----------------------|----------------------------|--------------------------------|--|
| Education & Family Support | | | | | | | | | | |
| Pen Y Fai Primary School | 7,239 | 404 | | | 404 | -13 | 404 | 0 | 0 | Scheme is complete - compensation payment and payment to landowner expected in 2016/17. Budget provision made in 2016/17 |
| Mynydd Cynffig Primary School Extension | 7,050 | 672 | | | 672 | 62 | 672 | 0 | 0 | Scheme not started. In design phase |
| Mynydd Cynffig Primary Highways Work | 700 | 700 | | | 700 | 0 | 700 | 0 | 0 | Scheme not started. |
| Y Dderwen Comprehensive School | 39,488 | 155 | | | 155 | 0 | 155 | 0 | 0 | Scheme completed - final accounts to be paid |
| Coety Primary School | 8,560 | 107 | | | 107 | -102 | 107 | 0 | 0 | Scheme completed - final account to be paid in current year |
| West Park Primary School Temporary Accommodation | 250 | 48 | | | 48 | 2 | 48 | 0 | 0 | Final retention amount - to be paid in current year |
| Ogmore Comprehensive Additional Learning Needs | 4,120 | 64 | | | 64 | -94 | 64 | 0 | 0 | Final retention amount - to be paid in current year |
| Garw Valley South Primary Provision | 10,000 | 750 | | | 750 | 148 | 750 | 0 | 0 | Scheme at design stage. Costs represent fees |
| Garw Valley Primary Highway Works | 400 | 400 | | | 400 | 0 | 400 | 0 | 0 | Scheme at design stage |
| Pencoed Primary School | 10,833 | 750 | | | 750 | 542 | 750 | 0 | 0 | Scheme at design stage. Costs represent fees |
| Pencoed School Highways Works | 310 | 310 | | | 310 | 0 | 310 | 0 | 0 | |
| Pencoed Artificial Pitch | 187 | 12 | | | 12 | 8 | 12 | 0 | 0 | Final retention amount - to be paid in current year |
| Brynmenyn Primary School | 7,790 | 1,200 | | | 1,200 | 235 | 1,200 | 0 | 0 | |
| Flying Start Provision | 966 | 32 | | | 32 | 2 | 32 | 0 | 0 | Awaiting final accounts |
| Héronsbridge Special School | 100 | 30 | | | 30 | 3 | 30 | 0 | 0 | Mezzanine floor engineering fees paid. |
| Schools Modernisation Retentions | 435 | 435 | | | 435 | 160 | 435 | 0 | 0 | |
| Studio 34, Pyle | 74 | 74 | | | 74 | 0 | 74 | 0 | 0 | College's share of capital receipt, to be paid once legal agreement provided. |
| Litchard Primary School | 2,956 | 0 | | | 0 | -1 | 0 | 0 | 0 | Closing reserve to be paid in current year |
| Maesteg Comprehensive School Highways Improvements | 500 | 500 | | | 500 | 178 | 500 | 0 | 0 | £453k committed at Sept 2016 |
| Schools Traffic Safety | 500 | 500 | | | 500 | 133 | 500 | 0 | 0 | £420k committed at Sept 2016 |
| CCYD Hub | 40 | 73 | | | 73 | 73 | 73 | 0 | 0 | |
| Children's Directorate Minor Works | 1,639 | 384 | | | 384 | 291 | 384 | 0 | 0 | |
| Built Environment | | | | | | | | | | |
| Solar Panels | 40 | 40 | | | 40 | 0 | 40 | 0 | 0 | To be completed as part of Civic Envelope Works |
| Total Education and Family Support | 104,177 | 7,640 | 0 | 0 | 7,640 | 1,627 | 7,640 | 0 | 0 | |
| Social Services & Wellbeing | | | | | | | | | | |
| Adult Social Care | | | | | | | | | | |
| Refurbishment of Caretakers Lodge and Heron House | 286 | 286 | | | 286 | 5 | 286 | 0 | 0 | Scheme in design stage |
| Adult Social Care Minor works | 121 | 43 | | | 43 | 0 | 43 | 0 | 0 | |
| Sports Facilities | 63 | 63 | | | 63 | 0 | 63 | 0 | 0 | |
| Glan yr Afon Resource Centre | 153 | 130 | | | 130 | 0 | 130 | 0 | 0 | Budget for Care Standards response |
| Extra Care Facilities | 3,000 | 3,000 | | | 3,000 | 0 | 3,000 | 0 | 0 | Development of two new extra care housing schemes |
| Modernisation and Mobilisation of the Homecare Workforce | 72 | 72 | | | 72 | 0 | 72 | 0 | 0 | |
| Bridgelink | 300 | 30 | | | 30 | 0 | 30 | 0 | 0 | |
| Total Social Services and Wellbeing | 3,995 | 3,624 | 0 | 0 | 3,624 | 5 | 3,624 | 0 | 0 | |
| Communities | | | | | | | | | | |
| Street Scene | | | | | | | | | | |
| Highways Maintenance(Capitalised Repairs) | 200 | 200 | | | 200 | 0 | 200 | 0 | 0 | Schemes identified and contract design initiated |
| Transportation Minor Works(Capitalised Repairs) | 250 | 250 | | | 250 | -16 | 250 | 0 | 0 | Contract awarded, start date September 2016 |
| Local Govt Borrowing Initiative (Highways Infrastructure & Street Lighting) | 7,885 | 0 | | | 0 | -40 | 0 | 0 | 0 | Final retentions due in current year |
| Replacement of Street Lighting Columns and River Bridge Protection Measures | 4,000 | 400 | | | 400 | 0 | 400 | 0 | 0 | |

| Main Scheme | Whole Scheme Budget £'000 | Council October 16 Budget 2016-17 £'000 | New Approvals £'000 | Virements £'000 | Revised Budget 2016-17 £'000 | Total Expd to Date 2016-17 £'000 | Projected Spend £'000 | Over / (Under) Spend £'000 | Impact on BCBC Resources £'000 | Comments |
|---|---------------------------|---|---------------------|-----------------|------------------------------|----------------------------------|-----------------------|----------------------------|--------------------------------|--|
| Road Safety | 241 | 53 | | | 53 | 8 | 53 | 0 | 0 | |
| Unadopted Highways | 50 | 10 | | | 10 | 0 | 10 | 0 | 0 | Works have been completed. |
| Parks Pavilions | 1,029 | 728 | | 272 | 1,000 | 0 | 1,000 | 0 | 0 | Reinstate funding to support CAT as Pandy Park funded from S106 / Insurance |
| Pandy Park | 679 | 0 | 690 | -272 | 418 | 394 | 418 | 0 | 0 | Ongoing scheme funded by S106 and insurance funding, outside of CAT process |
| Aberfields Playing Fields | 11 | 11 | | | 11 | 0 | 11 | 0 | 0 | New approval of £11k in respect of an easement enabling the laying of cabling over land at Aberfields Playing Fields |
| Playground at Ffordd yr Eglwys | 75 | 75 | | | 75 | 0 | 75 | 0 | 0 | |
| Residents Parking Bridgend Town Centre | 152 | 130 | | | 130 | 2 | 130 | 0 | 0 | |
| Fleet Vehicles | 500 | 500 | | | 500 | 0 | 500 | 0 | 0 | Fleet Vehicles Replacement |
| Relocate Household Waste Recycling Centre | 1,328 | 742 | | | 742 | 0 | 742 | 0 | 0 | Planning permission expected shortly. Estimated scheme completion date December 2017 |
| Bridge Strengthening A4061 Ogmere Valley | 2,450 | 150 | | | 150 | 0 | 150 | 0 | 0 | Contract design initiated |
| Heol Simonstone/Coychur Rd | 297 | 297 | | | 297 | 34 | 297 | 0 | 0 | S106 project |
| Street Scene Minor Works | 332 | 303 | | | 303 | 4 | 303 | 0 | 0 | New approval of £61k for the creation of a community route between Pencoed and Heol y Cyw, funded through a S106 agreement |
| Bridgend Recreation Car Park | 115 | 115 | | | 115 | 0 | 115 | 0 | 0 | Bid to be reviewed following the structural survey results |
| Transport Grant Schemes | 3,818 | 2,195 | | | 2,195 | 99 | 2,195 | 0 | 0 | Phase 2 of both A48-A473 and Metro have now commenced. ATN route 2 complete. |
| Coychurch New Cremators | 1,060 | 12 | | | 12 | -114 | 12 | 0 | 0 | Final retentions due in current year |
| Asda Link Land Compensation | 50 | 0 | | | 0 | 1 | 2 | 2 | 2 | Seeking clarification if this can be reclaimed from Asda |
| Regeneration & Development | | | | | | | | | | |
| Bridgend Digital and Special Regeneration Funding | 2,557 | 347 | | | 347 | 0 | 347 | 0 | 0 | |
| Bridgend Town Centre Infrastructure Programme | 167 | -4 | | | -4 | 0 | -4 | 0 | 0 | |
| Bridgend Townscape Heritage Initiative | 2,337 | 226 | | | 226 | 71 | 226 | 0 | 0 | |
| Maesteg Townscape Heritage Initiative | 2,161 | 12 | | | 12 | 0 | 12 | 0 | 0 | |
| Porthcawl Townscape Heritage Initiative | 969 | 705 | | | 705 | 38 | 705 | 0 | 0 | |
| Bridgend Town Centre | 8,790 | 3 | | | 3 | 0 | 3 | 0 | 0 | Scheme completed. All European grant funding drawn down. |
| Bridgend Business Support Framework | 270 | 160 | | | 160 | 17 | 160 | 0 | 0 | |
| Llynfi Valley Development Programme | 2,400 | 2,400 | | | 2,400 | 0 | 2,400 | 0 | 0 | Feasibility works being carried out |
| Porthcawl Infrastructure | 5,507 | 5,507 | | | 5,507 | 0 | 5,507 | | | The Porthcawl masterplan and owners agreement are currently under review. This includes a fresh assessment of the infrastructure phasing plan and marketing strategy. |
| Porthcawl Coastal Defence | 567 | 567 | | | 567 | 29 | 567 | 0 | 0 | Design currently progressing |
| Vibrant and Viable Places | 8,113 | 3,382 | | | 3,382 | 2,631 | 3,382 | 0 | 0 | Rhiw Car Park rebuild is on schedule to be completed in October 2016. V&V Coastal Housing Development due to be completed in May 17. Project is managed by Coastal Housing Group and any cost increases will be covered by them. |
| Commercial Improvement Areas | 180 | 162 | | | 162 | 4 | 162 | 0 | 0 | |
| Bridgend Town Improvement Grants | 0 | -71 | | | -71 | 0 | -71 | 0 | 0 | |
| Housing Renewal Area | 874 | 612 | | | 612 | 41 | 612 | 0 | 0 | Phase 2 to commence August 2016 |
| Housing Renewal/Disabled Facilities Grants | 5,687 | 3,459 | | | 3,459 | 1,131 | 3,459 | 0 | 0 | Budget committed |
| Porthcawl Rest Bay Waterside Cycle | 281 | 262 | | | 262 | 118 | 262 | 0 | 0 | |
| Rural Development Plan | 150 | 150 | | | 150 | 0 | 150 | 0 | 0 | No projects planned at the end of July 2016 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Smart System and Heat Programme | 250 | 50 | | | 50 | 0 | 50 | 0 | 0 | Construction phase scheduled to start third quarter 2018/19. Budget likely to be slipped. |
| Property | | | | | | | | | | |
| Minor Works | 1,441 | 1,441 | | | 1,441 | 11 | 1,441 | 0 | 0 | |
| Upgrading Industrial Estates | 40 | 17 | | | 17 | 0 | 17 | 0 | 0 | |
| Fire Precautions | 222 | 118 | | | 118 | 67 | 118 | 0 | 0 | |

| Main Scheme | Whole Scheme Budget £'000 | Council October 16 Budget 2016-17 £'000 | New Approvals £'000 | Virements £'000 | Revised Budget 2016-17 £'000 | Total Expd to Date 2016-17 £'000 | Projected Spend £'000 | Over / (Under) Spend £'000 | Impact on BCBC Resources £'000 | Comments |
|---|---------------------------|---|---------------------|-----------------|------------------------------|----------------------------------|-----------------------|----------------------------|--------------------------------|--|
| DDA Works | 270 | 59 | | | 59 | 52 | 59 | 0 | 0 | School works now started and £110k committed. Civic phase 2 to start after Christmas 2016 |
| Maximising Space and Technology / BCP | 1,573 | 101 | | | 101 | -13 | 101 | 0 | 0 | |
| Relocation of Depot Facilities | 4,376 | 4,376 | | | 4,376 | 2 | 4,376 | 0 | 0 | The project board is currently reviewing the proposals for this scheme. |
| Bridgend Market | 20 | 19 | | | 19 | 0 | 19 | 0 | 0 | |
| Non-operational assets | 1,000 | 480 | | | 480 | 0 | 480 | 0 | 0 | |
| Community Projects | 741 | 191 | | | 191 | 22 | 191 | 0 | 0 | |
| Agile Working - Rationalisation of Admin Estate | 1,217 | 621 | | | 621 | -13 | 621 | 0 | 0 | |
| Civic Offices External Envelope | 2,545 | 2,545 | | | 2,545 | 40 | 2,545 | 0 | 0 | Work underway, all scaffolding erected. |
| Culture | | | | | | | | | | |
| Bryngarw House | 28 | 5 | | | 5 | 0 | 5 | | 0 | |
| Healthy Living Minor Works | 52 | 25 | | | 25 | 0 | 25 | | 0 | |
| Berwyn Centre | 200 | 200 | | | 200 | 0 | 200 | | 0 | Budget earmarked for alternative development in/around Nantymoe, and the community are reviewing their priorities. |
| Total Communities | 79,507 | 34,298 | 690 | 0 | 34,988 | 4,620 | 34,990 | 2 | 2 | |
| Operational & Partnership Services | | | | | | | | | | |
| Investment in ICT | 300 | 300 | | | 300 | 0 | 300 | 0 | 0 | |
| Digital Transformation | 2,500 | 550 | | | 550 | 0 | 550 | 0 | 0 | Contract has been awarded. Next stage is business process redesign. |
| Total Operational & Partnership Services | 2,800 | 850 | 0 | 0 | 850 | 0 | 850 | 0 | 0 | |
| Grand Total | 190,479 | 46,412 | 690 | 0 | 47,102 | 6,252 | 47,104 | 2 | 2 | |

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TOTAL MOVEMENT ON EARMARKED RESERVES AS AT 30 SEPTEMBER 2016

| Opening Balance 1 April 2016 £'000 | Reserve | Movement as at Quarter 2 | | Closing Balance 30 September 2016 £'000 |
|---|-----------------------------------|---|-------------------|---|
| | | Additions/ Reclassification £'000 | Drawdown £'000 | |
| | | | | |
| | Corporate Reserves:- | | | |
| 10,874 | Major Claims Reserve | - | - | 10,874 |
| 5,833 | Capital Programme Contribution | 612 | (357) | 6,088 |
| 5,625 | Service Reconfiguration | 1,000 | (54) | 6,571 |
| 2,500 | Digital Transformation | - | - | 2,500 |
| 2,035 | Insurance Reserve | - | - | 2,035 |
| 1,950 | Change Management | - | (165) | 1,785 |
| 1,491 | Asset Management Plan | - | (76) | 1,415 |
| 715 | ICT & Finance Systems | - | (62) | 653 |
| 631 | Capital Feasibility Fund | (374) | (46) | 211 |
| 500 | Welfare Reform Bill | - | - | 500 |
| 356 | Building Maintenance Reserve | (238) | (23) | 95 |
| 234 | Property Disposal Strategy | 10 | - | 244 |
| 103 | DDA Emergency Works | - | (23) | 80 |
| 92 | Waste Management Contract | - | (50) | 42 |
| - | MTFS Budget Contingency | 1,000 | - | 1,000 |
| | | | | |
| 32,939 | Total Corporate Reserves | 2,010 | (856) | 34,093 |
| | | | | |
| | Directorate Reserves:- | | | |
| 1,409 | Wellbeing Projects | - | - | 1,409 |
| 1,368 | Directorate Issues | - | (287) | 1,081 |
| 824 | Looked After Children | - | - | 824 |
| 692 | Highways Reserve | - | (125) | 567 |
| 623 | Car Parking Strategy | - | (82) | 541 |
| 285 | School Projects Reserve | - | - | 285 |
| 76 | Porthcawl Regeneration | - | - | 76 |
| 66 | Partnership Reserve | - | - | 66 |
| 48 | Donations Reserve Account | - | - | 48 |
| 31 | Community Safety Reserve | - | - | 31 |
| 26 | Webcasting Reserve | - | - | 26 |
| | | | | |
| 5,448 | Total Directorate Reserves | - | (494) | 4,954 |
| | | | | |
| 38,387 | Total Usable Reserves | 2,010 | (1,350) | 39,047 |

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE CORPORATE DIRECTOR, OPERATIONAL & PARTNERSHIP SERVICES

AMENDMENT TO THE PRIVATE SECTOR HOUSING RENEWAL AND DISABLED ADAPTATIONS POLICY

1.0 Purpose of Report

- 1.1 To seek Cabinet approval to amend the Private Sector Housing Renewal and Disabled Adaptations Policy (Appendix 1) to reflect the new Corporate Priorities, to provide assistance to Registered Social Landlords(RSLs) and Charitable Housing Organisations to work in partnership with the Council to address housing need, and to maximise participation in Homes in Towns (HiTs) Grants.

2.0 Connection to Corporate Plan / Other Corporate Priority

- 2.1 By assisting residents to remain in their own homes as long as possible, this Policy contributes to the following Corporate Priorities;

- Supporting a successful economy;
- Helping people to be more self-reliant; and
- Smarter use of resources.

3.0 Background

- 3.1 The Council's current Private Sector Housing Renewal and Disabled Adaptations Policy together with the Bridgend Standard for Adaptations and Assistance was approved by Cabinet on 7th June 2016. This was developed having regard to the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. This legislation gave local authorities a wide ranging power to prescribe the type of assistance they provide, and the terms and conditions associated with that assistance. Local authorities can provide grants, loans, equity release, labour or any form of assistance to maximise improvements in private sector housing to meet local circumstances. However, Councils cannot exercise these powers until the policy is approved and published.
- 3.2 Disabled Facilities Grants to adapt properties for people with disabilities are mandatory. All other types of assistance are discretionary.
- 3.3 As required under Welsh Government guidance, the existing policy is based on local evidence of need, and aligns with wider local and national strategic objectives. The Council's Local Housing Market Assessment, Stock Condition Survey and review of adaptation services have identified the need to provide a range of different grants and assistance to tackle identified problems in the County Borough such as housing disrepair, empty properties, area regeneration, poor conditions in the private rented sector and home energy efficiency, as well

as targeting vulnerable clients, particularly older and disabled persons.

- 3.4 The need to update the Private Sector Housing Renewal and Adaptation Policy is in recognition of the Council's need to support the new Corporate Priorities, work proactively to with RSLs to meet our strategic objectives of providing affordable housing and meet our obligations under the Housing (Wales) Act 2014 and the Social Services & Wellbeing (Wales) Act 2014.

4.0 Current situation / proposal.

- 4.1 The following changes are proposed:-

Disabled Facilities Grant – It is proposed to clarify the repayment conditions, namely to repay the grant in full if the recipient is found not to be entitled to it.

In addition, to add the following paragraph,

'Where the recipient dies before the certified date or grant condition period (10 years), the Authority in making the decision for repayment shall have regard to all the circumstances of the case before determining the appropriate outcome.'

- 4.2 ENABLE – To include reference to the recently announced Welsh Government Enhanced Adaptations Service funding (ENABLE) programme, to deliver adaptations that would not otherwise be delivered through the mandatory Disabled Facility Grant system, in the Council's Policy. Initial guidance from Welsh Government has been given, with assistance falling into three broad categories, Very Small, Small and Large, however the exact nature of this assistance will be to tackle local needs in conjunction with local partners.

Further information and guidance is currently being worked upon nationally, however local proposals for the funding will meet the broad current and future criteria set out by the Welsh Government.

- 4.3 Comfort Safety & Security Grants - the eligibility criteria for this grant has been simplified to reflect the needs of applicants and to streamline the process, and meet the aims of the new Corporate Priorities.

Also to add the following sentence regarding Repayment Conditions;

'Any financial assistance for qualifying works under this grant heading will not be repayable to the Council'.

- 4.4 Empty Homes Grant– It is proposed to alter the eligibility of the applicant of the grant to reflect changes in the legislation as part of the Housing (Wales) Act 2014. It is proposed to amend the wording to:

"The applicant must:

..... be (or their appointed agents be) registered with Rent Smart Wales under the Housing (Wales) Act 2014 (and provide documentary evidence)."

- 4.5 Assistance to RSLs in Strategic Regeneration – It is proposed to rename this grant 'Strategic Housing Assistance' to reflect the Council's wider aims of working in partnership with RSLs and Charitable Housing Organisations to meet housing

need.

- 4.5.1 Currently the grant allows up to £25,000 per unit of accommodation. It is proposed to amend this to reflect a maximum total grant that can be received, in line with European Union State Aid Regulations, as indicated below;

“Any scheme assisted under this grant funding will be subject to full nomination rights as outlined in the Social Housing Allocation Policy (SHAP) or any specific Council Lettings Policy in place at the time of nomination.

Maximum Loan Amount

Up to a maximum of £25,000 per unit of accommodation up to a maximum of €500,000, per applicant, over any three year fiscal period as it relates to a particular applicant subject to this being in compliance with European Union de Minimis State Aid Regulations including procedural requirements, and in the case of RSLs not to exceed not to exceed 58% of the Total Scheme Costs, to be determined by the Local Authority.”

Strategic Regeneration Grants can take advantage of the higher State Aid Regulations de minimis ceiling applicable for “services of general economic interest” (‘SGEI’), i.e. the ceiling of €500,000 as opposed to the ordinary de minimis ceiling of €200,000. These grants fall within the special rules on SGEI because of the conditions attached to them. Taking advantage of the de minimis rules will require compliance with certain procedural requirements under the State Aid Regulations.

- 4.6 Homes In Town Grant (HIT) – There has been interest in this grant since its introduction from potential applicants who are on the periphery of or in the wider Town Centre area. In order to increase the take up of the grant and to assist Corporate Priorities it is proposed to widen the area of eligibility – the proposed amended area of eligibility is indicated in Map A of Appendix 1 attached to this report, together with altering the wording of the grant to;

‘The HIT grant will be prioritised in the target area as set out in Map A. Prioritisation will be given to applications that fall within the inner core in the first instance, although applications will be invited for properties that fall within the outer ring. An application will only be considered, if in the Authority’s opinion, the property is suitable for letting through a nomination from the Common Housing Register or under the Council’s Local Lettings Policy in place at the time of referral.’

- 4.6.1 Maximum Grant Amount - Potential schemes are required to undertake Acoustic surveys and works to alleviate any potential sound/noise generated. In order to assist this it is proposed to include the following:

“85% of any works identified/recommended as a result of an Acoustic Survey;”

In addition, the maximum grant that can be received has been clarified, as indicated below:

“This grant can be combined with any other grants such as Townscape Heritage Initiative and Empty Property Loans available from the Council, to a combined

maximum value of €500,000, per applicant (s), over any three year fiscal period as it relates to a particular applicant subject to this being in compliance with European Union de Minimis State Aid Regulations including procedural requirements.”

Homes in Town Grants Grants can take advantage of the higher State Aid Regulations de minimis ceiling applicable for “services of general economic interest” (‘SGEI’), i.e. the ceiling of €500,000 as opposed to the ordinary de minimis ceiling of €200,000. These grants fall within the special rules on SGEI because of the conditions attached to them. Taking advantage of the de minimis rules will require compliance with certain procedural requirements under the State Aid Regulations.

4.6.2 Eligibility - In addition under the applicant eligibility it is proposed to amend it to reflect the requirements of the Housing (Wales) Act (as paragraph 4.3 of this report) and to amend the property eligibility to the following;

“• be rented on completion of works, at the rate of the Local Housing Allowance and be made available under for letting through a nomination from the Common Housing Register or under the Council’s Local Lettings Policy in place at the time of referral, for a minimum period of 3 years where 1-5 units are created and 5 years where 6 or more units are created;

• not be the subject of a demolition order under the Housing Acts or a compulsory purchase order (Housing Act and or Planning Acts); and”

And repayment conditions to;

“• 100% grant is repayable for up to 3 years where 1-5 units are created and 5 years where 6 or more units are created.”

5.0 Effect upon Policy Framework& Procedure Rules.

5.1 The proposals described above will implement the Council’s Local Housing Strategy, and achieve a balance between meeting mandatory duties, providing services to vulnerable clients, and contributing to Welsh Government and corporate objectives, within available resources.

6.0 Equality Impact Assessment

6.1 An Equality Impact Assessment has been undertaken for the 2016 Policy to assess its relevance to the Authority’s public equality duties and potential impact on protected equality characteristics. This policy has been assessed as relevant to the Authority’s general and specific duties to promote equality and eliminate discrimination with regard to gender, disability, race, religion and belief and age. The policy has also been assessed as relevant to the Authority’s duty to promote and protect human rights (specifically protection of property and right to respect for private and family life). The proposed amendments made to the Policy have no effect on this EIA.

7.0 Financial Implications.

7.1 Funding for the existing grants is identified in the Council’s capital programme as

Housing Renewal / Disabled Facilities Grants. Grants can only be awarded up to the level of available funding within any financial year.

8.0 Recommendation

8.1 Cabinet is recommended to approve the revised Private Sector Renewal and Disabled Adaptation Policy, as attached at Appendix 1.

P A JOLLEY

CORPORATE DIRECTOR- OPERATIONAL AND PARTNERSHIP SERVICES

17/10/16

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Background documents: Cabinet Report on 7 June 2016

Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

Housing (Wales) Act 2014

Social Services & Wellbeing (Wales) Act 2014

State Aid Regulations

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**PRIVATE SECTOR HOUSING RENEWAL AND
DISABLED ADAPTATIONS POLICY
NOVEMBER 2016**

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1.0 INTRODUCTION

This document sets out the assistance provided by Bridgend County Borough Council to address poor and hazardous housing conditions and to enable the homes of disabled and elderly people to be adapted to their needs.

It is not the Authority's intention to provide public money to tackle all the problems of poor and unsuitable housing in the private sector, but to encourage people requiring assistance under this policy to consider options available in improving their quality of life.

2.0 LEGISLATION

The Housing Grants, Construction and Regeneration Act 1996, confers on local authorities a statutory duty to provide assistance for the provision of facilities for disabled persons in the form of mandatory Disabled Facilities Grants.

The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 confers on local authorities the discretionary power to provide grant assistance in a flexible way to meet local needs.

Additionally, local authorities have statutory powers in relation to unfit and hazardous properties, and to encourage safe, secure and healthy living accommodation.

3.0 BRIDGEND COUNTY BOROUGH PROFILE

A Local Housing Market Assessment (LMHA) and Stock Condition Survey (SCS) of the County Borough were undertaken in 2009 by Fordham Research (updated 2012). The surveys identified that 86.3% of the properties in the County Borough were privately owned, consisting of 76.4% owner occupied and 9.9% privately rented, the remaining 13.7% being social rented. Of the privately owned properties 540 were identified as being empty.

The Welsh Government published a Welsh Index of Multiple Deprivation in 2005 updated in 2008. The index identified four wards in the County Borough that rank within the top 100 most deprived wards. The most deprived ward identified was the village of Caerau in the Llynfi Valley. The Caerau ward including the village of Nantyfyllon was declared a Housing Renewal Area in 2006. Caerau is a Communities First area and the Caerau ward benefits from investment from Communities First and Regeneration funding for community and environmental projects.

Health Inequalities in the County Borough

A clear link has been shown between levels of deprivation and the health of the population, as people in deprived areas tend to age quicker, develop diseases earlier and die younger.

Qualitative evidence of the extent to which the population of the County Borough suffers from poor health is provided in the Authority's LHMA 2009.

The highest categories of households needing support are shown as those having a physical disability, medical condition, and frail older people. The chart below shows the remainder of the categories.

| Support Needs Categories | | | |
|--------------------------|-------------------|---------------------|-------------------------------|
| Category | No. of households | % of all households | % of support needs households |
| Frail older people | 2,920 | 5.0% | 18.6% |
| Medical condition | 8,878 | 15.1% | 56.4% |
| Physical disability | 7,466 | 12.7% | 47.5% |
| Learning difficulty | 1,788 | 3.0% | 11.4% |
| Mental health | 2,929 | 5.0% | 18.6% |
| Sensory impairment | 1,147 | 1.9% | 7.3% |
| Substance misuse | 310 | 0.5% | 2.0% |
| Other | 267 | 0.5% | 1.7% |

The number of people with limiting long-term illness, infant mortality and the number of deaths caused by cancer are all higher than the average for Wales. Those suffering from limiting long-term illness tend to be in the northern wards of the County Borough, stretching from Caerau in the north-west to Blackmill in the north-east. In Blaengarw, nearly one quarter of the total population is suffering from a long-term illness.

The most commonly used measures of health needs are mortality and hospital admissions. The major categories of disease causing death are respiratory, circulatory, cancers, injuries and 'other'.

4.0 POLICY REVIEW

The Private Sector Housing Renewal and Disabled Adaptations Policy 2016 is underpinned by evidence from a number of sources, which have informed the new arrangements for the provision of grants and assistance. These include:

- Data from the LHMA and SCS 2009 (2012) in relation to stock profile and disability;
- Internally generated data on disabled facilities grants;
- A partnership action plan to improve the delivery of adaptation services;
- Equality Impact Assessment.

The key priorities to emerge from the review are set out below:

- Enable older and disabled people, and people suffering from domestic abuse, where appropriate, to remain in their own homes and live independently;
- Create more affordable housing by bringing empty homes back into use; and
- Deliver housing renewal on an area basis, focusing on areas where social need is greatest.

5.0 SUMMARY OF ASSISTANCE

Mandatory Assistance

Disabled Facilities Grant

Discretionary Assistance

Disabled Facilities Lifetime Grant
Adapted Home Relocation Grant
Comfort Safety and Security Scheme
Healthy Home Assistance
Empty Homes Grant
Empty Property Loans
Group Repair Scheme
Assistance to RSLs in Strategic Regeneration
Homes In Town Grant
Home Security Grant

5.1 Grant-Based Assistance

In respect of all types of grant applications the applicant should not be made a formal offer of grant aid or assistance unless they can satisfy all the qualifying criteria applicable for that particular type of grant. All applications must be submitted using the Authority's prescribed forms and applications must be accompanied by the appropriate owner-occupation or tenancy certificates.

5.1.1 Disabled Facilities Grant (DFG)

The disabled facilities grant is a mandatory 'means-tested' grant, to help meet the cost of adapting a property (this can include mobile homes or houseboats) in which a disabled person lives. Owners, occupiers and tenants may apply for the grant. The means testing of applicants for a Disabled Facilities Grant will be used to determine the level of contribution, if any, which the applicant would need to contribute towards the overall costs of the works.

The adaptations subject to the grant must meet the specific needs of the disabled person as identified by the Authority's appointed Occupational Therapist (OT) or Trusted Assessor.

Eligibility

Applicants may be entitled to the grant if the Authority is satisfied that the proposed adaptations are necessary and appropriate to meet the needs of the disabled person, and reasonable and practicable in relation to the age and condition of the property. The Authority will advise applicants how the assessment will be arranged.

Maximum Grant Amount

£36,000

If the cost of the works is more than the grant, applicants may be able to:

- apply for a Discretionary Disabled Facilities Lifetime Grant; or
- apply for help to move to an adapted, or more easily adapted, property through an Adapted Home Relocation Grant.
- reduce the scheme of works to the maximum grant amount if deemed appropriate by the Authority's appointed Occupational Therapist or Trusted Assessor.

(The details of these alternative grant options are set out later in this policy).

If the cost of the works are less than £5,000 (exclusive of fees and VAT, if applicable), such as fast track installation works, the Authority deems the cost of the work to be reasonable and practicable and will provide a DFG that will be processed more efficiently.

Applicants cannot normally get a disabled facilities grant if:

- Works are in excess of, or differ from those assessed as being necessary and appropriate to meet the needs of the disabled person and reasonable and practicable in relation to the age and condition of the property, as assessed by the Authority's appointed Occupational Therapist or Trusted Assessor and Surveyor.
- Works have previously been funded through a Disabled Facilities Grant and that have fallen into disrepair.
- The applicant is a tenant of a Registered Social Landlord (with the exception of Valley's to Coast Housing Association). In such circumstances, assistance is available directly from the Landlord.

Applicants' financial circumstances

- The DFG is subject to a means test. The amount of grant will depend on the financial circumstances of the disabled person for whom the adaptation is being carried out and that person's husband, wife or partner;
- Adaptations for children under 18 are not means tested; and
- The Authority will give applicants more detailed advice on how much they may need to contribute towards the cost of the works.

Repayment Conditions

The Authority may, in certain circumstances, require repayment of any grant awarded. The Authority will require repayment of any grant in full, together with interest, if the recipient of the grant is subsequently found to be not entitled to it. The Authority may demand repayment of any grant in excess of £5,000 where the grant recipient disposes of the property in respect of which the grant was given, within 10 years of the certified date.

The Authority will have regard to all the circumstances of the case before making a decision to demand repayment. It will take into account whether the disposal is made to relocate to take up or retain employment or for reasons of health and wellbeing, and the provision of care. Potential hardship caused by the requirement to repay will also be taken into account.

Where the recipient dies before the certified date or grant condition period (10 years), the Authority in making the decision for repayment shall have regard to all the circumstances of the case before determining the appropriate outcome.

The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.2 ENABLE – Support for Independent Living

Welsh Government has made a sum of money available to Councils to support the delivery of adaptations, under the Enhanced Adaptations Service (Enable). The purpose of the funding is to work with local partners to ensure that the person in needs get the services required and also to help reduce the demands on social care and the NHS.

This assistance can be determined locally but broadly fall into three areas:

- “Very small” e.g. grab rails and stair rails.
- “Small” e.g. walk-in showers, stair lifts and ramps.
- “Large” e.g. major structural changes

However, the ENABLE assistance cannot be used for any other funding, including as a substitute for existing Local Authority spending on adaptations

Guidance on the ENABLE funding is being produced by Welsh Government and will be adhered to.

5.1.2 Discretionary Disabled Facilities Lifetime Grant (DDLG)

This is a discretionary grant to cover the cost of professional and ancillary fees in relation to works approved under a DFG that exceed that **mandatory limit of £36,000**. It applies to formal DFG offers made on or after the adoption of this policy.

This is a grant of last resort, and will be awarded only when it can be evidenced that not carrying out the works would lead to certain and permanent loss of independence, and an immediate need for social care support which is disproportionate to the cost of the excess works. It will be awarded only when consideration has been given in consultation with the OT Service to reduce the scheme of works or relocate to an adapted or more easily adapted property.

The use of the grant is limited to professional and ancillary fees only.

Maximum Grant Amount

£4,000

Eligibility

The grant is available to those owner-occupiers who can satisfy the criteria of eligibility for a Mandatory Disabled Facilities Grant, and who have been made a formal DFG offer **on or after** the approval of this policy.

When deciding whether grant assistance will be made available the circumstances and merits of each individual case will be considered.

This grant is not available to landlords applying on behalf of their tenants.

Repayment Conditions

This grant is recoverable in all cases, and the Authority will demand repayment when the property is disposed of. The repayment condition is not time limited

The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.3 Adapted Home Relocation Grant (AHRG)

This is a discretionary grant aimed at assisting disabled people to move house, where this is more cost effective to the Authority than the award of a Disabled Facilities Grant. It will help assist with the cost of moving home and providing minor adaptations and is subject to a financial means test.

The applicant will be given the option to apply for an Adapted Home Relocation Grant to move to a property that can be more easily adapted, or to a property identified through the Bridgend Accessible Homes project.

An Adapted Home Relocation Grant will also be available to an existing Registered Social Landlord tenant to vacate an already adapted property which they do not require, and be relocated, thereby making an adapted property available to a disabled person.

Maximum Grant Amount

£36,000

Eligibility

The grant is available to those who can satisfy the criteria of eligibility for a Mandatory Disabled Facilities Grant, and where the costs of the works are estimated above the mandatory £36,000 upper limit (including fees and contingencies) at survey and/or application stage; and/or where the works are not deemed to be reasonable and practicable.

The property subject to an AHRG must be deemed to be suitable to meet the needs of the applicant by the Authority's OT Service and Surveyor.

The grant will also be available to an existing Registered Social Landlord tenant to vacate an already adapted property which they do not require, and be relocated, thereby making an adapted property available to a disabled person.

Each application will be considered on its merits, taking into account the costs of adaptations at the current property and at the proposed property, and moving costs. The Authority will not approve the award of a grant unless there is sufficient financial justification for doing so and the award to both the disabled person and the person vacating a property will not exceed £36,000 in aggregate.

Eligible Costs

- The grant will assist with the acquisition of more appropriate or already adapted accommodation, including estate agent fees, conveyance costs, removal expenses, and minor adaptation works to the new property; and
- A formal application must be accompanied by a certificate stating that the applicant proposes to acquire an interest in the proposed property and that the applicant or a member of their family intends to live in that property as their main residence throughout the ten year grant period from the date of the acquisition.
- The grant will assist with removal expenses, and minor decoration works to a RSL property, when an adapted property is being vacated and made available to a disabled person.

Repayment Conditions

The Authority may demand repayment of any grant where the grant recipient disposes of the property in respect of which the grant was given, within 10 years of the certified date. The Authority will consider the circumstances of the case before making a decision to demand repayment.

The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.4 Healthy Home Assistance (HHA)

This is discretionary assistance for small scale works of repair or mitigate a serious hazard that will adversely affect the health and/or safety of the applicant, and seeks to avoid the hospitalisation and potential requirement for major Disabled Facility Grant work at the property through undertaking works to prevent trips and falls.

It is intended to provide small scale safety assistance for those most vulnerable in the community. The grant is for owner occupiers who are

Bridgend Care and Repair clients (older and disabled persons). The works are undertaken by Bridgend Care and Repair, or their agent.

Maximum Amount of Assistance - £350

An applicant can access assistance of up to £350 in any 12 month period.

Eligibility

The applicant, at the time of the completed application, must:

- be a Bridgend Care and Repair client; and
- live in the property as their only residence; and
- be the sole owner-occupier of the property or joint owner-occupier of the property with their partner; and
- have no formal carers or support living at the property.

Works must not have commenced before the application is approved, and must be completed within 3 months of the approval date.

Eligible works are those for small scale emergency and essential works that could mitigate a serious hazard that will adversely affect health and/or safety, and include such things as:

- fire safety checks;
- electrical safety checks and minor works to defective electrical installation or to install a light or switch that will assist to prevent an accident;
- Securing uneven treads/floorboards;
- Providing additional light sockets;
- gas safety and carbon monoxide testing, including making safe any defective appliance not its replacement; and
- safety checks and replacement of batteries for items of assisted technology already fitted within the property.

(This list is not exhaustive)

Repayment Conditions

Any financial assistance for qualifying works under this grant heading will not be repayable to the Council

5.1.6 Comfort Safety and Security (CSS)

The purpose of this grant is to provide owner-occupiers with assistance to undertake small scale works to a property for those most vulnerable and unable to organise works themselves. Assistance is for minor repair work for owner occupiers who are Bridgend Care and Repair clients (older and disabled persons). The works are undertaken by Bridgend Care and Repair, or their agent.

**Maximum Grant Amount excluding fees
£1,000**

Eligibility

Two applications up to a maximum of £1,000 in total may be made in any 5 year period per household.

The applicant or his/her partner must be:

- Bridgend Care and Repair clients;
- In receipt of a disability benefit and in receipt of a means tested benefit i.e. income support, guaranteed pension credit, or council tax benefit;
- Have less than £7,000 of savings;
- live in the property as their only residence;
- be the sole owner-occupier of the property or joint owner-occupier of the property with their partner.

Works must not have commenced before the application is approved. Work must be completed within 3 months of the approval date.

Repayment Conditions

Any financial assistance for qualifying works under this grant heading will not be repayable to the Council

5.1.7 Empty Homes Grant (EHG)

The Empty Homes Grant forms part of the Authority's overall approach to tackling empty properties in the Borough and will assist in increasing the supply of affordable rented accommodation which is necessary due to expected constraints on the Social Housing Grant Programme. The Authority will determine the works necessary to bring a property back into use, in consultation with Public Protection Department. Works must not have commenced before the application is approved, and must be completed within 6 months of the approval.

Maximum Grant Amount

Where a property has been identified as being empty on the Authority's empty property register;

- £10,000 or 75% of eligible costs, whichever is the lesser amount, per unit for a like for like conversion, i.e. if a two bed house is brought back into use as a two bed house.
- £15,000 or 75% of **eligible costs**, whichever is the lesser amount, per unit for a conversion into more self-contained units, i.e. if a two bed house is brought back into use as two one bed flats.
- **£9,000 or 75% of eligible costs, whichever is the lesser amount, per unit for a conversion into units that have shared facilities i.e. bedsit type units that share facilities, such as a kitchen, bathroom or both.**

For a commercial or non-residential empty property (which does not appear on the residential empty property register)

- £15,000 or 75% of eligible costs, whichever is the lesser amount, per **self-contained** unit where a non-residential property is converted into residential property, (subject to appropriate Planning Permission being obtained).
- **£9,000 or 75% of eligible costs, whichever is the lesser amount, per unit for a conversion into units that have shared facilities i.e. bedsit type units that share facilities, such as a kitchen, bathroom or both.**

It will include all costs for eligible works, specialist reports and preliminary and ancillary charges; and/or

Where a property has been vacant for a minimum of 6 months and eligible for an Empty Property Loan; 100% of eligible costs. It will include fees payable for Planning Application, Building Regulations, Land Registry title and title plan, reasonable RICS Valuation fee, Registering a charge at Companies House (if necessary); but excluding the Application administration Fee for the Empty Property Loan and excluding any eligible works. Only to be considered, if in the Authority's opinion, the property is suitable for social letting by nomination agreement with the Council or its appointed agent.

Eligibility

The applicant must:

- be aged 18 or over on the date of the grant application;
- have an owner's interest in the property and must be able to certify intent to let the dwelling to a person who is not a member of his or her family throughout the grant condition period of 3 years;

- be (or their appointed management agents be) registered with Rent Smart Wales, under the Housing (Wales) Act 2014 (and provide documentary evidence).

The property must:

- be over 10 years old and identified as being empty on the Authority's empty property register (except for the conversion of non-residential units into residential units);
- be considered, in the Authority's opinion, to be suitable for social letting at time of application;
- be free from Category 1 hazards on completion of works;
- be rented on completion of works, at the rate of the local housing allowance, and be available for nomination by the Authority or their appointed agent for a period of 3 years, repayment conditions will apply;
- not be the subject of a demolition order under the Housing Acts or Compulsory Purchase Order (Housing Acts and/or Planning Acts); and
- not have received assistance for the same works during the previous 10 year period.

Repayment Conditions

- 100% grant is repayable for up to 3 years following the date of certification if:
 - I. The property is vacant for a period of 6 months or more;
 - II. The property is disposed of;
 - III. The nomination agreement with the Council or its appointed agent is not being met.
- The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.8 Empty Property Loans (EPL)

Empty Property loans are being made available through the Welsh Government (WG) 'Houses into Homes' initiative which forms part of the Authority's overall approach to tackling empty properties in the Borough to enable the renovation and improvement of single properties or the conversion of empty properties into a number of units, so that they are suitable for use as residential accommodation. The Authority will determine the works necessary to bring a property back into use, in consultation with the owner(s) and a schedule of works will be agreed with the applicant prior to the offer of any loan and will form part of the loan conditions. Works must not have

commenced before the schedule of works is issued, and must have commenced and be completed within the timescales set out in the Loan Agreement (this to be agreed on an individual case by case basis).

Maximum Loan Amount

£25,000 per property or unit, up to a total maximum of £150,000 per applicant over a three year period. It will include all costs for eligible works, specialist reports and preliminary and ancillary charges. Where the cost of the works exceed the value of the loan, then the applicant must be able to show that they have adequate funds to complete the development.

There will be a maximum of 80% loan to value, based on the current value and condition of the property offered as security, supported by an independent valuation by the Royal Institute of Chartered Surveyors and local authority land search.

Eligibility

The **applicant** must:

- be aged 18 or over on the date of the loan application;
- not be an owner occupier;
- be present at the time of the survey and submit all relevant information requested by Bridgend County Borough Council;
- be individuals or companies who already own an empty property or are considering buying an empty property in Bridgend County Borough;
- provide for individuals (3 months' pay slips), charities (3 years accounts), and companies/businesses (3 years accounts);
- not have an outstanding debt to Bridgend County Borough Council or outstanding charges against the property; and
- must pay Bridgend County Borough Council the relevant application Fee on submission of application:

| Loan amount | Fee |
|---------------------|------------|
| £0 - £50,000 | £295.00 |
| £50,001 - £100,000 | £395.00 |
| £100,001 - £150,000 | £495.00 |

The **property** must:

- have been vacant for a minimum of 6 months;
- be in receipt of planning permission if the loan is to convert empty commercial properties into residential accommodation;
- be considered, in the Authority's opinion, to be suitable for social or private letting; or sale at the time of application;
- be renovated to a reasonable standard, comply will all relevant Building Regulations and Planning Permissions, be free from serious hazards and comply with the Houses into Homes Standard on completion of the works (see Appendix A);
- be suitable for immediate occupation, whether by for sale (loan to sell) or to let (loan to let) on completion of the works;

- not be the subject of a demolition order under the Housing Acts or Compulsory Purchase Order (Housing Acts and/or Planning Acts);
- not have received assistance for the same works during the previous 10 year period;
- not be under an insurance claim or third party claim;
- not include works outside the curtilage of the property unless they relate to the provision of essential services such as water, gas or electricity; and
- not be used by the applicant and/or his family as their home.

Conditions

Subject to Welsh Government Funding, Interest free loans are available for:

- loans to return a property to use to sell - these loans would have a maximum 2 year repayment period;
- loans to return a property to use for rent - these loans would have a maximum 3 year repayment period;
- local authorities “works in default” – this would lead to enforced sales procedures;
- Other Options – to be agreed and considered by the National Steering Group.
- Funding will be available in 2 installments 50% up front before works start, providing owners with working capital; 50% when reasonable progress has been made as deemed by Bridgend County Borough Council.

Repayment Conditions

All loans paid under this scheme will be repayable. If the owner fails to undertake the works, the local authority may enforce the sale of the property in order to recover loan monies. The loan is interest free, but where there is a breach of the loan condition Bridgend County Borough Council will charge interest at the Standard National Rate in force at the time of the loan.

Where any sum is required to be paid, but is not repaid in accordance with the loan conditions, a breach of conditions will have occurred and Bridgend County Borough Council may demand immediate repayment of the loan and any interest.

- Where the loan is approved is a ‘Loan to Sell’ the loan will be repayable immediately and no later than the date stipulated in the Loan Facility Agreement (maximum 2 years). Where the property is not made available for sale within 12 weeks of the date set for completion of works a breach of loan conditions will be considered to have occurred;
- Where the loan is approved is a ‘Loan to Let’, the loan will be repayable no later than the date stipulated in the Loan Facility Agreement (maximum of 3 years), unless there is an earlier disposal of the property or the units within the property are divided and all sold on the same day. Where the property is not made available to let within 12 weeks of the date set for completion of works, a breach of loan conditions will be considered to have occurred;

- Where the property is to be converted into units and there is a disposal of one or more units (prior to the fixed dates set out in the terms of the Loan Facility Agreement), then on each such disposal of a unit, the applicant must repay the lesser amount of the gross sale proceeds and the amount of the loan outstanding.

If after all such disposals, monies are still outstanding under the loan, then the applicant must repay such monies on whichever occurs the earlier of the disposal of the final unit or the relevant date as set out in the loan agreement; and

- The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the loan.

Appeals against Refusal of Loan

Where an application for a loan is refused the applicant will be notified of the reasons for refusal in writing and informed of the procedure for an appeal against the decision.

If an applicant disagrees with the reason for refusal, an appeal may be made in writing to the Head of Regeneration and Development stating the reasons why the applicant disagrees. This appeal should normally be made within 14 days of receipt of the refusal letter.

The applicant will be notified, in writing normally within 14 days, of the decision.

If the Head of Regeneration and Development does not allow the appeal, an applicant can make a further appeal normally within 14 days to the Regional Loans Appeal Panel. The Loans Appeal Panel will sit within 28 days of this second appeal being lodged. An applicant may be requested to attend the Loans Appeal Panel to present their case.

The Loans Appeal Panel will inform the applicant in writing normally within 7 days of their decision.

There is no further appeal.

5.1.9 Group Repair Schemes (GRS)

Bridgend Group Repair Schemes involve the repair and refurbishment of a group of properties. The schemes are organised and managed on behalf of or directly by the Authority. Only those properties in a declared Renewal Area may be included in a Group Repair Scheme.

Maximum Grant Amount

Group Repair

90% - 100% of eligible works for owner occupiers

50% - 75% of eligible works for commercial/landlords

Tying-in Works

£5,000 per dwelling

Eligible applicants

All owners of properties within the defined boundary of the group repair scheme may participate and may be eligible for financial assistance subject to a financial means test as determined by the Authority.

Eligible works

- Works to: the exterior of the buildings to which the scheme relates; environmental improvement schemes to enhance streets and open spaces and garden and boundary walls; and provision and improvement of community facilities; and
- Tying-in works are eligible for Group Repair Scheme Grant for owners who do not wish to participate in the GRS but where works are required in order to achieve the overall scheme objectives and/or to reduce the overall scheme costs

Repayment Conditions (GRS only)

- This grant must be repaid to the Authority in full when the grant's recipient disposes of the property in respect of which the grant was given, after any instalment of grant has been paid and before the certified date of completion, or within a 5 year period after the date of the completion of grant works.
- The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.10 Strategic Housing Assistance

The Council may make assistance available to RSLs and Housing Related Charities, to support the long term renewal and regeneration of properties to assist the Council's strategic aims. This will include assistance with the purchase, renovation or redevelopment costs, for strategically important properties/sites where necessary, to help to meet strategic housing objectives. It may also include the purchase of key strategic properties/sites where necessary to assist physical regeneration objectives.

Any scheme assisted under this grant funding will be subject to full nomination rights as outlined in the Social Housing Allocation Policy (SHAP) or any specific Council Lettings Policy in place at the time of nomination.

Maximum Loan Amount

Up to a maximum of £25,000 per unit of accommodation up to a maximum of €500,000, per applicant, over any three year fiscal period as it relates to a particular applicant, subject to this being in compliance with European Union de Minimis State Aid Regulations including procedural requirements, and in

the case of RSLs not to exceed not to exceed 58% of the Total Scheme Costs, to be determined by the Local Authority.

5.1.11 Homes In Town Grant (HIT).

This grant is designed to encourage town centre living in the County Borough. The Homes in Towns Grant (HIT) forms part of the Authority's overall approach to tackling vacant space in the town centres of the Borough, to increase the supply of affordable accommodation in key hubs of the Borough and assist regeneration in the town centre. The HIT grant will be prioritised in the target area as set out in Map A. Prioritisation will be given to applications that fall within the inner core in the first instance, although applications will be invited for properties that fall within the outer ring. An application will only be considered, if in the Authority's opinion, the property is suitable for letting through a nomination from the Common Housing Register or under the Council's Local Lettings Policy in place at the time of referral.

The Authority will determine the works necessary to bring a property back into use. Works must not have commenced before the application is approved, and must be commenced within 6 months and completed within 12 months of the approval.

Maximum Grant Amount

Where a property has been identified as having empty or vacant space, a grant to assist the conversion or create residential premises will be made up in the following ways;

- 85% of the cost, up to a maximum of £10,000, to create a separate access (if one is not already present) to the residential premises;
- 85% of any works identified/recommended as the result of an Acoustic survey; and
- 60% of the cost, up to a maximum of £30,000 per unit of accommodation, for the conversion of vacant space into a residential unit.
- Assistance to pay professional fees, e.g. Planning and Building Regulations and Acoustic Surveys at 100%.

Any grant assistance will include all costs for eligible works, specialist reports and preliminary and ancillary charges, if not already funded through a separate grant.

This grant can be combined with any other grants such as Townscape Heritage Initiative and Empty Property Loans available from the Council, to a combined maximum value of €500,000, per applicant (s), over any three year fiscal period as it relates to a particular applicant, subject to this being in

compliance with European Union de Minimis State Aid Regulations including procedural requirements .

Eligibility

The applicant must:

- be aged 18 or over on the date of the grant application; and
- have an owner's interest in the property and must be able to certify intent to let the dwelling to a person who is not a member of his or her family throughout the grant condition period of 3 years (or 4 years if receiving assistance for a separate access); and
- be (or their appointed management agents be) registered with Rent Smart Wales, under the Housing (Wales) Act 2014 (and provide documentary evidence).

The property must:

- be over 10 years old and identified as being suitable for conversion into residential use;
- be considered, in the Authority's opinion, to be suitable for letting at Local Housing Allowance at the time of application;
- be free from Category 1 hazards on completion of works;
- be rented on completion of works, at the rate of the Local Housing Allowance and be made available under the any specific Council Lettings Policy in place at the time of referral for a minimum period of 3 years where 1-5 units are created and 5 years where 6 or more units are created;
- not be the subject of a demolition order under the Housing Acts or Compulsory Purchase Order (Housing Acts and/or Planning Acts); and
- not have received assistance for the same works during the previous 10 year period.

Repayment Conditions

- 100% grant is repayable following the date of certification if:
 - I. The property is vacant for a period of 6 months or more;
 - II. The property is disposed of;
 - III. The referral agreement with the Council or its appointed agent is not being met.
- This will apply for the following length of time;

3 years where the grant payable was up to £150,000
5 years where the grant payable was £150,001+

- The applicant, together with any joint owner, will be required to agree to a legal charge being taken on the property, or any other form of security as the Authority deems appropriate in order to ensure repayment of the grant.

5.1.12 Target Hardening Grant (THG)

The purpose of this grant is to assist in meeting the costs of responding to Domestic Abuse and Domestic Violence where 'target hardening' of properties has been identified to enable a person experiencing domestic abuse or domestic violence to remain in their home and assist to prevent the perpetrator accessing the property. Target hardening can be an effective way for victims and their children who are able to remain in their homes, to stay safe and continue to receive support from their local network of family and friends

Eligibility

The grant will be available to any person who has experienced/is experiencing domestic abuse has been referred for target hardening through the One Stop Domestic Abuse Service or the local Domestic Abuse Co-Ordinator

The grant will be applicable to any accommodation type and will apply to all tenures, though in particular owner occupiers and those living in private rented accommodation as RSLs will usually assist their tenants directly.

Eligible works will include anything that will assist in helping the security of the property and more importantly reduce the fear of reoccurrence for the victim of domestic abuse. Whilst each case will be individually assessed, examples of eligible works can include such hardware as:

- Window locks
- Door locks and chains
- Security alarms
- Security cameras
- Security or enhanced lighting

(this list is not exhaustive)

Maximum Grant amount

An application for assistance under the Domestic Abuse and Domestic Violence Security Grant will be for up to £350 per application

GENERAL TERMS AND CONDITIONS FOR DISCRETIONARY ASSISTANCE

Unless specifically stated otherwise: -

1. All discretionary assistance is subject to the availability of funding. The availability of any of the grants or assistance may change at any time without notice, and the Authority will not be liable for any costs incurred in an unsuccessful application for whatever reason.
2. The availability of assistance cannot be guaranteed until the applicant receives a written formal approval document.
3. With the exception of Empty Homes Grant, Empty Homes Loans, and Homes in Town, no grant assistance can be considered for a second home.
4. Except where mentioned in the eligibility criteria and/or terms for the type of assistance, no grant will be available, if the property is in joint ownership (including leaseholders with repairing obligations), unless all owners satisfy the eligibility criteria to qualify for that assistance.
5. The applicant is responsible for obtaining all necessary permissions for the works, including where necessary, landlord's and/or freeholder's permissions, building regulation approval, listed building approval, planning permission etc. The reasonable cost may be included in the cost of the eligible works, up to the maximum grant amounts. Approval of an application for assistance does not in any way imply that any necessary permissions, referred to in this clause, have been given.
6. No grant will be available for works which are eligible for funding through an insurance claim.
7. The combination of any Grant assistance, including Empty Home Grant, Loan, Homes in Town Grant and including any other public financial assistance cannot exceed applicable State Aid rules. Where the cost of the works exceeds the value, then the applicant must be able to demonstrate they have adequate funds to complete the development.
8. Where works are to be carried out by a contractor, assistance will only be given where the Authority is satisfied that the contractor is bone fide and may be requested to provide copies of satisfactory employers and public liability insurance. In addition where the contractor is a member of the applicant's family they must also be, a limited company incorporated to carry out works.
9. Applicants must be 18 years of age or over at the date of the application.
10. An application for assistance will not be approved unless the Authority's eligibility criteria are met, and the Authority is satisfied that the works are necessary and a Certificate of Owner Occupation or Tenants' Certificate has been signed and received.
11. An application is deemed to be complete when the applicant confirms they are satisfied that the works have been completed; the Authority determines that

the works are completed to the required standards and all necessary documentation is received by the Authority.

12. Any approval will cease to have effect at the expiry of the timescale as set out in the Approval notice. Extensions of time are not normally permitted unless approved in writing by the Authority.
13. Assistance will not be provided for works that have been agreed by the Authority but commenced and/or completed prior to formal written approval is issued.
14. Payment will only be made upon completion of works to the satisfaction of the Authority and upon satisfactory receipt of signed certificate of satisfaction from the applicant, all necessary invoices, guarantees and certificates.
15. Except where specifically excluded under the details of assistance, all landlords or their appointed management agents are required to be registered with Rent Smart Wales under the Housing (Wales) Act 2014 (and provide documentary evidence), before payment of any grant will be made.
16. Where an application for a grant has been approved but it subsequently appears to the Authority that the applicant (or joint applicants) was not, at the time the application was approved, entitled to a grant, the Authority will suspend further payments and demand that any grant which has been paid is repaid immediately, together with interest from the date on which it was paid until repayment.
17. Reasonable fees, as determined by the Authority, may be eligible for assistance under this policy. These include fees for services provided by architects, surveyors, engineers, advisors etc., where deemed necessary and appropriate.

Notes:

“Partner” means the person with whom the applicant lives as husband, wife or civil partner

“Certified date” means the date certified by the local authority as the date on which the execution of the eligible works is completed to their satisfaction.

APPENDIX A

Houses into Homes Standard

Criterion A: It meets the current statutory minimum standard for housing

To be fit, a dwelling should be free of category 1 hazards as assessed through the Housing Health and Safety Rating System.

Criterion B: It is in a reasonable state of repair

A dwelling satisfies this criterion unless:

- one or more key building components are old and, because of their condition need replacing or major repair; or
- two or more other building components are old and, because of their condition need replacing or major repair.

A building component can only fail to satisfy this criterion by being old and requiring replacing or repair. A component cannot fail this criterion based on age alone.

Building components

Building components are the structural parts of a dwelling (e.g. wall structure, roof structure), other external elements (e.g. roof covering, chimneys) and internal services and amenities (e.g. kitchens, heating systems).

Key building components are those which, if in poor condition, could have an immediate impact on the integrity of the building and cause further deterioration in other components.

They are the external components plus internal components that have potential safety implications and include:

- external walls;
- roof structure and covering;
- windows/doors;
- chimneys;
- central heating boilers;
- gas fires;
- storage heaters;
- plumbing; and
- electrics.

Lifts are not considered to be a key component unless the lift or the lift shafts have a direct effect upon the integrity of the building.

If any of these components are old and need replacing, or require immediate major repair, then the dwelling is not in a reasonable state of repair.

Other building components are those that have a less immediate impact on the integrity of the dwelling. Their combined effect must therefore be considered, with a

dwelling not being in a reasonable state of repair if two or more are old and need replacing or require immediate major repair.

Old and in poor condition

A component is defined as 'old' if it is older than its standard lifetime. Components are in poor condition if they need major work, either full replacement or major repair.

One or more key components, or two or more other components, must be both old and in poor condition to render the dwelling non-decent on grounds of disrepair. Components that are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the standard.

A building component, which requires replacing before it reaches its expected lifetime has failed early. Under the terms of the definition, this early failure does not render the dwelling non-decent.

Criterion C: It has reasonably modern facilities and services

A dwelling is considered not to meet this criterion if it lacks three or more of the following facilities:

- a kitchen which is 20 years old or less;
- a kitchen with adequate space and layout;
- a bathroom which is 30 years old or less;
- an appropriately located bathroom and WC;
- adequate external noise insulation; and
- adequate size and layout of common entrance areas for blocks of flats.

A kitchen failing on adequate space and layout would be one that was too small to contain all the required items (sink, cupboards cooker space, worktops etc.) appropriate to the size of the dwelling;

An inappropriately located bathroom and WC is one where the main bathroom or WC is located in a bedroom or accessed through a bedroom (unless the bedroom is not used or the dwelling is for a single person). A dwelling would also fail if the main WC is external or located on a different floor to the nearest wash hand basin, or if a WC without a wash hand basin opens on to a kitchen in an inappropriate area, for example next to the food preparation area;

Inadequate insulation from external airborne noise would be where there are problems with, for example, traffic (rail, road and aeroplanes) or factory noise.

Inadequate size and layout of common entrance areas for blocks of flats would be one with insufficient room to manoeuvre easily for example where there are narrow access ways with awkward corners and turnings, steep staircases, inadequate landings, absence of handrails, low headroom etc.

In some instances there may be factors which may make the improvements required to meet the Houses into Homes standards challenging or impossible, such as physical or planning restrictions. Where such limiting factors occur the property

should be assessed to determine the most satisfactory course of action in consultation with the relevant body or agency so as to determine the best solution. The outcome may determine that some improvements may be possible even if all are not.

A dwelling would not fail this criterion, where it is impossible to make the required improvements to components for physical or planning reasons.

Criterion D: It provides a reasonable degree of thermal comfort

The definition requires a dwelling to have both efficient heating; and effective insulation.

Efficient heating is defined as any gas or oil programmable central heating; or electric storage heaters; or warm air systems; or under floor systems; or programmable LPG/solid fuel central heating; or similarly efficient heating systems which are developed in the future.

The primary heating system must have a distribution system sufficient to provide heat to two or more rooms of the home. There may be storage heaters in two or more rooms, or other heaters that use the same fuel in two or more rooms. Even if the central heating system covers most of the house making a dwelling decent, under the HHSRS the home should be warm enough for the occupant.

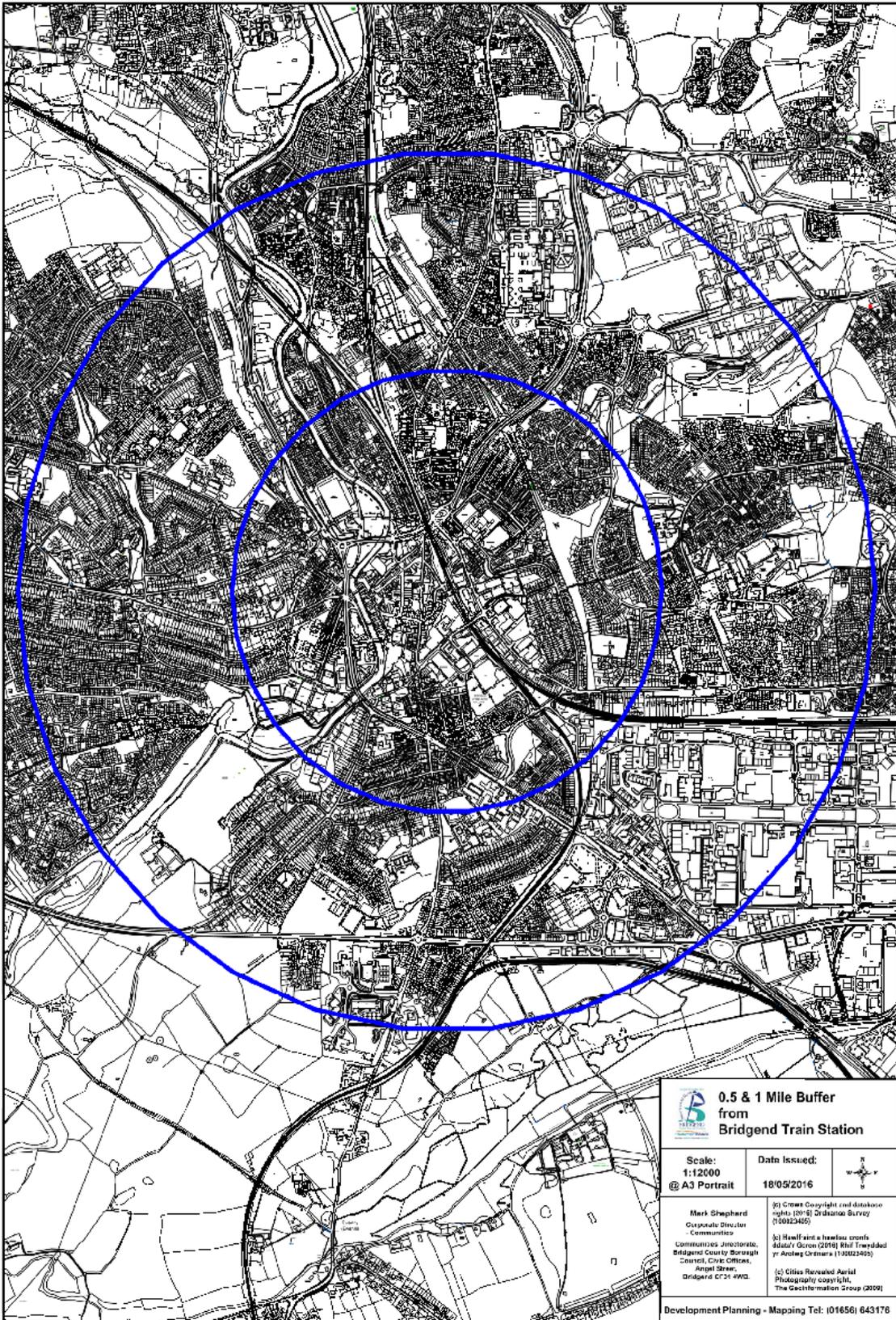
Heating sources, which provide less energy efficient options, fail the Houses into Homes standard. Programmable heating is where the timing and the temperature of the heating can be controlled by the occupants.

Because of the differences in efficiency between gas/oil heating systems and the other heating systems listed, the level of insulation that is appropriate also differs:

For dwellings with gas/oil programmable heating, cavity wall insulation (if there are cavity walls that can be insulated effectively) and at least 50mm loft insulation (if there is loft space) is an effective package of insulation.

For dwellings heated by electric storage heaters/LPG/programmable solid fuel central heating a higher specification of insulation is required: at least 200mm of loft insulation (if there is a loft) and cavity wall insulation (if there are cavity walls that can be insulated effectively).

A SAP rating of less than 35 (using the 2001 SAP methodology) has been established as a proxy for the likely presence of a Category 1 hazard from excess cold.



BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE DIRECTOR OF EDUCATION AND FAMILY SUPPORT

SCHOOL MODERNISATION PROGRAMME: OUTCOME OF THE SECOND STAGE OF THE TENDER PROCESS FOR THE DESIGN AND CONSTRUCTION OF BRYNMENYN PRIMARY SCHOOL

1. Purpose of Report

- 1.1 The purpose of this report is to seek Cabinet approval to accept the contract sum provided by BAM Construction Ltd for the construction of Brynmenyn Primary School and approve the awarding of the contract, subject to Welsh Government funding approval.

2. Connection to Corporate Plan/Other Corporate Priorities

- 2.1 The school modernisation programme supports many of the corporate priorities, in particular:
- Supporting a successful economy
 - Smarter use of resources

3. Background

- 3.1 On 3rd March 2015, Cabinet approval was received for the Council to adopt revised principles as a framework for school organisation in Bridgend. Five key principles were set out to inform the organisation and modernisation of our schools:
- Commitment to high standards and excellence in provision.
 - Equality of opportunity, so that all pupils can access quality learning opportunities, regardless of which school they attend.
 - Inclusive schools, which cater for the learning needs of all their pupils.
 - Community focussed schools, where the school actively engages with its local community.
 - Value for money.
- 3.2 The Policy and Planning Framework sets out 17 areas where these principles should be applied in practice.
- 3.3 The principles which are particularly relevant in the context of this project are the size of primary schools (to ensure that “all Bridgend’s primary schools are large enough to make the full range of necessary provision”) and value for money, efficiency and effectiveness (“narrowing the gap between the most and the least expensive provision currently”).
- 3.4 In order to relieve the pressure on primary school places in the Valleys Gateway area, Cabinet gave approval for statutory procedures to be followed to make a

regulated alteration in respect of an enlargement to Brynmenyn Primary School and also gave approval for the proposed enlarged primary school to be relocated from its existing site at Bryn Road, Brynmenyn CF32 9LA to the site adjacent to Coleg Cymunedol Y Dderwen, Heol yr Ysgol, Ynysawdre CF32 9EL. The relocation of the school was not subject to statutory procedures as the proposed school site would be less than 1 mile from the existing school site.

- 3.5 The statutory process was undertaken as prescribed by the School Organisation Code. There were no objections to the proposal and on 1st September 2015, Cabinet determined to implement the proposal to open the enlarged primary school with effect from 1st January 2018. Subsequently a decision notice was issued in this regard on 7th September 2015.
- 3.6 Cross directorate meetings were held to determine the best way forward regarding the design and construction of the school. Officers agreed that the preferred option would be to utilise the existing, South East Wales Schools Capital Procurement Framework (SEWSCAP). Cabinet approved the use of the SEWSCAP framework in their meeting held on 27th October 2015 and Cabinet authorised the Director of Education and Transformation to determine the appropriate form of the contract for the design and build process based upon the recommendation of the appointed project manager and cost manager.
- 3.7 It was agreed in due course that the Council would pursue an NEC3 Option A fixed cost contract. The appointed project manager from Chandler KBS and cost manager from Mott Macdonald would look after the Council's interest in the project and manage the NEC contract on a day to day basis.
- 3.8 Council officers from the Legal, Procurement, Built Environment and Property sections were involved in the development of a two stage design and build contract to be let via a mini-competition process conducted under the SEWSCAP framework. The Project Manager co-ordinated the tendering process to ensure that the external project manager and cost consultant were appointed to look after the Authority's interest in the scheme, and fulfil their role effectively as per their contract.
- 3.9 Stage one of the chosen SEWSCAP framework involved contractors in Lot 4 being invited to tender against a range of quality and pricing criteria on the basis that if successful, they will be appointed at an early stage to work with the Council to finalise the design and the price.
- 3.10 The most economically advantageous tender received to undertake the initial pre-construction stage was from BAM Construction at the cost of £238,649.24. Delegated authority was received under delegated power CHI-PR-16-8 to appoint BAM Construction to undertake this work.
- 3.10 Stage two of the design and build procurement process chosen under the SEWSCAP framework involves the chosen contractor submitting the cost for the construction of the school. This tender figure will be used to submit the full business case (FBC) to Welsh Government.

4. Current situation

- 4.1 The Brynmenyn Primary scheme has since undergone significant design development, following consultation with relevant stakeholders. The planning application for the development was submitted and subsequently approved on 29th September 2016.
- 4.2 The tender price received on 22nd September 2016 for the construction of the new school was in excess of the budget available. A value engineering exercise was undertaken as permitted under the terms of the tender and the SEWSCAP framework and the final construction cost submitted on 4th October 2016 was agreed as £7,505,223.01. The total budget for the project is £8.15 million and includes the cost of professional fees, furniture and equipment and highways works.
- 4.3 The full business case (FBC) was submitted on the 6th October to Welsh Government for consideration by the Business Case Scrutiny Group. This will be followed by submission on the 20th October to the Capital Investment Panel where a final decision regarding the funding will be made.

5. Effect upon Policy Framework and Procedure Rules

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

6. Equality Impact Assessment

- 6.1 An Equality Impact Assessment has been undertaken; the assessment has concluded that there is no negative impact on the duties of the Council towards protected groups.

7. Financial Implications

- 7.1 The cost of constructing the new school for Brynmenyn will be met from the Welsh Government's 21st Century Schools Programme, for which the Council has had 'approval in principle,' and the Council's Capital Programme. The Authority has progressed the necessary business case procedures in line with Welsh Government requirements.
- 7.2 The costs of the scheme will be contained within the approved Capital Programme budget of £8.15 million. Some highways works are expected to be required to ensure safe access to the new school, but guidance from the Welsh Government explicitly states that *"where a capital project requires works to be done to improve highways access to the school this would not qualify for Welsh Government grant, and would fall to the Local Authority to fund"*. The highways works are currently estimated to cost in the region of £325,000, which is covered within the £8.15 million available budget. The Welsh Government will provide half of the funding for the eligible elements of the scheme with the remainder coming from capital receipts that Council has agreed will be ring fenced for the School Modernisation Programme and relevant S106 payments.
- 7.3 Any increase in funding due to the increased floor area in the new school will be met from within the overall Individual Schools Budget (ISB). Any efficiency savings

due to the school being more sustainable and energy efficient, or alternatively increased running costs, will have to be met from the school's delegated budget.

8. Recommendations

8.1 Cabinet is recommended to:-

Agree the contract sum submitted by BAM Construction Ltd for the construction of Brynmenyn Primary School and approve the awarding of the contract to BAM Construction Limited as the main contractor, subject to:

- (a) obtaining Welsh Government funding approval and receipt of the appropriate funding in due course, and
- (b) the final contract being approved by the Corporate Director Education and Family Support in consultation with the Corporate Director-Operational and Partnership Services and the Section 151 Officer .

Deborah McMillan
Director of Education and Family Support

Contact Officer: **Nicola Echanis**
Head of Education and Family Support

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Bridgend
CF31 4WB

Background Documents

Council Report 13th September 2006: "LEARNING COMMUNITIES – SCHOOLS OF THE FUTURE – STRATEGY, PRINCIPLES, POLICY AND PLANNING FRAMEWORK"

Cabinet Report 12th December 2006: "Learning Communities: SCHOOLS OF THE FUTURE" – SCHOOL MODERNISATION PROPOSALS"

Cabinet Report 2nd November 2010: "THE SCHOOL MODERNISATION PROGRAMME OVERVIEW AND BRIDGEND'S 21ST CENTURY SCHOOLS' STRATEGIC OUTLINE PROGRAMME SUBMISSION TO Welsh Assembly Government"

Cabinet report 21st February 2012: "SCHOOL MODERNISATION PROGRAMME: BRIDGEND'S 21ST CENTURY SCHOOLS' STRATEGIC OUTLINE PROGRAMME REVISED BAND A SUBMISSION TO WELSH GOVERNMENT"

Cabinet report 16TH SEPTEMBER 2014: "CONTINUED SUPPORT OF THE SOUTH EAST WALES SCHOOLS CAPITAL PROCUREMENT FRAMEWORK (SEWSCAP)"

Cabinet Report 13th January 2015: "SCHOOL MODERNISATION PROGRAMME: PROPOSAL TO CONSULT ON PRIMARY PROVISION IN THE VALLEYS GATEWAY AREA"

Cabinet Report 3rd March 2015: "PRINCIPLES DOCUMENT"

Consultation Document 23rd March 2015: "PROPOSAL TO MAKE A REGULATED ALTERATION IN THE FORM OF AN ENLARGEMENT TO BRYNMENYN PRIMARY SCHOOL AND RELOCATE IT INTO A NEW BUILDING ON SURPLUS LAND ADJACENT TO COLEG CYMUNEDOL Y DDERWEN"

Cabinet Report 16th June 2015: "SCHOOL MODERNISATION PROGRAMME: OUTCOME OF CONSULTATION ON PROPOSAL TO MAKE A REGULATED ALTERATION IN THE FORM OF AN ENLARGEMENT TO BRYNMENYN PRIMARY SCHOOL AND RELOCATE IT INTO A NEW BUILDING ON SURPLUS LAND ADJACENT TO COLEG CYMUNEDOL Y DDERWEN"

Cabinet Report 1st September 2015: "OUTCOME OF PUBLIC NOTICE ON THE PROPOSAL TO RELOCATE BRYNMENYN PRIMARY SCHOOL TO LAND ADJACENT TO COLEG CYMUNEDOL Y DDERWEN AND MAKE A REGULATED ALTERATION IN THE FORM OF AN ENLARGEMENT"

Decision Notice 7th September 2015: "PROPOSAL TO MAKE A REGULATED ALTERATION TO BRYNMENYN PRIMARY SCHOOL, BRYN ROAD, BRYNMENYN, BRIDGEND, CF32 9LA IN THE FORM OF AN ENLARGEMENT TO THE SCHOOL AND RELOCATING THE SCHOOL TO A NEW BUILDING ON LAND ADJACENT TO COLEG CYMUNEDOL Y DDERWEN"

Cabinet Report 27th October 2015: "PROCESS FOR THE PROCUREMENT OF THE CONTRACTOR FOR BRYNMENYN PRIMARY SCHOOL"

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE CORPORATE DIRECTOR OPERATIONAL AND PARTNERSHIP SERVICES

INFORMATION REPORTS FOR NOTING

1. Purpose of Report .

- 1.1 The purpose of this report is to inform Cabinet of the Information Report which has been published since its last scheduled meeting.

2. Connection to Corporate Improvement Objectives.

- 2.1 The report relates to the Corporate Priority Smarter Use of Resources by improving the way we communicate and engage with citizens.

3. Background.

- 3.1 At a previous meeting of Cabinet, it was resolved to approve a revised procedure for the presentation to Cabinet of Information Reports for noting.

4. Current situation / proposal.

4.1 Information Reports

The following information report has been published since the last meeting of Cabinet.

Title

Date Published

Half Year Treasury Management Report 2016-17

26 November 2016

4.2 Availability of Documents

The document has been circulated to Elected Members electronically via Email and placed on the BCBC website. The document has been available from the date of publication.

5. Effect upon Policy Framework and Procedure Rules.

- 5.1 This procedure has been adopted within the procedure rules 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 regarding this report.

8. Recommendation.

8.1 That Cabinet acknowledges the publication of the document listed in this report.

P A Jolley
Corporate Director Operational and Partnership Services
24 November 2016

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Operational & Partnership Services
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Background documents: Report referred to in this covering report.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 NOVEMBER 2016

REPORT OF THE HEAD OF FINANCE & SECTION 151 OFFICER

HALF YEAR TREASURY MANAGEMENT REPORT 2016-17

1. Purpose of Report

1.1 The purpose of the report is to:-

- Comply with the requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2011 Edition (the Code) to report as part of a mid-year review an overview of treasury activities;
- Report on the projected Treasury Management and Prudential Indicators for 2016-17,
- Inform Cabinet of the proposed changes to the Investment Strategy 2016-17 included in the Treasury Management Strategy.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities

2.1 The 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 2016-17 on 10 March 2016.

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.

3.5 This report covers the following areas:

- The Council's treasury position for the period 1 April to 30 September 2016
- Borrowing Strategy and Outturn for the period 1 April to 30 September 2016
- Investment Strategy 2016-17
- Investment Outturn for the period 1 April to 30 September 2016
- Review of the Treasury Management Strategy 2016-17
- Treasury Management and Prudential Indicators 2016-17
- Cardiff Capital Region City Deal

4. Current Situation

4.1.1 The treasury position for 1 April to 30 September 2016:

| | | Principal as at 01-04-16 | Average Rate | Principal as at 30-09-16 | Average Rate |
|---|--------|--------------------------------|-----------------|--------------------------------|-----------------|
| | | £m | % | £m | % |
| Fixed rate long term funding | PWLB* | 77.62 | 4.70 | 77.62 | 4.70 |
| Variable rate long term funding | LOBO** | 19.25 | 4.65 | 19.25 | 4.65 |
| Total Long Term External Borrowing*** | | 96.87 | 4.69 | 96.87 | 4.69 |
| Other Long Term Liabilities*** (including PFI) | | 22.42 | | 22.10 | |
| TOTAL GROSS DEBT | | 119.29 | | 118.97 | |
| Fixed rate investments | | 22.50 | 0.64 | 44.45 | 0.49 |
| Variable rate investments | | 3.50 | 0.86 | 2.65 | 0.80 |
| TOTAL INVESTMENTS**** | | 26.00 | 0.67 | 47.10 | 0.51 |
| TOTAL NET DEBT | | 93.29 | | 71.87 | |

* Public Works Loan Board (PWLB)

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

*** Long term borrowing include all instruments with an initial term of 365 days or more and long term liabilities includes the short term element of the liability

**** 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 1 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

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

- 4.1.2 The £19.25 million in the above table relates to Lender's Option Borrower's Option (LOBO) loans due to mature in 2054, and 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 next trigger date being January 2017 however it is not expected to be repaid on this date) 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%.
- 4.1.3 The long term liabilities figure of £22.10 million at 30 September 2016 includes £18.51 million for the Council's Private Finance Initiative (PFI) arrangement (for the provision of a Secondary School in Maesteg) and £2.40 million relating to a loan from the WG Central Capital Retained Fund for regeneration works within the Llynfi Valley.
- 4.1.4 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.
- 4.1.5 The Council's Treasury Management Advisors are Arlingclose. Their contract expired on 31 August 2016 so the contract was re-tendered in July and Arlingclose were the successful tenderer and awarded a new contract from 1 September 2016. The current 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 Borrowing Strategy and Outturn for 1 April to 30 September 2016

- 4.2.1 The Bank Rate started the financial year at 0.50% after entering its eight year at that level and remained at this rate until 4 August 2016 when it reduced to 0.25%. When the Treasury Management Strategy for 2016-17 was prepared it was forecast that the bank rate would increase by 0.25% in September 2016 and possibly rise to 1% by the end of the 2016-17 financial year, however as a result of the Brexit vote

this will not happen and Arlingclose are predicting that it is possible there could be a further rate cut in coming months.

- 4.2.2 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 PWLB at long term fixed rates of interest.
- 4.2.3 With short-term interest rates 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 in **Appendix A**. 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 advisors assist the Council with this 'cost of carry' and breakeven analysis.
- 4.2.4 No long term borrowing has been taken during the period 1 April to 30 September 2016 and it is not expected that there will be a requirement for any long term borrowing in 2016-17, however for cash-flow purposes £7.20 million short term borrowing was taken - £2 million taken in July and repaid in August, £2.50 million taken in August and repaid in September and £2.70 million taken in September which was repaid in October. Also, market conditions have meant that there has been no loan rescheduling so far this year, however, in conjunction with Arlingclose, the loan portfolio will be reviewed for any potential savings as a result of any loan rescheduling.
- 4.2.5 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

4.3 Investment Strategy 2016-17

- 4.3.1 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 major objectives to be followed in 2016-17 are:-

- To maintain capital security;
- To maintain liquidity so funds are available when expenditure is needed;
- To achieve the yield on investments commensurate with the proper levels of security and liquidity.

4.3.2 The Annual Investment Strategy incorporated in the Council's Treasury Management Strategy 2016-17 includes the credit ratings defined for each category of investments and the liquidity of investments. The Council's investments have historically been placed in short term bank and building society unsecured deposits and local and central government, however, investments may be made with any public or private sector organisations that meet the minimum credit criteria specified in the Investment Strategy. The Council is looking to diversify into more secure and/or higher yielding asset classes during 2016-17 but any new instruments used will be in full consultation with the Council's treasury management advisors. In order to be able to use these different types of instruments the Council is required to hold a custody account with a third party as we are unable to deal direct and this is currently awaiting approval.

4.3.3 Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. 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 Investment Outturn for 1 April to 30 September 2016

4.4.1 On a day to day basis, the Council typically 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 deposit 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 are two long term investments (original duration of 12 months or more) outstanding as at 30 September 2016 with a local authority - £2 million for one year at a rate of 0.59% which matured in October 2016 and £2 million for two years at a rate of 1.00% maturing in November 2017 but all other investments at 30 September 2016 are short term (deposit accounts or fixed term deposits). The table below details these investments outstanding by counterparty type:

| Investment Counterparty Category | Balance 01 April 2016 (A) £m | Investments Raised (B) £m | Investments Repaid (C) £m | Balance 30 Sept 2016 (A+B-C) £m | Average Duration Investments in force during Apr - Sept 2016 Days | Average Original Duration of the Investment Days | Weighted Average Investment Balance Apr - Sept 2016 £m | Weighted Average Interest Rate Apr-Sept 2016 % |
|---|------------------------------------|---------------------------------|---------------------------------|---------------------------------------|--|---|---|---|
| Govt DMO | - | 28.20 | 28.20 | - | 5 | 5 | 0.66 | 0.18 |
| Local Authorities | 19.50 | 115.80 | 101.85 | 33.45 | 44 | 90 | 33.98 | 0.46 |
| Building Societies | 1.00 | 6.00 | 1.00 | 6.00 | 139 | 181 | 5.75 | 0.68 |
| Banks (Fixed Maturity) | 2.00 | 4.00 | 1.00 | 5.00 | 90 | 230 | 3.06 | 0.92 |
| Banks Instant Access/Notice Period Accounts * | 3.50 | 39.30 | 40.15 | 2.65 | n/a | n/a | 4.89 | 0.69 |
| Total/Average | 26.00 | 193.30 | 172.20 | 47.10 | 70 | 127 | 48.34 | 0.54 |

* An average duration is not shown as money is frequently added / withdrawn to/from these accounts as required by cash-flow

4.4.2 Favourable cash flows have provided positive cash balances for investment and as shown above the balance on investments at 30 September 2016 was £47.10 million. The table below shows a breakdown by counterparty type based on the remaining maturity period as at 30 September 2016:

| Counterparty Category | Instant Access Deposit Accounts £m | Notice Period Deposit Accounts £m | Deposits Maturing Within 1 Month £m | Deposits Maturing Within 1-3 Months £m | Deposits Maturing Within 4-6 Months £m | Deposits Maturing Within 6-12 Months £m | Deposits Maturing Within 1-2 Years £m | Total £m |
|-----------------------|---------------------------------------|--------------------------------------|--|---|---|--|--|--------------|
| Local Authorities | - | - | 13.00 | 7.15 | 3.80 | 7.50 | 2.00 | 33.45 |
| Building Societies | - | - | 5.00 | - | 1.00 | - | - | 6.00 |
| Banks | 0.65 | 2.00 | - | 2.00 | 2.00 | 1.00 | - | 7.65 |
| Total | 0.65 | 2.00 | 18.00 | 9.15 | 6.80 | 8.50 | 2.00 | 47.10 |

4.4.3 Occasionally, investments are placed with the UK Debt Management Office (DMO - Executive Agency of UK Government) but only for very short term deposits and after all other options have been explored. The interest rates offered by this facility are lower than some other counterparties but this is commensurate with the high level of security and reduced risk offered. It provides another option when examining potential investments and ensures compliance with the Council's investment objective that security takes priority over yield. There were no deposits outstanding at 30 September 2016.

4.4.4 The Council's primary objective for the management of its investment portfolio is to give priority to the security and liquidity of its funds before seeking the best rate of

return. As shown above, the majority of surplus cash has been held as short term investments with UK Local Authorities and banks and building societies of high credit quality. This has therefore resulted in more of the investment portfolio being moved into investment instruments with lower rates of return but higher security and liquidity.

4.4.5 Following the United Kingdom's vote to leave the European Union, there has been volatility within the markets. This continues to be far lower than during the credit crunch and ensuing financial crisis, but is expected continue into the medium term and it is probable that there will be a weakening of the UK economy. The long term economic effects remain uncertain, and may be less severe than many previously suggested. The situation in the markets will evolve, however current impacts have been less pronounced than worst case considerations indicated. The Council's Treasury Management advisors Arlingclose, continues to monitor the credit situation closely and remains comfortable with clients making investments in institutions as long as they are compliant with our Investment Strategy. Also following the reduction in the bank rate from 0.50% to 0.25% on 4 August 2016 interest rates have dropped which will result in a reduction in interest earned in 2016-17 but in conjunction with Arlingclose other possible investment options will be investigated. This reduction is not fully reflected in the investment return shown in the table above in paragraph 4.4.1 as this table includes investments which were previously agreed at rates prior to the rate cut but as older investments mature and new ones are taken out in the next quarter the investment return will fall.

4.5 Review of the Treasury Management Strategy 2016-17

4.5.1 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 Treasury Management Strategy 2016-17, however, the MRP Policy is currently under review.

4.5.2 For clarification purposes however, there is a minor amendment which should be made to the Investment Strategy included within this Statement in Table 3 "Non-Specified Investment Limits" as additional wording would make it clear that Local Authorities are excluded from this limit as the majority of Local Authorities do not have credit ratings:

- **Current Extract** - Total Investments without credit ratings or rated below the Council's definition of "high credit quality" – Category Cash limit of £6m
- **Replacement Extract** - Total Investments without credit ratings (excluding Local Authorities) or rated below the Council's definition of "high credit quality" – Category Cash limit of £6m

4.6 Treasury Management and Prudential Indicators 2016-17

4.6.1 The 2011 Treasury Management Code and Prudential Code require the Council to set and report on a number of Treasury Management Indicators within this report, however, the Council has decided to report on all indicators in this report so the Prudential Indicators are also included. The indicators either summarise the

expected activity or introduce limits upon the activity, and reflect the underlying capital programme. **Appendix A** details the estimate for 2016-17 set out in the Council's Treasury Management Strategy and also the projected indicators for 2016-17.

4.7 Cardiff Capital Region City Deal

4.7.1 As Members will be aware, progress is being made on the Cardiff Capital Region City Deal initiative. It will have significant capital expenditure and treasury management implications. Careful consideration will need to be given to the affordability of additional borrowing, the amount of income receivable to support any borrowing over the period of the deal and any risk implications on the Council's Treasury Management Strategy. No figures are assumed in the Council's Capital Programme or within this report. Any amounts required will represent new commitments over and above the existing capital programme and these will have to be incorporated into the Prudential and Treasury management indicators at the stage that more detail is known.

5. Effect upon Policy Framework and Procedure Rules

5.1 As required by Financial Procedure Rule 17.3 within the Council's Constitution, all investments and borrowing transactions have been undertaken in accordance with the Treasury Management Strategy Statement 2016-17 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:

- Cabinet note the Council's treasury management activities for the period 1 April 2016 to 30 September 2016 that will be reported to Council for approval;
- Cabinet note the projected Treasury Management and Prudential Indicators for 2016-17 that will be reported to Council for approval;
- Cabinet note the minor amendment to the Investment Strategy in the Treasury Management Strategy 2016-17 that will be reported to Council for approval.

Randal Hemingway
Head of Finance and Section 151 Officer
11 October 2016

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Background documents:
Treasury Management Strategy 2016-17

APPENDIX A

1 TREASURY MANAGEMENT INDICATORS 2016-17

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 using the following indicators.

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.

| No. | | Treasury Management Strategy 2016-17 £m | Projection 31-03-2017 £m |
|-----------|--|---|------------------------------------|
| | Total Projected Principal Outstanding on Borrowing 31 March 2017 | 96.87 | 96.87 |
| | Total Projected Principal Outstanding on Investments 31 March 2017 | 12.00 | 20.00 |
| | Net Principal Outstanding | 84.87 | 76.87 |
| 1. | Upper Limit on fixed interest rates (net principal) exposure | 140.00 | 59.62 |
| 2. | Upper Limit on variable interest rates (net principal) exposure | 50.00 | 17.25 |

The Section 151 Officer will manage interest rate exposures between these limits in 2016-17.

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% shown 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 paragraph 4.1.2 of this report. 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 which is January 2017, however, the lender is not expected to exercise this option due to current low interest rates, 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 2016-17 | Upper limit | lower limit | Projection 31-03-17 |
|----|---|-------------|-------------|---------------------|
| 3. | Under 12 months | 50% | 0% | 19.87% |
| | 12 months and within 24 months | 25% | 0% | 0.00% |
| | 24 months and within 5 years | 50% | 0% | 0.00% |
| | 5 years and within 10 years | 60% | 0% | 12.47% |
| | 10 years and above | 100% | 40% | 67.66% |

- 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 2016-17 (Limit) £m | Projection 31-03-17 £m |
|-----|---|---|------------------------|
| 4. | Upper Limit for Total Principal Sums Invested for more than 364 days | 15 | 6 |

2 PRUDENTIAL INDICATORS 2016-17

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 required to formally adopt CIPFA's Treasury Management Code and the revised version 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 is 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 2016-17 £'000 | Projection 31-03-17 £'000 |
|-----|--|--|-------------------------------------|
| 1 | Estimates of Capital Expenditure Non – HRA | 43,553 | 47,102 |
| | Total Capital Expenditure | 43,553 | 47,102 |
| | Financed by :- | | |
| | Capital Grants and Contributions | 12,548 | 17,544 |
| | Capital Receipts | 17,203 | 14,806 |
| | Revenue Contribution to Capital | 7,461 | 9,118 |
| | Net Financing Need for Year | 6,341 | 5,634 |

The capital expenditure figures have changed from the Treasury Management Strategy 2016-17 as the capital programme approved by Council on 10 March 2016 has been amended to include new approved schemes and to incorporate slippage of schemes identified as part of the capital monitoring and a change in the profile of funding and prudential borrowing. This has resulted in a decrease in the Net Financing Need for 2016-17.

2.1.2 The second Prudential Indicator is the **Capital Financing Requirement (CFR)** for the Council. 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 and the methodology is detailed in the Council's MRP policy in the TMS 2016-17. The MRP requirement for the PFI Scheme and the Innovation Centre 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 2016-17 £'000 | Projection 2016-17 £'000 |
|----------|--|---|--------------------------|
| 2 | Capital Financing Requirement (CFR) | | |
| | Opening CFR (1 April 2016) excluding other LTL | 155,443 | 155,071 |
| | Opening PFI CFR | 18,787 | 18,787 |
| | Opening Innovation Centre | 719 | 719 |
| | Opening HALO | 845 | - |
| | Opening Coychurch Crematorium | - | 128 |
| | Total Opening CFR | 175,794 | 174,705 |
| | Movement in CFR excluding other LTL | (177) | (887) |
| | Movement in PFI CFR | (552) | (552) |
| | Movement in Innovation Centre CFR | (55) | (55) |
| | Movement in HALO CFR | (117) | - |
| | Movement in CREM CFR | | (50) |
| | Total Movement in CFR | (901) | (1,544) |
| | Closing CFR (31 March 2017) | 174,893 | 173,161 |
| | Movement in CFR represented by :- | | |
| | Net Financing Need for Year (above) | 6,341 | 5,634 |
| | Minimum and Voluntary Revenue Provisions* | (7,242) | (7,178) |
| | Total Movement | (901) | (1,544) |

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) and the Innovation Centre

2.2 Limits to Borrowing Activity

2.2.1 The Council's long term borrowing at the 30 September 2016 was £96.87 million as detailed in section 4.1.1 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 below:

| No. | Prudential indicators For Prudence | Estimate Treasury Management Strategy 2016-17 Est. £'000 | Projection 31-03-17 £'000 |
|----------|---------------------------------------|--|---------------------------|
| | Gross Debt 31 March | | |
| 3 | External Borrowing | 96,867 | 96,867 |
| | Long Term Liabilities (including PFI) | 22,497 | 21,769 |
| | Total Gross Debt | 119,364 | 118,636 |

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 external debt does not, except in the short term, exceed the Capital Financing Requirement for 2016-17. The table below shows that the Council is on target to comply with this requirement.

| No. | Prudential indicators For Prudence | Estimate Treasury Management Strategy 2016-17 £'000 | Projection 31-03-17 £'000 |
|----------|------------------------------------|--|-------------------------------------|
| 4 | Gross Debt & the CFR | | |
| | Total Gross Debt | 119,364 | 118,636 |
| | Closing CFR (31 March 2017) | 174,893 | 173,161 |

2.2.3 A further two Prudential Indicators control the Council's overall level of debt to support Capital Expenditure. These are detailed below and confirms that the Council is well within the limit set :-

- 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 could vary around this boundary during the year. It is based on the probable external debt during the course of the year.

| No. | Prudential indicators For Prudence | Treasury Management Strategy 2016-17 £m | Projection 31-03-17 £m |
|----------|---|---|----------------------------------|
| 5 | Authorised limit for external debt - | | |
| | Borrowing | 140 | |
| | Other long term liabilities | 30 | |
| | Total | 170 | |
| 6 | Operational Boundary | | |
| | Borrowing | 105 | |
| | Other long term liabilities | 25 | |
| | Total | 130 | |
| | | | |
| | Borrowing | | 97 |
| | Other long term liabilities | | 22 |
| | Total | | 119 |

2.3 Prudential Indicators for Affordability

2.3.1 The Prudential Code Indicators Numbered 1 to 6 above in section 2.1 and 2.2 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 the **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 the Welsh Government 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 Indicator for Affordability | Estimate Treasury Management Strategy 2016-17 | Projection 2016-17 |
|-----|---|---|---------------------------|
| 7. | Ratio of Financing Costs to Net Revenue Stream | 5.24% | 5.00% |

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 2016-17 | Projection 2016-17 |
|-----|--|---|---------------------------|
| 8. | Increase in Band D Council Tax as per Capital Programme | £ 4.75 | £ 4.75 |

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

1 NOVEMBER 2016

REPORT ON THE WASTE MANAGEMENT SERVICES CONTRACT AWARD

1. Purpose of Report

- 1.1 The purpose of this report is to inform Cabinet of the proposed appointment of a preferred bidder under the Council's waste services procurement and subject to satisfactory completion of the legal processes formally enter into a contract with the preferred bidder for the provision of the Council's Waste Collection and Community Recycling Centre (CRC) Services for a period defined by the contract of seven years from the contract commencement date of the 1st April 2017.
- 1.2 An exempt confidential report is also separately submitted to Cabinet in respect of the award of the Council's Waste Collection and Community Recycling Centre (CRC) Services which is commercially sensitive or relates to the business and financial affairs of the Council and the preferred bidder and is not for publication under Schedule 12A of the Local Government Act 1972

2. Connection to Corporate Improvement Plan/Other Corporate Priority

- 2.1 The procurement will assist the Council in meeting stringent Welsh Government (WG) targets for recycling and diversion from landfill of residual waste. Increased waste minimisation and recycling will assist the Council in reducing the environmental footprint of the waste management service. The services described by the proposed contract contribute to the Council's goals under the Corporate Plan Priority 3 - (Smarter Use of Resources).

3. Background

- 3.1 Cabinet will recall at its meeting on 15th March 2016 (Minute No 867) approving proposals to re-procure the Council's waste collection and CRC services on the basis of securing improvements to the recovery and recycling of materials and consequently the Council's recycling performance as measured by the WG waste data flow performance management framework.
- 3.2 The procurement has followed the Competitive Procedure with Negotiation (CPN) procedure under the Public Contracts Regulations 2015 ('the Regulations') for the procurement of the Services. The relevant rules regarding the CPN procedure is set out in Regulation 29 of those Regulations. The procurement has also been subject to the Council's Contractual and Financial Procedure Rules.
- 3.3 On the 31st May 2016, a notice for the procurement of the Contract was published in the Official Journal of the European Union (OJEU) inviting expressions of interest from potential contractors to provide waste management services to the Council. The Contract is for 7 years with the option to extend by up to a further 7

years on agreement between the parties. The Contract is for collection and transfer of residual waste to the Council's nominated disposal facility, collection and transfer of food waste and other recyclate, management of the Council's commercial waste collection service, management of the Council's CRC's and Tondur Waste Transfer Station.

4. Current Situation

Tender Principles

- 4.1 The principle services to be provided by the bidders were specified as:-
1. Alternative weekly collection of residual waste (2 Bags per household - dispensation from this will be granted in certain circumstances) and transfer to the Council's nominated disposal point – the Materials Recycling and Energy Centre (MREC);
 2. Introduction of an Absorbent Hygienic products collection Service;
 3. Weekly collection of food waste and transfer to the Council nominated treatment haulier's container at Tondur;
 4. Weekly collection, transfer and sale of Kerbside dry recyclate with income retained by the contractor;
 5. Management of the Tondur waste depot and transfer facility;
 6. Management and operation the Customer Care Centre;
 7. Management of the three CRC sites at Brynmenyn, Maesteg and Tythegston with the cost of disposal of residual waste met by the Council and costs/income from recyclates incurred/retained by the contractor;
 8. Introduction of re-use facilities at the CRC's;
 9. Introduction of source separation and recycling maximisation of residual waste prior to householder arrival at the CRC's;
 10. Management and operation of the commercial waste collection service by the contractor.
- 4.2 The contract includes a financial mechanism to share the fluctuations in the value of recycling income generated under the contract, based against market indices. This would mean that when the market value of recycling falls the Council would meet 50% of this cost but equally when it rises the Council would benefit to the same level. The Council's maximum exposure/benefit has been capped at £250,000 per annum. This was considered necessary to balance the risk between the parties and to ensure the Council secured a commercial bid. Additionally, to incentivise the Contractor to recycle as much material as possible at the CRC's, the contract makes provision for financial deductions to be applied for failing to meet a set recycling target (78%) but also rewards the contractor where he is able to exceed this target.

- 4.3 A performance management framework is also included in the contract with financial deductions for defaults to be applied when certain default thresholds are exceeded.
- 4.4 Annual contract payments will be subject to an annual inflation review. The review of the Annual payment will be based on agreed indices. There may also be an increase to the annual contract payments, due to increases in property numbers which has been allowed for in the pricing schedule. This will be based on the total household numbers as advised by the Authority's Council Tax Department on the 1st April each contract year.

Procurement Process

- 4.5 Initial Tenders were received by the Authority on 8th August 2016 from 4 bidders
- 4.5.1. The initial tenders were opened at 12.00 Noon on 8th August 2016 in the presence of the Mayor and Deputy Mayor and were evaluated between the 8th August and 31st August 2016.
- 4.5.2. It was concluded from this process that two bidders would be taken forward to the negotiation stage. The two bidders not taken forward to the next stage were informed of this and given their evaluation scores.
- 4.5.3 Dialogue discussions were subsequently held with the two selected bidders on 22nd September 2016 and 26th September 2016. On conclusion of the dialogue meetings, the Call for Final Tender (CFT) documents were issued to the two selected bidders on 30th September 2016. Final bids were received by the specified time (12 noon) on 7th October 2016.
- 4.6 Cabinet will be asked to award the contract to the preferred bidder and to delegate to the Corporate Director Communities in consultation with the Corporate Director – Operational and Partnership Services and the Head of Finance and Section 151 Officer finalisation and completion of the process of entering into the contract with the preferred bidder.

Collection Containers

- 4.7 The recycling collection containment methodology was not dictated by the procurement exercise. Bidders were directed to collect in line with Welsh Government guidelines but otherwise given the opportunity to propose the containment method that represented best value.

Legal Issues arising from the Procurement Process and Award of Contract.

- 4.8 Subject to Cabinet approval the Corporate Director – Operational and Partnership Services will be instructed to formally enter into the contract with the preferred bidder and to complete the contract.
- 4.9 TUPE (Transfer of Undertakings (Protection of Employment) Regulations) will apply to the contract.

- 4.10 Under the Public Contracts Regulations 2015 the Council must inform the other bidders that they have been unsuccessful and it is the Council's intention to award the contract to the preferred bidder. There is a requirement under the Regulations for there to be a statutory standstill period of at least 10 days before the Council can enter into a contract with the preferred bidder. This provides an opportunity for bidders to seek a de-brief as to why they have been unsuccessful and the Council are obliged to provide information under the legislation. It also provides an opportunity for an unsuccessful bidder to mount a legal challenge to the award of the contract. The Regulations state that proceedings generally have to be commenced within thirty days of the date when the bidder first knew or ought to have known that grounds for starting the proceedings had arisen.
- 4.11 In due course following completion of further aspects of the procurement process such as completion of the standstill period without challenge and the publication of the award of contract notice in the OJEU further information in respect of the contract can be put in the public domain. A further public report at that time may assist in this process.

5. Effects upon Policy Framework & Procedure Rules

- 5.1 The final tender submission made by the preferred bidder will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines which are currently set £200/ tonne.

6. Equality Impact Assessment

- 6.1 An equalities screen exercise has been undertaken on the content of this report and the impact of the recommendations on the protected characteristics identified under the Equalities Act. There are no specific implications on such groups arising in this case.

7. Financial Implications

- 7.1 A growth bid will be submitted as part of the budget setting process for 2017/18 to secure additional resource to enable BCBC to provide the service going forward.
- 7.2 Further savings of £221,000 are anticipated from other waste budgets in 2017/18.
- 7.3 The procurement will assist the Council in meeting stringent WG targets for recycling and diversion from landfill of residual waste. If the WG recycling target of 58% is missed, this could lead to the imposition of fines. These range from £150,000 if the achieved target is 57% up to £600,000 if only 54% is achieved.
- 7.4 Future savings are anticipated due to the reduction of residual waste being sent to landfill. These savings are currently limited due to the fixed cost nature of the current arrangements at the MREC. The procurement exercise for the MREC is currently on-going.
- 7.5 Due to the nature of the financial mechanism to share the fluctuations in the value of recycling income generated under the contract, an equalisation reserve will need to be established to smooth the effect of annual movements on the budget.

8. Recommendation

8.1 Cabinet are asked to note the information contained in the report.

Mark Shepard
CORPORATE DIRECTOR – COMMUNITIES
October 2016

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