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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate

Deialu uniongyrchol / Direct line /: 01656 643148 / 643147 / 643694

Gofynnwch am / Ask for: Michael Pitman

Ein cyf / Our ref:

Eich cyf / Your ref:

Dyddiad/Date: Tuesday, 5 February 2019

Dear Councillor,

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

A meeting of the Corporate Overview and Scrutiny Committee will be held in the Council Chamber - Civic Offices Angel Street Bridgend CF31 4WB on **Monday, 11 February 2019 at 10:00.**

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 (including whipping declarations)
3. Budget Monitoring 2018 -19 - Quarter 3 Forecast 3 - 38

Invitees:

All Members of Cabinet and Corporate Management Board

4. Capital Strategy 2019 - 20 Onwards 39 - 68

Invitees:

Councillor Hywel Williams – Deputy Leader
Gill Lewis - Interim Head of Finance
Mary Williams - Group Manager - Chief Accountant

5. Overview and Scrutiny Forward Work Programme 2019/20 69 - 82
6. Urgent Items
To consider any item(s) of business in respect of which notice has been given in accordance with Part 4 (paragraph 4) of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

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Yours faithfully

K Watson

Head of Legal and Regulatory Services

Councillors:

JPD Blundell

N Clarke

J Gebbie

T Giffard

Councillors

CA Green

M Jones

RL Penhale-Thomas

B Sedgebeer

Councillors

RMI Shaw

JC Spanswick

T Thomas

CA Webster

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

11 FEBRUARY 2019

REPORT OF THE INTERIM HEAD OF FINANCE

BUDGET MONITORING 2018-19 – QUARTER 3 FORECAST

1.0 Purpose of this report

1.1 The purpose of this report is to provide the Committee with an update on the Council's financial position as at 31st December 2018.

2.0 Connections to Corporate Improvement Objectives / Other Corporate Priorities

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

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

2.2 The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered.

3.0 Background

3.1 On 28th February 2018, Council approved a net revenue budget of £265.984 million for 2018-19, along with a capital programme for the year of £33.693 million, which has since been updated to take into account new approvals and slippage between financial years. 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 / Proposal

4.1 Summary financial position at 31st December 2018.

4.1.1 The Council's net revenue budget and projected outturn for 2018-19 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 31st December 2018

Directorate/Budget Area	Original Budget 2018-19 £'000	Current Budget 2018-19 £'000	Projected Outturn Q3 2018-19 £'000	Projected Over / (Under) Spend 2018-19 £'000	Projected Over / (Under) Spend Qtr 2 2018-19 £'000
Directorate					
Education and Family Support	108,315	110,896	111,438	542	396
Social Services and Wellbeing	67,730	70,023	70,017	(6)	1,252
Communities	26,729	26,622	26,873	251	260
Chief Executive's	3,803	19,539	18,160	(1,379)	(1,170)
Operational and Partnership	14,658	0	0	0	0
Total Directorate Budgets	221,235	227,080	226,488	(592)	738
Council Wide Budgets					
Capital Financing	9,514	9,405	6,993	(2,412)	(2,402)
Levies	7,046	7,046	7,070	24	0
Apprenticeship Levy	700	700	625	(75)	(70)
Council Tax Reduction Scheme	14,354	14,354	14,113	(241)	(114)
Insurance Premiums	1,588	1,588	1,160	(428)	(390)
Building Maintenance	900	831	831	0	0
Pension Related Costs	430	430	435	5	5
Other Council Wide Budgets	10,217	4,550	1,035	(3,515)	(2,298)
Total Council Wide Budgets	44,749	38,904	32,262	(6,642)	(5,269)
Appropriations to / from Earmarked to Reserves			1,922	1,922	1,980
Total	265,984	265,984	260,672	(5,312)	(2,551)

4.1.2 The overall projected position at 31st December 2018 is a net under spend of £5.312 million, comprising £592,000 net over spend on directorates and £6.642 million net under spend on corporate budgets, offset by net new earmarked reserves of £1.922 million. This position is better than anticipated due to the recent award of one-off grants from Welsh Government towards costs associated with supporting sustainable social services, and towards teachers' pay for 2018-19. Bridgend's share of the grants was £620,528 for social services and £718,701 for teachers' pay. Without these the net under spend would have been £3.973 million. Given the significant funding required to meet pay, prices and pensions costs in 2019-20 any uncommitted funding in 2018-19 will be carried forward to meet those pressures in the new financial year.

4.1.3 The Council has recently received its final local government settlement for 2019/20 from Welsh Government and, whilst the information is still being analysed, it is clear that there will be difficult choices to make and pressures to meet going forward. In addition, there is still one quarter of the financial year remaining and there are a number of volatile budgets which could impact upon this position, particularly during the winter months. A detailed analysis of the more significant

projected under and over spends is set out in section 4.3. The position on directorate budgets is a significant improvement on quarter 2, with the projected over spend reducing by £1.33 million, around half of which is accounted for by the unexpected grants referred to above.

- 4.1.4 There have been no budget virements since the quarter 2 forecast was reported to Cabinet in October 2018. However there have been a small number of technical adjustments in respect of outstanding pay and price inflation and allocations of corporately held funding for feasibility work. In addition, the unspent balance of funding (£53,000) for the Festival of Learning, which was approved as a one-off budget pressure, and the budget pressure to replace the Welsh Government (WG) Uniform Grant (£36,000), which has subsequently been restored by WG, have been returned to the corporate budget pressures fund.
- 4.1.5 As mentioned in the quarter 2 report, the pay award for teachers from September 2018 was agreed by Parliament in the middle of September, and additional funding was provided by the Council to schools and central education services. Welsh Government has recently announced that it will provide £718,701 of grant funding towards these costs in 2018-19, covering the period September 2018 to March 2019. This funding is additional to the local authority and will be used to replace the Council funding already allocated to schools, which will be returned to the corporate pay and price budget. Further funding has also been announced, partly through the local government settlement and partly through specific grants, towards the full year effect of the teachers' pay increase for 2019-20.
- 4.1.6 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £6.123 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.
- 4.1.7 In November 2018 Cabinet was presented with the draft Medium Term Financial Strategy (MTFS) for 2019-20 to 2022-23. It included a number of pressures facing Welsh Councils over the life of the MTFS. This reiterated the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £36.4 million over the next four years. Since then, the Welsh Government has published its Final Local Government Settlement on 19th December, the key headline being that core funding for local government in 2019-20 will increase by 0.2% compared to the current year, with Bridgend's reported position a reduction of -0.1%. 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.
- 4.1.8 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into 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 2018-19. 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 budget over spends to determine whether these should be carried forward as a first call on the directorate budget for

the following year. In addition, any opportunity to set aside funding for capital expenditure will be taken to minimise future borrowing costs. 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

Prior Year Budget Reductions

4.2.1 A report was presented to Cabinet on 19th June 2018 on Financial Performance 2017-18. In the report it was highlighted that, for 2016-17 and 2017-18, there were £2.982 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £2.523 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2018-19 financial year, and to identify mitigating action that will be undertaken to achieve them. A summary of the latest position is attached as Appendix 1 with a summary per directorate provided in Table 2. Of the total proposals not achieved in full at year end, the Social Services and Wellbeing Directorate had already partly realised £378,000. Consequently there are still £2.604 million of prior year budget proposals outstanding, £1.917 million of which relates to the shortfall on Social Services and Wellbeing, which will need to be met in full during 2018-19 or from alternative savings proposals.

4.2.2 The Social Services and Wellbeing Directorate has developed a Future Service Delivery Plan, which was presented to Corporate Overview and Scrutiny Committee in March 2018, and which outlines the Directorate's response to the financial challenge facing them, not least setting out the planned actions to be undertaken in order to meet the shortfall. This will continue to be monitored throughout the remainder of 2018-19 but a number of the proposals are not likely to be achieved in full in this financial year.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	166	106	60
Social Services and Wellbeing	1,917	1,134	783
Communities	371	31	340
Chief Executive's	150	150	0
TOTAL	2,604	1,421	1,183

4.2.3 The table shows that of the £2.604 million outstanding reductions, £1.421 million is likely to be achieved in 2018-19 leaving a shortfall of £1.183 million. Proposals still not likely to be achieved include:

- Learner Transport (£60,000) due to delays in assessments of safe routes;
- Review of Car Parking Charges (£50,000) due to delay in reporting options and therefore achieving full year savings;
- Permitting Scheme for Road Works (£100,000) due to delays in approval process with Welsh Government.
- Reductions to the Materials Recovery and Energy Centre (MREC) (£200,000).

The balance mainly relates to proposals set out in the Social Services and Wellbeing Service Delivery Plan.

4.2.4 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”. A Budget Reduction Contingency was established in 2016-17 and used to partly mitigate shortfalls on a number of budget reduction proposals. This reserve has been used to meet specific budget reduction proposals in 2016-17 and 2017-18 on a one-off basis pending alternative measures. Following agreement with the S151 officer, it is being used to mitigate the on-going shortfall on the following 2017-18 budget reduction proposal in this financial year.

COM 18	MREC	£200,000
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Budget Reductions 2018-19

4.2.5 The budget approved for 2018-19 included budget reduction proposals totalling £6.123 million, which is broken down in Appendix 2 and summarised in Table 3 below. The current position is a projected shortfall on the savings target of £379,000, or 6.2% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2018-19

DIRECTORATE /BUDGET REDUCTION AREA	Total Budget Reductions Required £'000	Total Budget Reductions Likely to be Achieved £'000	Shortfall £'000
Education and Family Support	630	453	177
Schools	0	0	0
Social Services and Wellbeing	350	350	0
Communities	1,454	1,252	202
Chief Executive's	1079	1079	0
Council Wide Budgets	2,610	2,610	0
TOTAL	6,123	5,744	379

A comparison of the RAG position against quarter 2 is provided below:

	2018-19 Q3		2018-19 Q2	
	£000	%	£000	%
Green	3,978	65%	3,978	65%
Amber	1,903	31%	2,003	33%
Red	242	4%	142	2%
Total	6,123	100%	6,123	100%

There has been a slight shift from reductions classed as amber to red between quarters 2 and 3.

4.2.6 The most significant budget reduction proposals unlikely to be achieved include:

- EFS1 Phased Implementation of Learner Transport Policy (£67,000);
- COM11 Reductions to the budget for Public Conveniences (£100,000);
- COM27 Removal of Subsidised Bus Services (£188,000)

As part of the MTFs discussions it was agreed that the progression of the latter two proposals would be dependent on the outcome of public consultations, following which decisions would be made on how to proceed with these proposals. The final council tax increase agreed for 2018-19 was 4.5%, higher than the original proposed 4.2%, to provide flexibility to enable members to mitigate some of the proposed budget reductions. A report was presented to Cabinet on 15th May on the outcome of the public consultation exercise in respect of the rationalisation of supported bus services (COM27). Cabinet resolved to retain the subsidy for three routes for a period of one year to allow additional time in dialogue with bus operators and with other potential partners to try and find ways of keeping existing routes running. Consequently, £51,500 of this funding was transferred to the Communities directorate for one year only to offset this shortfall. With regard to Public Conveniences, a report was presented to Cabinet in June 2018. A number of proposals were made but, given time to implement some, the full budget saving will not be made during 2018-19, and the directorate will mitigate this shortfall with other measures.

4.2.7 Appendix 2 identifies the projected amount of saving against these proposals and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. 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.

4.3 Commentary on the financial position as at 31st December 2018

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.

4.3.1 **Education and Family Support Directorate**

The net budget for the Directorate for 2018-19 is £110.896 million. Current projections indicate an over spend of £542,000. The main variances are:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Inclusion	2,838	3,224	386	13.6%
Home to School Transport	4,779	5,498	719	15.0%
Pupil Support	345	218	(127)	-36.8%
Catering Services	811	749	(62)	-7.6%
Integrated Working	1,457	1,252	(205)	-14.1%
Youth Justice	384	278	(106)	-27.6%

Schools' Delegated Budgets

Total funding currently delegated to schools in 2018-19 is £90.321 million. The schools' delegated budget is reported as balanced as any under or over spend is automatically carried forward into the new financial year before being considered by the Director of Education and Family Support in line with the 'Guidance on Managing School Surplus Balances'.

At Quarter 3 in 2018-19 there are 22 primary schools, 5 secondary schools and 1 special school (47% of all schools) that are projecting a deficit balance at year end. However, Welsh Government has just provided local authorities with an additional £231,049 of grant funding towards additional costs incurred in funding additional free school meals during 2018-19 due to the rollout of Universal Credit. Taking this into account, in total the quarter 3 projections indicate an overall deficit balance for school delegated budgets of £870,000 at year end. However, the real position is a net deficit of £1.101 million.

Central Education and Family Support Budgets

Inclusion

- There is a projected over spend of £386,000 in the Inclusion service. £83,000 is due to an increase in demand for ancillary support in schools and difficulty in recruitment, and hence increased agency costs. £303,000 is due to recoupment costs – there were 31 out of county placements at quarter 3 compared with 27 at the end of 2017-18. Additional ancillary support has also been required at Ysgol Bryn Castell special school.

Home to School Transport

- There is an over spend of £719,000 on Home to School Transport. There has been a significant increase in eligible pupils for both Home to College and primary school transport of 16.5% and 18.1% respectively from 2016-2017 continuing into 2018-19. There are also significant additional pressures caused by increased numbers of eligible pupils with Additional Learning Needs, in particular those pupils with autism spectrum disorders. Although a learner travel policy was approved by Cabinet in September 2015 with subsequent budget

reductions of £1.6 million the savings generated have not been as high as anticipated due to the need to undertake safe route assessments and deal with legal challenges. Additional pressures in 2018-19 have arisen due to transport being provided to support the Council's vulnerable groups agenda, and the handing back of contracts from providers which, when retendered, have proven to be more costly.

Pupil Support

- The under spend of £127,000 relates primarily to the volunteer driver support service which ceased in February 2017 whilst a review was undertaken. The continued cessation of the service has been included as a saving proposal in the draft MTFs for 2019-20.

Catering Services

- The under spend of £62,000 has arisen as a result of a projected increase over and above the anticipated demand for school meals compared with when the budgets were set at the start of the financial year. Take up of school meals will require close in-year monitoring and projections could be affected by adverse winter weather.

Integrated Working

- The under spend of £205,000 relates to staff vacancies and maximisation of grant funding within the service.

Youth Justice

- The under spend of £106,000 is a combination of savings on the premises budget following vacation of the offices at Tremains Road, along with staff vacancy management. This will contribute towards a budget reduction proposal in the draft MTFs for 2019-20 of £41,000 against the Youth Offending Service.

4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2018-19 is £70.023 million. Current projections indicate a net under spend of £6,000 at year end. The position has been masked by the one-off Welsh Government grant of £620,528 referred to in paragraph 4.1.2. The real position is a projected over spend of £614,000 which is a reduction of £638,000 on the quarter 2 position. The main variances are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Care at home for Older People	8,462	8,544	82	1.0%
Equipment and Adaptations	859	985	126	14.7%
Assessment and Care Management	4,892	4,378	(514)	-10.5%
Care at Home for Learning Disabilities	9,366	9,795	429	4.6%
Mental Health Residential Care	1,266	1,158	(108)	-8.5%
Looked After Children	11,168	12,035	867	7.8%

Care at Home for Older People

- Care at home includes domiciliary care services, local authority homecare services and the provision of direct payments. The net over spend is forecast at £82,000. The average number of weekly homecare and domiciliary care hours provided this financial year has increased by approximately 4.6% compared to 2017-18. The demand for direct payments has also increased from an average of 37 in 2017-18 to 53 this financial year.

Equipment and Adaptations

- There is a projected over spend of £126,000 as a result of increased usage of aids and equipment, along with servicing costs. These costs are seen as preventative investment aimed at keeping residents out of long term care.

Assessment and Care Management (ACMT)

- There is a projected under spend of £514,000 on all assessment and care management budgets, including £175,000 on assessment and care management for older people and £172,000 under spend on ACMT for people with mental health, arising mainly from staff vacancies, although the directorate still hopes to fill some of these posts during the latter part of the year. Effective vacancy management throughout the year has enabled cost savings to be achieved.

Care at Home for People with Learning Disabilities

- There is a projected over spend of £429,000 as a result of an increase in the number and the complexity of needs of service users receiving direct payments or receiving domiciliary care within a home setting or supported accommodation. This forecast over spend has actually reduced by £220,000 since quarter 2.

Mental Health Residential Care

- A projected under spend of £108,000 is likely based on current placements. Anticipated health contributions to these placements is contributing to this projection.

Looked After Children (LAC)

- There is a projected over spend of £867,000 on LAC. MTFs budget reductions have resulted in the budget being reduced by around £1 million over the last three years. The projected over spend has actually reduced by £485,000 since quarter 1 as the directorate has started to implement its residential and fostering remodelling projects.
- Project plans for both of these areas are now in place and the required work has gathered momentum, with significant capital work taking place in 2018-19. The plan to place more children into in-house foster placements is now in place but due to the time taken to put arrangements into place, the full saving is not likely to be realised in 2018-19.
- The average number of LAC this financial year is 376 compared with an average of 387 in 2017-18, with 11 children currently in out of county residential placements. Some individual placements can cost around £220,000 per annum. The cost of out of county placements is a considerable pressure on the budget and greatly contributing to the current forecast over spend.

- The average number of independent fostering placements (IFAs) this financial year is 62 compared to 82 in 2017-18.
- The budget is closely monitored to ensure that the current over spend is reduced and that the budget for 2018-19 is effectively managed.

4.3.3 **Communities Directorate**

The net budget for the Directorate for 2018-19 is £26.622 million and the current projection is an anticipated over spend of £251,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Development	362	462	100	27.6%
Regeneration	2,260	2,185	(75)	-3.3%
Public Conveniences	72	168	96	133.3%
Waste Disposal	4,629	4,679	50	1.1%
Waste Collection	4,971	5,196	225	4.5%
Street lighting	1,561	1,511	(50)	-3.2%
Network Management	163	263	100	61.3%
Highways Services	2,514	2,614	100	4.0%
Fleet Services	11	151	140	1272.7%
Engineering Services	58	(162)	(220)	-379.3%
Parks & Open Spaces	2,082	2,002	(80)	-3.8%

Development Control

- The projected over spend in Development of £100,000 is primarily due to a forecast downturn in planning application income based on income to date and comparison with the 2017-18 outturn. Fee income is subject to considerable fluctuations between years, depending on number and type of applications.

Regeneration

- The projected under spend in Regeneration is primarily due to staff vacancy management.

Public Conveniences

- A report was presented to Cabinet on the 19th June 2018 outlining the findings of the public consultation and recommending actions against each of the town centre public toilets. Implementing these recommendations has taken some time to complete and discussions with the Town and Community Councils have taken place prior to the formal consultation with affected staff, therefore the £100,000 MTFS saving for 2018-19 will not be made in full this year.

Waste Disposal

- There was a budget reduction target of £200,000 for 2017-18 in respect of the MREC. There has been a procurement exercise with Neath Port Talbot Council to secure a new operator for the facility, therefore for this financial year the full MTFS saving has been funded from the MTFS Budget Reduction Contingency Reserve as outlined in paragraph 4.2.4. The balance of the projected over spend is primarily due to increased costs for disposing of street waste. There is a £36,000 budget pressure against this in the draft MTFS for 2019-20.

Waste Collection

- The projected over spend of £225,000 on waste collection services is due to a combination of factors. The disposal contract with Neath Port Talbot CBC is based on a fixed price, minimum tonnage. Consequently a drop in commercial waste tonnage for disposal, and subsequent reduction in income, has not generated a corresponding reduction in cost. The Council is currently working closely with Neath Port Talbot CBC to renegotiate the terms of this arrangement.

Street Lighting

- There is a projected under spend of £50,000 which has primarily arisen following the Local Government Borrowing Initiative (LGBI) programme for the replacement of lanterns, and subsequent reduction in energy costs. This will contribute towards a proposal in the draft MTFS for 2019-20 of £30,000 against Street lighting.

Network Management

- The projected over spend of £100,000 is due to the delay in realising the 2017-18 MTFS target of £100,000 in respect of introducing a permitting scheme. The timeline is not in the direct control of BCBC officers as the business case is going through multiple steps in an approval process with Welsh Government. However ultimately a positive response is expected, and this is being led by the Group Manager to ensure its successful implementation.

Highways Services

- There is a projected over spend of £100,000 mainly as a result of an in-year notification received regarding the cessation of the contract with the South Wales Trunk Road Agency (SWTRA) which is responsible for managing, maintaining and improving the motorways, trunk roads and associated assets throughout the South Wales region on behalf of the Welsh Government. There is a proposed £200,000 budget pressure for this in the draft MTFS for 2019-20.

Fleet Services

- There is a projected over spend of £140,000 across the service, similar to the 2017-18 outturn, due to a downturn in income arising from reduced spend by Directorates. The Directorate plans to undertake a review of the fleet service in the near future.

Engineering Services

- There is a projected under spend across the service of £220,000 due to a projected increase in the level of fee earning jobs (balance of EU/non EU funded projects and the differing chargeable rates allowed) based on income earned to date compared with 2017-18 outturn.

Parks & Open Spaces

- There is a projected under spend across the service of £80,000 due primarily to staff vacancies, in particular seasonal grounds maintenance staff where it has been problematic to recruit this year.

4.3.4 Chief Executive's Directorate

The net budget for the Directorate for 2018-19 is £19.539 million and current projections anticipate an under spend against this budget of £1.379 million. The main variances are:

CHIEF EXECUTIVES	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
			£'000	
Business Unit	1,060	933	(127)	-12.0%
Accountancy	1,523	1,423	(100)	-6.6%
Housing Benefits – Admin / Payments to Claimants	712	597	(115)	-16.2%
Member and Mayoral Services	1,823	1,486	(337)	-18.5%
HR and Organisational Development	1,637	1,484	(153)	-9.3%
ICT	3,734	3,477	(257)	-6.9%
Shared Regulatory Services	1,459	1,373	(86)	-5.9%
Communication & Marketing	1,622	1,439	(183)	-11.3%

Business Unit

- The forecast under spend of £127,000 mainly relates to staffing vacancies across the service. These vacancies are to be held whilst a review is undertaken across all Business Support.

Accountancy

- The forecast under spend of £100,000 mainly relates to staffing vacancies across the service. These vacancies will be monitored in line with business needs.

Housing Benefits – Admin / Payments to Claimants

- There is an under spend in respect of the administration of housing benefit arising mainly from staffing vacancies, but also changes in staffing hours and additional annual leave purchases. This may possible be offset by a potential over spend on housing benefit subsidy.

Member and Mayoral Services

- This forecast under spend of £337,000 is mainly as a result of the delay in initially implementing the Members' Community Action Fund in 2017-18, which has impacted upon this year's budget. An assessment of the first year of operation was presented to Audit Committee in December. The budget for this fund is £285,000.

HR and Organisational Development

- The under spend of £153,000 is mainly due to staffing vacancies, not least the removal of the Head of HR and Organisational Development post, as part of the Chief Executive's restructuring of senior management. These savings are being considered within 2019-20 MTFS proposals.

ICT

- The forecast under spend of £257,000 is mainly due to staffing vacancies. These vacancies are being held with future MTFS savings requirements in mind.

Shared Regulatory Services

- The forecast under spend mainly relates to £141,000 rebate from the 2017-18 shared service final outturn position. This rebate is currently offsetting shortfalls of income elsewhere within regulatory services, resulting in a projected £86,000 under spend overall.

Communications & Marketing

- The forecast under spend of £183,000 is mainly due to staffing vacancies. These vacancies are being held with future MTFS savings requirements in mind.

4.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget is £38.904 million and the projected outturn is £32.262 million, resulting in a projected under spend of £6.642 million. The main variances are detailed below:

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing Costs	9,405	6,993	(2,412)	-25.6%
Insurance Premiums	1,588	1,160	(428)	-27.0%
Other Council Wide Budgets	4,550	1,035	(3,515)	-77.3%

Capital Financing

- The projected under spend of £2.412 million is mainly as a result of the change in policy in respect of repayment of debt (Minimum Revenue Provision - MRP), as approved by Council in September (£2 million saving in 2018-19). There is also an under spend on interest paid due to lower borrowing than anticipated, as the Council uses its own internal resources to finance schemes, and additional interest received from current investments. The funding released from the change in policy has been transferred to an earmarked reserve for future capital expenditure.

Insurance Premiums

- There is a projected under spend of £179,000 as a result of the reduction in the premium for property insurance in 2018-19 following a retendering exercise. There is also a fortuitous and unexpected rebate in respect of the Maesteg PFI scheme under the contract's premium sharing agreement (£177,000).

Other Council Wide Budgets

- The under spend of £3.515 million is due to reduced requirements for funding for budget pressures and inflationary increases compared to the estimates provided at the start of the financial year. This includes funding returned from the Education and Family Support budget for the Festival of Learning and Uniform grant, which are no longer required. The pay award for all staff has now been agreed, so the remaining balance on these budgets should not change significantly during the remainder of the year unless any unexpected emergencies arise during the winter months. This budget has been supplemented by the additional £718,701 grant funding received from Welsh Government towards the costs of teachers' pay.
- As mentioned in previous reports, there is likely to be a significant increase in the employer's contribution to teachers' pensions from September 2019. This was significantly higher than previously indicated, and for Bridgend will result in a full year cost of around £3.5 million. Given no additional funding has been provided through the local government settlement for this, any balance of funding from provisions for pay and prices will be carried forward to meet that pressure.

It should be noted that this projection could change significantly during the financial year, depending on inflationary increases, the extent of inclement weather during the winter period and further 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.

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 2018-19. The original budget approved by Council on 28th February 2018 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2017-18 and any new schemes and grant approvals. The revised programme for 2018-19 currently totals £36.544 million, of which £29.595 million is met from BCBC resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £6.949 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 2018-19 compared to the projected spend. Commentary is provided detailing any issues associated with these projects. The revised programme was only approved in December 2018, so there have been few amendments since then other than the following main changes:

- £3.2 million slippage in respect of the Waterton Depot upgrade into 2019-20. It is anticipated that work will not commence until at least 2019-20, following detailed design work.
- £500,000 slippage in respect of the Children's Residential Hub as the main contract is not due to commence until 2019-20.
- Development of a specialist supported living facility, funded by Integrated Care Funding (£350,000).

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

4.5.1 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 3 review of the particular pressures that were to be covered by earmarked reserves was undertaken and Directorates have drawn down funding.

4.5.2 The cumulative draw down by directorates is £4.774 million from specific earmarked reserves and there have been net additions of £1.922 million as shown in Table 4 below.

Table 4 – Movement on Earmarked Reserves to the end of Quarter 3

Opening Balance 01-Apr-2018 £'000	Reserve	Net Additions/ Reclassification £'000	Draw-down £'000	Closing Balance 31-Dec-2018 £'000
	Corporate Reserves:-			
-	Education & Family Support	(18)	(660)	-
-	Social Services & Wellbeing	-	(1,368)	-
-	Communities	(291)	(884)	-
-	Chief Executives	-	(636)	-
-	Non-Directorate	1,588	-	-
39,155	Total Corporate Reserve	1,279	(3,548)	36,886
	Directorate Earmarked Reserves:-			
463	Education & Family Support	152	(122)	493
1,661	Social Services & Wellbeing	-	-	1,661
2,448	Communities	295	(267)	2,476
1,081	Chief Executives	(5)	(386)	690
5,653	Total Directorate Reserves	442	(775)	5,320
	Equalisation & Grant Earmarked Reserves:-			
339	Education & Family Support	-	(339)	-
2,314	Communities	201	(112)	2,403
254	Chief Executives	-	-	254
2,907	Total Equalisation Reserves	201	(451)	2,657
360	School Balances	-	-	360
48,075	Total Usable Reserves	1,922	(4,774)	45,223

4.5.3 The review also examined:-

- commitments against existing reserves and whether these were still valid;
- earmarked reserve requests from directorates as a result of emerging issues and;
- emerging risks for the Council as a whole.

Table 5 below details the creation of new earmarked reserves, increases to existing earmarked reserves and amounts that have been unwound from reserves since the beginning of the financial year.

Table 5 – Net Appropriations to/from Earmarked Reserves to Quarter 3

	Unwound up to Qtr 3	New/Additions to Reserves Qtr 3	Total to Qtr 3 £'000	Total to Qtr 2 £'000	Increase/ (Decrease) Qtr 3 £'000
Corporate Reserves:-					
Asset Management Reserve	(300)	0	(300)	-	(300)
Capital Programme Contribution	(153)	2,000	1,847	1,847	-
Change Management	(18)	500	482	500	(18)
ICT & Finance Systems	(250)	-	(250)	(250)	-
Insurance Reserve	-	2,320	2,320	-	2,320
Major Claims Reserve	(3,534)	700	(2,834)	(514)	(2,320)
Property Disposal Strategy	-	14	14	5	9
Total Corporate Reserves	(4,255)	5,534	1,279	1,588	(309)
Directorate Reserves:-					
Directorate Issues	-	232	232	232	-
Donations Reserve Account	-	1	1	1	-
Local Development Plan IT System	(20)	-	(20)	-	(20)
Human Resources Reserve	(5)	-	(5)	-	(5)
Waste Awareness Reserve	-	82	82	-	82
School Projects Reserve	-	152	152	152	-
Total Directorate Reserves	(25)	467	442	385	57
Equalisation & Grant Reserves:-					
Local Development Plan	-	15	15	-	15
IFRS Grants	-	154	154	-	154
Highways Reserve	-	32	32	7	25
Equalisation & Grant Reserves	-	201	201	7	194
TOTAL RESERVES	(4,280)	6,202	1,922	1,980	(58)

4.5.4 The new additions since quarter 2 include a reclassification of £2.320 million from the Major Claims Reserve to the Insurance Reserve to cover potential insurance claims rather than other major claims. There has also been a further reclassification of monies that had previously been received from Welsh Government into the IFRS Grants Earmarked Reserve of £154,000 and an addition of £82,000 to the Waste Awareness Reserve to continue to support the employment of waste enforcement officers. These additions have been funded from the projected under spend on other

non-Directorate budgets at the end of quarter 2 or the unwinding of existing reserves as outlined above. There are also additions which are from de-minimis capital receipts (£9,000) and highways commuted sums (£25,000).

4.5.5 A full breakdown of total movement on earmarked reserves at 31st December is provided in Appendix 5.

5.0 Effect upon Policy Framework & Procedure 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 Equalities Impact Assessment

6.1 There are no implications in this report.

7.0 Well-being of Future Generations (Wales) Act 2015 Implications

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

8.0 Financial implications

8.1 These are reflected in the body of the report.

9.0 Recommendations

9.1 The Committee is requested to note the projected revenue and capital outturn position for 2018-19.

Gill Lewis
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January 2019

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Background documents:

Individual Directorate Monitoring Reports
MTFS Report to Council – 28 February 2018

2016-17 AND 2017-18 BUDGET REDUCTIONS CARRIED FORWARD INTO 2018-19

Ref.	Budget Reduction Proposal	Original RAG £000	Revised RAG £000	Amount of saving likely to be achieved in 18-19 £000	Reason why not achievable	Mitigating Action
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RAG STATUS KEY	
RED	Not likely to be achieved at all in this financial year or less than 25%.
AMBER	Reduction not likely to be achieved in full in financial year but greater than 25%
GREEN	Reduction likely to be achieved in full

EDUCATION & FAMILY SUPPORT

EFS1	Phased implementation of Learner Transport Policy regarding statutory distances for free travel.		20		0	Delays to the assessments of safe routes have meant the policy can not be implemented. It will be implemented incrementally as routes are assessed. Red RAG status given overspend on HTST in 2017-18 and continuing overspend in 2018-19 projections.	Work with Communities Directorate colleagues to expedite the assessments
EFS2	School transport route efficiencies.		40		0	As above	As above
EFS15	Speech and language therapy - This is a proposal to delegate the Speech and Language Service to schools-School Based Model. Other Local Authorities such as Cardiff, Neath Port Talbot and Swansea have moved towards a school based model with the involvement of an SLA with Health which has proven to be a successful model. This proposal would negate the local authority's requirement to manage the service resulting in a release of the management structure of the service		75		75	This is now part of the wider Inclusion Restructure. Consultation for which is currently underway.	Vacant posts held within wider service area to cover value of saving until consultation and implementation complete.
EFS7	To review the Built Environment Service Level Agreement with Schools to achieve full cost recovery.		31		31	This proposal will be achieved through the new Corporate Landlord Model	None required.
Total Education & Family Support Directorate			166		106		

SOCIAL SERVICES & WELLBEING

SOCIAL SERVICES & WELLBEING OUTSTANDING REDUCTIONS	1,917
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NEW PROPOSALS TO MEET SHORTFALL BETWEEN 2018-19 AND 2020-21

		Total Proposed Saving	2018-19 Proposed Saving	2018-19 Likely Saving		
SSW001	Management and admin review	203	116	116	The proposal requires staff restructuring and consultation. Full year saving likely to be achieved in 2019-20	All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW003	Outcome focussed assessment and review	350	350	218	There is high demand for services. As savings are being generated, new demand means additional costs are being incurred.	All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW004	Review of LD supported living accommodation	78	39	39	Consultation with service is required. Full year savings should be achieved in 2019-20	All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW006	Review of telecare monitoring contract and income generation	91	91	91		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW007	Review of commissioned services	118	118	84		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW008	Maximise grant funding - Childrens services	67	67	67		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW009	Remodel children's residential services	245	10	10	The savings proposal has been profiled over three years. £10k savings has been identified for 2018-19.	All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW010	Increase in-house fostering provision	373	136	136		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW011	Fairer charging legislative changes	203	203	203		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW012	Additional income from health in relation to Section 117 and CHC	60	60	60	The proposal is dependent on successful negotiation with Health Board. Result is unknown at this stage	All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW013	Review of financial support for care leavers in Children's Services	60	60	60		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
SSW016	Restructure localised day services within LD	50	50	50		All social services budget reduction proposals are being monitored by financial planning group which includes the Chief Executive and Section 151 Officer
Total Social Services & Wellbeing Directorate		1,898	1,300	1,134		

Ref.	Budget Reduction Proposal		Original RAG £000	Revised RAG £000	Amount of saving likely to be achieved in 18-19 £000	Reason why not achievable	Mitigating Action
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COMMUNITIES

COM12	Broad review of car park charging including staff and elected member parking passes		50		10	Cabinet report presented 15th May 2018 and a review board now in place to ensure progress. Due to consultation required, saving will not be fully implemented until the year end.	Underspends across other service areas will have to meet projected shortfall.
COM18	Reductions to the budget for the Materials Recovery and Energy Centre (MREC) Introduction in 17-18 of savings achieved through the current procurement being undertaken with Neath Port Talbot CBC for the provision of new operator arrangements for the MREC facility at Crumllyn Burrows.		200		0	The timeline is not in the direct control of BCBC as the project is NPT led.	BCBC officers meeting regularly with NPT and are putting resources into the finalisation of the joint agreement document for the new contract. Draw down of £200K from MFTS Contingency Reserve has been confirmed by the S151 Officer.
COM19	Permitting Scheme road works net of existing income of £95,000		100		0	Timeline not in the direct control of BCBC officers as the business case is going through multiple steps in an approval process with WG. However ultimately a positive response is expected, and this is being lead by the group manager to ensure it is followed through.	The responsible highways network budget area is committed to staying within budget irrespective of the delivery of the scheme.
COM21	Rights of Way - removal of contribution to Coity Walla		21	21	21	No reason why this should not be achieved in full in 2018-19.	None required
Total Communities Directorate			371		31		

CHIEF EXECUTIVE'S

FINANCE

CEX3	To put Council Tax and some aspects of benefits online and to collaborate with others		150		150	Will depend upon the take-up of digitalisation, and impact on staffing requirements within the service.	Digitalisation didn't go live until April 2018. Staffing will be reviewed as roll-out progresses. Some vacancies held to meet previous shortfall.
Total Chief Executives			150		150		

GRAND TOTAL OUTSTANDING REDUCTIONS			2,604		1,421		
REDUCTIONS SHORTFALL					1,183		

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
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EDUCATION & FAMILY SUPPORT
CENTRAL EDUCATION & FAMILY SUPPORT

EFS1	Phased implementation of Learner Transport Policy regarding statutory distances for free travel.	<ul style="list-style-type: none"> Savings should occur naturally as a result of the policy application year on year, however dispersed learners and contractual pressure from operators as routes become more untenable may mean it becomes increasingly difficult to find the identified savings Risk of price increases from Contractors 	67	0	Achieving these savings is dependent on the Communities Directorate assessing all schools' routes.	Discussions with the Communities Directorate are on-going regarding increasing the speed of the assessments. Historic savings brought forward will be first call on any savings achieved. Any in-year overspends due to the delays will have to be met from underspends across other service areas.
EFS3	Reduction to Catering Service Budget	Recent and planned MTFS efficiencies have reduced the ability of the service to reinvest, in particular in improving and maintaining school kitchens to a high standard. Although the recently agreed 10p increase in the cost of a school meal may provide additional income over time, historically there is a reduction in the take-up of meals during the short to mid-term following a price increase. Whilst all school kitchens were recently rated as the highest rating of five for food hygiene, one of our kitchens has since dropped to a rating of four due to the condition of the fabric of the kitchen	71	71	No reason why this saving should not be achieved in 2018-19. However, close monitoring of this budget will be required in-year as often circumstances outside of the control of the service area impact on the outturn - e.g. snow days.	
EFS12	Restructure Integrated Working and Family Support Service.	Limited impact on operational delivery as existing tasks will be picked up across the service or by other stakeholders.	50	50	No reason why this saving should not be achieved in 2018-19 - restructure in place at start of 2018-19.	
EFS14	Traded Services Schools brochure - It is proposed to revise the current approach to offering traded services under the current SLAs where such services impact upon the LAs statutory responsibilities. A new traded brochure will offer services from the LA but mandate certain services where these impact upon the LAs statutory responsibilities or where the risk to the schools, their users or LA are high	<ul style="list-style-type: none"> Relationship with schools and governing bodies may suffer Freedom of schools to shop around and obtain best value for money is challenged 	20	10	At Quarter 3, projections show a shortfall of £10,000 against this saving proposal.	Shortfall in the savings target in 2018-19 will have to be met with underspends across other service areas within the Directorate.

MONITORING OF 2018-19 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
EFS23	Staff vacancy management - It is proposed to implement strong vacancy management arrangements within the Directorate. This will ensure that all posts that progress to recruitment have been robustly challenged and vacant posts which cannot be justified will not be filled	<ul style="list-style-type: none"> • Posts that become vacant may be critical • Service resilience becomes partly dependent on longevity of current postholders • Natural succession of staff into more senior positions is potentially stalled, impacting retention and morale • Service delivery becomes potentially at risk • Demand overload for staff expected to pick up the 'slack' • Challenge from Unions over additional responsibilities/operation tasks without consideration of financial recompense for staff • Further restructures likely as teams reduce • Morale of staff may be affected 	50	50	No reason why this saving should not be achieved in 2018-19 given strong vacancy management. However, will require close monitoring to track achievability.	
EFS24	Proposal to amalgamate the Health and Safety service with neighbouring authorities.	Initial discussions have been undertaken by Heads of Service and agreement in principal has been granted by CMB. A project officer has been allocated to develop a project brief and establish a structure to drive the amalgamation. It is anticipated that the savings would be derived from a reduction in management costs. Agreement and full commitment of the partner authority is required to effect proposed savings.	25	25	Discussions are ongoing with a neighbouring authority.	Vacancies held to meet savings target until discussions have been finalised.
EFS25	Reduction to contribution to the Central South Consortium (CSC) of 2%	This proposal has been agreed by partner authorities for 2018-19.	12	12	No reason why this saving will not be achieved as revised contribution agreed by partner authorities.	
EFS26	Education Improvement Grant (EIG) - re-alignment of budget to reflect actual match funding contribution required	Risk that contribution in future years increases	20	20	No reason why this saving will not be achieved as reduced match funding contribution has been confirmed for 18-19.	
EFS27	Review arrangements for Special Schools Home to School Transport with a view to achieving efficiency savings	<ul style="list-style-type: none"> • Historic arrangement with school - may impact on relationship with school. • Specialist provision narrows numbers of contractors able to transport pupils. • Outcome of review could mean extra rather than reduced cost. 	75	0	Re-tendering special school transport is unlikely to make the full saving due to additional in-year pressures on the Special School HTST budget.	Other mechanisms to achieve the additional savings are being explored
EFS28	Post 16 grant - maximise centrally retained element from 2% to 3%	The impact would be a small reduction in the individual grant allocation to each school sixth form. On average this would be £6,666 per school. Risk that Post 16 grant is reduced in future years which would impact on this saving proposal and allocation to schools.	60	60	No reason why this saving will not be achieved.	
EFS29	Develop collaborative arrangements around the Additional Learning Needs Service	Consider the sensory review and any cost effective savings that could be achieved through collaboration with other local authorities	50	25	This is now part of the wider Inclusion Restructure. Consultation for which is currently underway.	The additional amount will be found from elsewhere in the ALN service

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
EFS30	Reduction to Schools Contingency budget (held centrally)	Risk that there is insufficient funding to meet any in-year changes to school budgets - e.g. increased rateable values	30	30	No reason why this saving will not be achieved. However, the nature of this budget is that it is used to meet in-year changes to school budgets, some of which are difficult to project. Close monitoring will be required in-year.	Alternative savings would have to mitigate this saving if required.
EFS32	Vacancy management factor across all staffing budgets (with the exception of grant funded/schools)	By taking a strategic approach to vacancy management on all core funded posts this saving can be achieved	100	100	Will require close monitoring as this is the first year this type of saving has been implemented. Some areas might find it difficult if they have a full staffing complement for the whole year.	Alternative non-staffing budgets would have to mitigate this saving if required.
Total Education & Family Support Directorate			630	453		

SOCIAL SERVICES & WELLBEING

ASC18	Development of Extra Care Housing	All service users transitioning from the existing residential establishments will receive an assessment of their need, taking into account their wellbeing outcomes, when planning their future care with their family and carers. The transition will be a collaborative approach, with timely transfer of care to the newly built scheme or, if not appropriate, to an alternative provision which will better meet their assessed needs, with the safeguarding of individuals being of paramount importance throughout the transition process.	330	330	The scheme opening dates have been delayed but there is still confidence that full savings can be achieved due to staffing reconfiguration being implemented as planned.	
HL2	Review Healthy Living Partnership Contract	The £20k is the final part of a proposal to deliver £509k of savings from the healthy living partnership between 2016-17 and 2018-19. The negotiations with the contractor have remained positive throughout and the management fee has been reduced without the creation of detriment to the service that would have required compensation. A larger than scheduled efficiency of £308k was delivered a year early in 2016-17. The £20k balance will be found through improvements in energy efficiency measures.	20	20	Savings has been achieved in full.	
Total Social Services & Wellbeing Directorate			350	350		

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
COMMUNITIES						
COM1	Public conveniences - Reductions to the budget for Public Toilet provision: Budget saving against the service pending the outcome of public consultation on the future provision of public toilets in Bridgend, Porthcawl and Maesteg, closure or transfer to Town & Community Councils. Whilst there will be limited toilet provision remaining, a budget will also be retained to support the Authority's comfort scheme. This will be used to grant fund businesses that open their toilets to the general public	<p>Removal of 60% of the public toilet revenue budget will result in the closure of a number of the remaining public toilets in Porthcawl, Bridgend and Maesteg, along with a number being transferred as part of the Council's Community Asset Transfer (CAT) programme.</p> <p>The budget remaining will be used to fund some limited toilet provision as well as the Council's Comfort Scheme. This scheme provides access to toilet facilities in partnership with local businesses, who are prepared to open their toilet facilities to non paying customers. In return the Council provides financial support in the form of a grant. The value of this grant is assessed in accordance with agreed terms.</p> <p>It should be noted that a White Paper being prepared by the Welsh Government is currently considering the provision of public toilets.</p> <p>In order to implement this saving it will be necessary to consult with staff and the unions.</p>	100	0	<p>A report was presented to Cabinet on the 19th June 2018 outlining the findings on the public consultation and recommending actions against each of the town centre public toilets. The report made a number of recommendations for the toilets which can be broadly categorised as: -</p> <ol style="list-style-type: none"> 1. transfer of the toilets to Town and Community Councils, under the Councils CAT scheme. 2. where this is not possible closure of the toilets and replacement with the Councils comfort scheme. 3. convert identified toilets to pay to use <p>Implementing these recommendations have followed the Cabinet report with discussions with the Town and Community Councils and formal consultation with affected staff. Anticipate savings to commence from Jan 2019.</p>	<p>Continue to work with Town and Community Councils to transfer facilities. Where this is not possible toilet provision in our three main towns will be provided by the Councils comfort scheme.</p> <p>Convert toilets identified in the report to pay to use.</p> <p>Shortfall in the savings target in 2018-19 will have to be met from underspends across other service areas within the Directorate.</p>
COM11B	Permanent transfer from the public realm fund.	This proposal mitigates a need to balance the budget through a reduction of £200,000 in street cleaning. It will however reduce the potential to make new improvements to the public realm	200	200	Savings has been achieved in full.	
COM15	Street lighting - Budget reduction based on energy savings generated through completed LED street lighting installations	A limited number of individual concerns have been raised regarding the perceived increased brightness provided by the LED lanterns, but largely the LED changeover has been welcomed by the public in areas completed	110	110	No reason why this saving will not be achieved based on 2017-18 outturn. This saving is also predicated on the assumption that any inflationary cost pressures on energy costs will continue to be met corporately which has recently been agreed for 2018-19.	
COM16	Regeneration - £40k cut in commissioning budget to support 3rd Sector with Community Asset Transfer and £20K reduction (equivalent to 33%) in the Events budget. £20K reduction to Core Budget within the Economic Development Unit (not SRF)	These cuts will limit the extent to which the Council is able to harness the economic potential of major events, including the Urdd, Elvis Festival, Women's Open, Senior Open etc. The tourism sector currently accounts for 4,000 jobs locally, and is a sector that has shown consistent growth, both locally and nationally, in the last 5 years. The £40k cut in the commissioning budget will limit the package of support that is currently available to support the Third Sector with Community Asset Transfer in 2018-19. The impact of this could result in either the inability to safeguard community services, and/or failure to realise savings elsewhere in the Council. The reduction to the Economic Development unit budget does not relate to staff cuts but to cuts in non staffing budgets that support the work of the core team and allow assistance to be given to local businesses. The impact therefore will be around being less able to provide timely targeted support.	80	80	No reason why this saving will not be achieved.	

MONITORING OF 2018-19 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
COM27	Removal of Subsidised bus services	Potential reputational risk. Requirement for consultation and Equalities Impact Assessment (EIA). Risk of isolation of communities. Risk of no commercial services to fill the gap in terms of early or later services thus could be a barrier to employment, healthcare, education and services for the community. Risk that WG reconsider their element of the bus subsidy for Bridgend.	188	100	This saving was subject to public consultation. Cabinet report dated 15th May 2018 resulted in 3 bus routes continuing to be subsidised for at least 12 months. However, Cabinet agreed that the shortfall against the savings target would be met from allocating funding from the small unallocated budget as a result increasing the Council Tax from 4.2% to 4.5%. The shortfall against the savings target is due to the date of implementation of the removal of subsidies due to the required consultation and notice period for bus contractors.	Shortfall in the savings target in 2018-19 has been met with underspends from the wider Transportation budget (savings included in draft MTFS 19-20).
COM31	To rationalise the core office estate - Secure tenant for Raven's Court and move staff into the Civic Offices, in order to generate a rental income and save on running costs	Proposal is dependent on the property market and tenant may not be secured. Whilst there has been tenant interest, to date it has not been possible to complete on the lease with two successive tenants. The property may need to be split and marketed on this basis. This may result in less attractive terms to the council.	114	100	The lease to MASH from July 2018 is estimated to bring in approx. £ 54 k from external partners plus £45K from social services 2018-19 budget pressure. Full saving will be achieved in 2019-20.	Shortfall in the savings target in 2018-19 will have to be met with underspends across other service areas within the Directorate
COM36	Efficiency saving for Streetworks (including vacancy management)	This saving is based simply on making the service make an additional 1% efficiency saving on top of all of the savings already identified. The specific impact has not yet been identified but it is likely that it will have a further detrimental impact on capacity and resilience.	73	73	No reason why this saving will not be achieved.	
COM38	Efficiency saving target for Business Unit, including reduction in software and agency staff budget	A further minor saving from the central Communities Business Unit predicated on reducing budgets that have been underspent over recent years but again removing any financial resilience in this area.	15	15	No reason why this saving will not be achieved.	
COM39	Reduction to core budget within the Engineering section with the aim of achieving a break-even position	The aim of this saving would be to make the engineering service run at break even. Productivity rates will have to be managed closely to ensure this target is met. Risk that European Funded projects might impact on ability to meet targets due to inability to charge overheads to these projects.	74	74	No reason why this saving will not be achieved.	
COM40	Introduction of Corporate Landlord Model	The savings will be delivered in a number of ways including operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management, and some deletions of vacant posts.	500	500	Based on the financial improvement plan submitted by People Too realising the proposed £ 500k saving should be achievable. However, this is a new way of working for the Council so there are inevitably some inherent risks in ensuring that the proposed savings from efficiency, procurement, IT , staff restructuring and streamlined business processes accrue entirely as planned.	Continue to work through the implementation programme and continue to closely monitor during 2018-19.
Total Communities Directorate			1,454	1,252		

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
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CHIEF EXECUTIVE'S

Finance

CEX6	To reduce the annual bad debt provision for housing benefit	Necessary accounting work has been carried out as part of 2016-17 closing which shows that annual additions to the provision are no longer required	189	189		
CEX7	Extra recovery income from Housing Benefit	Target £100,000 additional recovery, necessitates investment in staffing estimated at 1 FTE - assume gradual ramp up. Amber rating because model unproven/ recovery figures are estimates	32	32	Amber rating because model unproven/ recovery figures are estimates.	
CEX8	Additional Annual leave purchase	Two years data has shown that staffing budget can be top sliced for additional annual leave purchase. There is always the risk that it is not taken up by staff in future years	10	10		

Legal, Democratic and Regulatory Services

OPS10	Review democratic staffing structure together with non-staff budgets.	Realigns Member and Scrutiny support. Member support already integrated and should not therefore provide further change of capacity to support Members or Scrutiny.	72	45	Original target revised as part of savings already made in previous years.	
OPS11	Review legal staffing structure together with non-staff budgets.	Return to corporate cover for additional litigation. Realignment of responsibility for staff and non staff budgets .	111	128		
OPS12	Reduction of procurement training budget	Planned training will be maintained.	23	10	Regrading of existing specialist officers following recent job evaluation review.	
OPS13	Review business support and registrars staffing structure together with non-staff budgets.	Will enable further integration of the service.	41	51		
OPS14	Restructure senior management	Restructure of management responsibility - reduction in number of staff.	43	56	Details of restructure have not been finalised to date.	
OPS19	Efficiencies from Shared Regulatory Service	The project is intended to reduce costs and maintain resilience. It is important that the project provides proportionate savings to the Directorate budget cuts to avoid other services taking disproportionate cuts.	37	37		

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
Housing						
OPS15	Review staffing and non staffing budgets with SLA's	Re-alignment of staffing required, non staffing review undertaken.	138	138		
Human Resources						
OPS16	Review HR, Communications and Caretaking staffing structure together with non-staff budgets.	Reduction in staffing likely to impact on response times.	167	167		
ICT						
OPS17	Further rationalisation of software and hardware budgets	Rationalisation of software and hardware usage.	210	210		
Performance						
OPS18	Review non staff budgets for performance team	Based on line by line review of budget - minimal disruption.	6	6		
Total Chief Executive			1,079	1,079		
CORPORATE / COUNCIL WIDE						
CWD1	Reduction in funding available for meeting the costs of Capital Financing	Low demand on budget in recent years due to low borrowing, so should be minimal impact in short term.	1,170	1,170	No reason why saving should not be achieved, unless there is a need for unplanned borrowing.	
CWD2	Reduction in provision for Council Tax Reduction Scheme	Budget underspent by £946k in 2016-17. 2017-18 budget includes £300,000 reduction, therefore impact will need to be monitored as this budget is demand led.	400	400	Budget is demand led and any increase in demand may lead to over spend against budget, and saving not being realised.	
CWD3	Removal of capital financing budget for Glamorgan Records Office	Loan repaid in full in 2016-17 so annual capital financing budget no longer required.	80	80		

Ref.	Budget Reduction Proposal	Impact	Proposed 2018-19 £'000	Value Likely to be Achieved 2018-19 £'000	Reason why not likely to be achievable	Mitigating action
CWD4	Reduction in centrally held budget for changes to corporate pension and national insurance costs	Lower superannuation and pensions increases in recent years than anticipated, and roll out of auto enrolment complete in 2017-18, so budgets available to be released.	773	773		
CWD5	Removal of equalisation budget for Private Finance Initiative (PFI) Scheme	Budget was originally established to equalise the funding available from Welsh Government with actual annual costs of the scheme, and is not needed in future years.	187	187		
	Total Corporate / Council Wide		2,610	2,610		

GRAND TOTAL REDUCTIONS		6,123	5,744		
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ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY) 6,123 6,123

REDUCTION SHORTFALL		0	379		
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1,496	3,978
4,446	1,903
181	242
6,123	6,123

BRIDGEND COUNTY BOROUGH COUNCIL	Budget 2018-19			Projected Outturn	Projected Variance Over/(under) budget	% Variance
	Expenditure Budget	Income Budget	Net Budget			
	£000	£000	£000			
EDUCATION AND FAMILY SUPPORT						
School Delegated Budgets	111,623	(21,302)	90,321	90,321	0	0.0%
Health and Safety	231	(2)	228	190	(38)	-16.7%
Learning	10,786	(2,951)	6,870	7,280	410	6.0%
Strategic Partnerships & Comm	24,887	(11,411)	13,476	13,646	170	1.3%
TOTAL EDUCATION AND FAMILY SUPPORT	147,527	(35,666)	110,896	111,438	542	0.5%
SOCIAL SERVICES AND WELLBEING DIRECTORATE						
Adult Social Care	62,134	(16,267)	45,867	45,884	17	0.0%
Sport, Play and Active Wellbeing	6,124	(892)	5,232	5,098	(134)	-2.6%
Safeguarding & Family Support	19,924	(1,000)	18,924	19,656	731	3.9%
Supporting Sustainable Social Services Grant 2018-19	-	-	-	(621)	(621)	0.0%
TOTAL SOCIAL SERVICES AND WELLBEING	88,183	(18,159)	70,023	70,017	(6)	0.0%
COMMUNITIES DIRECTORATE						
Regeneration & Development	4,730	(1,978)	2,752	2,757	5	0.2%
Street Scene	34,274	(13,422)	20,852	21,118	266	1.3%
Directorate Management	144	-	144	144	(0)	-0.2%
Corporate Landlord	23,124	(20,250)	2,874	2,854	(20)	-0.7%
TOTAL COMMUNITIES	62,272	(35,650)	26,622	26,873	251	0.9%
CHIEF EXECUTIVE'S DIRECTORATE						
Chief Executive	520	-	520	512	(8)	-1.5%
Finance	54,306	(50,792)	3,514	3,527	13	0.4%
Human Resources and Organisational Development	1,937	(300)	1,637	1,484	(153)	-9.4%
Partnerships	2,562	(520)	2,042	1,809	(233)	-11.4%
Legal, Democratic and Regulatory	6,573	(1,253)	5,320	4,832	(488)	-9.2%
Elections	147	(11)	136	136	(0)	-0.2%
ICT	5,003	(1,269)	3,734	3,477	(257)	-6.9%
Housing and Homelessness	7,266	(5,730)	1,536	1,417	(119)	-7.8%
Business Support	1,211	(112)	1,099	966	(133)	-12.1%
TOTAL CHIEF EXECUTIVES	79,526	(59,987)	19,539	18,160	(1,379)	-7.1%
TOTAL DIRECTORATE BUDGETS	377,507	(149,462)	227,080	226,488	(592)	-0.3%
Council Wide Budgets	39,791	(887)	38,904	32,262	(6,642)	-17.1%
Appropriations to / from Earmarked Reserves				1,922	1,922	0.0%
NET BRIDGEND CBC	417,298	(150,349)	265,984	260,672	(5,312)	-2.0%

NB: Differences due to rounding of £000's

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Main Scheme	Whole Scheme Budget*	Budget 18-19 (Council 19.12.18)	New Approvals	Virement	Slippage	Revised Budget 2018-19	Total Exp to date	Projected Spend	Over / (Under) spend	Comments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	

Education & Family Support
Learning

21ST CENTURY SCHOOLS BAND B	43,200	120	30	-	-	150	-	150	-	Increase to Band B Schools approved on 19 December 2018
YSGOL BRYN CASTELL	96	-	-	-	-	-	1	-	-	
PENYFAI PRIMARY	7,239	362	-	-	-	362	3	362	-	Scheme complete - compensation payments and payment to landowner expected
BRYNMENYN PRIMARY	8,500	305	-	-	-	305	(64)	305	-	Retention to be paid in current year
GATEWAY TO THE VALLEYS SECONDARY SCHOOL	39,757	155	-	-	-	155	-	155	-	
COITY PRIMARY SCHOOL	8,560	56	-	-	-	56	(127)	56	-	Scheme complete - final account to be paid in current year
GARW VALLEY SOUTH PRIMARY PROVISION	10,808	4,519	-	-	-	4,519	3,512	4,519	-	Welsh school open in January 2019
PENCOED PRIMARY	10,834	4,751	-	-	-	4,751	4,361	4,751	-	New school opened September 18
GARW VALLEY PRIMARY HIGHWAYS	400	146	-	-	-	146	-	146	-	Highways works to be completed this year
PENCOED PRIMARY SCHOOL HIGHWAYS WORKS	400	115	-	-	-	115	43	115	-	Highways works to be completed this year
BRYNMENYN SCHOOL HIGHWAYS WORK	807	181	-	-	-	181	101	181	-	Highways works to be completed this year
OGMORE COMPREHENSIVE	4,120	56	-	-	-	56	(83)	56	-	Scheme complete - final account to be paid in current year
CWMFELIN PRIMARY	235	235	-	-	-	235	20	235	-	Works underway
REDUCTION OF INFANT CLASS SIZES	750	-	10	-	-	10	-	10	-	WG grant
SCHOOLS MODERNISATION RETENTIONS	377	377	-	-	-	377	33	377	-	
HERONSBRIDGE SCHOOL	300	53	-	-	-	53	(5)	53	-	
SCHOOLS TRAFFIC SAFETY	500	297	-	-	-	297	104	297	-	
MAESTEG COMPREHENSIVE HIGHWAYS	500	88	-	-	-	88	-	88	-	Retention due to be released
EDUCATION S106 SCHEMES	97	97	-	-	-	97	19	97	-	
COMPLEX&MEDICAL NEEDS SCHOOLS	675	533	-	-	-	533	162	533	-	
TOTAL Education & Family Support	138,155	12,446	40	0	0	12,486	8,080	12,486	0	

Social Services and Wellbeing

BRYNGARW HOUSE	-	-	-	-	-	-	2	-	-	Funded from Minor Works budget
BRYN Y CAE-UPGRADE HOME	-	-	-	-	-	-	23	-	-	Funded from Care Standard budget. Works required in order to comply with regulations in the homes
VARIOUS MINOR WORKS	-	-	-	-	-	-	14	-	-	Funded from Minor Works budget
GLANYRAFON CARE STANDARDS	-	-	-	-	-	-	24	-	-	Funded from Care Standard budget. Works required in order to comply with regulations in the homes
MULTI AGENCY SAFEGUARDING HUB	87	87	-	-	-	87	86	87	-	
BAKERS WAY MINOR WORKS	-	-	-	-	-	-	31	-	-	Funded from Minor Works budget
CARE STANDARDS ACT	98	98	-	-	-	98	-	98	-	Care Standards Budget
HARWOOD HOUSE	286	-	-	-	-	-	(6)	-	-	
HERON HOUSE UPGRADE	167	-	167	-	-	167	74	167	-	Funded from ICF grant
ARCH WELLBEING CENTRE	500	500	-	-	(100)	400	-	400	-	Project being run by Halo
CHILDRENS RESIDENTIAL HUB	600	600	-	-	(500)	100	78	100	-	Works have commenced
EXTRA CARE FACILITIES	3,000	2,222	-	-	-	2,222	1,331	2,222	-	Construction underway and due to be completed this financial year
DEVELOPMENT OF A SPECIALIST SUPPORTED LIVING FACILITY	350	-	350	-	-	350	-	350	-	Purchase and refurbish of a property that will provide accommodation for people with Learning Disabilities. Funded from ICF grant
TOTAL Social Services & Wellbeing	5,088	3,507	517	-	(600)	3,424	1,657	3,424	-	

Communities

Street Scene

PARKS PAVILIONS	1,011	161	-	-	(161)	-	-	-	-	Business plans awaiting approval so unlikely to spend this financial year
CITY DEAL	46,723	1,697	-	-	-	1,697	-	1,697	-	
PORTHCAWL TOWN SEA DEFENCE	3,301	2,241	-	-	-	2,241	1,235	2,241	-	Works progressing well - funded WG grant 75% and BCBC 25%
EASTERN PROMENADE PORTHCAWL	407	383	-	-	-	383	96	383	-	Funded WG grant 75% and BCBC 25%
CORNELLY CEMETERY EXTENSION	314	314	-	-	(314)	-	-	-	-	Works to commence next financial year
COYCHURCH CREMATORIUM WORKS	280	-	-	-	-	-	1	-	-	
PORTHCAWL CEMETERY EXTENSION	216	216	-	-	(216)	-	-	-	-	Works to commence next financial year
REMEDIAL MEASURES - CAR PARKS	215	215	-	-	-	215	25	215	-	Investigation works are underway
CIVIL PARKING ENFORCEMENT CAR	68	57	-	-	-	57	56	57	-	Scheme complete
STREET LIGHTING ENERGY SALIX	2,500	300	-	-	-	300	242	300	-	

Main Scheme	Whole Scheme Budget*	Budget 18-19 (Council 19.12.18)	New Approvals	Virement	Slippage	Revised Budget 2018-19	Total Exp to date	Projected Spend	Over / (Under) spend	Comments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
SAFE ROUTES TO SCHOOL	950	950	-	-	-	950	154	950	-	Works underway. WG grant
ROAD SAFETY SCHEMES	81	81	-	-	-	81	34	81	-	Funded from Minor Works budget
HIGHWAYS STRUCTURAL WORKS	200	200	-	-	-	200	3	200	-	Annual allocation
CARRIAGEWAY CAPITAL WORKS	250	250	-	-	-	250	280	250	-	Annual allocation
ROAD SAFETY IMPROVEMENTS	730	690	40	-	-	730	237	730	-	Additional £40k WG grant for Heol Simonstone / Coychurch Road Junction Improvements
PUBLIC RIGHTS OF WAY CAPITAL	40	40	-	-	-	40	9	40	-	
CARRIAGEWAY & FOOTWAYS RENEWAL	5,704	2,000	-	-	(400)	1,600	1,009	1,600	-	
NATIONAL CYCLE NETWORK - PHASE 2	150	150	-	-	-	150	50	150	-	WG grant
REPLACEMENT OF STREET LIGHTING / RIVER PROTECTION MEASURES	608	608	-	-	-	608	197	608	-	
BRIDGE STRENGTHENING A4061	2,450	93	-	-	-	93	17	93	-	Investigations and design ongoing
COMMUNITIES MINOR WORKS	205	100	-	-	-	100	3	100	-	
RETAINING WALL REPLACEMENT BETTWS	175	137	-	-	-	137	124	137	-	Works almost complete
CARPARK PAY & DISPLAY MACHINES	85	85	-	-	-	85	81	85	-	Scheme complete
RESIDENTS PARKING BRIDGEND TOWN CENTRE	130	128	-	-	-	128	-	128	-	Able to progress when resources are available
FLEET VEHICLES	2,140	190	-	-	-	190	158	190	-	
S106 HIGHWAYS SMALL SCHEMES	61	-	-	-	-	-	1	-	-	
TOTAL Streetscene	68,994	11,286	40	-	(1,091)	10,235	4,012	10,235	-	

Regeneration & Development

BRIDGEND BUSINESS SUPPORT NETWORK	63	63	-	-	-	63	14	63	-	
PORTHCAWL RESORT INVESTMENT FOCUS	2,924	1,632	-	-	-	1,632	726	1,632	-	Construction works underway
EU CONVERGANCE SRF BUDGET	100	100	-	-	-	100	-	100	-	
BRIDGEND HEAT SCHEME	250	100	-	-	-	100	-	100	-	
MAESTEG TOWN HALL CULTURAL HUB	5,168	-	-	-	143	143	143	143	-	
TOWN & COMMUNITY COUNCIL FUND	278	278	-	-	-	278	-	278	-	
NANTYMOEL COMMUNITY FACILITIES	200	200	-	-	-	200	139	200	-	
BRIDGEND TOWNSCAPE HERITAGE	-	-	-	-	-	-	23	-	-	
PORTHCAWL TOWNSCAPE HERITAGE	1,073	265	-	-	-	265	21	265	-	
TOTAL Regeneration & Development	10,056	2,638	-	-	143	2,781	1,066	2,781	-	

Corporate Landlord

ENTERPRISE HUB INNOVATION CENT	3,612	325	-	-	-	325	13	325	-	
RELOCATION OF REGISTRARS	275	30	-	-	-	30	-	30	-	Scheme approved on 19 December 2018
DDA WORKS	-	-	-	-	-	-	37	-	-	Funded from Minor Works budget
DDA WORKS AT CIVIC	-	-	-	-	-	-	14	-	-	
MINOR WORKS	1,398	1,398	-	-	-	1,398	254	1,398	-	Funded from Minor Works budget
FIRE PRECAUTIONS MINOR WORKS	-	-	-	-	-	-	31	-	-	Funded from Minor Works budget
BRYNCETHIN DEPOT FACILITIES	1,176	951	-	-	-	951	482	951	-	
NON OPERATIONAL ASSETS	480	480	-	-	-	480	-	480	-	Budget held for investment property opportunities
WATERTON UPGRADE	8,144	3,200	-	-	(3,200)	-	1	-	-	Works not likely to commence until at least 2019/20
CIVIC OFFICE ENVELOPE	2,545	54	-	-	-	54	45	54	-	
Total Corporate Landlord	17,630	6,438	-	-	(3,200)	3,238	877	3,238	-	
TOTAL Communities	96,680	20,362	40	0	-4,148	16,254	5,955	16,254	0	

Chief Executive's

Housing/Homelessness

BRYNMENYN HOMELESSNESS UNIT	120	119	-	-	-	119	79	119	-	
MANDATORY DFG RELATED EXPENDITURE	2,359	2,359	-	-	-	2,359	1,189	2,359	-	Budget committed
TARGET HARDENING GRANTS	-	-	-	-	-	-	22	-	-	Budget included above
HOUSING RENEWAL AREA	100	100	-	-	-	100	97	100	-	
EMPTY HOMES GRANTS	-	-	-	-	-	-	56	-	-	Budget included above
COMFORT SAFE & SECURITY GRANTS	-	-	-	-	-	-	4	-	-	Budget included above
EMERGENCY REPAIR LIFETIME GRANT	-	-	-	-	-	-	97	-	-	Budget included above
ENABLE-SUPPORT FOR INDEPENDENT LIVING GRANT	180	180	-	-	-	180	152	180	-	
HOMES IN TOWN GRANT	-	-	-	-	-	-	238	-	-	Budget included above
TOTAL Housing/Homelessness	2,759	2,758	-	-	-	2,758	1,934	2,758	-	

Main Scheme	Whole Scheme Budget*	Budget 18-19 (Council 19.12.18)	New Approvals	Virement	Slippage	Revised Budget 2018-19	Total Exp to date	Projected Spend	Over / (Under) spend	Comments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	

ICT										
LAPTOP REPLACEMENT	327	327	-	-	-	327	-	327	-	
COMPUTER EQUIPMENT	346	346	-	-	-	346	346	346	-	
DIGITAL MEETING SPACES	150	129	-	-	-	129	15	129	-	
ICT INFRASTRUCTURE SUPPORT	300	300	-	-	-	300	-	300	-	
DIGITAL TRANSFORMATION	1,000	520	-	-	-	520	-	520	-	
TOTAL ICT	2,123	1,622	-	-	-	1,622	361	1,622	-	
TOTAL Chief Executive	4,882	4,380	0	0	0	4,380	2,295	4,380	0	

GRAND TOTAL	244,805	40,695	597	-	(4,748)	36,544	17,987	36,544	-	
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TOTAL MOVEMENT ON EARMARKED RESERVES AT QUARTER 3

Opening Balance 1 April 2018 £'000	Reserve	Movement as at Quarter 3		Closing Balance 31-Dec-2018 £'000
		Additions/ Reclassification £'000	Drawdown £'000	
	Corporate Reserves:-			
1,362	Asset Management Plan	(300)	(22)	1,040
1,023	Building Maintenance Reserve	-	(17)	1,006
354	Capital Feasibility Fund	-	(21)	333
12,082	Capital Programme Contribution	1,847	(1,035)	12,894
1,183	Change Management	482	(153)	1,512
1,000	Corporate Pressures Contingency	-	-	1,000
119	DDA Emergency Works	-	-	119
1,255	Digital Transformation	-	(181)	1,074
1,205	ICT & Finance Systems	(250)	(225)	730
2,335	Insurance Reserve	2,320	(174)	4,481
8,022	Major Claims Reserve	(2,834)	-	5,188
800	MTFS Budget Contingency	-	(200)	600
101	Property Disposal Strategy	14	-	115
57	Public Realm	-	-	57
7,957	Service Reconfiguration	-	(1,520)	6,437
300	Welfare Reform Bill	-	-	300
39,155	Total Corporate Reserves	1,279	(3,548)	36,886
	Directorate Reserves:-			
97	Chief Executive Partnership Reserve	-	-	97
1,088	City Deal Reserve	-	-	1,088
1,952	Directorate Issues	232	(675)	1,509
53	Donations Reserve Account	1	-	54
5	Human Resources Reserve	(5)	-	-
20	Local Development Plan IT System	(20)	-	-
939	Looked After Children	-	-	939
312	Porthcawl Regeneration	-	(3)	309
220	Property Reserve	-	(14)	206
78	Safe Routes to Schools	-	(22)	56
116	School Projects Reserve	152	-	268
51	Waste Awareness Reserve	82	(61)	72
722	Wellbeing Projects	-	-	722
5,653	Total Directorate Reserves	442	(775)	5,320
	Equalisation & Grant Reserves:-			
22	Building Control Reserve	-	-	22
186	Civil Parking Enforcement	-	-	186
28	Election Costs	-	-	28
759	Highways Reserve	32	-	791
975	IFRS Grants	154	(451)	678
109	Legal Fees	-	-	109
213	Local Development Plan	15	-	228
615	Special Regeneration Fund	-	-	615
2,907	Equalisation & Grant Reserves	201	(451)	2,657
360	School Balances	-	-	360
48,075	TOTAL RESERVES	1,922	(4,774)	45,223

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

11 FEBRUARY 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

CAPITAL STRATEGY 2019-20 ONWARDS

1. Purpose

- 1.1 The purpose of this report is to present to Corporate Overview and Scrutiny Committee the draft Capital Strategy 2019-20 to 2028-29 which includes the Prudential Indicators (**Appendix A**).

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

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

3. Background

- 3.1 The control on Capital Expenditure is based in legislation. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.
- 3.2 In December 2017, CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities. The revised Prudential Code placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The Strategy needs to set out the long-term context in which capital expenditure and investment decisions are made and gives due

consideration to both risk and reward and impact on the achievement of priority outcomes.

- 3.3 The Strategy should demonstrate how the Council ensures that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so, the Strategy will need to include the prescribed Prudential Indicators for a three year rolling period. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability.

4. Current Situation / Proposal

- 4.1 The principles within the Capital Strategy have been applied to allocation of capital resources and schemes within the Capital Programme included within the Medium Term Financial Strategy (MTFS). This will be approved by Council before the start of the financial year in accordance with the Constitution. Following approval, any schemes for which external funding has been approved will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council. Urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer.

- 4.2 The draft Capital Strategy and associated schedules are contained at **Appendix A**. It will be presented to Cabinet and Council for approval in February.

- 4.3 It confirms the Council's compliance with the Prudential Code for Capital Finance in Local Authorities. It sets out the guiding principles for capital decisions as to:-

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

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

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

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

5. Effect on Policy Framework and Procedure Rules

- 5.1 Council will be asked to approve changes to the Financial Procedure Rules to reflect the duty to produce a new Capital Strategy and the associated monitoring arrangements when the Strategy is presented in February.

6. Equality Impact Assessment

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

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

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

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

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

8. Financial Implications

8.1 The financial implications are reflected within the report.

9. Recommendations

9.1 The Corporate Overview and Scrutiny Committee is asked to note :-

- the Capital Strategy 2019-20 to 2028-29 including the Prudential Indicators 2019-20 to 2021-22 and its associated Schedules (**Appendix A**)

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February 2019

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Background Papers:

Background documents

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

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CAPITAL STRATEGY
2019-20 TO 2028-29

OVERVIEW OF STRATEGY

1.0 INTRODUCTION

The Prudential Code for Capital Financing in Local Authorities (2017) placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Local Authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

This Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 10 year Capital Programme. It also reports on the delivery, affordability and risks associated with this Strategy.

1.1 AIMS AND PRINCIPLES

The Capital Strategy is presented to Council as a Policy Framework document, and links with the Corporate Plan, Treasury Management Strategy (TMS), Medium Term Financial Strategy (MTFS) and the Council's Asset Management Plan (AMP). It sets out:

- what is capital expenditure/investment and why we incur it;
- the Council's overall capital objectives, priorities and plans;
- how the Council's capital expenditure/investment will be funded/ resourced
- how the Council's capital expenditure/investment plans will be appraised;
- how capital plans will be approved, monitored and reported upon; and
- the skills and knowledge required to deliver the capital plans.

The Capital Strategy should be read in conjunction with the Council's TMS which covers the Council's Investment Strategy and Borrowing Strategy and the Minimum Revenue Provision (MRP) policy which is attached as a Schedule A to this document. The Council's borrowing and MRP policy are directly impacted by capital plans.

The capital programme is a key element of the MTFS. The MTFS provides a set of clear principles which drive the budget and spending decisions of the Council. There are fourteen principles in total, but the following three refer specifically to the capital programme and Strategy:

9. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals.
10. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
11. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.

The Capital Strategy sets out a number of guiding principles on the following:

PRINCIPLE 1 : Focus capital investment on delivery of the Council's Objectives and Priorities
<ul style="list-style-type: none"> • Ensuring that capital investment plans are driven by the Council's Corporate Plan. • Ensuring decision-makers are clear on the positive contribution capital investment makes to corporate objectives • Appraising all investments in the context of objectives/priorities • Ensure a corporate business planning process incorporating service transformation and the impact on property assets
PRINCIPLE 2 : Ensure strong governance over decision-making
<ul style="list-style-type: none"> • Ensuring that proposals demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing • Schemes will only be added once an affordable business plan is in place and it demonstrates value for money • All major capital schemes have a lead Project Sponsor and follow project management principles • The approval process within the Financial Procedure Rules contained in the Constitution are strictly adhered to
PRINCIPLE 3 : Ensure capital plans are affordable, sustainable and prudent
<ul style="list-style-type: none"> • Promote capital investment which allows invest to save outcomes and which contribute to future MTFS savings • Make sure assets perform at an optimal level through effective ongoing asset management and consistent with levels of investment • Review and challenge the Council's assets, including the need, cost and performance of the estate • Maximise the use of Internal Borrowing and maintain an under-borrowed position compared to its Capital Financing Requirement if feasible
PRINCIPLE 4 : Maximise and promote the best use of available funds
<ul style="list-style-type: none"> • Generate funding, where possible, from the rationalisation of existing assets with a strong Disposal Strategy • Minimise the use of ring-fencing capital receipts to ensure a One-Council approach • Bidding for external funds where possible and ensuring that there are effective working relationships with external funders • Have clear policies for the consumption of our reserves • Ensuring that there is effective pre and post project appraisal • Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs • An estates strategy which tracks lease covenant compliance

CAPITAL EXPENDITURE AND INVESTMENT

2.0 CAPITAL EXPENDITURE

Capital investment is technically described as:

“Expenditure on the acquisition, creation, or enhancement of ‘long term assets’”.

This generally consists of land, property and plant which have a useful life of more than 1 year, but can also include funding passed on to other bodies in order for them to undertake capital works. Expenditure outside this definition will be, by definition, revenue expenditure.

Expenditure can be capitalised where it relates to the;

- Acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus vehicles or vessels.

Enhancement of an existing fixed asset means;

- To lengthen the useful life of the asset; or
- To increase substantially the open market value of the asset; or
- To increase substantially the extent to which the asset can be used for the purposes of, or in connection with, the functions of the Council.

Within the Accounting Policies for the Council, expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Capital expenditure below £40,000 is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

The Council currently does not make use of any capitalisation flexibilities nor capitalise any borrowing costs associated with the capital programme.

The Council’s capital expenditure plans are linked to the Corporate Plan, Asset Management Plan, priorities and service delivery plans with the inclusion of the ‘Future Property Needs’ within the business plan template.

The Council has acquired relatively few property assets over the last few years. Its focus has been on releasing or remodelling existing assets. From time to time it has acquired property required for service developments, for example purchasing land and buildings for school modernisation projects. It has also secured £1million capital funding for commercial property investment, which has been partially spent on acquiring an income producing leased property. To date the remainder is unspent as no suitable options which meet the Council’s criteria have been forthcoming. It has also recently acquired third party interests in Salt Lake car park which has enabled it take control of the regeneration and development of the site and generation of capital receipts.

In 2019-20, the Council is planning capital expenditure of £36.157 million as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Council Fund services	36.584	35.474	35.677	21.713	18.794
Investment Properties	-	-	0.480	-	-
TOTAL	36.584	35.474	36.157	21.713	18.794

2.1 CAPITAL FINANCING

The Council receives an annual 'General Capital Funding' allocation from Welsh Government, which comprises General Capital Grant and un-hypothecated Supported Borrowing. Revenue funding to repay the supporting borrowing is included within the Revenue Support Grant. There are a number of other funding sources available to the Council and these are detailed in Schedule B attached.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or net financing requirement (borrowing, leasing and Private Finance Initiative). The planned financing of the expenditure outlined in Table 1 is as follows:

Table 2: Capital financing

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
External sources	16.629	11.558	9.950	9.807	8.169
Own resources	10.102	17.999	14.978	5.659	4.387
Net Financing Requirement	9.853	5.917	11.229	6.247	6.238
TOTAL	36.584	35.474	36.157	21.713	18.794

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP. As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. The Council changed its policy on MRP in 2018-19 which is why this has reduced from 2017-18 but it is still considered a prudent provision. The total of these are shown in Table 3 below:-

Table 3: Replacement of debt finance

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Minimum Revenue Provision (MRP)	5.056	2.858	2.885	2.912	2.937
Additional Voluntary Revenue Provision	1.364	1.486	1.995	2.259	2.858
Total MRP & VRP	6.420	4.344	4.880	5.171	5.795
Other MRP on Long term Liabilities	0.734	0.641	0.690	0.743	0.801
Total Own Resources	7.154	4.985	5.570	5.914	6.596

The existing Capital Programme will be approved by Council before the start of the financial year 2019-20 as part of the MTFS.

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. The CFR is expected to increase by £5.659 million during 2019-20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Capital Financing Requirement (CFR)					
Opening CFR adjusted excluding PFI & other liabilities	149.203	153.239	154.811	161.160	162.237
Opening PFI CFR	18.235	17.640	17.000	16.309	15.566
Opening Innovation Centre*	0.663	-	-	-	-
Opening Coychurch Crematorium	0.079	-	-	-	-
Total Opening CFR	168.180	170.879	171.811	177.470	177.803
Movement in CFR excluding PFI & other liabilities	3.433	1.572	6.349	1.076	0.433
Movement in PFI CFR	(0.595)	(0.641)	(0.690)	(0.743)	(0.801)
Movement in Innovation Centre CFR	(0.060)	-	-	-	-
Movement in Coychurch Crematorium	(0.079)	-	-	-	-
Total Movement in CFR	2.699	0.932	5.659	0.333	(0.358)
Closing CFR	170.879	171.811	177.470	177.803	177.445
Movement in CFR represented by :-					
Net Financing Need for Year (Table 2 Above)	9.853	5.917	11.229	6.247	6.238
Minimum and Voluntary Revenue Provisions	(6.420)	(4.345)	(4.880)	(5.171)	(5.795)
MRP on PFI and Other Long Term Leases (Table 3 above)	(0.734)	(0.641)	(0.690)	(0.743)	(0.801)
Total Movement	2.699	0.932	5.659	0.333	(0.358)

THE COUNCIL'S CAPITAL PLANS

3.0 CAPITAL PROGRAMME BY CORPORATE PRIORITY

Within the Corporate Plan, there are three corporate priorities namely:-

- Supporting a Successful Economy
- Helping People to be more Self-Reliant
- Smarter Use of Resources

In accordance with **PRINCIPLE 1** above, the majority of schemes within the existing Capital Programme link to the Council's Corporate Priorities, but there are also schemes that relate to Core Services and Statutory Functions.

Supporting a Successful Economy

The proposed capital programme includes a number of new and existing projects which will help to support a successful economy by, for example, significant new investment in ensuring that the carriageways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments. There are also new allocations in respect of road safety improvements in a bid to improve access across the highway to residential and commercial areas. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.

Helping People to be more Self-Reliant

In addition to the two new Extra Care Schemes enabling people to live more independently than they would in residential care, there are two new schemes included within the programme which meet the corporate priority of helping people to be more self-reliant. The first is the ARCH – a healthy living and wellbeing centre, providing advice, support and signposting for a number of health intervention services, such as physiotherapy, exercise, substance misuse and lifestyle management; the other scheme involves remodelling of one of the Council's existing social services buildings to provide a 'children's accommodation hub', reducing the number of children who need to be placed out of county.

Smarter Use of Resources

One of the Council's Corporate Priorities is to ensure that we have Smarter Use of Resources and crucially this includes assets. The Council's AMP 2021 strategic aim is to have a lean sustainable estate with fewer better buildings. This is achieved through review and challenge on a geographic and service led basis. Examples of schemes within this priority include:-

- The Schools' Modernisation Programme - the Council is embarking on Band B of the 21st Century Schools Programme, which will result in further capital investment in the Council's schools' estate;
- Parc Afon Ewenni - the Programme Board has reviewed its depot estate and is rationalising the number of depots it holds and investing in its existing larger depot sites at Waterton and Bryncethin; and
- Porthcawl - the Council has substantial land holdings in Porthcawl which it is looking to bring forward to support regeneration of the area and to generate capital receipts.

3.1 OTHER KEY DRIVERS

As well as the Corporate Plan, there are other key drivers of the Council's capital plans. These are:

- Asset management requirements
- Health and Safety works

3.2 ASSET MANAGEMENT REQUIREMENTS

The Council's Asset Management Plan (AMP 2021) was reviewed by Wales Audit Office in 2015 as part of the Corporate Assessment and the following comment was made:

2015 WAO Corporate Assessment

The Council's Asset Management Plan (AMP 2021) : "The Council has an effective approach to corporate asset management and is on course to achieve its long-term goals". The Council's vision for property is 'to have a lean, sustainable estate' that supports delivery of the 'Best Local Services in Wales'. This is achieved by constantly reviewing and challenging our assets and whether they should be released, retained or remodelled.

The following clear principles drive the on-going challenge and management decisions relating to our assets:-

1. The AMP 2021 supports and maintains alignment with the MTFS and the Corporate Plan, linking with other resource strategies.
2. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals.
3. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
4. The non-operational portfolio will deliver an annual surplus over the MTFS period anticipated to be in excess of £500,000 per annum.
5. A balance will be maintained within the non-operational portfolio between, rental income, capital receipts, economic development/ community support.
6. Capital receipts generated will support the capital programme.

In 2018, the Council introduced a Corporate Landlord Model which is working to deliver the AMP 2021. The Corporate Landlord holds all buildings and associated budgets and is responsible for their effective management on a portfolio basis. The intention is that this provides greater control and oversight on matters such as statutory compliance, as well as more efficient delivery resulting in revenue and capital savings. As part of the delivery programme the Corporate Landlord will set up effective governance for the review and challenge of the assets it holds to ensure that alternative potentially more cost effective options are fully considered.

The Council also has a Highways Asset Management Plan (HAMP). The HAMP needs to take in to account the following:-

1. Much of the infrastructure serving the northern half of the county borough was originally constructed in the early 1900's and was not designed to cope with the current demands (economic, social and environmental) placed upon it.

2. The BCBC highway network is continuously growing with no sign of abatement. The Council has seen much in the way of development over the last decade, resulting in a significant increase in the amount of asset requiring management.
3. Highway Authorities have a statutory duty to maintain highways and ensure that they are available for safe use by all.

The HAMP is an essential document that sets out how the levels of service for the infrastructure network determined by the Council will be achieved. The HAMP is therefore a “living” document that will be subject to continual review and development.

3.3 HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. Up to date condition surveys for the whole estate will be procured which will include a planned preventative maintenance programme. This will inform the Council's budget allocation for both revenue and capital repairs, maintenance and new build. Given the limited capital and revenue funding and the currently known high level of maintenance backlog, it will require the creation of a prioritisation matrix for budget allocation. Statutory compliance and health and safety obviously forming the highest priority. Given the potential level of funding compared to the demand for repairs and maintenance, this may lead to the closure of buildings or the drive for further capital investment in new build projects. Once fully implemented the Corporate Landlord model will be able to effectively inform the capital funding planning and decision making as it relates to asset management.

For highway structures, the current basis for prioritisation is one of reactive safety repairs, where the asset is risk assessed using a standardised matrix. This risk assessment is then considered against the individual assets Bridge Condition Indices (BCI) rating. This allows the prioritisation of schemes and allocation of the available budget to ensure the best value is achieved. A similar approach is applied to carriageway and footway schemes, where combinations of technical survey, site inspections and member of public reports determine the basis for the prioritisation of works.

In 2019-20, there will be two new Earmarked Reserves as below:-

- Capital Asset Management Fund
- Highways Asset Management Fund

The intention of these are to fund those schemes that have been prioritised by the condition surveys as posing a Health and Safety risk either within buildings or within our Highways Infrastructure. The aim will be to replenish these reserves as funding allows. The monitoring of these reserves will be provided to Corporate Management Board on a quarterly basis.

3.4 COMMERCIALISATION POLICY

The Council will consider, if the opportunities arise, the purchase of land and property as an investment – to both generate an ongoing income stream or to realise an increased capital value in the future. There are two ways that an authority can generate income from investment properties namely:-

- Direct purchase of investment property – through Capital Programme
- Investment in a Property Unit Trust – through Treasury Management

The first would see authorities investing in property by directly purchasing/ developing properties with the intention of securing a revenue income from that investment. Investment in property leaves the Council open to all of the risks that would go with such a policy, such as devaluations, maintenance issues and potential tenant default, as well as the potential benefits such as a long term asset on the balance sheet and rental income. The second route would be to receive income from property by investing in an appropriate property unit trust. Returns from this fund are typically in the order of 5.5%-6% per annum though at a fee from the fund manager. It is an actively managed property fund, which means that fund managers

have the potential for growth in the income as, over time, higher rents can be achieved by buying properties in areas where demand is growing, by adjusting the exposure to different areas of the market and by improving the quality of the properties as appropriate.

As well as the benefit of rental income from the direct purchase of an investment property, there might also be capital appreciation of the asset though this will only be realised once the asset is sold and a capital receipt is generated which could be then recycled to purchase replacement investment properties which would not incur then capital financing costs.

A strategy based on investment in properties does have the following risks:-

- Low liquidity and flexibility
- Physical/structural issues with buildings
- Greater exposure to economic, cultural and technological changes
- Void periods

But against this it has the potential benefits of:-

- Over a longer term a higher financial return and capital growth than other current investments
- A wider range and variety of investment tools

The Council does have an existing investment portfolio which is 100% based within the County Borough and within primarily the office and industrial sectors. The income streams are generally spread between the single and multi-let office investments on Bridgend Science Park, the multi-let industrial estates and the freehold ground rent investments. The portfolio therefore does not accord with the risk balance in location and sectoral terms to the majority of investment portfolios and is also management intensive, with a large number of units relative to the overall income and value. The total value of Investment Properties was £4.360 million as at 31 March 2018 which generates a rental income of £438,000 per annum.

There are limited opportunities within the existing investment portfolio to release / sell properties, as the current emphasis is to enhance income return (as opposed to capital value). The majority of the investments held are high yielding and an improved income stream is unlikely on any re-investment.

The majority of the Council's investment portfolio has grown organically. However, within the last 5 years, the Council approved £1 million within the capital programme and spent £520,000 on acquiring an office building, which generates a rental income of £56,000 per year or just over 9% return on the investment. There is a further £480,000 available but as yet no suitable options have been identified within the Bridgend area, which would produce a reasonable return and at acceptable levels of risk. The Council may in the future wish to consider expanding its property investment portfolio and in which case would need to review the criteria and investment strategy but this would be on a risk based approach.

3.5 TREASURY MANAGEMENT STRATEGY (TMS)

Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short term as revenue income is received before it is spent, but cash poor in the long term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

3.6 BORROWING STRATEGY

The Council's major objectives when borrowing are:-

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to effect funding in any one year at the cheapest cost commensurate with future risk
- to forecast average future interest rates and borrow accordingly
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

3.7 LIMITS TO BORROWING ACTIVITY

The Council's long term borrowing at 31st December 2018 was £96.87 million. External Borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated TMS, there is no association between individual loans and particular types of expenditure. The Council makes use of Internal Borrowing and maintains an under-borrowed position in accordance with **PRINCIPLE 3** above. The capital borrowing need (Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Projected levels of the Council's total outstanding debt, which comprises of borrowing, PFI and Other Long Term Liabilities, are shown below compared with the Capital Financing Requirement:-

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Debt (incl. PFI & leases)	117.891	116.691	130.458	135.140	142.983
Capital Financing Requirement	170.879	171.811	177.470	177.803	177.445

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term.

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2019-20. It does show that an additional £29 million will need to be borrowed for the period 2019-20 to 2021-22 based on the assumptions within the Capital Programme and the use of Capital Receipts and Reserves. The actual amount will be monitored and assumptions challenged and borrowing will only be taken if there is no opportunity to use Internal Borrowing.

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Authorised limit – borrowing	140.000	145.000	170.000	170.000	175.000
Authorised limit – other long term liabilities	30.000	30.000	30.000	30.000	30.000
Authorised Limit Total	170.000	175.000	200.000	200.000	205.000
Operational boundary – borrowing	105.000	105.000	115.000	120.000	130.000
Operational boundary – other long term liabilities	25.000	25.000	20.000	20.000	20.000
Operational Boundary Limit Total	130.000	130.000	135.000	140.000	150.000
Total Borrowing and Long Term Liabilities	117.891	116.991	130.758	137.710	144.283

3.8 INVESTMENT STRATEGY

The Council's major objectives when investing are:-

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

Cash that is likely to be spent in the near term is invested, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury management investments

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Cash and Cash Equivalents	1.400	1.000	-	-	-
Short term Investments	20.000	10.000	7.000	7.000	7.000
Longer term Investments	9.000	4.000	3.000	3.000	3.000
TOTAL	30.400	15.000	10.000	10.000	10.000

Loans to Other Organisations

The Council can make investments to assist local public services, including making loans to small businesses to promote economic growth. The Council will assess these opportunities and will only consider if such investments break even after all costs. Loans to such organisations will be approved as part of the capital programme.

3.9 OTHER LONG TERM LIABILITIES

Private Finance Initiative

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with sixteen years remaining on the term) which is £17.64 million at 31 March 2018 and includes the short term PFI liability of £0.64 million which is included as current liabilities in the Council's balance sheet in the Statement of Accounts. This is a technical adjustment and is equivalent to the amount that is paid during 2019-20.

Loans to the Council

The Council has £2.40 million relating to a loan from the Welsh Government Central Capital Retained Fund for regeneration works within the Llynfi Valley which has not yet commenced. This is included within Other Long Term Liabilities of the Council.

Pension Guarantees

The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given a pension guarantee to the Awen and Halo organisations. This guarantee means that if an admitted body fails to pay its pension obligations then the Council will be responsible for taking on those obligations.

3.10 REVENUE BUDGET IMPLICATIONS

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m
Capital Financing Central	8.664	6.495	6.741	7.049	7.264
Other Financing costs	3.450	3.433	3.941	4.206	4.804
TOTAL FINANCING COSTS	12.113	9.928	10.682	11.254	12.068
Proportion of net revenue stream	4.72%	3.73%	3.94%	4.15%	4.43%

From the table above it is evident that the proportion of the budget set aside to finance capital expenditure is due to increase over the life of the current programme, accelerating the pressure that capital expenditure, funded from debt, puts on the revenue budget.

Table 9: Central Capital Financing Revenue Budget 2019-20

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Budget £m
Interest Paid	4.567	4.671	5.447
Minimum Revenue Provision (MRP)	5.056	2.858	2.885
Other Financial Instruments	0.008	0.009	0.008
Interest Received	(0.959)	(1.009)	(0.910)
Central Capital Financing Budget	8.672	6.528	7.430

The central revenue budget for capital financing for 2019-20 is £7.430 million as detailed above. The Projection for 2018-19 is lower than the actual spend 2017-18 because of the change in MRP Policy that Council approved in September 2018. The Interest Paid budget 2019-20 reflects the need to fund the increased costs of borrowing identified in Table 5 above where Debt rises over the period from 2018-19 to 2021-22 by £29 million.

There are also Financing Budgets within the Directorates for Prudential Borrowing and for the payment of the PFI School and other Lease Liabilities. These are detailed in Table 10 below:-

Table 10: Directorate Capital Financing Revenue Budget 2019-20

	2017-18 Actual £m	2018-19 Projection £m	2019-20 Budget £m
Additional Voluntary MRP	1.364	1.486	2.062
PFI & Lease Liability Payments	2.086	1.947	1.981
Directorate Capital Financing Budget	3.450	3.433	4.043

Table 11 shows how there will be increased revenue pressure on the capital financing budgets over the MTFS period:-

Table 11: Capital Financing Revenue Budget 2019-20 and Projected Costs

	2019-20 Projection £m	2020-21 Projection £m	2021-22 Projection £m
Central Capital Financing Budget (Table 9)	7.430	7.430	7.430
Directorate Capital Financing Budget (Table 10)	4.043	4.043	4.043
Total Capital Financing Budget	11.473	11.473	11.473
Total Financing Costs (Table 8)	10.682	11.254	12.068
Under/(Over) Spend	0.791	0.219	(0.595)

This would be the worst case scenario with unsupported borrowing being used for future schemes. The Council will endeavour to minimise the revenue pressure by maximising alternative capital resources such as earmarked reserves and capital receipts.

RESOURCING STRATEGY

4.0 FINANCIAL CONTEXT

Whilst the aims and priorities will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained in the current economic and political climate. The context for capital expenditure decisions is as follows:

- The Council does have capital resources and expects to receive more resources in the future with an annual allocation from Welsh Government, potential s106 Monies or grant approvals.
- The Council does have a Disposal Strategy and has capital assets which it could sell and use receipts to reinvest
- The Council is currently servicing debt of £97 million with an average interest rate of 4.7%
- The Council's MTFS shows a funding gap so any additional capital expenditure which is not funded through capital resources will increase this gap unless that expenditure delivers revenue savings or income.

There has been a steady decline in the amount of general capital funding received from Welsh Government over several financial years. However, a letter from the First Minister in November 2019 identified an additional £100 million in capital funding over the period 2018-19 to 2020-21. For 2019-20 there is an additional £30 million, and Bridgend has received an increase in general capital funding of £1.336 million. There is £20 million additional funding in 2020-21 and Bridgend is expected to receive around £890,000 in this financial year (£2.226 million total). In light of the above context, it is imperative that capital expenditure plans are affordable, prudent and sustainable.

4.1 PRINCIPLES FOR ALLOCATION OF CAPITAL ALLOCATION

The governing principles which underpin the allocation of capital resources are set out in the following diagram:

Nature of Capital Expenditure	Funding Source				
	General Capital Funding / Supported Borrowing	Capital Receipts / Uncommitted Reserves	Interest Free Loan	Unsupported Borrowing - Corporate Funding	Unsupported Borrowing - Directorate Funding
Mandatory	Green	Green	Green	Green	Red
Corporate Priority	Green	Green	Green	Green	Red
Investments which attracts Matched Funding	Red	Green	Green	Red	Green
Invest to Save / Income Generation - Commercial	Red	Red	Green	Red	Green

	Eligible for funding from this source
	Not eligible for funding from this source

In summary the main principles of capital allocation are:

General Capital Funding and Supported Borrowing from Welsh Government will be prioritised towards mandatory capital investments. This includes investment required to meet health and safety requirements. This principle also applies to uncommitted capital receipts and capital reserves.

Beyond this, any consideration will be given to capital schemes which directly support the achievement of the Council's corporate objectives.

Unsupported (Prudential) Borrowing will be prioritised as follows:

- To mandatory capital expenditure, including health and safety requirements. This will be considered to be an inescapable budget pressure, and will be included in future years' budgets as part of the annual budget setting process.
- To capital expenditure which directly supports the achievement of the Council's corporate priorities. Borrowing for such projects will be funded corporately through an increase in budget allocation, which must be approved by full Council. Such borrowing commits the Council to interest and repayments during the asset life, and therefore it must be recognised that as budgets are reduced, the financing costs must be met by budget cuts elsewhere.
- To capital expenditure which attracts a high level of matched funding. This is particularly important as the Council tries to maximise every £1 it spends on capital with schemes involving external grants or contributions from partners. The aim is for the Council to ensure that it invests in its strategic buildings and town centre infrastructure as grant funding and inward investment opportunities become available by allocating uncommitted reserves, maximising interest free loans or unsupported borrowing.
- To capital expenditure which provides a good financial return. Borrowing for such projects must be funded by the directorate, and therefore the financial benefit accruing to the directorate will be net of financing costs. This approach aligns the directorate incentives with the corporate benefit of such projects. Advantage will be taken of interest free loans where available.

CAPITAL INVESTMENT APPRAISAL

5.0 CAPITAL EXPENDITURE BIDS

The Council will maintain a rolling ten year capital programme, to be updated on an annual basis (or more frequently as required) to take into account revised priorities, new schemes and changes in the availability of funding. The current year's programme is monitored on a quarterly basis by Cabinet.

The Council's Capital Programme contains a number of recurrent Annual Allocations, which are the first call on its General Capital Funding. These allocations should be reviewed annually with a view to determining whether they are still essential, relevant and achieving the outcomes expected, and amended accordingly.

Where capital resources allow as a result of additional general capital grant, earmarked reserves or capital receipts, as part of the MTFS process, Directorates will be requested from September each year to submit Expressions of Interest for new capital schemes, outlining:

- Proposed Project
- Timescale
- Potential Cost
- Potential Revenue Savings
- Link to Corporate Priorities
- Risk of not Undertaking

These will be ranked in order of fit to:

1. **Link to corporate priorities:**
2. **High level of Risk of not progressing, based on the following criteria**

High	High risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. Urgent/ Essential Works to prevent imminent building failure and closure. Requirement to meet approved Bridgend Change Programme Project to deliver MTFS Savings
Medium	Medium risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works required over the next 2 to 5 years. Requirement to meet Proposed Bridgend Change Programme Project to deliver MTFS Savings
Low	Low risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works desirable , Requirement to meet yet to be identified Bridgend change Programme Project to deliver MTFS Savings

3. **Service is able to meet any additional revenue costs arising from the scheme e.g. increased Business Rates, running costs.**
4. **Ability to attract matched funding / high leverage ratio.**
5. **An appropriate return on investment where appropriate.**

5.1 EVALUATION APPROACH

As stated, the Council only has a limited amount of resources, and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives and in accordance with **PRINCIPLE 1** above.

The business plan put forward for a capital project will be reviewed to ensure it takes account of stewardship, value for money, prudence, sustainability and affordability. Investment decisions will consider risk and reward and how the project contributes to the achievement of corporate objectives. The phasing of projects over more than one financial year will be assessed to ensure timetabling of plans and budgeting is realistic and funding is available over the life of the project.

The revenue implications for each capital bid are considered at the initial evaluation stage, covering both staffing /running costs associated with the bid and the financing costs over the lifetime of the asset created. One of the Chief Finance Officer's requirements when reviewing capital bids is to ensure that the revenue implications are realistic. The options appraisal exercise undertaken for larger projects seeks to ensure that the lifetime revenue implications of a capital project are fully considered and evaluated, are affordable and are included in the MTFS in accordance with **PRINCIPLE 2** above.

Successful projects will then be required to complete a full Business Case to be considered in more detail by Corporate Management Board and Cabinet for eventual inclusion in the Capital Programme to be incorporated in the MTFS, to be approved by Council.

The Council can also make Treasury investments including overnight deposits, fixed term investment, money market funds, property funds and government bonds. These investments are made in accordance with the TMS which is approved alongside the Capital Strategy.

In Year Approvals

Any bids for capital funding outside of the annual MTFS bidding round should be accompanied by a full business case and be supported by the appropriate Director, Section 151 Officer and Cabinet. All funding sources should be fully identified before the bid is taken forward for Council approval for inclusion in the capital programme.

In line with the Council's Financial Procedure Rules, schemes for which external funding has been approved (grants, S106 etc) will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council.

In addition, any urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer, subject to a maximum value of £100,000. Any such decision requires approval by either the Chief Executive Officer (or can be sub-delegated to the Section 151 Officer) under the Scheme of Delegation, Scheme B1 paragraph 2.2.

GOVERNANCE AND RISK MANAGEMENT

6.0 STRATEGY

It is important given the risks surrounding Capital Projects that the appropriate Governance framework is in place. This is highlighted in **PRINCIPLE 2** above.

The Prudential Code sets out a clear governance procedure for the setting and revising of a capital strategy and prudential indicators i.e. this should be done by the same body that takes the decisions for the local authority's budget – i.e. Full Council.

The Chief Finance Officer will prepare a Capital Programme for consideration by Corporate Management Board (CMB) and Cabinet. It must be approved by Council in accordance with the Financial Procedure Rules of the Council's Constitution.

Variations to the capital programme, other than those permitted under Rules 3.4.7 and 3.4.9 of these Rules, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.

6.1 CAPITAL EXPENDITURE/INVESTMENT DECISION

A monitoring process is in place which:

- Reports on variances in expenditure and slippage on schemes and seeks explanations from project managers to report back to CMB and Cabinet to inform future planning decisions
- Quarterly capital monitoring reports will be prepared for Cabinet which should include details of any virements between projects as well as projections of likely year end spend.

A post project appraisal of all projects in accordance with the Project Management Toolkit must be completed to demonstrate how objectives have been met, how final costs compared to budget and what revenue costs / savings materialised. This information will be reported back to feed future appraisal exercises.

6.2 RISK MANAGEMENT

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

General risks are those which are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control but mitigations have been developed as part of the business planning and governance process.

Financial Instruments – Risk

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations.

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

- **Credit risk** – the possibility that the counterparty to a financial asset might fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have cash available to meet its commitments to make payments;
- **Market risk** - the possibility that unplanned financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Further details of these risks can be found within the Statement of Accounts' Financial Instrument Disclosures.

Inflation Risk

Construction inflation over and above that budgeted by the Council's professionals and advisers and built into project budgets could impact on the affordability of the capital programme. This is mitigated through the provision of contingencies, updating estimates regularly as they change and monitoring the impact through governance processes. This is also mitigated post the signature of contracts with construction companies and developers through fixed price contracts.

Change in Law Risk

Capital schemes need to comply with the latest law and regulations which can change leading to an impact on construction costs and may be retrospective in their nature. This is mitigated by awareness of pipeline legislative changes and through contingencies.

Market health / Commercial Values

The Council's capital programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, generation of capital receipts from property sales in some cases post development, attracting developers to projects based on a potential share of profits and other revenue/capital financial flows. In some cases, it is likely that the Council will commit to large projects, property acquisitions or other forms of expenditure on the basis of further business case assumptions about the market value of future asset or economic values. Should market movements mean that these assumptions are inaccurate then the Council may suffer.

Management of Project Risks

Project risks are those which relate to the delivery of capital projects which in many cases can be controlled, influenced or directly mitigated in ways other than making contingencies available. These risks would mostly be related to unforeseen project delays and cost increases which could arise from a range of circumstances.

Supplier Financial Stability

Construction companies and developers contracting with the Council which experience financial instability post a significant risk. They may not be able to raise finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

Risk of Revenue Write Off

The Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off should the scheme in question not progress. This is managed through careful consideration and approval of all expenditure potentially at risk of revenue wrote off.

Contingencies in the Capital Programme

In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal). For this reason, the Council has adopted a structured process of identifying and managing contingencies which is in line with guidance issued by HM Treasury. In the initial stages of a project these contingencies are necessarily broad estimates due to the number of unknown factors. As projects progressed the unknown factors become clearer and project managers focus on managing these in the most effective way possible, utilizing contingencies to do so as needed.

Effective Business Case Development

The Council will ensure the use of Business Cases for all larger projects. There will be a requirement for projects to maintain a risk register. Risk registers are aligned with general guidance on risk review. Highlight reports for all projects help project board and wider interested parties to be aware of progress and risks of projects on an on-going basis.

KNOWLEDGE AND SKILLS

7.0 IN-HOUSE RESOURCES

The successful implementation of the Capital Strategy necessitates the availability of people with the necessary experience of:

- developing capital projects
- acquiring and selling properties
- commissioning partners to deliver the capital programme
- managing properties as a landlord
- sourcing suitable opportunities that match the criteria set under the adopted strategy.

Within Finance, the Capital Programme and TMS are managed by professionally qualified accountants or staff with extensive Local Government finance experience. They all follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The Council subscribes to the CIPFA Financial Advisory Network (FAN) and as a result has access to courses and documentation on developments within the capital and treasury management fields. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is a professionally qualified accountant and follows an ongoing CPD programme. All Treasury Management Practices (TMPs) are reviewed and updated as necessary.

All the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required external professional advice is taken. Project management tools are used and there is a strong project management ethos within the Council. Throughout the Council is a good mix of professional qualified staff and staff with both commercial and local authority experience. There is a Corporate Landlord team consisting of skilled and professional staff that aim to introduce new energy efficiency measures such as upgraded heating, lighting, insulation and investigating new technological solutions that will enable staff to be fully agile and provide a better service, while an online portal is being developed that will provide information, process customer requests and enable staff to log jobs and track progress. The Regeneration Team within the Communities Directorate has been successful in applying for monies from various sources such as Welsh Government, Heritage Lottery and European monies.

7.1 EXTERNAL ADVISERS

External Advisers are used for particular property condition surveys or valuations of Investment Properties or treasury management advisers who assist with the review of the investments and borrowing of the Council. At a time where interest rates are beginning to rise, treasury management advisers will be used to provide the Council with a breakeven analysis to see whether there is any opportunity to reduce borrowing costs going forward. External Advisers compliment in-house knowledge and skills.

7.2 MEMBERS

Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS and policies. Audit Committee received treasury management training to assist them in their function of scrutinising treasury management, with particular emphasis on investment options available to the Council and Elected Members were also invited to attend. Members receive regular reports on the capital programme and treasury management.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2019-20

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2019-20 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure and does not result in a significant asset will be based on the Capital Financing Requirement after accounting adjustments on a straight line basis over 45 years
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead
- v. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2019-20 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31-03-19 £m	2019-20 Estimated MRP £m
Capital expenditure before 01-04-2008 and any after 01-04-2008 that does not result in a significant asset (Supported)	(i)	124.000	2.754
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	3.288	0.131
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.523	1.995
PFI, Finance Leases and other arrangements PFI School	(iii)	17.000	0.690
TOTAL		171.811	5.570

Sources of Capital Investment

Borrowing

The Council is able to borrow money on the money market or from the Public Works Loan Board (PWLB) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow), however for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs and any on-going related revenue support. With the exception of the Welsh Government's allocation of Supported Borrowing, all other borrowing is unsupported i.e. where associated interest and debt repayment costs must be met from Council Tax, savings or additional income generation.

The Council is only able to borrow for "unsupported borrowing" (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable.

All schemes funded from Prudential Borrowing are approved by full Council, and in accordance with **PRINCIPLE 3** must be affordable and sustainable, with payback met from Directorate or Council revenue budgets over a period no longer than the life of the asset. Projects requiring funding through prudential borrowing should submit a robust business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax).

The potential for Prudential Borrowing is not unlimited and must be considered within the Council's overall borrowing limits. Whenever Prudential Borrowing is under consideration, the means of payment must be clearly identified. Typically this can be from:

- Income or savings generated by the investment;
- Budget reductions made elsewhere in the Directorate to compensate;
- Additional recurrent funding approved by Council as part of the budget setting process.

There may be the need for borrowing where there is no identifiable future revenue stream, for example, to repair or construct infrastructure assets. This may be to support Corporate Priorities. The cost of such borrowing falls on the council tax payer through payments of debt interest on the Council's revenue account and repayment of debt over a specified period of time. This is known as the Minimum Revenue Provision (MRP). There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council, it is likely that such schemes will be an "exception".

External Grants

The Council receives annual capital grant funding from Welsh Government and is able to bid for grant funding direct to other government departments or from other grant awarding bodies.

The annual funding from Welsh Government is not ring-fenced so the Council has flexibility in how it allocates this funding. It is proposed that this is earmarked in the first instance to works deemed to be of a mandatory nature e.g. health and safety, or towards corporate priorities.

Any additional capital grant funding received from external sources must be managed in line with the Council's Grants Policy. Delegated authority is required to bid for and accept any external funding, and external funding applications should be supported by a strong business case which demonstrates how the project meets the Council's Corporate Priorities and how any future revenue costs will be met.

Capital Receipts

The Council generates capital receipts from the sale of surplus assets. Maximisation of these receipts will increase the amount that can be spent on capital investment. The Council has a statutory obligation to deliver best consideration under S123 of the Local Government Act 1972 and will seek to obtain market value in its disposals. However, there are exceptions and there will sometimes be a balance to strike where disposals can achieve social, economic or environmental policy objectives which contribute towards the Corporate Plan. In such instances, consideration will be given to Value for Money this represents. The Council has also introduced a Community Asset Transfer Strategy, where it will transfer assets to third party groups at less than best consideration in accordance with the objectives. A key principle of the Council's Capital Strategy, **PRINCIPLE 4**, is that, unless specifically agreed by Cabinet for exceptional circumstances, all capital receipts will be treated as general capital funding and allocated according to determined priorities. This supports the "One Council" approach. However, this does not negate the need for Council to approve any proposed schemes from that receipt. One example of where the Council has departed from the principle is with regards to school disposals and the ring fencing of those capital receipts to fund the Schools Modernisation Programme. There may potentially be other schemes where the Council decides to set aside receipts in this way and these will be approved within the reporting of the Capital Programme.

Asset Disposals

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal. In relation to development sites it will produce a technical pack which will include site investigations, planning briefs, utilities and drainage information, as relevant. The Council will consider the most appropriate method of disposal by way of private treaty, tender or by public auction. Generally it will dispose of assets on the open market, in order to robustly demonstrate that it has delivered best consideration. However, there will be occasions when it will sell off market to a single bidder. In these instances it will seek an independent valuation to assess the capital receipt and to affirm that best consideration has been delivered.

In considering asset disposals, the Council also needs to take into account the guidelines on Community Asset Transfers where the Council will consider, on a case by case basis, the potential transfer of assets to an alternative provider after a full assessment of the long term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives.

Where the Council proposes to dispose of, or grant a long lease, at nil consideration or at a value below market value, a valuation will be undertaken to ensure that the Council is fully aware of the receipt which it is foregoing, as a result of the Community Asset Transfer.

S106 contributions

S106 monies come from developer contributions through the planning system. Unless there are service specific conditions on the use of the S106 (which generally there are), the monies should be used to support existing Council priorities and commitments rather than be allocated to new schemes. Any S106 monies received without a service or scheme specific allocation within the planning agreement will be allocated in line with Council's capital scheme priorities.

Revenue and Reserves

The Council is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government funding for revenue expenditure, the Council's policy is generally not to budget to use revenue or reserve funds to directly fund capital projects, unless funding has already been set aside.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

11 FEBRUARY 2019

REPORT OF THE HEAD OF LEGAL AND REGULATORY SERVICES

OVERVIEW AND SCRUTINY FORWARD WORK PROGRAMME 2018-19

1. Purpose of Report.

1.1 To present:

- a) the items due to be considered at the Committee's meeting to be held on 3 April 2019 and seek confirmation of the information required for the subsequent scheduled meeting, the date for which has yet to be confirmed.
- b) a list of responses to comments, recommendations and requests for additional information from the previous meeting of the Corporate Overview and Scrutiny Committee;
- c) a list of potential Forward Work Programme items for formal prioritisation and allocation to each of the Subject Overview and Scrutiny Committees.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities.

- 2.1 The key improvement objectives identified in the Corporate Plan 2018–2022 have been embodied in the Overview & Scrutiny Forward Work Programmes. The Corporate Improvement Objectives were adopted by Council on 22 February 2018 and formally set out the improvement objectives that the Council will seek to implement between 2018 and 2022. The Overview and Scrutiny Committees engage in review and development of plans, policy or strategies that support the Corporate Themes.

3. Background.

- 3.1 Under the terms of Bridgend County Borough Council's Constitution, each Overview and Scrutiny Committee must publish a Forward Work Programme (FWP) as far as it is known.
- 3.2 An effective FWP will identify the issues that the Committee wishes to focus on during the year and provide a clear rationale as to why particular issues have been selected, as well as the approach that will be adopted; i.e. will the Committee be undertaking a policy review/ development role ("Overview") or performance management approach ("Scrutiny").

Feedback

- 3.3 All conclusions made at Overview and Scrutiny Committee meetings, as well as recommendations and requests for information should be responded to by Officers, to ensure that there are clear outcomes from each topic investigated.
- 3.4 These will then be presented to the relevant Scrutiny Committee at their next meeting to ensure that they have had a response. Feedback for the Corporate Overview and Scrutiny Committee is attached at **Appendix A**.
- 3.5 For Subject Overview and Scrutiny Committees (SOSC), when each topic has been considered and the Committee is satisfied with the outcome, the SOSC will then present their findings to the Corporate Overview and Scrutiny Committee (COSC) who will determine whether to remove the item from the FWP or to re-add for further prioritisation at a future date.
- 3.6 The FWPs will remain flexible and will be revisited at each COSC meeting with input from each SOSC and any information gathered from FWP meetings with Corporate Directors and Cabinet.

4. Current situation / proposal.

- 4.1 Attached at **Appendix B** is the Corporate Overview and Scrutiny forward work programme which includes the items scheduled for the next meeting which is provisionally set to be held on the 3 April 2019. It is for the Committee to determine any further detail to request as part of these reports including any additional invitees they wish to attend to assist the Committee in its deliberations.
- 4.2 In addition to this, the Corporate Overview and Scrutiny Committee have responsibility for setting and prioritising the overall forward work programme for the Subject Overview and Scrutiny Committees.
- 4.3 Attached at **Appendix C** is the SOSCs FWP which includes the topics prioritised and agreed by the COSC for the next set of SOSCs in Table 1, as well as a list of proposed future topics at Table 2.
- 4.4 All lists have been compiled from suggested items at meetings of each of the Overview and Scrutiny Committees. It also includes information proposed from Corporate Directors, detail from research undertaken by Scrutiny Officers and information from FWP Development meetings between the Scrutiny Chairs and Cabinet.

Corporate Parenting

- 4.5 Corporate Parenting is the term used to describe the responsibility of a local authority towards looked after children and young people. This is a legal responsibility given to local authorities by the Children Act 1989 and the Children Act 2004. The role of the Corporate Parent is to seek for children in public care the outcomes every good parent would want for their own children. The Council as a whole is the 'corporate

parent' therefore all Members have a level of responsibility for the children and young people looked after by Bridgend. ¹

- 4.6 In this role, it is suggested that Members consider how each item they consider affects children in care and care leavers, and in what way can the Committee assist in these areas.
- 4.7 Scrutiny Champions can greatly support the Committee in this by advising them of the ongoing work of the Cabinet-Committee and particularly any decisions or changes which they should be aware of as Corporate Parents.

Identification of Further Items

- 4.8 The Committee are reminded of the Criteria form which Members can use to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The Criteria Form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits the organisation.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 The work of the Corporate Overview and Scrutiny Committee relates to the review and development of plans, policy or strategy that form part of the Policy Framework and consideration of plans, policy or strategy relating to the power to promote or improve economic, social or environmental wellbeing in the County Borough of Bridgend.

6. Equality Impact Assessment

- 6.1 There are no equality impacts arising directly from this report.

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

- 7.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report:

- Long-term - The approval of this report will assist in the Planning of Scrutiny business in both the short-term and in the long-term on its policies, budget and service delivery
- Prevention - The early preparation of the Forward Work Programme allows for the advance planning of Scrutiny business where Members are provided an opportunity to influence and improve decisions before they are made by Cabinet
- Integration - The report supports all the wellbeing objectives

¹ Welsh Assembly Government and Welsh Local Government Association *'If this were my child... A councillor's guide to being a good corporate parent to children in care and care leavers'*, June 2009

- Collaboration - Consultation on the content of the Forward Work Programme has taken place with the Corporate Management Board, Heads of Service, Elected Members and members of the public
- Involvement - Advanced publication of the Forward Work Programme ensures that the public and stakeholders can view topics that will be discussed in Committee meetings and are provided with the opportunity to engage.

8. Financial Implications.

8.1 The delivery of the Forward Work Programme will be met from within existing resources for Overview and Scrutiny support.

9. Recommendation.

9.1 The Committee is recommended to:

- Approve the feedback from the previous meetings of the Corporate Overview and Scrutiny Committee and note the list of responses including any still outstanding at **Appendix A**;
- Identify any additional information the Committee wish to receive in relation to their items scheduled for 3 April 2019 and their subsequent meeting including invitees they wish to attend within **Appendix B**;
- Confirm the items prioritised and delegated to the Subject Overview and Scrutiny Committees for March and April contained within **Appendix C**;
- Identify additional items using the criteria form for future consideration on the Scrutiny Forward Work Programme.

DATE OF MEETING	COMMITTEE	SUBJECT
13 February 2019	SOSC 2	Direct Payment Scheme
25 February 2019	SOSC 3	Empty Properties
28 February 2019	SOSC 1	CANCELLED
18 March 2019	SOSC 3	Homelessness Strategy Supporting People Programme Grant
27 March 2019	SOSC 2	CAMHS
15 April 2019	SOSC 2	
29 April 2019	SOSC 1	Home to School Transport Review of Fostering Project (information only)

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Date	Item	Members wished to make the following comments and conclusions	Response/Comments
14-Jan-19	<u>Corporate Plan 2018-2022</u> <u>Reviewed for 2019-2020</u>	Subsequent to the Committee's consideration of the report and draft Corporate Plan Members made the following comments for consideration and inclusion:	N/A
		In Section 6: Democracy and Partnership, the Committee highlighted that the Council meet more than the stated seven times a year and that Cabinet is made up of six not seven councillors.	Updates made
		During discussions regarding City Deal – a key programme to assist with maintaining the wellbeing objective 'Supporting a Successful Economy', Members highlighted how Bridgend is strategically placed for travel within the region and how important obtaining jobs within the County Borough through City Deal would be for future generations.	No specific action required for the Corporate Plan
		The Committee discussed the possible job losses from the Ford engine plant in Bridgend and were pleased to know that the Council were readily available to support the employer and employees. Members request to revisit this topic at a future meeting when a decision has been confirmed to explore the wider implications of the closure of Ford engine plant.	No specific action required for the Corporate Plan
		When discussing the success indicators under the title 'To create conditions for growth and enterprise' heading, the Committee recommend that the calculation of growth of GVA in the Borough is added and reported upon.	GVA have been reported in the past. However, issues with their recording and reporting prompted their removal. These included: · GVA are reported a year in arrears and are amended and altered after the date. · We have no direct influence on GVA and setting a target would also be difficult. GVA indicators will be included, but without setting any target, in the knowledge that it covers NPT and BCBC and is a year behind. It is proposed that this indicator will in the medium term change to the City Deal GVA indicator.
		On page 28 of the report the Committee queried the targets set for the percentage of adults who completed a period of reablement and six months later have: a) a reduced package of care and support, for years 2018-19 and 2019-20. Following the outcome of discussion, the Committee recommend that the target for this indicator is reconsidered and increased given the fact that the actual for 2017-18 was 70.64%.	New target under consideration – new target 70%.
		The Committee recommend that further information be provided in the Corporate Plan as to the context and rationale behind each target, to determine how the target has been calculated, why a target has not been achieved or why a target had been raised or lowered.	Indicators have now got 'lower' or 'higher' preferred to aid understanding of what is desired direction of performance. Rationales have not been included to ensure the document is concise and more reader friendly, and the document does not become a technical dense and unwieldy document. This is also in line with other LA plans and enables us to develop the connections to the Future Generations Act more easily. The rationales for target setting are however included within commentary for each of the indicators in the quarterly Performance Reports which go both to CPA and Scrutiny during the year and any technical explanations are fully set out here. Therefore the rationales and any technical explanations can be found in the public forum in these monitoring reports.

14-Jan-19	Corporate Plan 2018-2022 Reviewed for 2019-2020	When discussing the success indicators under the title 'to work in partnership with the third sector, town and community councils and community groups to build resilience' the Committee welcomed Cabinet's response in relation to Community Asset Transfer (CAT) process, in that evidence and best practice had been sought with neighbouring Authorities.	No action required
		In relation to 'The percentage of individuals discussed at Transition Panel that have a transition plan in place by age of 16/17', Members queried how many children the indicator relates to and recommend that presentation of this indicator is provided as a number rather than a percentage in the future.	This is a changing population so setting meaningful target would be impossible. The number of children involved will be added to the quarterly CPA dashboard for information.
		As the Corporate Plan is a publically accessible document, the Committee emphasised the need for Directorates to ensure accuracy of figures within the report prior to publication.	Noted
	<u>Budget Monitoring 2018-19 Quarter 2 Forecast</u>	The Committee note the projected revenue and capital outturn and raised no questions or queries with the information presented.	N/A
	<u>Medium Term Financial Strategy 2019-20 to 2022-23 and Draft Budget Consultation Process</u>	The Committee briefly discussed the budget process and the Committees Budget Research and Evaluation Panel (BREP) and agreed to present the findings and recommendations of BREP and the Subject Overview and Scrutiny Committees to Cabinet, separating out the relevant Budget recommendations.	N/A
	<u>Forward Work Programme Update</u>	Members agreed to receive and consider the following items if it is decided not to receive and scrutinise the Directorate Business Plans: · Collaboration work with the Police · Community Safety Partnership	N/A
		Members requested that when the above items are received by the Committee that the Police and Crime Commissioner is invited to attend the meeting.	N/A
The Committee confirmed the following items for the Subject Overview and Scrutiny Committee Forward Work Programme: SOSC 3 - 18 March 2019 - Homelessness Strategy Members asked if the report could include the Council's definition of homelessness		N/A	

Corporate Overview and Scrutiny Forward Work Programme

Meeting Date	Item	Scrutiny Officer	Author	Further Information	Invitees
03-Apr-2019	Feedback from Chairs re: CPA Business Plans and Performance				N/A
03-Apr-2019	Community Safety Partnership			To provide Members with an overview of Community Safety Partnership priorities and projects	Relevant Cabinet Member; Mark Sheppard, Interim Chief Executive Community Safety Team Leader; Super Intendent Martin Jones.
03-Apr-2019	Collaboration Work with the Police			<p>Feedback from BREP on subject of Collaboration with the Police - The Panel highlighted the need to work more closely with the Police and therefore proposed that an item be considered to look at Policing of the borough on a local level. Members proposed the following points and areas be considered:</p> <p>a) As the delegated powers to the Police and PCSO's varies between local authorities, the Panel recommend that clarification be provided on what powers have been assigned to the Police and what has been retained be the LA to inform all Members, members of the public, Inspectors and PCSOs;</p> <p>b) How often does the Chief Executive and Leader meet with key people in the Police to discuss and align priorities;</p> <p>c) How often do both the Corporate Director – Operational and Partnership Services and the Corporate Director - Communities meet with their counterparts in the Police to discuss community policing and safety within the County Borough and align priorities.</p> <p>d) The need for a joint plan between Police and the LA;</p> <p>Explore how the Authority is collaborating with the Police and to what extent they have been approached to share the monetary burden especially in enforcement;</p> <p>Update on valleys Task Force</p> <p>How are the LA benefiting from collaborative work - value for money and contribution to budget savings</p> <p><i>Scrutiny to confirm what they are looking for in terms of communities input e.g. Fleet Depot.</i></p>	Mark Sheppard, Interim Chief Executive (Lead) Corporate Director Communities; Chief Constable SWP Police and Crime Commissioner Cllr Richard Young

At future meeting when get feedback of business plans - need to establish how Members want to take forward future business plans - which sections etc

Items for the future

July?	Social Services and Wellbeing Future Service Delivery Plan			Members requested to receive alongside Financial Performance 2018-19	
July	Financial Performance 2018-19				
	Corporate Landlord			<p><i>Item proposed by Corporate Director. Report ready to go.</i></p> <p>To provide information on the Corporate Landlord model and the budget reduction proposals allocated to the implementation and roll out.</p> <p><i>Following presentation to members - awaiting for confirmation is item should still come to scrutiny.</i></p>	<p>Cllr Hywel Williams Mark Sheppard, Interim Chief Executive Zak Shell, Head Of Operations - Community Services Tim Washington, Temporary Head of Corporate Landlord Josh Dunn, Services Director, Peopletoo</p>

	SSARF Report			Consideration for comment on the draft Social Services Annual Report - Corporate Director has proposed June 2019.	Susan Cooper, Corporate Director, Social Services and Wellbeing; Cllr Phil White, Cabinet Member – Social Services and Early Help.
	Strategic Review of Health & Safety Responsibilities			In light of the recent Crown Court Case where the Authority pleaded guilty to serious breaches of Health & Safety legislation after the death of a young pupil at Maesteg Comprehensive. Practice , Policy and review of reported “near misses”. - How many near misses have been reported? - How did we respond? - What lessons have been learnt? Scrutiny Chairs have agreed to carry out an 'Information Gathering' exercise, interviewing representatives from schools, governors from schools and parents to present alongside the Officer report. With reference to a recommendation made by BREP 2018 - The Panel request that an assessment of School Crossing Patrol and possible alternatives is included in this report	Lindsay Harvey, Interim Corporate Director - Education and Family Support; Cllr Charles Smith, Cabinet Member for Education and Regeneration; Health and Safety rep
	Collaboration - Internal and with Third Sector			Explore why the Authority has not progressed joint services for HR other than the current pension system, as well as Finance and Democratic Services. Internal collaboration – how are Corporate Directors learning from one another; what can be learnt, what positive aspects can be shared and how can this be transferred appropriately across other Directorates; Third Sector - eg. BAVO - how much do we provide to them and what do they do with it. How are the LA benefiting from collaborative work - value for money and contribution to budget savings	Representative from BAVO
	New Local Development plan			Links with schools and new housing developments <i>Meeting with Cabinet and Scrutiny Chairs. Discussed that Scrutiny Chairs to be invited to LDP Steering group, would be more appropriate.</i>	Cllr Richard Young, Cabinet Member – Communities; Corporate Director Communities;
	Procurement and Contracts			Members have asked to receive information on homecare contracts and employment contracts with BCBC; An update on the outcomes of the Procurement business review What monitoring process is in place with contractors to ensure compliance? Who is obligated to guarantee compliance? How can public accountability be assured if information within a contract is restricted to Members? Have any financial penalties been issued as a result of a breach of contract? End dates for all major contracts	
	Partnerships and Joint Working			<i>Item proposed by SOSC 2.</i> The Committee agreed that the subject of Partnerships and Joint Working in relation to Prevention and Wellbeing, such as in respect of the Police and Fire Service, be put forward for the CORP FWP.	

Scrutiny Forward Work Programme

The following items were previously prioritised by the Subject OVS Committees and considered by Corporate at its last meeting where the top three items were scheduled in for the next round of meetings:

Date	Subject Committee	Item	Specific Information to request	Rationale for prioritisation	Proposed date	Suggested Invitees	Prioritised by Committees
Page 79 13-Feb-19	SOSC 2	Direct Payment Scheme	<p>Details on the revised policy including how the legislation has affected it. How Direct Payments are delivered. Are Service users able to purchase services directly from the Authority. Details on how we market ourselves? What support has been provided to service users since the launch of the new scheme. How was the scheme launched to service users.</p>		Corporate Director proposed November	Susan Cooper, Corporate Director, Social Services and Wellbeing; Jacqueline Davies, Head of Adult Social Care; Cllr Phil White, Cabinet Member – Social Services and Early Help;	
25-Feb-19	SOSC 3	Empty Properties	<p>SOSC 3 requested that this item continue on FWP - reasons and purpose to be confirmed</p> <ul style="list-style-type: none"> - Update on the Empty Properties Working Group? - Update on how the Empty Homes Strategy has been developed? - Update on how well the marketing of Empty Properties is going including Churches and Chapels? - Evidence on how successful other LA's have been in bringing empty properties back into use where they have charged 100% upwards Council tax on properties after they have been empty for longer than 6 months? - Further information on the properties that have been un-banded by the Valuation Office Agency. To include reasons why the properties would not have been banded and how many of these are there within BCBC. - Information on what the average loss of Council tax looks like in BCBC due to empty properties in the Borough. Members recommended using the average Band D property to be able to quantify the loss. - Of the 1200 properties liable for the 50% charge on Council tax for empty properties, how much of this are BCBC successful in receiving. - Has the Empty Homes Officer been employed. 		Prioritised by SOSC3 for February 2018	Mark Sheppard, Interim Chief Executive Martin Morgans, Head of Performance and Partnership Services Possible input from Communities for the Commercial side Cllr Dhanisha Patel, Cabinet Member Future Generations and Wellbeing Cllr Hywel Williams, Deputy Leader Helen Rodgers, Benefits Manager	
18-Mar-19	SOSC 3	Supporting People Programme Grant	<p>Full breakdown of the various services currently supported through this grant within BCBC (inc. the various financial detail) along with how this may have changed over recent years. The number of individuals supported through the grant and in what way. How are decisions made about where to spend the grant and how much in specific areas How effective is the grant support that is provided across a variety of sectors within BCBC, and to ensure that the grant is being targeted at the services most in need.</p>	Improved outcomes in line with the agreed objectives of the grant. Improved support for those in need of emergency housing and support		Mark Sheppard, Interim Chief Executive Sue Cooper, Corporate Director Social Services and Wellbeing Martin Morgans Lynne Berry Cllr Dhanisha Patel, Cabinet Member Future Generations and Wellbeing Ryan Jones, Supporting People Strategy Planning and Commissioning Officer Jonathan Flower, Senior Strategic Officer	
18-Mar-19	SOSC 3	Homelessness Strategy	<p>Informal Cabinet have requested for Scrutiny to be involved as a consultee in the Homelessness Strategy. Members have requested that the report include the Council's definition of homelessness.</p>			Mark Sheppard, Interim Chief Executive Martin Morgans, Head of Performance and Partnership Services Cllr Dhanisha Patel, Cabinet Member Future Generations and Wellbeing Lynne Berry, Group Manager, Housing & Community Regeneration	
27-Mar-19	SOSC 2	CAMHS	<p>With reference to the responses received in relation to Child Adolescent Mental Health Services Members on 12 December 2017, Members note that most of the replies feature an element of work in progress and have asked to retain the item on the FWP for future review. To receive an update on current provision and further advise on current situation in relation to comments and conclusions made on 12 December 2017.</p> <p>Details of other mental health services provided Cwm Taf and BCBC.</p> <p>Update on work being undertaken throughout Wales looking at causes of mental health: 'Working Together for Mental Health'.</p> <p>To include an update on how we are getting on moving into Cwm Taf.</p>		Corporate Director proposed early 2019	Susan Cooper, Corporate Director, Social Services and Wellbeing; Lindsay Harvey, Corporate Director - Education and Family support; Cllr Phil White, Cabinet Member – Social Services and Early Help; Chair and CEX of ABMU and Cwm Taff Health Boards; Chairperson of Bridgend Community Health Council. Royal College of GP's Social Services Rep - Laura Kinsey	

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 80</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">29-Apr-19</p>	<p>SOSC 1</p>	<p>Review of Fostering Project</p> <p style="color: red;">Information only</p>	<p>Further project as part of the Remodelling Children's Social Services</p> <ul style="list-style-type: none"> - Detail regarding the upskilling of three internal foster carers to provide intensive, therapeutic step down placements as part of Residential Remodelling project - Review of the foster carer marketing and recruitment strategy at a draft/early stage to allow members input into the process 	<p>COSC have proposed that this item be considered by a future SOSC 1 for continuity purposes</p>	<p>Corporate Director proposed October 2018 Prioritised by SOSC1 for February 2019</p>	<p>Susan Cooper, Corporate Director, Social Services and Wellbeing; Cllr Phil White, Cabinet Member – Social Services and Early Help; Laura Kinsey, Head of Children's Social Care; Pete Tyson, Group Manager – Commissioning; Lauren North, Commissioning and Contract Management Officer; Natalie Silcox, Group Manager Childrens Regulated Services. <i>A BCBC contracted Foster Carer.</i></p>	
<p>29-Apr-19</p>	<p>SOSC 1</p>	<p>Home to School Transport</p>	<p>To provide assurances on rationalisation of Learner Transport as far as possible in order to make budget savings: Update on pilot that school transport team proposing to run in Spring and Summer terms 2017-2018 - to support the enforcement of bus passes on home to school transport contracts. As part of this pilot, the Authority is also investigating opportunities to track the use of our school bus services by individual pupils. Update on Recommendation from BREP: The Panel recommend the need for the Authority to adopt a Corporate approach in relation to Home to School Transport maximising the LA's minibuses such as those used for day centres. It is proposed that this be supported by slightly amending the opening and closing times of day centres so that the buses can be available for school transport. Other aspects that could be considered include the exploration of whether school staff could transport children and young people instead of hiring independent drivers. To test and scrutinise the current licensing and school transport regime to gain assurances that it provides adequate protection against the potential of putting children and vulnerable children at risk from those who are in a position of trust. Changes to the DBS status of their employees to be scrutinised to ensure that children are not being put at undue risk. To provide robust scrutiny and recommendations on how the current regime can be improved. To provide assurances to the public and maintain public confidence in the system of school transport Report to include Update on the current arrangements of how licensing and school transport operates within the County Borough since the change in 2015 to the Police National Policy for disclosing non-conviction information to the local authority. Information to include a report from South Wales Police on its approach to disclosing information it holds about licencees following arrests, charges and convictions. What is the current relationship between the local authority's licensing and school transport departments in relation to the disclosure of information from South Wales police? Is there sufficient oversight on behalf of the local authority and a risk of contractors withholding information which may prejudice the continuation of their contract? Further proposed that Communities be invited to add to report and attend meeting to update Committee on safe routes assessment to determine what work has been undertaken since funding was allocated to this over a year ago.</p>	<p>To provide assurances on rationalisation of Learner Transport as far as possible in order to make budget savings. To test and scrutinise the current licensing and school transport regime to gain assurances that it provides adequate protection against the potential of putting children and vulnerable children at risk from those who are in a position of trust. Changes to the DBS status of their employees ought to be scrutinised by an Overview & Scrutiny Committee at the earliest opportunity to ensure that children are not being put at undue risk. To provide robust scrutiny and recommendations on how the current regime can be improved. To provide assurances to the public and maintain public confidence in the system of school transport</p>	<p>Corporate Director proposed March 2019 as the external review would not be completed until January 2019</p>	<p>Lindsay Harvey, Corporate Director - Education and Family Support; Cllr Charles Smith, Cabinet Member for Education and Regeneration; Cllr Richard Young, Cabinet Member Communities Nicola Echanis, Head of Education and Early Help. Input from Communities Directorate Robin Davies, Group Manager Business Strategy and Performance Sue Cooper, Corporate Director Social Services and Wellbeing</p>	

TABLE B

For prioritisation					
Item		Rationale for prioritisation	Proposed date	Suggested invitees	
Page 81 New National Review into LAC Information only	The Committee requested that the outcome of the CIW investigation into Looked After Children be provided to Scrutiny for information when it becomes available.		Self assessment and action plan due at end of year. Outcome report should be ready for March.	N/A	
Review of Enforcement Vehicle	In February 2018 SOSC 3 requested to receive an update on the enforcement vehicle to enable Members to monitor performance 6-12 after implementation. Possibly an information report.				
Remodelling Children's Residential Services Project	SOSC 1 requested that the item be followed up by Scrutiny in the future for monitoring purposes, incorporating evidence of outcomes. <i>A report is due to go to Corporate Parenting 6 March 2019. Do Members want to receive as information only or as a discussion item?</i>		Corporate Director proposed early 2019	Susan Cooper, Corporate Director, Social Services and Wellbeing; Cllr Phil White, Cabinet Member – Social Services and Early Help;	
Communication and Engagement	Is corporate communications meeting the needs of the various departments within the organisation to effectively communicate with residents Current data of engagement Are current KPIs an effective measurement in a fast changing digital world How do we engage with corporate communications with the digitally excluded			Mark Sheppard, Interim Chief Executive Corporate Communications Representative Cllr Dhanisha Patel, Cabinet Member Future generations and Wellbeing	
Safeguarding	To include: Safeguarding activity in both Children and Adult Services; Safeguarding arrangements in Cwm Taf.		Should receive an annual update. Last received in July 2018.	Susan Cooper Corporate Director Social Services and Wellbeing; Cllr Phil White, Cabinet Member – Social Services and Early Help; Jacqueline Davies, Head of Adult Social Care; Laura Kinsey, Head of Children's Social Care; Elizabeth Walton James, Group Manager Safeguarding and Quality Assurance; Terri Warrilow, Adult Safeguarding and Quality Manager; Representation from Police; Representation from Health.	
Member and School Engagement Panel - Annual Report	Annual Update to - SOSC 1 on the work of the Member and School Engagement Panel			Plasnewydd - Q4/Spring Term The Bridge Alternative Provision Q1/Summer	
POST 16 ALN Review	SOSC 1 requested to add to FWP. Raise with LH in next Officer Planning Meeting.				

The following items for briefing sessions or pre-Council briefing

Item	Specific Information to request				
Social Services Commissioning Strategy	To include information on what work has taken place following the Social Services and Wellbeing Act population assessment. To also cover the following: • Regional Annual Plan • Bridgend Social Services Commissioning Strategy				
Cwm Taf Regional Working	Update on situation and way forward with Regional Working with Cwm Taf?				
Residential Remodelling - Extra Care Housing	Site visit to current Extra Care Housing and then to new site once work has begun				
Children's Social Services	Briefing for SOSC 1 on Child Practice Reviews - details of latest CPRs over last 12 months - what recommendations have come out of them, how have they been responded to, how have they helped inform future work to help safeguard children.		If received as an item - Corporate Director has suggested May/June 2019	Susan Cooper, Corporate Director - Social Services and Wellbeing; Cllr Phil White, Cabinet Member – Social Services and Early Help; Lindsay Harvey, Corporate Director - Education and Family Support.	

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