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

### Bridgend County Borough Council



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

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

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



Annwyl Cyngorydd,

### **CYNGOR**

Cynhelir Cyfarfod Cyngor yn Siambr y Cyngor - Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr CF31 4WB ar **Dydd Mercher, 20 Chwefror 2019 am 15:00.**

### **AGENDA**

1. Ymddiheuriadau am absenoldeb  
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o fuddiant  
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.
3. Cymeradwyaeth Cofnodion 3 - 20  
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 23/01/19
4. I dderbyn cyhoeddiadau oddi wrth:  
(i) Maer (neu'r person sy'n llywyddu)  
(ii) Aelodau'r Cabinet  
(iii) Prif Weithredwr Dros Dro
5. I dderbyn adroddiad yr Arweinydd
6. Cynllun Corfforaethol 2018-2022 Reviewed for 2019-20 21 - 56
7. Strategaeth Ariannol Tymor Canolig 2019-20 a 2022-23 57 - 158
8. Treth y Cyngor 2019-20 159 - 168
9. Strategaeth Gyfalaf a Strategaeth Rheoli'r Trysorlys 2019-20 Ymlaen 169 - 268

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10. Treth y Cyngor: Disgownt Dewisol Treth y Cyngor ar Eiddo Gwag ac Ail Gartrefi

269 - 272

11. Materion Brys

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

Yn ddiffuant

**K Watson**

Pennaeth Gwasanaethau Cyfreithiol a Rheoleiddiol

**Dosbarthiad:**

Cynghowrwy

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

Cynghorwyr

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

Cynghorwyr

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

CYNGOR - DYDD MERCHER, 23 IONAWR 2019

COFNODION CYFARFOD Y CYNGOR A GYNHALIWIYD YN SIAMBR Y CYNGOR -  
SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-BONT AR OGWR CF31 4WB DYDD  
MERCHER, 23 IONAWR 2019, AM 15:00

## Presennol

Y Cynghorydd JR McCarthy – Cadeirydd

S Aspey	SE Baldwin	TH Beedle	JPD Blundell
NA Burnett	MC Clarke	N Clarke	RJ Collins
HJ David	P Davies	PA Davies	SK Dendy
DK Edwards	J Gebbie	T Giffard	RM Granville
CA Green	DG Howells	A Hussain	B Jones
M Jones	MJ Kearn	DRW Lewis	JE Lewis
DG Owen	D Patel	RL Penhale-Thomas	AA Pucella
JC Radcliffe	KL Rowlands	B Sedgebeer	CE Smith
SG Smith	JC Spanswick	RME Stirman	G Thomas
T Thomas	E Venables	SR Vidal	MC Voisey
LM Walters	KJ Watts	CA Webster	DBF White
PJ White	A Williams	AJ Williams	HM Williams
JE Williams	RE Young		

## Ymddiheuriadau am Absenoldeb

RM James, RMI Shaw a/ac JH Tildesley MBE

## Swyddogion:

Susan Cooper	Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol a Lles
Deborah Exton	Rheolwr Grŵp Cynllunio Ariannol a Rheoli Cyllidebaue
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Lindsay Harvey	Cyfarwyddwr Corfforaethol – Addysg a Chymorth i Deuluoedd
Janice Jenkins	Rheolwr Budd-daliadau a Aseidiadau Ariannol
Mark Shephard	Prif Weithredwr Dros Dro

## 265. DATGANIADAU O FUDDIANT

Gwnaed y datganiadau o ddiddordeb rhagfarnol canlynol, a gadawodd yr Aelodau a enwir isod y cyfarfod pan ystyriwyd yr eitemau hyn:-

Cynghorydd E Venables – Eitem agenda 6. –

Cynghorydd D White – Eitem agenda 8. – Gan fod perthynas agos yn derbyn gostyngiad o'r Dreth Gyngor.

Cynghorydd JC Spanswick – Eitem agenda 6. – Gan ei fod yn berchen ar eiddo sy'n wag ar hyn o bryd ac ar werth ar y farchnad agored. Eitem agenda 8. – Gan fod posibl i aelod agos o'r teulu fod yn derbyn y Cynllun.

Cynghorydd L Walters – Eitem agenda 6. – Gan ei bod ar hyn o bryd yn y broses o werthu eiddo sy'n destun Profiant.

## 266. CYMERADWYAETH COFNODION

### PENDERFYNWYD

Y dylid cymeradwyo Cofnodion cyfarfod y Cyngor, dyddiedig 19 Rhagfyr 2018, yn amodol ar y diwygiad canlynol, i'w fewnosod fel paragraff yn union cyn y penderfyniad ar yr eitem.

'Yn olaf, mewn perthynas â'r cynnydd cyffredinol yng nghostau'r gyllideb gyfalaf, nododd yr Aelod Cabinet dros Wasanaethau Cymdeithasol a Chymorth Cynnar, na ystyrir bod y cyllid cyfalaf ychwanegol sydd ei angen ar gyfer rhai cynlluniau a nodir o fewn y rhaglen (sef cyfanswm o £800k), yn afresymol at ei gilydd.'

267. I DDERBYN CYHOEDDIADAU ODDI WRTH:

Maer

Gwnaeth y Maer atgoffa'r Aelodau mai Dydd Gwener yw dyddiad cau'r enwebiadau ar gyfer Gwobrau Blynyddol Dinasyddiaeth y Maer. Mae'r gwobrau'n agored i bobl sy'n byw yn y fwrdeistref sirol, yn ogystal â grwpiau a busnesau lleol. Gellir dod o hyd o fwy o wybodaeth ar wefan Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr a gellir lawrlwytho ffurflen enwebiadau oddi yno. Bydd yr enillwyr yn cael eu hanrhydeddu mewn digwyddiad ym mis Mawrth.

Ers cyfarfod diwethaf y Cyngor, mae'r Maer a'i Gydweddog wedi cymryd rhan mewn 9 digwyddiad swyddogol a oedd yn amrywiol a gwahanol ac yn bleserus iawn. Cyfeiriodd at y canlynol yn arbennig:-

Penblwydd Lily Kennett yn 100 oed. Dywedodd Lily wrthynt am ei gwaith fel gwniadwraig, sut y bu'n arddwr brwd a sut y safodd ei harholiadau lefel O pan oedd yn 60 oed.

Cawsant hefyd amser da yng nghwmni preswylwyr cartref gofal Bryn-y-Cae yn eu parti Nadolig. Cafodd pawb amser gwych gan fwynhau adloniant canwr lleol sy'n dynwared Elvis Presley yn fawr iawn.

Ar nodyn mwy difrifol, cafodd y Maer yr anrhydedd o gynrychioli'r awdurdod a goleuo kannwyll yn seremoni Coffau'r Holocaust yn Theatr Sony Pen-y-bont fore yma. Dyma ddigwyddiad ysgytwol sy'n peri i rywun feddwl. Byddai hefyd yn cynrychioli'r awdurdod yn nigwyddiad Coffau'r Holocaust yng Nghaerdydd dydd Gwener nesaf.

Roedd yn ddrwg gan y Maer glywed am farwolaeth Terry Hacking, cyn Gynghorydd Bwrdeistref Sirol Pen-y-bont ar Ogwr dros gyfnod y Nadolig. Bu Terry yn aelod mawr ei barch o'r Cyngor, ac estynnodd ei gydymdeimlad â'i deulu, ac yn arbennig ei wraig Pat a fu hefyd yn aelod o'r cyngor ar un cyfnod. Gofynnodd i bawb oedd yn bresennol sefyll am funud o dawelwch er cof am Terry.

Wrth gloi, dywedodd y Maer ei fod ef a'i Gydweddog wedi mynychu'r digwyddiadau canlynol hefyd yn ddiweddar:

Cyngor Ysgol Porthcawl, Pantomeim (Maer) Sleeping Beauty Porthcawl, Brechwast Clwb Rotari (Siarad), Bore coffi crefft (Sarn), gwobrau'r Arglwydd Raglaw a chodi'r Faner (LGBT) uwch swyddfeydd Sifig.

Dirprwy Arweinydd

Cyhoeddodd y Dirprwy Arweinydd bod y Cyngor a Cadwch Gymru'n Daclus wedi gwneud llawer iawn o waith yn ddiweddar i annog mwy o bobl i weithredu fel arwy'r sbwriel.

Roedd yn siŵr y byddai Aelodau'n dymuno ymuno ag ef i ddiolch i bawb sydd wedi camu ymlaen i helpu i ofalu am eu cymunedau lleol.

Rhwng Hydref 2015 a Medi 2018, roedd gwirfoddolwyr wedi treulio'r hyn sydd gyfwerth â £63,000 ac 8,780 o oriau yn gweithio ar 126 o brosiectau cynefinoedd a bioamrywiaeth leol.

Darparwyd hyfforddiant i 2,200 o wirfoddolwyr, ac ymgysylltwyd gyda 2,100 o bobl. Bu'r gwirfoddolwyr yn gyfrifol am gynnal 450 o sesiynau glanhau, mabwysiadu 99 o fannau gwyrdd, cefnogi 34 o grwpiau cymunedol a chreu 28 o arwyr sbwriel.

Dyma ymdrech wych ac roedd am longyfarch pawb oedd yn rhan o'r gwaith.

Ar nodyn tebyg, efallai y byddai Aelodau yn dymuno clywed am fenter newydd yn ardal Porthcawl sy'n dod â phum ysgol gynradd ynghyd.

Dan y teitl 'Love it – Don't Trash it', nod y fenter yw dysgu plant i ymfalchïo yn eu cymuned wrth iddynt dyfu, ac i ailgylchu a gwaredu sbwriel yn gyfrifol.

Trefnwyd y fenter mewn partneriaeth â Cadwch Gymru'n Daclus a Seaquest, ac mae'n cynnwys sesiynau codi sbwriel lleol a sesiynau glanhau traethau; bydd y plant yn dadansoddi'r eitemau y maent yn eu casglu ac yn dysgu o ble maent wedi dod, sut y gellir eu hail-ddefnyddio, ac i ble ddylid mynd â'r eitemau i'w rhwystro rhag llygru'r amgylchedd.

Mae pecyn adnoddau wedi cael ei ddatblygu i'r ysgolion ei ddefnyddio, a bydd canlyniadau'r fenter yn cael eu hastudio'n ofalus er mwyn i ni benderfynu a oes modd ehangu'r fenter.

Dyma fenter gwerth chweil, a byddai'n rhannu mwy o newyddion amdani gyda'r Aelodau wrth i bethau ddatblygu.

#### Aelod Cabinet - Cymunedau

Roedd yr Aelod Cabinet dros Gymunedau yn falch cael hysbysu'r Aelodau bod pob un o'r pedwar prosiect priffyrdd a thrafnidiaeth a gyflwynwyd ar gyfer ystyriaeth yn rownd dau o'r Rhaglen Cronfa Trafnidiaeth Leol wedi bod yn llwyddiannus. Mae hyn ar ben rhaglen £2.5m i gryfhau pontydd a fydd yn targedu dwy bont ym Melin Ifan Ddu.

Mae Llywodraeth Cymru wedi cadarnhau y bydd yn darparu £60,000 ar gyfer pont ffordd Penprysg ym Mhen-coed, £40,000 ar gyfer gwella cyffordd Heol Simonston a Heol Coychurch, £25,000 ar gyfer gwelliannau ar hyd yr A4063 rhwng Sarn a Maesteg, a £25,000 pellach ar gyfer gwelliannau amrywiol i goridau bysiau.

Yn ôl telerau'r cyllid, mae'n rhaid defnyddio'r arian cyn diwedd mis Mawrth, ac felly bydd y gwaith yn digwydd yn sydyn iawn er mwyn cadw at y dyddiad cau.

Yn y cyfamser, mae'r gwaith ar bontydd ym Melin Ifan Ddu yn sicrhau y bydd cerbydau trwm yn gallu parhau i ddefnyddio'r ffordd allweddol hon. Bydd yn cefnogi masnachwyr a thriogion y dyffryn fel ei gilydd, ac yn sicrhau bod y ffordd gymunedol bwysig a phoblogaidd hon yn ddiogel i'w defnyddio.

Yn ddiweddar, bu inni gyflwyno ein prosiectau â blaenoriaeth ar gyfer Cronfa Drafnidiaeth Leol 2019-20, ac felly roedd yn gobeithio cael mwy o newyddion da i Aelodau cyn hir.

Mae Heddlu De Cymru'n cynnal ymgynghoriad eang i'w helpu i ddeall pryderon lleol wrth iddynt geisio sicrhau cymunedau mwy diogel, a byddent yn hoffi eich help.

Maent yn gofyn i bobl rannu eu safbwyntiau, profiadau a chanfyddiadau, ac i chwarae rôl uniongyrchol o ran eu helpu i ddatblygu a llunio eu gwasanaethau. Gallwch wneud hyn drwy lenwi arolwg byr, sydd ar gael yn Gymraeg a Saesneg.

Mae manylion llawn ar wefan Heddlu De Cymru, yn ogystal â dolenni ar-lein i'r holiadur a manylion am ddulliau gwahanol o'i lenwi.

Efallai y byddai gan Aelodau ddiddordeb mewn clywed am ymdrechion diweddaraf y Bartneriaeth Diogelwch Cymunedol i fynd i'r afael ag ymddygiad gwrthgymdeithasol yng nghanol tref Pen-y-bont ar Ogwr.

Er mwyn sicrhau ymateb effeithiol a rhoi sicrwydd i berchnogion busnes a'r gymuned ehangach, mae cynllun 'rhoi gwybod' wedi cael ei lansio sy'n annog pobl i roi gwybod am bob achos o ymddygiad gwrthgymdeithasol.

Rydym yn cynnal sesiynau ymwybyddiaeth rheolaidd mewn lleoliadau ynghanol y dref, ac yn cynnal arolwg gyda'r bwriad o ddarparu mynediad haws at gyfleoedd addysg, hyfforddiant a chyflogaeth.

Mae'r Zone a thîm Wallich Rough Sleeper yn estyn cymorth i'r digartref a'r sawl sy'n cysgu allan, ac mae ein timau Strydoedd Glanach yn ymateb i bob adroddiad o graffiti a sbwriel.

Mae Swyddogion Trwyddedu'n gweithio gyda busnesau lleol ynghylch gwerthu alcohol mewn tafarnau, siopau a chlybiau, ac rydym yn dosbarthu taflenni i atgoffa masnachwyr ynghylch risg gwerthu alcohol i rai sydd dan oed neu drwy ddirprwy yn ogystal â chynnal ymarferion prawf-brynu.

Rydym yn gweithio gyda gyrwyr tasi ar hyfforddiant llinellau sirol, ac mae ein huned CCTV yn darparu monitro ychwanegol. Mae arolwg o oleuadau stryd yn ein helpu i nodi pa ardaloedd sydd angen eu gwella.

Mae nifer wedi cael eu harestio am droseddau fel dwyn o siopau, cyflenwi a meddu ar gyffuriau, a chyflwynwyd pum gorchymyn ymddygiad troseddol sy'n atal unigolion penodol rhag dod i ganol y dref neu fynd i mewn i rai siopau penodol.

Mae'r Gorchymyn Diogelu Ardaloedd Cyhoeddus yn cael ei roi ar waith wrth atafaelu alcohol lle bo hynny'n briodol, ac mae presenoldeb yr heddlu'n fwy gweladwy. Yn olaf, mae grŵp CF31 BID wedi recriwtio marsial stryd canol tref yn ddiweddar, ac maent yn hyrwyddo cynllun diogelwch Storenet.

Roedd yn gobeithio'n fuan gallu dod â gwybodaeth bellach i'r aelodau ynghylch sut mae'r ymdrechion hyn yn dwyn ffrwyth.

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

Roedd gan yr Aelod Cabinet dros Wasanaethau Cymdeithasol a Chymorth Cynnar newyddion ardderchog i'w rannu gydag Aelodau. Yn dilyn ymgynghoriad eang, rydym wedi gallu adolygu ein cynlluniau ar gyfer cartref gofal Tŷ Cwm Ogwr ym Mhantyravel, ac wedi llwyddo i gael darparwr annibynnol profiadol, Ashville Residential Ltd i gymryd drosodd y gwaith o redeg y cartref.

Mae hyn wrth gwrs yn golygu nad oes raid i breswylwyr Tŷ Cwm Ogwr symud i lety amgen. Mae swyddi'r staff hefyd wedi'u diogelu.

Ymhellach, rydym wedi gallu cadw gwasanaethau llety hanfodol yng Nghwm Ogwr gan ddatblygu'r gallu i gyflwyno gwasanaethau newydd wrth i anghenion a gofynion newid dros amser.

Bydd Aelodau'n ymwybodol bod y cynnig i gau yn ffurfio rhan o'n cynlluniau ail-fodelu. Mae'r Aelod yn falch ein bod wedi gallu ail-ymweld â'r cynlluniau, ac wedi datblygu ateb amgen yn llwyddiannus a fydd yn ein galluogi i gadw'r cartref ar agor ond hefyd i sicrhau canlyniadau y dymunwn eu gweld.

Gofynnodd i fwy o Aelodau wirfoddoli i gymryd rhan yn ein rota o ymweliadau rheolaidd â sefydliadau gofal cymdeithasol. Mae'r ymweliadau hyn yn cyfrannu at ddiogelu oedolion, plant a phobl ifanc sy'n agored i niwed, ac yn helpu sicrhau bod gofal o ansawdd yn bodloni eu hanghenion.

Fel monitro contract trylwyr, gwiriadau iechyd a diogelwch, ymweliadau statudol annibynnol ac arolygiadau gan Arolygiaeth Gofal Cymru, mae'r ymweliadau rota yn ffurfio rhan bwysig o'n gweithdrefnau sicrhau ansawdd.

Maent yn rhoi cyfle i aelodau gwrdd â phobl a gwranddo ar eu barn ynghylch y gwasanaeth a dderbyniant. Mae 40 o sefydliadau gofal cymdeithasol ar y rota presennol, 16 yn cael eu cynnal gan yr awdurdod lleol a 24 o rai annibynnol. Mae aelodau'n ymweld mewn timau o ddau, ac rydym yn ceisio cynnal un ymweliad y mis.

Pum tîm yn unig sydd yn y rota presennol, felly mae angen mwy o wirfoddolwyr. Darperir arweiniad a hyfforddiant llawn i bawb sy'n cymryd rhan, ac anfonir e-bost atoch yn fuan a fydd yn rhoi mwy o fanylion.

Bydd y rota newydd yn dechrau yn Ebrill, ac felly roedd yn gobeithio y byddai Aelodau'n gallu cefnogi'r cais pwysig hwn.

Ynghyd ag aelodau eraill o'r Cabinet, cefais y pleser yn ddiweddar o gwrdd â rhai o'n gofalwyr maeth lleol, ac roeddem yn gallu trafod eu profiadau ac ystod eang o faterion.

Buom yn siarad am eu profiadau fel gofalwyr maeth, a'u rhesymau a'u cymhelliant dros ymgymryd â'r gwaith pwysig hwn.

Roedd yn brofiad hynod o ddefnyddiol, a rhoddodd gyfle i ni ddeall pethau'n well a chael adborth gwerthfawr. Byddwn nawr yn ceisio defnyddio'r hyn a ddysgwyd gennym wrth i ni fynd ati i ddatblygu a gwella'r gwasanaeth maethu.

Mae gofalwyr maeth yn gwneud gwaith hanfodol pwysig wrth roi'r cychwyn gorau posibl i blant a phobl ifanc difreintiedig, ac rwy'n gobeithio bydd aelodau yn helpu i hyrwyddo'r gwasanaeth a'r angen i fwy o ofalwyr maeth i gynnig eu hunain.

Wrth gloi, dywedodd yr Aelod Cabinet dros Wasanaethau Cymdeithasol a Chymorth cynnar bod manylion llawn ar gael ar wefan y cyngor.

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

Roedd yr Aelod Cabinet dros Lesiant a Chenedlaethau'r Dyfodol yn meddwl y byddai gan Aelodau ddiddordeb clywed bod strategaeth newydd wedi'i datblygu i helpu rhwystro digartrefedd ym Mwrdeistref Sirol Pen-y-bont ar Ogwr, a bod gofyn i'ch preswylwyr roi eu barn ar hynny.

Cyd-gynhyrchwyd y strategaeth gyda landlordiaid, defnyddwyr gwasanaeth, y trydydd sector ac adrannau amrywiol o'r cyngor yn cyflwyno eu syniadau.

Mae'r strategaeth yn nodi sut mae'r Cyngor yn bwriadu rhwystro digartrefedd, boed hynny'n ddigartrefedd cudd neu bobl sy'n cysgu allan.

Mae'n ceisio ei gwneud yn haws i bobl sy'n wynebu digartrefedd gael mynediad at wasanaethau cefnogi – er enghraifft, y cynllun 'drysau cynnar' sy'n helpu trigolion sy'n cael trafferth talu rhent, y gwasanaeth cyfryngu teuluol sy'n arbenigo mewn gwella cydberthnasau o fewn teuluoedd, pan fydd person ifanc 16-25 oed yn ddigartref neu mewn perygl o ddod yn ddigartref, a'r Cynllun Bwrdd Bond sy'n cynorthwyo'r bobl ar incwm isel i ganfod a sicrhau llety preifat ar rent.

Efallai y bydd Aelodau hefyd yn falch nodi bod y tîm Atebion Tai yn ddiweddar wedi recriwtio gweithiwr allgymorth iechyd meddwl i weithio gyda thrigolion sy'n ddigartref neu'n wynebu digartrefedd, ac sydd angen cymorth penodol.

Fel y gwyddoch, mae yna resymau cymhleth yn aml pam fod pobl yn dod yn ddigartref neu'n parhau'n ddigartref. Un o amcanion y strategaeth hon yw sicrhau bod modd cael gafael ar atebion yn rhwydd, eu bod ar gael i bawb a'u bod yn ateb anghenion y bobl sy'n eu defnyddio.

Roedd hi hefyd yn awyddus i rannu gwybodaeth gydag Aelodau am fenter newydd a lanswyd yr wythnos diwethaf, yn y gobaith y byddent am rannu hynny gyda'u hetholwyr.

Mae'r Cyngor wedi ymuno â Chanolfan Gofalwyr Pen-y-bont ar Ogwr, Neuadd Evergreen ac Ymddiriedolaeth Ddiwylliannol Awen i sefydlu Côt Gofalwyr cyntaf y Fwrdeistref Sirol.

Bwriedir i'r côr fod yn hwyl ac yn anffurfiol. Bydd yn rhoi cyfle i bobl sy'n gofalu am ffrindiau neu aelodau o'r teulu fynd allan, mwynhau eu hunain a chwrdd ag eraill sy'n rhannu profiadau tebyg.

Dan arweiniad y cyfarwyddwr cerdd, Izzie Thomas, bydd y côr yn cwrdd yn Neuadd Evergreen bob Dydd Llun rhwng 11 y bore a 1 y prynhawn.

Mae croeso i holl ofalwyr ddod draw i'r sesiynau, ac roedd yr Aelod Cabinet yn siŵr y byddai pawb yn clywed mwy am y Côt Gofalwyr wrth i'r aelodaeth gynyddu.

Yn olaf, mae Grŵp Caredigrwydd Digymell Cyn-filwyr Anabl Pen-y-bont ar Ogwr yn cefnogi noson 'côt roc' ar ran Gofalwyr Ifanc Pen-y-bont ar Ogwr.

Bydd y Côt Roc yn perfformio ynghyd â'r Big Fat Blues Band yng Ngholeg Pen-y-bont ar Ogwr ar 8 Chwefror, ac mae croeso i Gynghorwyr ddod draw i gefnogi'r digwyddiad.

Mae'r tocynnau'n costio £7 ac ar gael drwy gysylltu â Nicola Bunston yn Adran Cydraddoldebau'r Cyngor.

#### **Aelod Cabinet – Addysg ac Adfywio**

Awgrymodd yr Aelod Cabinet dros Addysg ac Adfywio y byddai Aelodau efallai'n dymuno atgoffa eu hetholwyr bod ceisiadau ar-lein bellach ar agor i blant sy'n chwilio am llydd meithrin ledled y Fwrdeistref Sirol.

Mae'r llyfdd meithrin i blant a fydd yn dechrau'r ysgol yn llawn amser ym Medi 2019, a hefyd i blant a fydd yn mynychu'n rhan-amser o Ionawr i Ebrill 2020.



Gellir cyflwyno cais mewn dull cyfleus a rhwydd drwy gofrestru am 'Fy Nghyfrif' yn rhad ac am ddim ar wefan y cyngor, yna cyflwyno ffurflen ar-lein cyn y dyddiad cau, 25 Mawrth.

Mae ffurflenni papur traddodiadol yn dal i fod ar gael, ond mae cyflwyno cais ar-lein yn gwneud y broses derbyniadau ysgol yn rhwyddach o lawer, a hefyd yn galluogi pobl i ddefnyddio Fy Nghyfrif i reoli pethau fel y dreth gyngor a budd-daliadau tai.

Mae mwy o elfennau yn cael eu hychwanegu at Fy Nghyfrif a fydd yn ei gwneud yn haws fyth i gael mynediad at wasanaethau ac i wneud busnes gyda'r Cyngor, felly roedd yn gobeithio bod Aelodau yn annog pobl yn eu wardiau i gofrestru.

Bob blwyddyn, mae Fforwm Busnes Pen-y-bont ar Ogwr yn cynnal digwyddiadau brecwast Dydd Gŵyl Dewi, ac eleni, bydd yn digwydd yng Ngwesty Coed-Y-Mwstwr yn Llangrallo.

Bydd seren rygbi Cymru Ryan Jones yn ymuno â chynrychiolwyr o fusnesau lleol yn y digwyddiad i siarad am ei yrfa a'i lwyddiant fel cyn-gapten Cymru ac aelod o garfan y Llewod.

Mae gan Fforwm Busnes Pen-y-bont ar Ogwr fwy na 900 o aelodau ac mae'n cynnig llais cyfunol i gwmnïau lleol o bob maint a sector o fewn y fwrdeistref sirol. Mae'r digwyddiad brecwast yn cynnig cyfle gwych iddynt rwydweithio a derbyn cymorth a chyngor ar gyfer datblygu a thyfu.

I gloi, awgrymodd y byddai Aelodau am roi gwybod i fusnesau yn eu wardiau am y digwyddiad ac am waith y fforwm. Mae manylion llawn ar wefan Fforwm Busnes Pen-y-bont ar Ogwr.

### Prif Weithredwr Dros Dro

Dywedodd y Prif Weithredwr Dros Dro mai un o'r pethau y mae am ei gefnogi a'i hyrwyddo yw gwaith y Cyngor Ieuenctid.

Roedd y Prif Weithredwr Dros Dro a'r Arweinydd wedi cwrdd â'r Maes Ieuenctid, Lewis Pilliner, yn ddiweddar, ac roedd yn falch cael ymuno â Lindsay Harvey, ein Cyfarwyddwr Corfforaethol dros Addysg a Chymorth i Deuluoedd, yng nghyfarfod mwyaf diweddar y Cyngor Ieuenctid, a gynhaliwyd wrth gwrs yn Siambr y Cyngor.

Roedd yn awyddus iawn ein bod yn cefnogi'r Maes Ieuenctid gyda'i brif flaenoriaethau ar gyfer y flwyddyn, a'n bod hefyd yn ymgysylltu'n fwy effeithiol gyda'r Cyngor Ieuenctid ar faterion sydd o ddiddordeb i bawb.

"Mae fy mhrofiad o weithio ac ymgynghori â phobl ifanc wedi dangos bod hynny'n cyfrannu dimensiwn pwysig a chall at y broses o lunio busnes y cyngor.

Rwyf o'r farn y gallai ymgysylltu'n agosach â hyn fodd yn fuddiol i bawb."

Eleni, mae'r Maes Ieuenctid wedi nodi iechyd meddwl pobl ifanc fel blaenoriaeth allweddol, yn enwedig mewn cysylltiad â materion fel straen arholiadau.

Mae ef hefyd wedi blaenoriaethu ffyrdd o gynyddu ail-gylchu mewn ysgolion, a chynnal 'diwrnod democratiaeth' i ddatblygu gwell dealltwriaeth o'r system wleidyddol, ac i hyrwyddo'r pwysigrwydd o ddweud eich dweud a defnyddio eich pleidlais.

Mae gwybodaeth o wefan Ystadegau Cymru Llywodraeth Cymru yn awgrymu bod tua 14,000 o bobl rhwng 16 a 24 yn byw yn y Fwrdeistref Sirol ar hyn o bryd.

Mae hyn yn rhoi cyfle i Aelodau etholedig gyfrannu'n uniongyrchol at gefnogi a datblygu'r digwyddiad pwysig hwn, a helpu meithrin mwy o ddiddordeb mewn democratiaeth leol.

Bwriedir cynnal Dawns Ieuenctid y Maer ym mis Medi yn yr Hi-Tide ym Mhorthcawl, ac roedd y Prif Weithredwr Dros Dro'n sicr y byddai aelodau eisiau dangos eu cefnogaeth i'r digwyddiad hwn hefyd.

Rydym eisoes wedi nodi yr hoffem weld mwy o adborth o'r Cyngor Ieuenctid ar ymarferion ymgynghori allweddol fel cymorthdaliadau bysiau, parciau a thaliadau caeau chwarae, a'r strategaeth ddigartrefedd arfaethedig.

Er mai cynrychiolwyr o ysgolion cynradd ac uwchradd lleol sy'n eistedd ar y Cyngor Ieuenctid, roedd eu trafodaethau aeddfed a chraff ar bynciau fel tlodi misglwyf a Brexit wedi creu cryn argraff arno.

Nid oes amheuaeth ganddo na fydd rhai o'r bobl ifanc hynny mewn blynyddoedd i ddod yn sefyll lle mae Aelodau/Swyddogion ar hyn o bryd, ac y byddant yn gwneud y penderfyniadau anodd a fydd yn arwain Bwrdeistref Sirol Pen-y-bont ar Ogwr i'r dyfodol.

Ychwanegodd eu bod yn glod i'r Cyngor a'r Fwrdeistref Sirol, ac y byddai'n gwerthfawrogi'n fawr unrhyw gymorth y gallai Aelodau etholedig ei gynnig iddynt gan y byddai hynny'n fuddsoddiad gwerthfawr hefyd.

### Swyddog Monitro

Gwnaeth y Swyddog Monitro ddau gyhoeddiad fel a ganlyn:-

Derbyniwyd cais gan Arweinydd Grŵp Annibynwyr Llynfi i'r Cynghorydd Keith Edwards ildio ei sedd ar Bwyllgor Trosolwg a Chraffu Pwnc 1 ac yn hytrach, dod yn aelod o Bwyllgor Trosolwg a Chraffu Pwnc 3.

I wireddu hyn, bydd y Cynghorydd Tom Beedle yn ildio ei sedd ar Bwyllgor Trosolwg a Chraffu Pwnc 3 ac yn dod yn aelod o Bwyllgor Trosolwg a Chraffu Pwnc 1.

Mae hyn yn golygu bod Aelodau o'r un grŵp gwleidyddol yn cyfnewid rolau, ac felly ni fydd yn effeithio ar gydbwysedd gwleidyddol cyffredinol y Pwyllgorau.

Bu'n rhaid newid tri dyddiad ar gyfer Pwyllgorau Trosolwg a Chraffu fel a ganlyn, er mwyn sicrhau bod yr holl rai gaiff wahoddiad yn gallu mynychu'r cyfarfodydd:-

Pwyllgor Trosolwg a Chraffu Pwnc 2 wedi symud o 29 Ionawr i 13 Chwefror 2019 - briffiad cyngyfarfod am 9.30am a'r cyfarfod i ddechrau am 10.00am.

Pwyllgor Trosolwg a Chraffu Pwnc 2 wedi symud o 30 Ebrill i 15 Ebrill 2019 - briffiad cyngyfarfod am 9.30am a'r cyfarfod i ddechrau am 10.00am.

Pwyllgor Trosolwg a Chraffu Pwnc 3 wedi symud o 26 Chwefror i 25 Chwefror 2019 - briffiad cyngyfarfod am 9.30am a'r cyfarfod i ddechrau am 10.00am.

Mae aelodau'r ddau Bwyllgor wedi cael blaen-rybudd o'r newidiadau tebygol drwy e-bost, ac mae Cadeiryddion y ddau bwyllgor wedi cytuno newid y dyddiadau am y rheswm a roddwyd.

Mae calendrau electronig Aelodau a Swyddogion priodol hefyd wedi'u diweddarau gyda dyddiadau newydd cyfarfodydd y Pwyllgorau hyn.

268. **I DDERBYN ADRODDIAD YR ARWEINYDD**

Adroddodd yr Arweinydd ei fod yn gwerthfawrogi'n fawr y cyfle i fynychu Diwrnod Coffáu'r Holocaust, a nodwyd ynghynt eleni gyda digwyddiad i'r cyhoedd yn rhad ac am ddim a drefnwyd mewn partneriaeth â Choleg Pen-y-bont ar Ogwr.

Y thema eleni yw 'cipio o gartref', ac roedd digwyddiad eleni yn annog pobl i fyfyrion ar ganlyniadau posibl cipio o gartref a sut mae hynny'n rhan o'r trawma y mae unrhyw un sy'n profi erlyniaeth a hil-laddiad yn ei wynebu.

Dywedodd na fyddai fyth yn anghofio clywed y siaradwr gwadd, Jean-Paul Samputu, a orosodd yr hil-laddiad yn erbyn y Tutsi yn Rwanda yn 1994.

Collodd Jean-Paul ei rieni a thri brawd a chwaer yn ystod yr hil-laddiad, ac fel llysgennad diwylliannol i Rwanda, mae wedi ymroddi i bregethu neges o obaith, maddeuant, cymod a chariad.

Mae'n areithiwr ysbrydoledig, ac roedd yr Arweinydd yn ddiolchgar iddo am ddod atom i rannu ei brofiadau.

Diolchodd yr Arweinydd i bawb a helpodd i drefnu'r digwyddiad pwysig hwn, gan gynnwys myfyrwyr o Goleg Pen-y-bont ar Ogwr a lywiodd y seremoni ac a berfformiodd ynddi.

Roedd yn sicr y byddai'r Aelodau wedi gweld adroddiadau newyddion diweddar yn disgrifio sut mae Bridgend Ford, ein cyflogwr sector preifat mwyaf, yn cyfarfod ag undebau llafur i drafod y posibilrwydd o golli swyddi.

Mae Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn cymryd camau i gefnogi'r sefydliad a'i weithwyr, ac mae'r Arweinydd wedi cysylltu ag uwch reolwyr yn y ffatri i gynnig unrhyw help a chymorth posibl.

Rydym yn gwneud popeth o fewn ein gallu i gefnogi Bridgend Ford gan obeithio osgoi colli unrhyw swyddi, ond yn y cyfamser, mae'n gwneud synnwyr i gynllunio ymlaen fel cam rhagofalus.

Gyda hyn mewn golwg, mae'r Cyngor hefyd wedi cysylltu â swyddogion Llywodraeth Cymru gyda chynigion ar gyfer creu tîm ymateb arbenigol. Bydd y tîm hwnnw wedyn yn gallu gweithredu pe na fyddai modd osgoi colli nifer o swyddi.

Bydd y Cyngor yn gweithio'n agos iawn gyda sefydliadau partner fel Busnes Cymru, Gyrfa Cymru, Adran Gwaith a Phensiynau a Chanolfan Byd Gwaith.

Megis dechrau y mae'r trafodaethau ar hyn o bryd, ond y gobaith yw y gall Llywodraeth Cymru a Llywodraeth y DU wneud popeth o fewn eu gallu i gefnogi Bridgend Ford.

Ychwanegodd bod angen i ni gyd gydweithio er mwyn diogelu swyddi a bywoliaeth y staff, ac y byddai'n rhoi gwybodaeth bellach i Aelodau wrth i'r sefyllfa hon ddatblygu.

Yn olaf, adroddodd yr Arweinydd bod adroddiad wedi ymddangos yn y Cyfryngau Cymdeithasol bod Sony UK yn symud ei bencadlys yn y DU i osgoi aflonyddwch yn sgîl Brexit. Credwn fod y stori'n cyfeirio at bencadlys Sony yn Weybridge, Surrey.

269. **TRETH Y CYNGOR: GOSTYNGIAD DEWISOL TRETH Y CYNGOR AR EIDDO GWAG AC AIL GARTREFI**

Cyflwynodd y Pennaeth Cyllid a Swyddog S151 adroddiad, yn cynnig bod y Cyngor yn addasu lefel gostyngiad Treth y Cyngor sydd ar gael ar eiddo gwag (ac ail gartrefi) a hynny o 1 Ebrill 2019.

Fel y nodir yn y cefndir dan baragraff 3 yr adroddiad, mae Deddf Llywodraeth Leol 2003 yn rhoi'r hawl i awdurdodau lleol ostwng neu ddileu'r gostyngiad 50% ar Dreth y Cyngor ar eiddo gwag neu eiddo heb ei ddodrefnu, ar ôl i'r cyfnod eithrio llawn o 6 mis ddod i ben. Gelwir eiddo o'r fath yn eiddo Dosbarth C.

Hyd yma, mae Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr wedi caniatáu gostyngiad o 50% ar eiddo o'r fath, ond dim ond tua 10 awdurdod lleol sy'n parhau i wneud hynny.

Ar hyn o bryd, mae tua 1,244 o bobl sy'n talu'r dreth cyngor ledled y Fwrdeistref Sirol yn manteisio ar y gostyngiad hwn. Os gaiff y gostyngiad ei ddileu, bydd yn rhaid i'r bobl hyn wedyn dalu'r gyfradd lawn 100% ar ôl i'r cyfnod chwe mis ddod i ben.

Esboniodd y Rheolwr Grŵp – Cynllunio Ariannol a Rheoli'r Gyllideb, mewn perthynas ag ail gartrefi gwag, ond gyda dodrefn, nad oedd y Cyngor wedi caniatáu unrhyw ostyngiad i'r rhain ers Ebrill 2000, ac nad oedd yn bwriadu gwneud hynny ychwaith.

Esboniodd bod y Cyngor ar hyn o bryd yn rhoi gostyngiad 50% i bobl sy'n talu'r dreth cyngor yn achos eiddo sy'n syrthio i'r categorïau a amlinellwyd ym mharagraff 4.1 yr adroddiad.

Mae'r cynnig nawr i ddileu'r gostyngiad 50% hwn a chodi 100% o dreth y cyngor o Ebrill 2019.

Mae hyn yn cysylltu gyda Strategaeth Eiddo Gwag y Cyngor, a'r gobaith yw y bydd yn annog pobl sy'n talu treth y cyngor i beidio â gadael eiddo yn wag neu mewn cyflwr gwael.

Yn nhermau goblygiadau ariannol yr adroddiad, cadarnhaodd y Rheolwr Grŵp – Cynllunio Ariannol a Rheoli'r Gyllideb bod paragraff 8.2 yr adroddiad yn nodi'r arian ychwanegol mwyaf y gallai'r Cyngor ei gynhyrchu o'r newid yn y polisi, er y pwysleisiodd bod hyn yn defnyddio tybiaethau cyffredinol ynghylch bandio a chasglu. Mae'r swm yn tybio y llwyddir i gasglu 100% ac nid yw hynny'n realistig, yn enwedig ynghylch eiddo gwag sy'n arbennig o heriol o ran casglu. Wrth gloi, ychwanegodd y gallai hynny waethygu pan gaiff cosb o garchar am fethu talu treth y cyngor ei ddileu o Ebrill 2019 ymlaen.

Wrth ystyried y darpariaethau a wneir ym mharagraff 4.1 yr adroddiad, lle mae Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn rhoi gostyngiad 50% i eiddo Treth y Cyngor sy'n dal yn wag oherwydd y rhesymau a nodwyd yn rhan hon yr adroddiad, teimlai Aelod y dylid ystyried cadw'r gostyngiad yn achos eiddo sy'n destun profiant, ar ôl cyfnod o 6 mis.

Wedi trafodaethau pellach ar y mater hwn,

**PENDERFYNWYD:** Y dylid gohirio'r adroddiad hyd gyfarfod arferol nesaf y Cyngor, er mwyn ceisio cyngor technegol ac eglurder pellach ar ddogarthiadau Eithriadau a Gostyngiadau Treth y Cyngor mewn perthynas ag eiddo gwag sy'n destun Profiant.

270. **DIWYGIO 2019-20 SYLFAEN TRETH Y CYNGOR AR GYFER CYNGHORAU CYMUNED CEFN CRIBWR, CWM GARW, LLANGYNWYD ISAF A LLANSANTFFRAID**

Cyflwynodd y Pennaeth Cyllid Dros Dro a'r Swyddog S151 adroddiad, er mwyn rhoi ffigurau sylfaen Treth y Cyngor diwygiedig 2019-20 i bedwar Cyngor Cymuned i'r Cyngor ar gyfer eu hail-gymeradwyo.

Dywedodd y Rheolwr Grŵp – Cynllunio Ariannol a Rheoli'r Gyllideb wrth yr Aelodau bod adroddiad wedi'i ddwyn gerbron y Cyngor ar 21 Tachwedd 2018, i osod a chymeradwyo sylfaen treth y Cyngor 2019-20 i'r Cyngor yn ei gyfanrwydd a Chyngorau Cymunedol unigol.

Ers hynny, daeth i'r amlwg bod sylfaen treth gyffredinol y Cyngor yn gywir ar sail grynswth a sail net, ond o'u cymryd yn unigol, nad oedd sylfeini treth Cyngorau Cymuned unigol gyfwerth â'r cyfanswm oherwydd mecanweithiau talgrynnu. O ganlyniad, mae'r Cyngor wedi gorfod diwygio sylfaen treth y pedwar Cyngor Cymuned a amlinellir yn yr adroddiad. Mae'r newidiadau yn un pwynt degol yr un ac mae'n bwysig nodi nad yw hynny'n effeithio ar faint y praesept y byddant yn ei gasglu.

Mae'r tabl o fewn paragraff 4.1 yr adroddiad yn dangos y sylfaen treth wedi'i ddiwygio i'r pedwar Cyngor Cymuned hwn, ac mae Atodiad A i'r adroddiad y darparu'r darlun diwygiedig cyfan i holl Gynghorau Tref a Chymuned.

**PENDERFYNWYD:** Bod y Cyngor yn cymeradwyo Atodiad A yr adroddiad, sy'n cynnwys sylfaen treth ddiwygiedig Cyngorau Cymuned Cefn Cribwr, Cwm Garw, Llangynwyd Isaf a Llanstantffraid.

271. **CYNLLUN GOSTYNGIADAU'R DRETH GYNGOR 2019-20**

Cyflwynodd y Pennaeth Cyllid Dros Dro adroddiad, er mwyn darparu gwybodaeth i'r Cyngor ynghylch gweithredu Cynllun Gostyngiadau'r Dreth Gyngor (CTR) 2019-29, yr angen i fabwysiadu cynllun CTR erbyn 31 Ionawr 2019 ynghyd â'r goblygiadau cyllido.

Roedd yr adroddiad yn amlinellu gwybodaeth gefndir, ac yna'r cadarnhau bod y Cynllun CTR yng Nghymru yn dilyn rheoliadau a wnaed dan Atodlen 1B o Ddeddf Cyllid Llywodraeth Leol 1992 (fel y cafodd ei fewnosod gan Ddeddf Cyllid Llywodraeth Leol 2012).

Nododd y Rheolwr Budd-daliadau ac Asesiadau Ariannol, bod y Cynulliad ar 27 Tachwedd 2013 wedi nodi rheoliadau sy'n gweithredu'r trefniadau i gefnogi'r rheiny a fydd yn talu treth y cyngor. Mae'r rheoliadau (Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor a Gofynion Rhagnodedig (Cymru) 2013 a Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor (Cynllun diofyn) (Cymru) 2013) yn nodi prif nodweddion y cynllun i'w mabwysiadu gan holl gynghorau yng Nghymru. Gwnaed mân addasiadau i'r rheoliadau hyn ym mhob flwyddyn ariannol.

Mae Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor (Gofynion Rhagnodedig a'r Cynllun Diofyn) (Cymru) (Diwygio) 2019 wedi'u nodi erbyn hyn. Mae'r rheoliadau hyn yn uwchraddio'r ffigurau ariannol a ddefnyddir yn y cynlluniau CTR ac yn gwneud addasiadau i:

- Adlewyrchu newidiadau a wnaed i'r system budd-daliadau mewn perthynas â Lwfans Cyflogaeth a Chymorth. Bydd Rheoliadau 2013 yn parhau i gyfeirio at y Gydran Gweithgaredd sy'n Gysylltiedig â Gwaith a fydd yn parhau i gael ei thalu i rai ymgeiswyr.

- Gwneud newidiadau i adlewyrchu'r trefniadau darparu gwasanaeth newydd yn dilyn Deddf Rheoleiddio ac Arolygu Gofal Cymdeithasol (Cymru) 2016.
- Gwneud newidiadau i fynd i'r afael ag anghysondeb o fewn geiriad y darpariaethau diwygiedig yn Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor (Gofynion Rhagnodedig a'r Cynllun Ddifyn (Cymru) (Diwygio) 2017 mewn perthynas â darpariaethau newid mewn amgylchiadau.
- Gwneud nifer o newidiadau mewn perthynas â thaliadau sy'n cael eu diystyru ar gyfer dibenion cyfrifo 'incwm' a/neu 'gyfalaf'. Mae hyn yn cynnwys y taliad cymorth profedigaeth newydd ymhlith eraill.

Nid yw'r rheoliadau newydd yn cynnwys unrhyw newidiadau sylweddol i'r cynllun presennol, o safbwynt y sawl sy'n ymgeisio, ac mae lefel uchaf y cymorth y gall ymgeiswyr cymwys ei dderbyn yn parhau i fod yn 100%.

Mae Paragraff 4.6 yr adroddiad yn nodi, o fewn y Rheoliadau Gofynion Rhagnodedig, bod gan y Cyngor ychydig o ddisgresiwn i ganiatáu elfennau dewisol sy'n fwy hael na rhai'r cynllun cenedlaethol, ac mae adran hon yr adroddiad yn rhoi enghreifftiau o hyn..

Ychwanegodd y Rheolwr Budd-daliadau ac Asesiadau Ariannol y rheoliadau perthnasol sydd eu hangen sef bod y Cyngor yn mabwysiadu Cynllun CTR erbyn 31 Ionawr 2019.

Mae Paragraff 4.14 yr adroddiad yn amlinellu rhai Materion Pwysig er ystyriaeth, gan gadarnhau bod yn rhaid i'r Cyngor benderfynu a ddylai ddileu neu ddiwygio ei gynllun CTR, a bod rheidrwydd arno i gynnal cynllun yn ôl gofynion y Rheoliadau uchod. Mae'r rhwymedigaeth yn ddyletswydd statudol ac yn gymwys hyd yn oed os nad yw'r Cyngor yn dewis defnyddio unrhyw rai o'r camau disgresiwn sydd ar gael iddo.

Ychwanegodd y Rheolwr Budd-daliadau ac Asesiadau Ariannol mai dull y Cyngor o ymdrin â'r camau disgresiwn sydd ar gael, oedd dilyn yr argymhellion yn Nhabl 4, paragraff 4.23 yr adroddiad.

Dyweddodd Aelod y dylai'r Cyngor lobio Llywodraeth Cymru am lefel uwch o gefnogaeth ariannol i'r Cynllun, oherwydd er bod hyn yn ddigonol mewn blynyddoedd a fu, nid dyna'r achos bellach, a bod diffyg rhwng y swm a ddarparwyd yn y setliad a swm y Gostyngiad mewn Treth Cyngor a roddwyd.

Cadarnhaodd y Rheolwr Grŵp – Cynllunio Ariannol a Rheoli'r Gyllideb bod yr arian a dderbyniwyd gan Lywodraeth Cymru ledled Cymru mewn gwirionedd yr un faint â'r hyn ddarparwyd mewn blynyddoedd blaenorol. Roedd y diffyg wedi cael mwy o effaith dros y blynyddoedd o ganlyniad i godiadau yn Nhreth y Cyngor.

**PENDERFYNWYD:**

Bod y Cyngor:-

- (1) Yn nodi Rheoliadau Cynlluniau Gostyngiadau'r Dreth Gyngor a Gofynion Rhagnodedig (Cymru) 2013, a'r rheoliadau a ddiwygiwyd 2014 hyd 2019.
- (2) Yn mabwysiadu Cynllun Gostyngiadau'r Dreth Gyngor 2019 – 2020, fel y nodir hynny ym mharagraffau 4.18 i 4.23 yr adroddiad.

**272. I DDERBYN Y CWESTIYNAU DILYNOL WRTH:**

**Cwestiwn gan y Cyngorydd M C Voisey i'r Aelod Cabinet dros Addysg ac Adfywio**

Yng nghylch diwethaf y gyllideb, dyrannwyd arian ar gyfer Gŵyl Ddysgu, ac i gymryd lle'r grant Gwisg Ysgol a dynnwyd gan Lywodraeth Cymru dan arweiniad Llafur. Rwy'n deall bod yr ŵyl ddysgu wedi bod yn llwyddiant ac wedi'i hariannu'i hun, a bod y Cynulliad wedi gwneud tro pedol ar y grant gwisg ysgol. Felly ni ddefnyddiwyd yr arian a gymrwyd oddi ar drethdalwyr ym Mhen-y-bont fel y bwriadwyd. Allwch chi gadarnhau sut ddefnyddiwyd yr arian, neu ble mae'r arian nawr?

**Ymateb**

Disgwylir i gyfanswm cost Gŵyl Ddysgu 2018 i Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr fod oddeutu £12k. Caiff hwn ei ariannu o'r £65k ychwanegol a gymeradwywyd gan y Cyngor i Ŵyl Ddysgu 2018 ar 28 Chwefror 2018 fel cost untro'n unig fel rhan o Strategaeth Ariannol Tymor Canolog y Cyngor 2018-2019 i 2021-2022.

Trosglwyddwyd y £53k na chafodd ei wario i'r Gyllideb Gorfforaethol yng Nghyfnod 9. Ar gyfer 2018-2019, defnyddir hwn i sefydlu unrhyw arian wrth gefn sydd ei angen ar ddiwedd y flwyddyn ar gyfer costau untro na'u rhagwelir yn 2019-2020. Ar gyfer 2019-2020, bydd yn cyfrannu at y gyllideb costau corfforaethol i ymdrin ag unrhyw gostau na ellir eu hosgoi yn y flwyddyn honno.

O ran yr arian a ddyrannwyd i gymryd lle Grant Gwisg Ysgol Llywodraeth Cymru, mae hwnnw hefyd wedi'i adfachu'n gorfforaethol a bydd hefyd yn cael ei ddefnyddio i sefydlu arian wrth gefn ar ddiwedd y flwyddyn. Ar gyfer 2019-2020, mae'r swm hwn wedi'i gynnwys yn y Strategaeth Ariannol Tymor Canolog fel darpar ostyngiad yn y gyllideb."

**Cwestiwn atodol gan y Cynghorydd M C Voisey (i'r Aelod Cabinet dros Gymunedau)**

A fyddai'r Cabinet yn ystyried defnyddio'r arian na chafodd ei wario fel yr amlinellwyd uchod, i gadw rhai cyfleusterau cyhoeddus o fewn y Fwrdeistref Sirol ar agor, sef rhai sydd naill ai wedi'u cau neu sy'n debygol o gael eu cau.

**Ymateb**

Nid yw hynny'n bosibl gan fod yr arian hwn bellach wedi cael ei ddyrannu i'r Gyfarwyddiaeth Addysg a Chefnogi Teuluoedd er mwyn negyddu gorwariant o fewn y Gyfarwyddiaeth honno yn ystod y flwyddyn ariannol bresennol. Ychwanegodd y Prif Weithredwr Dros Dro bod unrhyw danwariant sy'n digwydd mewn unrhyw Gyfarwyddiaeth mewn blwyddyn ariannol fel rheol yn cael ei roi i gyllideb Gorfforaethol y Cyngor ar gyfer y flwyddyn ariannol ddilynol, yn hytrach na chael ei ail-ddyrannu i'r Gyfarwyddiaeth lle digwyddodd y tanwario yn y lle cyntaf.

**Cwestiwn gan y Cynghorydd T Thomas i'r Aelod Cabinet dros Gymunedau**

Gan fod cynnig yn galw am i'r Fwrdeistref Sirol fynd yn 'ddi-blastig' ym mis Gorffennaf 2018, a wnaiff yr Aelod Cabinet egluro pa gynnydd y mae'r awdurdod hwn wedi'i wneud wrth leihau ei ddefnydd plastig na ellir ei ailgylchu 6 mis ymlaen o'r cynnig gwreiddiol?

**Ymateb**

Gwnaed y cynnig di-blastig y cyfeirir ato yn Ebrill 2018, ond ni chafodd ei gymeradwyo ar y pryd; fodd bynnag, cyfeiriwyd y cynnig i gael ei ystyried mewn cyfarfod o Bwyllgor Trosolwg a Chraffu 3 yng Ngorffennaf 2018.

Ers hynny, rydym wedi cymryd camau positif at annog lleihad yn y defnydd o blastig a gwastraff pecynnu arall. Mewn cydweithrediad â Chadwch Gymru'n Daclus a Chyngor Tref Porthcawl (gan obeithio y bydd yr holl gynghorau tref yn dilyn), rydym yn ariannu ymgyrch addysg gydag ysgolion y fwrdeistref. Mae'r ymgyrch yn cynnwys "her cinio diwastraff" i blant ysgol a rhieni, a'r syniad yw cael cinio sy'n osgoi defnyddio pecynnau plastig a ddefnyddir unwaith yn unig, gyda diodydd mewn poteli y gellir eu hail-lenwi a bwyd mewn bocs Tupperware priodol y gellir eto ei ail-ddefnyddio. Mae'r rhaglen

ymgysylltu hon hefyd yn annog busnesau lleol i wastraffu llai, osgoi plastig a ddefnyddir unwaith lle bo hynny'n ymarferol, a rhoi sticer yn eu ffenestri i ddangos eu bod yn cefnogi'r fenter amgylcheddol hon.

Mae'n amlwg y byddai angen dipyn o adnoddau i ddadansoddi'n llawn holl drafodion caffael yr awdurdod sy'n golygu prynu eitem blastig a ddefnyddir unwaith yn unig, neu eitemau gyda chydrannau plastig a ddefnyddir unwaith yn unig ac i weld a fyddai modd canfod eitemau mwy cyfeillgar i'r amgylchedd a rhai fyddai'n ddilys yn economaidd yn lle'r hyn a ddefnyddir ar hyn o bryd. O gofio'r pwysau ariannol presennol, nid ydym wedi gallu dilyn hyn ymhellach. Fodd bynnag, rydym wedi cymryd camau syml yn y mwyafrif o'r adrannau o fewn amgylchedd swyddfeydd y Cyngor. Nid ydynt yn prynu cwpanau neu lwyau plastig bellach, na pheynnau llaeth, a defnyddir coffi, llaeth a siwgr rhydd mewn cyfarfodydd lle mae'n rhaid cael lluniaeth. Ar noson cyfrif pleidleisiau etholiadau, defnyddiwyd pecynnau llaeth yn y gorffennol, ond defnyddir cartonau/poteli mawr o laeth nawr, a llwyau sbatwla pren. Er bod osgoi defnyddio plastig diangen yn rhywbeth i'w gymeradwyo, ynghyd ag ail-ddefnyddio eitemau, mae'n bwysig nad ydym yn difrio plastig fel deunydd, a'n bod yn gwneud penderfyniadau doeth. Mae defnyddio pecynnau plastig i gadw bwyd yn ffres yn gallu arwain at fanteision amgylcheddol sylweddol. Un enghraifft yw'r defnydd o becynnau llaeth hir oes; mewn amgylchedd o ddefnydd anghyson ac amrywiol, gallai'r rhain fod yn fwy cyfeillgar i'r amgylchedd nag agor cynwysyddion mwy o faint ac wedyn gwastraffu llawer iawn o laeth ffres. Yr hyn sy'n hanfodol bwysig yw defnyddio plastig yn ddoeth pan ellid cyfiawnhau ei ddefnyddio, ynghyd â'i ail-gylchu'n ddoeth, er mwyn sicrhau nad yw'n dod yn rhan o broblem llygru'r moroedd.

Mae Cyngor Pen-y-bont ar Ogwr yn parhau i fod ar flaen y gad pan ddaw'n fater o ailgylchu plastig yng Nghymru; mae'n casglu plastig drwy'r gwasanaeth ail-gylchu wythnosol sef 2109 tunnell o blastig bob blwyddyn o'r stepen drws. Lle na ellir ail-gylchu deunyddiau plastig wrth y stepen drws fel plastig caled (h.y. dodrefn yr ardd, teganau plant), darperir canolfannau ail-gylchu ar safleoedd y Canolfannau Ail-gylchu Cymunedol. Mae hynny'n golygu bod 1197 tunnell bellach o blastig y flwyddyn yn cael ei ail-gylchu."

### **Cwestiwn atodol gan y Cynghorydd T Thomas i'r Aelod Cabinet dros Gymunedau**

Mae'n dda gen i nodi'r prosiect peilot uchod gyda Cadwch Gymru'n Daclus a Chyngor Tref Porthcawl, gyda'r nod o leihau'r defnydd o blastig a gwastraff pecynnu arall, yn enwedig mewn ysgolion. Sut ellid sicrhau bod Aelodau'n cael y wybodaeth ddiweddaraf am ddatblygiadau ynghylch prosiectau fel hyn, ac unrhyw brosiectau yn y dyfodol sydd â'r un nodau ac amcanion?

### **Ymateb**

Drwy adroddiadau gaiff eu cyflwyno i'r Cabinet (mae holl Aelodau nawr yn derbyn copi electronig o'r agenda/adroddiadau i'r cyfarfod hwn) neu drwy ofyn iddo e'n bersonol.

Ychwanegodd yr Aelod Cabinet dros Addysg ac Adfywio, bod croeso hefyd i unrhyw Aelod ymweld ag ysgolion gydag ef, i weld yn uniongyrchol y gwaith rhagorol a wnaed ganddynt yn nhermau ail-gylchu. Ychwanegodd ymhellach mai'r Ysgolion Cynradd sy'n arwain y ffordd yn hyn o beth.

### **Ail Gwestiwn atodol gan y Cynghorydd K Watts i'r Aelod Cabinet dros Gymunedau**

Rwy'n falch clywed gan y Dirprwy Arweinydd a'r Aelod Cabinet dros Gymunedau am y gwaith da sy'n cael ei wneud gan ein Harwyr Sbwriel a'n timau Glanhau Strydoedd. Fodd bynnag, rwyf wedi sylwi bod llawer o sbwriel yn cael ei ollwng mewn cloddiau, yn y glaswellt ar hyd ochrau ffyrdd ac ar briffyrdd ledled ein Bwrdeistref Sirol. Pa waith sy'n cael ei wneud i rwystro hynny rhag digwydd yn y manau hynny, yn enwedig y ffyrdd sy'n cysylltu ein prif drefi.



### **Ymateb**

Gwnaf drafod hyn ar ôl y cyfarfod gyda Swyddogion yn ein timau Gorfodi Sbwriel.

### **Cwestiwn gan y Cynghorydd A Hussain i'r Aelod Cabinet dros Wasanaethau Cymdeithasol a Chymorth Cynnar**

Yn draddodiadol, dylai awdurdodau lleol fod â chyllideb i brynu offer cynorthwyol os mae'n cefnogi rhywun i fyw bywyd annibynnol a llawn. Byddem yn dymuno gweld hyn yn parhau. Mewn nifer o awdurdodau, rydym ni'n clywed am ryw fath o brawf modd anffurfiol lle mae'r person sy'n asesu yn ceisio canfod a allai rhywun dalu am yr offer eu hunain. Mae hyn yn llawn anawsterau, ac rwy'n gobeithio na fydd Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn ceisio gwneud hyn.

A all yr Aelod Cabinet roi gwybod i'r Cyngor sut mae'r Gwasanaeth Teleofal yn cael ei ddarparu i breswylwyr yn y Sir a faint fydd yr arbedion tybiedig i'r Cyngor?

### **Ymateb**

Mae Teleofal yn defnyddio technoleg fel ffordd o reoli risgiau i annibyniaeth, i fonitro ac ymateb i argyfyngau wrth iddynt ddigwydd, ac i gefnogi newidiadau i ffordd o fyw dros amser. Bwriedir i'r Gwasanaeth Teleofal gynnal a chynyddu annibyniaeth unigolion yn eu cartrefi fel nad ydynt yn dibynnu cymaint ar wasanaethau. Mae hyn yn cefnogi blaenoriaeth gorfforaethol y Cyngor o helpu pobl i fod yn fwy hunangynhaliol a defnyddio adnoddau'n fwy medrus. Mae'r gwasanaeth hwn hefyd yn cynorthwyo pobl wrth iddynt adael yr ysbyty.

Mae Teleofal yn defnyddio technoleg ddiwifr sy'n cysylltu synwryddion Teleofal drwy uned larwm gymunedol yn y tŷ â chanolfan fonitro ganolog. Mae'r synwryddion hyn yn gallu anfon neges i'r ganolfan fonitro, heb fod angen i'r defnyddiwr alw am gymorth, drwy bwysu botwm ar fwclis. Mae'r ystod o synwryddion Teleofal medrus ac anymwithiol yn cynnwys synwryddion gyda'n gweithio'n ddiwifr gan gynnwys synwryddion mwg, llifogydd, tymereddau eithafol, cwympiadau a faint o amser a dreulir mewn cadair/gwely. Mae'r rhain i gyd yn gweithio o fewn y cartref ac yn cynnig ffordd gynhwysfawr o reoli risg i berson iechyd ac amgylchedd y cartref, 24 awr y dydd, 7 dydd yr wythnos.

Mae offer Teleofal wedi dod yn rhan o'r ystod eang o wasanaethau offer yn y gymuned sydd bellach ar gael. Mae Teleofal yn helpu:

- Cynyddu annibyniaeth a dewis i ddefnyddwyr y gwasanaeth
- Rhoi cymorth, seibiant a thawelwch meddwl effeithiol i ofalwyr
- Cynyddu'r capasiti ar gyfer cadw pobl yn eu cartrefi
- Cymorth i reoli risg yn y cartref
- Rhwystro rhai rhag gorfod mynd i ysbyty a helpu eraill i adael ysbyty'n brydlon
- Gohirio'r amser y bydd yn rhaid defnyddio gwasanaethau gofal preswyl neu ofal nyrso
- Cefnogi gwasanaethau Gofal Tymor Byr a Gofal yn y Cartref

Roedd Llywodraeth Cynulliad Cymru ynghynt wedi rhoi blaenoriaeth i ddatblygiad gwasanaethau Teleofal ledled Cymru. Roedd y Papur Gwasanaethau Cymdeithasol 'Strategaeth ar gyfer Gwasanaethau Cymdeithasol yng Nghymru dros y degawd nesaf: Bywydau Bodlon, Cymunedau Cefnogol' 2006 yn argymhell datblygu gwasanaethau Teleofal yn benodol er mwyn hyrwyddo annibyniaeth a chefnogi mwy o ofal yn y cartref na gofal preswyl. Yn 2008, gosododd Pen-y-bont ar Ogwr darged anffurfiol o 500 o ddefnyddwyr newydd erbyn Mawrth 2019. Yn 2019, 10 mlynedd yn ddiweddarach, mae gennym 2634 o unigolion sy'n defnyddio gwasanaethau Teleofal.

Mae Tîm Ymateb Symudol yn rhywbeth arall sy'n gwella'r gwasanaeth a gynigir. Hyd y gwyddom, Pen-y-bont oedd y Cyngor cyntaf yng Nghymru i gysylltu tîm o'r fath gyda Teleofal. Mae'r tîm hwn wedi'i gofrestru i ddarparu gofal personol ac mae'n gallu darparu cymorth cyflym i ddefnyddwyr gwasanaeth Teleofal. Mae'r tîm yn darparu gwasanaeth 24 awr, saith diwrnod yr wythnos, gan ddefnyddio cerbyd dyletswydd a ffôn symudol, ac yn cynnig cymorth cyflym drwy ymateb i alwadau drwy ganolfan larwm cymunedol.

Mae Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr wedi ymrwymo'n llawn at gynyddu'r defnydd o'r Gwasanaeth Teleofal; mae'n ystyried mai dyma un o'r ffyrdd allweddol o gefnogi pobl i deimlo'n fwy hyderus ac aros yn eu cartrefi yn hirach. Mae'r Tîm Ymateb Symudol yn rhoi sicrwydd pellach i'r rheiny sydd ei angen, neu'r sawl sydd heb deulu i ymateb i argyfwng all ddigwydd yn y cartref. Mae'r gwasanaeth wedi mwy na dyblu yn y 5 mlynedd diwethaf, gyda dros 2,400 o unigolion bellach yn derbyn y gwasanaeth. Ar hyn o bryd, mae gennym gyllideb o £380k i ariannu offer Teleofal, ei osod, ei gynnal a'i gadw a'i fonitro, ac nid oes unrhyw gynigion o fewn y Strategaeth Ariannol Tymor Canolig i dorri'r gyllideb hon.

Caiff yr holl ffioedd ar gyfer ymateb symudol eu cyfrifo yn unol â Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) 2014 (Codi Ffioedd ac Asesiadau Ariannol); ar hyn o bryd, ni fydd yr un person yn talu mwy na £80 yr wythnos am wasanaeth gofal nad ydyw'n wasanaeth preswyl. Felly, bydd unigolion gyda llai o incwm gwario yn derbyn gwasanaethau am gost is, neu hyd yn oed am ddim, sy'n debyg i ffioedd am wasanaethau cymdeithasol eraill.

Yn unol â chytundebau unigol, cyflwynir ffioedd yn ystod 2019 am offer sydd wedi'i golli neu offer newydd i gymryd lle hen offer; dyma un o'r cynigion a nodir yn 2019/20 i gynhyrchu mwy o incwm. Rhagwelir y bydd hyn yn cynyddu incwm o £150k yn ystod 2019/20.

### **Cwestiwn atodol gan y Cynghorydd Altaf Hussain i'r Aelod Cabinet dros Wasanaethau Cymdeithasol a Chymorth Cynnar**

Profwyd yn genedlaethol bod technoleg byw â chymorth yn gwella canlyniadau ac yn lleihau costau gofal cymdeithasol. A allai'r Aelod Cabinet hysbysu'r Cyngor o unrhyw dystiolaeth i ddangos bod angen llai o ofal ar ein cleientiaid, ac o'r arbedion a sicraodd y cyngor ers dechrau defnyddio'r dechnoleg yn 2008. Hefyd, o ystyried y manteision a'r arbedion – pam na allwn ni ddarparu'r dechnoleg hon yn rhad ac am ddim i holl drigolion haeddiannol ein Sir?

#### **Ymateb**

Byddwn yn ymchwilio'r ateb i'r cwestiwn hwn a chaiff yr ateb hwnnw i roi tu allan i'r cyfarfod.

Ychwanegodd yr Arweinydd bod tua 2,500 o drigolion yn derbyn Teleofal o'r Cyngor, a bod hyn yn eu helpu'n fawr i gynnal eu hannibyniaeth yn eu cartrefi.

Ychwanegodd y Cyfarwyddwr Corfforaethol – Gwasanaethau Cymdeithasol a Llesiant, bod mwy o bobl yn agored i niwed yn byw gartref ar hyn o bryd ac y byddent yn y gorffennol wedi bod yn byw mewn gofal preswyl, gan gynnwys rhai o'r achosion mwyaf cymhleth, oedd yn hanesyddol wedi rhoi pwysau enfawr ar yr Awdurdod a'i bartneriaid. Mae rhai o'r achosion hyn yn gymhleth iawn eu natur. Adleisiodd sylwadau'r Arweinydd, gan nodi bod Teleofal yn wasanaeth cefnogi amhrisiadwy sy'n helpu i atal unigolion rhag mynd i sefydliad gofal hirdymor.

273. **MATERION BRYS**

Nid oedd unrhyw faterion brys.

274. **GWAHARDD Y CYHOEDD**

**PENDERFYNWYD:** O dan Adran 100A (4) o Ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywiad) (Cymru) 2007, y dylid gwahardd y cyhoedd o'r cyfarfod yn ystod ystyriaeth o'r eitem fusnes ganlynol gan ei bod yn cynnwys gwybodaeth eithriedig fel y diffinnir ym Mharagraff 12 o Ran 4 a Pharagraff 21 o Ran 5 Atodlen 12A o Ddeddf Llywodraeth Leol 1972, fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywiad) (Cymru) 2007.

Yn dilyn gweithrediad prawf lles y cyhoedd wrth ystyried yr eitem hon, penderfynwyd, yn unol â'r Ddeddf y cyfeirir ati uchod, ei bod yn cael ei hystyried yn breifat, a gwaharddwyd y cyhoedd o'r cyfarfod gan y byddai'n golygu datgelu gwybodaeth iddynt sydd wedi'i heithrio o'r natur a nodwyd uchod.

275. **CYMERADWYAETH COFNODION WEDI'U HEITHRIO**

**PENDERFYNWYD:** Y dylid cymeradwyo Cofnodion wedi'u Heithrio cyfarfod y Cyngor ar 19 Rhagfyr 2019, fel cofnod gwir a chywir.

Daeth y cyfarfod i ben am 16:40

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

20 FEBRUARY 2019

#### REPORT OF THE INTERIM CHIEF EXECUTIVE

#### CORPORATE PLAN 2018-2022 REVIEWED FOR 2019-20

#### 1. PURPOSE OF REPORT

- 1.1 To seek Council approval of the Corporate Plan 2018-2022 (**Appendix A**).

#### 2. CONNECTION TO CORPORATE IMPROVEMENT PLAN / OTHER 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.

#### 3. BACKGROUND

- 3.1 The Council has a duty to set well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and to set improvement objectives under the Local Government (Wales) Measure 2009.
- 3.2 The Council's current Corporate Plan covers 2018-2022. It sets out three corporate well-being objectives (improvement objectives) as set out in 2.1, based on the extensive public consultation known as 'Shaping Bridgend's Future', undertaken in 2015.

#### 4. CURRENT SITUATION / PROPOSAL

- 4.1 The current Corporate Plan has been reviewed for 2019-20. The review has focused mainly on updating the Council's commitments and success measures for 2019-20. The Council's vision, values and principles remain unchanged.
- 4.2 In reviewing this Plan, the Council further developed its well-being objectives against the Well-being of Future Generations (Wales) Act 2015. The revised Corporate Plan aims to balance the use of resources to support the achievement of the Council's well-being objectives and statutory duties, including the management of financial pressures.

- 4.3 The three well-being objectives are both the Council's improvement objectives under the Local Government (Wales) Measure 2009 and well-being objectives under the Well-being of Future Generations (Wales) Act 2015. The Well-being Statement, required by the Act, is embedded into the Plan. The commitments are the steps the Council will take to deliver the integrated improvement and well-being objectives in 2019-20. The Corporate Plan also sets out how the objectives contribute towards the seven national well-being goals.
- 4.4 The success measures for each aim have been identified to ensure they support and drive forward our sustainability principles. Where new indicators have been identified, wherever possible, indicative targets have been set.
- 4.5 On 14 January 2019, the Corporate Overview and Scrutiny Committee considered the revised Plan. The Committee made a series of constructive comments for amendment and inclusion. All the comments have been duly considered and, wherever feasible, appropriate amendments made to the draft Plan.
- 4.6 On 12<sup>th</sup> February 2019 Cabinet considered the Corporate Plan 2018-2022 revised for 2019-20.
- 4.6 The Plan will be reviewed annually to take into account changing circumstances and progress made against the well-being objectives and to ensure that the requirements of Local Government (Wales) Measure 2009 and the Well-being of Future Generations (Wales) Act 2015 are met.
- 4.7 Once approved, the Plan will replace the current Corporate Plan. The delivery of the plan will be supported by the MTFs, Directorate business plans and service plans. It will be monitored through the Corporate Performance Assessment process, Directorate management team meetings and the Corporate Overview Scrutiny Committee.

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

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

## **6. EQUALITY IMPACT ASSESSMENT**

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

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

- 7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of the Council. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives. A Well-being of Future Generations Assessment will be undertaken on proposed individual projects and activities to meet the Council's three well-being objectives and will feed into specific reports to Cabinet or Council.
- 7.2 A well-being of Future Generations Assessment on the impact of the Corporate Plan has been completed (**Appendix B**).

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no specific financial implications in this report. Financial implications in the delivery of the Council's Corporate Plan and its three well-being objectives are set out in the Medium Term Financial Strategy 2019-20 to 2022-23.

## **9. RECOMMENDATION**

- 9.1 That Council approves and adopts the Corporate Plan 2018-2022 reviewed for 2019-20.

**Mark Shephard, Interim Chief Executive**

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

### **Background Documents**

Medium Term Financial Strategy 2019-20 to 2022-23

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**One Council Working Together To Improve Lives**

**Corporate Plan 2018-2022 reviewed for 2019-2020**

# Introduction

## Welcome to the Council's revised corporate plan for 2019-20.

The Council delivers, or enables, many hundreds of services across all the diverse communities within the county of Bridgend. This corporate plan in no way attempts to include every service that the Council delivers or will deliver in the coming years.

What it does do is set out our well-being objectives; the long-term outcomes that we want to achieve for the County and for the people we are privileged to serve. We want to contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

Public services, and local councils in particular, are part way through a sustained period of austerity and we are no exception. We have experienced year-on-year reductions in funding at a time of ongoing cost inflation, increased demand and need amongst parts of our community and new, and often unfunded, statutory responsibilities. Against this backdrop we have to be honest with our communities and partners in saying that the Council can no longer deliver all of the services it once did nor always to the same level or quality as in previous years. However, we remain committed to making best use of our resources, to supporting and protecting the most vulnerable in our communities and building an economically sound county that meets the needs of our citizens in the future.

In reviewing this plan for 2019-20, we have further developed our well-being objectives, aims and targets and introduced a raft of new indicators. To better focus on meeting our objectives, we have simplified our aims, removing those we regard as 'business as usual' and developed new measures that support and drive forward our sustainability principles.

Details of our progress can be found on our Annual Report. Our previous annual reports are available on [www.bridgend.gov.uk](http://www.bridgend.gov.uk).

We welcome your views on this plan. You can give your feedback through:



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



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



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



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



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



Or by writing to Corporate Performance Team, Bridgend County Borough Council,  
Civic Offices, Angel Street, Bridgend CF31 4WB



Councillor Huw David  
Leader of the Council



Mark Shephard  
Interim Chief Executive

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## Section 1: our Vision

“ One council working together to improve lives ”

## Section 2: our Principles & Values

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

Within these principles, we have embedded the principle of Sustainable Development, aligned to the five ways of working, as expressed in the Well-being of Future Generations (Wales) Act 2015.

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

**Our values** that represent what we stand for and shape how we work:

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

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

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

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

# Section 3: a snapshot of Bridgend County

## In Numbers



Population	144,300
Size	98.5 square miles
Households	61,484
Average House Price	£149,212 (UK HPI: June 2018)
Businesses	4,085
People in Employment	71.6% (June 2018)
Average resident salary	£26,624 (Welsh average £26,306)

## Education

Infant	2
Junior	1
Primary schools	40
Secondary schools	8
Church Schools	6
Special Schools	2
Alternative Provision	1

## Representation

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

## Leisure and Well-being

Life Centres	5
Swimming Pools	5
Sports Centres	8
Library services	11

## Social Care

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

## Homelessness

Homeless hostels	2
Domestic abuse refuges	2
Rough sleepers provision	1
Supported and temporary accommodation schemes	6

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



## Total Council Income (2019-20)



Council Tax	£79.002m
Non-Domestic Rates	£46.452m
Revenue Support Grant (Welsh Government)	£145.354m
Other funding	£149.262m
Total Gross Income	£420.070m

We have **4,400** full-time equivalent staff providing services that include:

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

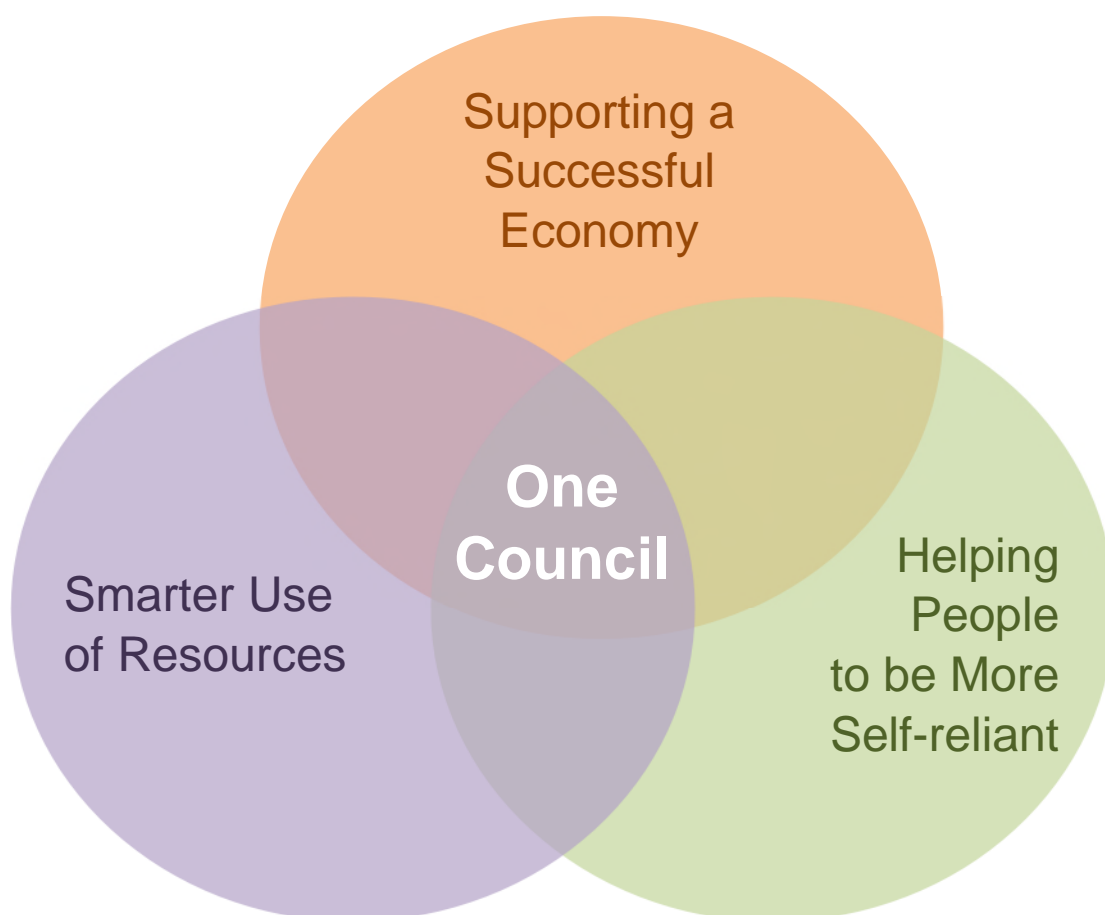
## Section 4: our Well-Being Objectives

Amongst the pressures arising from increased demand and reduced resources, we will keep a clear focus on what are priorities for our communities in Bridgend and in Wales, both for now and in the future.

This document sets out clearly a small set of important and long-term priorities. These three priorities are our well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and set out our contributions towards the meeting the Act's seven national goals.

They are also our improvement objectives under the Local Government (Wales) Measure 2009.

Our well-being objectives are:



This plan sets out why they are our well-being objectives and outlines how we intend to make progress on them.

Details on how we have already made progress towards these objectives can be found in our Annual Report.

# Well-being Objective 1:

## Supporting a Successful Economy

This means we will take 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.

### Our Well-being Aims

- To support local people develop skills and take advantage of opportunities to succeed.
- To create conditions for growth and enterprise.
- To create successful communities.

### Why these are important

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

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

As part of the green economy, the Council continues to work towards a low-carbon economy through our low carbon heat schemes in Bridgend Town and in the Llynfi valley.

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

### Our Key Programmes to support this well-being objective

- City Deal – The Council and its neighbouring South East Wales Councils have secured this capital programme from the UK and Welsh Government. The £1.28 billion Cardiff Capital Region programme will deliver a range of programmes that will increase connectivity, improve physical and digital infrastructure as well as regional business governance over the next 10-15 years. The Deal is projected to deliver 25,000 extra jobs across the region.
- Strategic Review of Post-16 Education and Training – this programme evaluates post-16 education provision and curriculum delivery to ensure that there are clear options available to provide the best possible opportunities for learners in the county borough.
- Successful Economy Programme – this programme consists of key regeneration and local development schemes across the county. In Porthcawl, this includes the initial phases of the development of Salt Lake car park, marketing the land earmarked for the retail store and investing the capital receipt in future phases of regeneration such as the redevelopment of

Hillsboro Place car park and the necessary flood defences along the eastern promenade. Other schemes include redevelopment in Bridgend, transforming Maesteg Town Hall into an arts and cultural hub.

In addition, we will maximise the opportunities from other regeneration funding strategies and programmes, including delivering real change in the valleys through the Valleys Taskforce and will lobby for transformative projects such as the Pencoed rail crossing.

- The alignment of Welsh Government Grants supports Bridgend Council’s ‘One Vision’ approach and provides the foundation for a strategic approach to our Early Intervention, Prevention and Support agenda. We will focus on improving outcomes for people who live complex lives by planning, commissioning and delivering better integrated services and support, by reducing duplication and by improving the inter-relationships between them.

## Who will help us?

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

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

To support local people develop skills and take advantage of opportunities to succeed we will	To create a Wales that is:
Continue to work with the Cardiff Capital Regional Skills and Employment Board, and with BCBC led local projects, to shape employment opportunities and develop a skilled workforce to meet future needs. This includes delivering high quality apprenticeships for all ages.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ More Equal</li> </ul>
Work with the Welsh Government Valleys Taskforce to maximise opportunities for investment in our valleys to increase economic prosperity. (The Valleys Taskforce is a Welsh Government initiative that aims to deliver economic change in the South Wales Valleys by creating good quality jobs and helping people access skills).	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>
Work with individuals and families who are unemployed, economically inactive, experiencing in-work poverty, face barriers to work or are in or at risk of poverty, to improve their job opportunities.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ More Equal</li> </ul>
Work with partners and communities to develop a tackling poverty strategy and better align our anti-poverty efforts to target areas where there is an increasing proportion of workless households with children.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ Healthier</li> <li>✓ More Equal</li> </ul>
Work with schools to close the gap in educational attainments for pupils eligible for free school meals and those who are not and improve learner outcomes for other vulnerable groups including looked after children and young carers.	<ul style="list-style-type: none"> <li>✓ Resilient</li> <li>✓ More Equal</li> </ul>
Progress the development of strategies to assist young people who are more able and talented than their peers to help them reach their full potential.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>
Complete the review and consultation into the Strategic Review of Post-16 Education and Training by the end of March 2020.	<ul style="list-style-type: none"> <li>✓ Resilient</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Support the development of the coding skills of our young people through the rollout of the Digital Competence Framework to all our schools by March 2020.	<ul style="list-style-type: none"> <li>✓ Resilient</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>



To create conditions for growth and enterprise we will	To create a Wales that is
Deliver the Porthcawl Resort Investment Focus Programme to grow the value of tourism in the economy, increase employment and business opportunities, and support a range of cultural, sporting and business events.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Cohesive</li> <li>✓ Vibrant Culture and Language</li> </ul>
Contribute to the development of the business plan and specific regional projects for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>
Support the Bridgend Business Forum with the delivery of its development plan and its programme of events for 2018-2019.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>
Continue to progress the development of low carbon Heat Schemes in the Llynfi Valley (Caerau) and Bridgend Town, and developing the business case for the innovative Heat Scheme to draw on a natural underground heat source to heat homes.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>
Undertake a full review and develop a new Local Development Plan (LDP).	<ul style="list-style-type: none"> <li>✓ Globally Responsible</li> <li>✓ Prosperous</li> <li>✓ Resilient</li> </ul>

To create successful communities we will	To create a Wales that is:
Invest in our town centres to provide new facilities and enhance existing ones, and progressing a range of development schemes. These include progressing the range of development schemes in Porthcawl, Maesteg Town Hall and Enterprise Hubs to create new business workspace, seeking funding for a redevelopment programme for Bridgend Town Centre.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Cohesive</li> <li>✓ Vibrant Culture and Language</li> </ul>
Engage with the owners to address the issues of long-term empty properties.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ Cohesive</li> </ul>

## How will we know we are successful?

### To help local people develop skills and take advantage of opportunities to succeed

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The percentage of working age population that is in employment [higher preferred]	71.3%	71.4%	Increase on 2018-19 actual
The percentage of economically active 16 - 64 year olds [higher preferred]	New indicator for 2018 -19	73.2%	Maintain 2018-19 actual
The number of apprentices employed across the organisation [higher preferred]	31	17	25

The number of apprenticeships taken by looked after children [higher preferred]	0	1	1
The percentage of Year 11 leavers from schools in the Authority identified as not being in education, employment or training (NEETs) in the Careers Wales Annual Destination Survey Statistics [lower preferred]	1.7%	1.5%	1.3%
The percentage of all care leavers who are in education, training or employment at a)12 months b)24 months after leaving care [higher preferred]	a) 60.5% b) 46.7%	a) 60% b) 60%	a) 60% b) 60%
The percentage of 16 - 64 year olds without qualifications [lower preferred]	11.3%	N/A	<11.3%
The percentage of schools meeting the Learning & Skills Measure in terms of the subject offer at Key Stage 4 & Post 16 [higher preferred]	100%	100%	100%
The number of participants in the Employability Bridgend programme going into employment [higher preferred]	N/A	New indicator for 2019-20	Establish Baseline
Gross Value Added (GVA) per head [higher preferred: data published one year in arrears]	N/A	New indicator for 2019-20	Increase 2017-18 actual

### To create conditions for growth and enterprise

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
Total annual expenditure by tourists [higher preferred]	£344.2m	£351.1m	Above 2018-19 actual
The number of business start-ups [higher preferred]	New indicator for 2018 -19	536	Above 2018-19 actual
The number of active businesses [higher preferred]	4,085	4,086	Above 2018-19 actual
The percentage occupancy of council owned starter units [higher preferred]	New indicator for 2018 -19	90%	Maintain 2018-19 actual

## To create successful communities

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The number of visitors to town centres footfall for : a) Bridgend b) Porthcawl. [higher preferred]	a) 7.1m b) 2.6m	a) 7.3m b) 2.6m	a) 7.2m b) 2.5m
The number of vacant premises in town centres a) Bridgend b) Maesteg c) Porthcawl d) Pencoed [lower preferred]	a) 66 b) 9 c) 10 d) N/A	a) 66 b) 9 c) 10 d) 6	a) 66 b) 9 c) 10 d) 6
The financial value of externally funded town centre regeneration projects underway/in development [higher preferred]	£21.25m	£15m	£13m

## Well-being Objective 2

### Helping people to be more self-reliant

This means we will work with our partners, including the people who use our services and carers, to take steps early to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. We will support individuals and communities to build resilience, and enable them to develop solutions to meet needs and enjoy independent life as much as they can.

#### Our well-being aims

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

#### Why these are important

Providing the right information, advice and assistance at an early stage can help individuals and helps families to stay together. We know that both adults and children benefit from a secure supportive family environment. Supporting individuals and families to thrive makes it less likely that their situation will deteriorate and that they will become dependent on council services.

This approach is sustainable economically and promotes positive social and personal outcomes. We are committed to providing good information, advice and assistance to the citizens of the county borough so that they are better equipped to manage situations themselves and the council services can concentrate on those in greatest need.

Consultation, participation and co-development are key to creating a future of sustainable services, particularly during this period of increasing demand and decreasing resources. Working with our service users helps us to better target services where they have most effect. By building on our track record of working with the third sector, the not-for-profit and private sectors, we can support communities to develop their own approaches to local issues and meet people's needs locally.

#### Our Key Programmes to support this well-being objective

- Remodelling Social Care
  - We will continue with this large programme of recommissioning adult home care, developing extra care, and information and advice services for people and their carers.
  - Working with partners, we are implementing a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns.
  - We are implementing new models of residential care for children and young people in order to make them more flexible and effective.
- We are driving forward our campaign to recruit more foster carers to care for children and young people with wide ranging needs.
- We are supporting community led initiatives through our Active Bridgend plan.
- We are working with partners to develop community health and well-being centres.

- Community Asset Transfer – We will transfer assets to communities to manage sustainably while making the most of the assets we retain.

## Who will help us?

People in receipt of services, carers and their families, citizens of Bridgend; regional partners; Public Services Board partners; the third sector and private sectors.

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

To give people more choice and control over what support they receive by providing early access to advice and information we will	To create a Wales that is:
Continue to improve the ways in which the Council provides good information, advice and assistance to the public, including increasing the support available through local community coordinators.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Healthier</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Continue to involve service users, carers and communities in developing and commissioning services.	<ul style="list-style-type: none"> <li>✓ Globally Responsible</li> <li>✓ Prosperous</li> <li>✓ Healthier</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>

To reduce demand through targeted early help and intervention programmes we will	To create a Wales that is:
Support the development of a new generation of community health and well-being centres for our residents with health partners.	<ul style="list-style-type: none"> <li>✓ Healthier</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Establish a new model of residential provision for looked after children and young people and seek the best ways of meeting their individual needs including support beyond the age of 18 by offering specialist accommodation.	<ul style="list-style-type: none"> <li>✓ Healthier</li> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Finalise a transition service model to help disabled children move smoothly into adulthood.	<ul style="list-style-type: none"> <li>✓ More Equal</li> </ul>
Work with households and partners to help prevent homelessness.	<ul style="list-style-type: none"> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Support care leavers to secure appropriate accommodation.	<ul style="list-style-type: none"> <li>✓ More Equal</li> <li>✓ Cohesive</li> </ul>
Work with owners of empty properties to turn empty properties into homes to help increase the supply of homes for rent and sale.	<ul style="list-style-type: none"> <li>✓ Healthier</li> <li>✓ Cohesive</li> </ul>
Increase engagement of partners, including schools, in the use of the Joint Assessment Family Framework (JAFF) and Team Around the Family (TAF) processes, which aim to ensure early identification of needs and delivery of support for children and families.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ Healthier</li> <li>✓ More Equal</li> </ul>
By following our “One Council” principle, ensure that all services available work better together to provide vulnerable children with seamless support when needed and prevent them from becoming looked after.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ Healthier</li> <li>✓ More Equal</li> </ul>

To work in partnership with the third sector, town and community councils and community groups to build community resilience we will	To create a Wales that is:
Work with partners and the third sector to strengthen communities and identify the best way of providing services locally.	<ul style="list-style-type: none"> <li>✓ Resilient</li> <li>✓ Cohesive</li> <li>✓ Vibrant Culture and Language</li> </ul>
Enable community groups and the third sector to have more voice and control over community assets.	<ul style="list-style-type: none"> <li>✓ Prosperous</li> <li>✓ Resilient</li> <li>✓ Cohesive</li> <li>✓ Vibrant Culture and Language</li> </ul>

## How will we know we are successful?

To give people more choice and control over what support they receive by providing early access to advice and information

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The percentage of a) adults and b) children who received advice and assistance from the information, advice and assistance service during the year [higher preferred]	a) 63.67% b) 71.35%	a) 50% b) 70%	a) 65% b) 75%
The percentage of people who are satisfied with the care and support they received a) Children aged 7-17 years b) Adults aged 18 years+ [higher preferred]	a) 84.09% b) 85.97%	a) 80% b) 80%	a) 85% b) 85%
The percentage of adults who completed a period of reablement and six months later have: a) a reduced package of care and support or b) no package of care and support [higher preferred]	a) 70.64% b) 58.27%	a) 62% b) 60%	a) 70% b) 60%
The number of people who have been diverted from mainstream services to help them remain independent for as long as possible [higher preferred]	973	400	1000

To reduce demand through targeted early help and intervention programmes

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The percentage of children supported to remain living within their family [higher preferred]	61.64%	65%	65%
The percentage of children who receive Connecting Families interventions during the year	95%	85%	85%

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
who remain out of the care system as at 31 March of that year [higher preferred]			
The percentage of completed TAF (Team Around the Family) support plans that close with a successful outcome [higher preferred]	74%	70%	72%
The percentage of looked after children on 31 March who have had three or more placements during the year [lower preferred]	10.94%	12%	12%
The percentage of individuals discussed at Transition Panel that have a transition plan in place by age of 16/17 [higher preferred]	100%	100%	100%
The percentage of people presenting as homeless or potentially homeless, for whom the local authority has a final legal duty to secure suitable accommodation [lower preferred]	9.42%	12.85%	11.85%
The percentage of households successfully prevented from becoming homeless	68.6%	75.17%	70%
The percentage of care leavers who have experienced homelessness during the year [lower preferred]	13.79%	<13%	<13%
The percentage of private sector dwellings that had been vacant for more than 6 months at 1 April that were returned to occupation during the year through direct action by the local authority [higher preferred]	3.48%	7.86%	5%
The number of dwellings created as a result of bringing empty properties back into use [higher preferred]	nil	5	5
The percentage of people who feel they are able to live more independently as a result of receiving an Disabled Facilities Grant in their home [higher preferred]	87.7%	75%	80%

To work in partnership with the third sector, town and community councils and community groups to build community resilience

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The number of adults who received a service provided through a social enterprise, cooperative, user-led service or third sector organisation during the year [higher preferred]	379	370	480
The number of Council owned assets transferred to the community for running [higher preferred]	nil	2	5

## Well-being objective 3: Smarter use of resources

This means we will ensure that all its resources (financial, physical, ecological, 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 well-being objectives.

### Our Well-being Aims

- To achieve the budget reductions identified in the Medium Term Financial Strategy.
- To improve the efficiency of and access to services by redesigning our systems and processes.
- To work collaboratively to make the most of public assets.
- To develop the culture and skills required to meet the needs of a changing organisation.

### Why these are important

The Council has made reductions of £30m from its budget over the last three years and we are expecting to make further reductions of some £30m over the next three years. We are running out of 'easy' options for budget savings, so big decisions will need to be made on what we will and will not provide as a council when the budget is set for the next financial year. We will also need to continue to find the best possible ways of working with partners to deliver frontline services while achieving these planned savings.

### Consultation

We undertook the annual 'Shaping Bridgend's Future' consultation with key stakeholders including a broad range of citizens of Bridgend County Borough, schools, BCBC cabinet members/councillors, local businesses, the third sector, council staff, town and community councils, partner organisations, community and equality groups, youth services/council and local media.

We asked respondents for their views on a range of budget proposals being considered. These included proposed increases to council tax and where to best focus our spending. The most popular areas were schools, care of older people and services for disabled people. Whilst we continue to take account of citizens' views, when prioritising our limited resources, the long-term future funding of local authorities remains challenging and we cannot compromise our ability to fulfil our statutory duties. We continue to work on reshaping some services to ensure Bridgend is able to rise to these challenges.

### Key Programmes to support this well-being objective

- Digital Transformation Programme – this programme aims to change the way we operate to enable customers to access information, advice and services on line.
- Rationalising the Council's estate – this programme is about disposing of council assets and transferring assets to communities to manage while making the most of the assets we retain.



- Schools' Modernisation Programme – this programme invests in a sustainable education system and in school buildings that reduce costs and their carbon footprint.

## Who will help us?

Employees; Schools; Contractors; Trade Unions

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

To achieve the budget reductions identified in the Medium Term Financial Strategy	To create a Wales that is:
Implement the planned budget reductions identified in the 2018-19 budget.	✓ Prosperous

To improve the efficiency of and access to services by redesigning our systems and processes we will	To create a Wales that is:
Deliver our digital transformation programme to enable citizens to use our online system to manage their council tax and housing benefit accounts and to deliver financial savings.	✓ Prosperous
Automate our most common internal processes to reduce transaction costs and streamline processes.	✓ Prosperous

To work collaboratively to make the most of public assets we will	To create a Wales that is:
Provide sufficient school places in the right area and in new and improved schools by delivering 21st Century Schools' under the Council's Schools' Modernisation Programme.	✓ Resilient ✓ Healthier ✓ Cohesive
Rationalise further the Council's administrative estate to ensure the Council operates from fewer core offices and reduces the number of leased properties for which we currently pay rent, by March 2020.	✓ Globally Responsible
Develop a more commercial approach to council assets and services.	✓ Prosperous ✓ Resilient
Ensure the Corporate Landlord structure is fully embedded to enable more coordinated and efficient management and maintenance of the Council's Property estate.	✓ Prosperous ✓ Resilient ✓ Healthier
Market the part of the Waterton site due to be partially vacated for housing development under the Parc Afon Ewenni scheme.	✓ Prosperous ✓ Resilient ✓ Healthier
Implement energy and carbon reduction measures and promote good practice in all our public buildings.	✓ Cohesive ✓ Globally Responsible ✓ Resilient
Review capital expenditure to ensure alignment with corporate objectives	✓ Prosperous ✓ Resilient

To develop the culture and skills required to meet the needs of a changing organisation we will	To create a Wales that is:
Support managers to lead staff through organisational change.	✓ Resilient
Provide the learning and development opportunities for staff to meet future service needs.	✓ Prosperous ✓ Resilient

Improve and promote mechanisms that increase responses to consultations.	<ul style="list-style-type: none"> <li>✓ Resilient</li> <li>✓ Cohesive</li> <li>✓ Vibrant</li> <li>Culture and Language</li> <li>✓ More Equal</li> </ul>
Develop the Council's ability to engage with the public through social media.	<ul style="list-style-type: none"> <li>✓ Cohesive</li> <li>✓ Resilient</li> <li>✓ More Equal</li> </ul>

## How will we know we are successful?

### To achieve the budget reductions identified in the Medium Term Financial Strategy

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The percentage of budget reductions achieved [higher preferred]	69%	100%	100%

### To improve the efficiency of and access to services by redesigning our systems and processes

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The number of services that are available to the public online [higher preferred]	Nil	5	3

### To work collaboratively to make the most of public assets

Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The percentage of surplus capacity of school places in a) primary schools b) secondary schools [lower preferred]	a) 5.21% b) 20.5%	a)10% b)18%	a)10% b) 18%
Realisation of capital receipts target [higher preferred]	£452,875	£4m	£2.8m
Percentage of £500k planned budget savings achieved [higher preferred]	N/A	100%	100%
Percentage of BCBC operational buildings achieve full statutory compliance [higher preferred]		New indicator for 2019-20	100%
Percentage change in carbon dioxide emissions in the non-domestic public building stock on previous year [higher preferred]	6.46%	6.46%	6.46%
Income generated from the Council's non-operational property portfolio [higher preferred]	£25,000	£25,000	£25,000

To develop the culture and skills required to meet the needs of a changing organisation

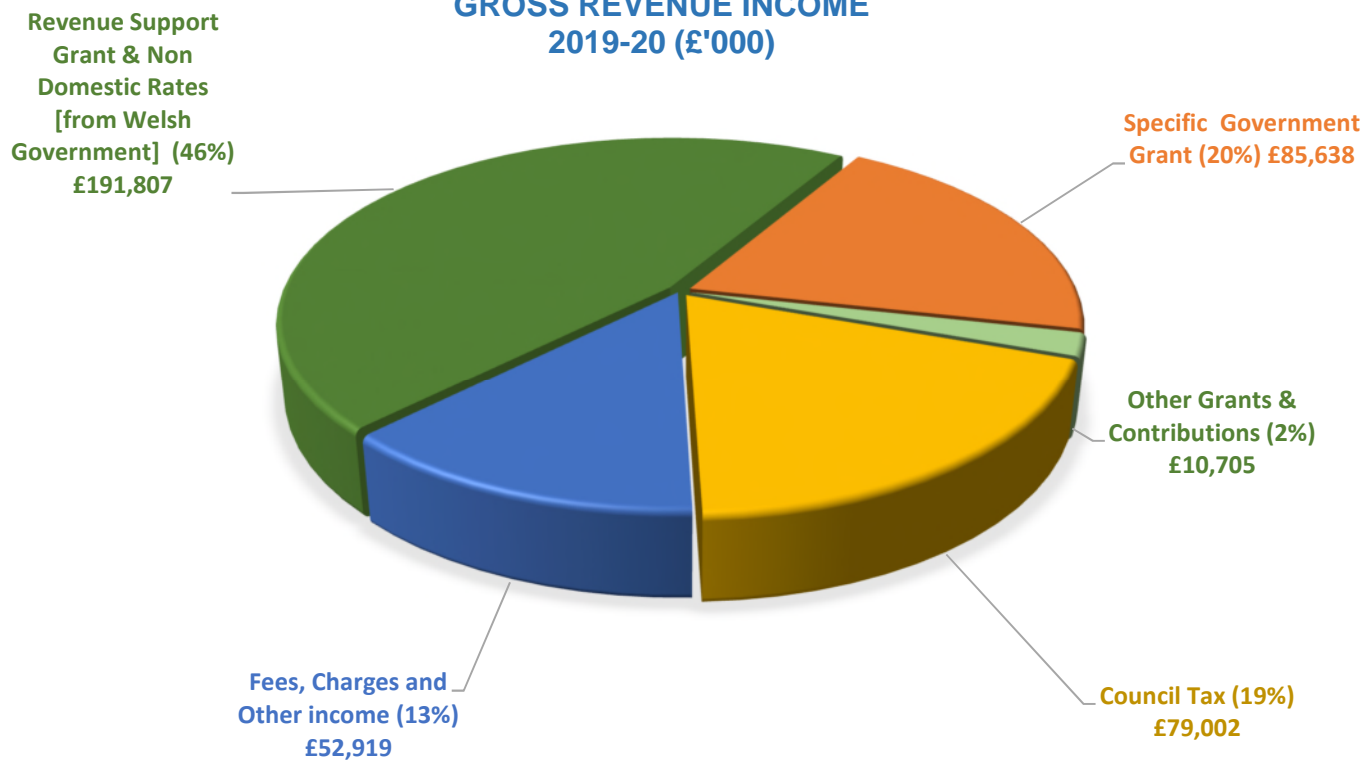
Success Indicators	Actual 2017-18	Target 2018-19	Target 2019-20
The number of staff taking up in-work health checks [higher preferred]	N/A	New indicator for 2019-20	Increase on 2018-19 actual
The percentage of employees completing e-learning modules [lower target due to staff completing compulsory training]	50.2%	45%	25%
The number of interactions from citizens on the corporate social media accounts (Facebook and Twitter) [higher preferred]	69,414	5% increase on 2017-18 actual (76,355)	5% increase on 2018-19 actual
Number of participants in Staff Survey [higher preferred]	N/A	New indicator for 2019-20 Establish baseline	Increase on 2018-19 actual
The proportion of staff reporting through survey that they agree or strongly agree with the statements:  a) I feel every department is working towards the same common goal b) I am satisfied with BCBC as an employer c) Working here makes me want to perform to the best of my ability d) I feel that BCBC values its employees ideas and opinions e) Do you think there are opportunities for two-way communication to discuss and raise ideas and issues? [higher preferred]	N/A	New indicator for 2019-20 Establish baseline	Increase on 2018-19 actual  a) >35% b) >59% c) >69% d) >31% e) >59%

## Section 5: managing our Budget

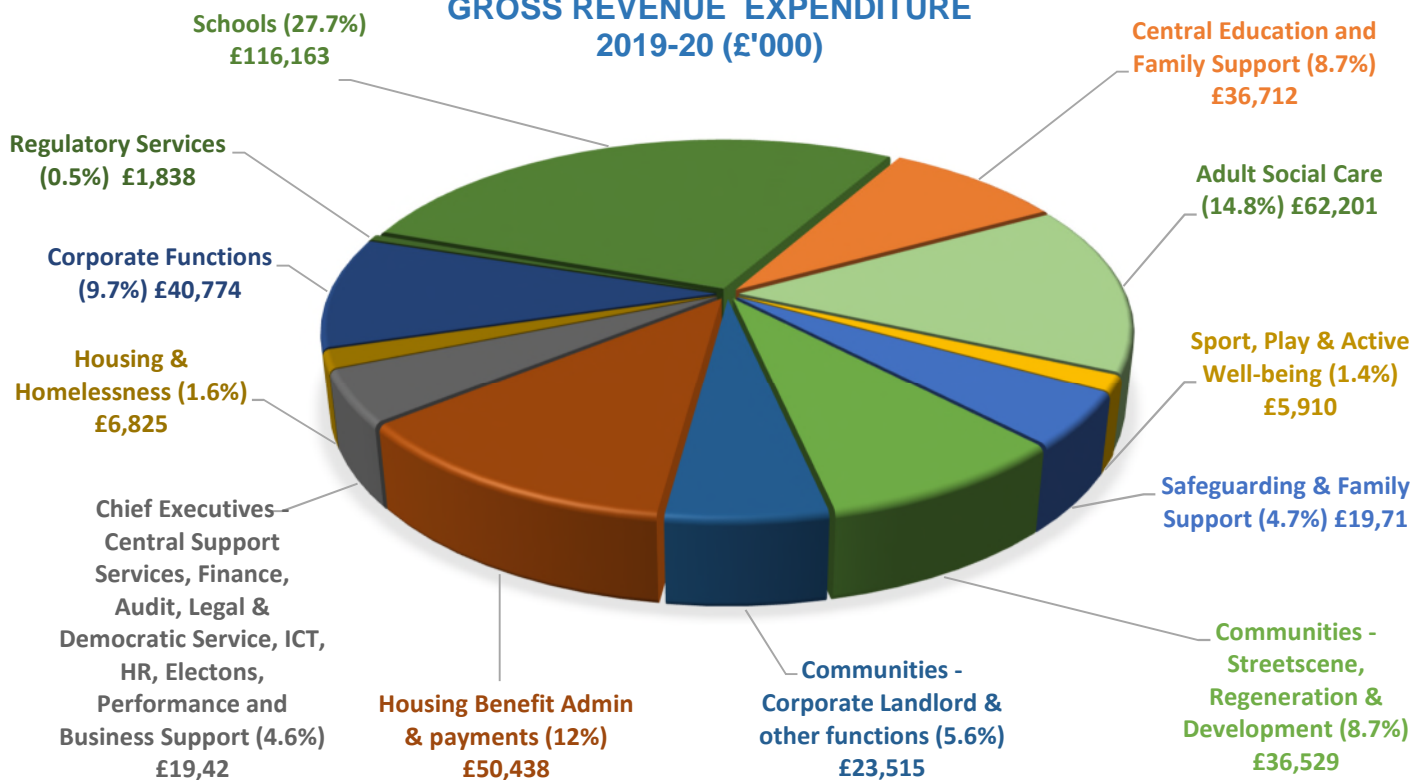
The charts below outline our income and spending plans for 2019-20.

The Council's gross revenue income for 2019-20 is £420.07 million.

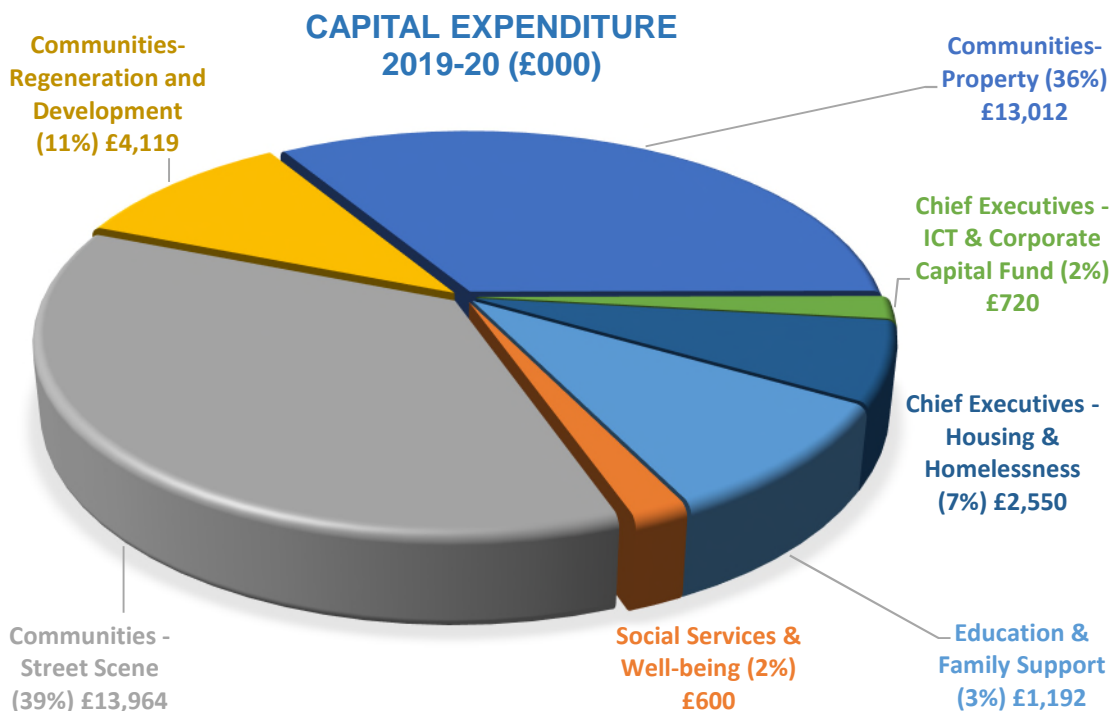
**WHERE THE MONEY COMES FROM  
GROSS REVENUE INCOME  
2019-20 (£'000)**



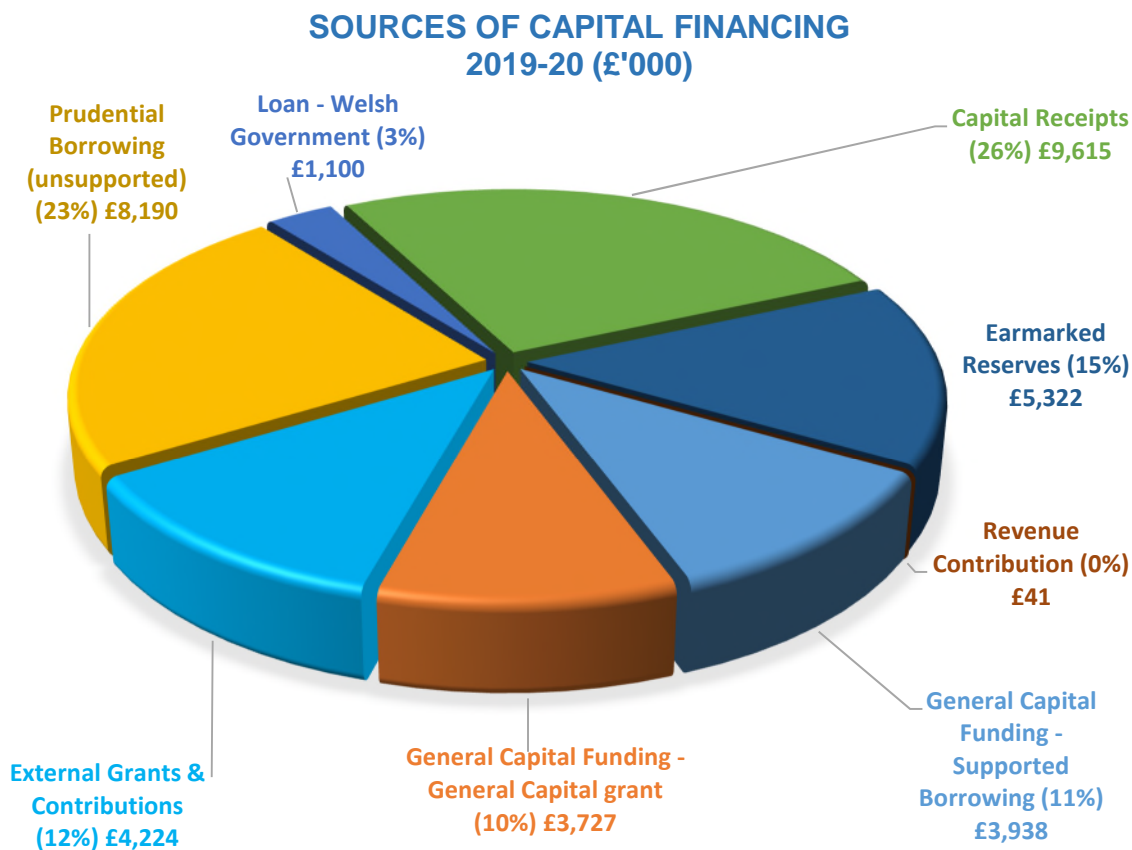
**WHERE THE MONEY IS SPENT  
GROSS REVENUE EXPENDITURE  
2019-20 (£'000)**



In addition to spending money on providing day-to-day services, the Council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. Planned capital expenditure for 2019-20 amounts to £36.157 million.



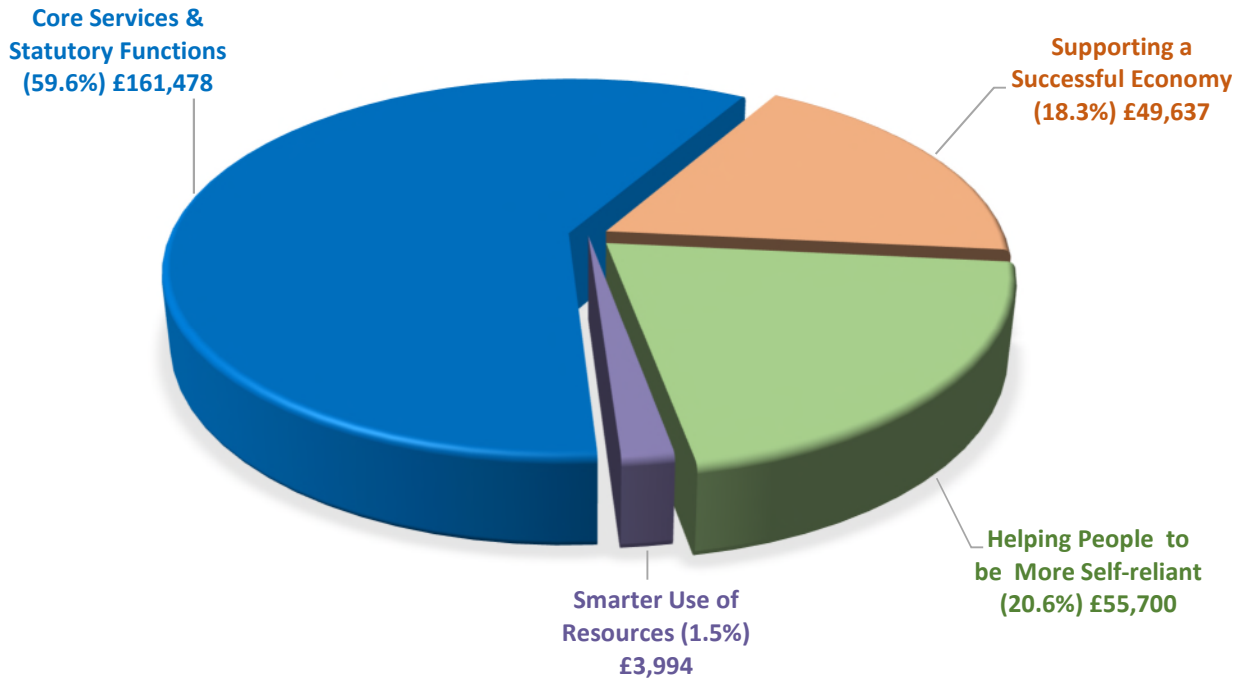
The chart (above) provides details of the service areas where capital expenditure is planned and (below) how the expenditure will be financed in the year.



The authority has a net revenue budget of £270.809 million that supports the delivery of the Council's corporate Well-Being Objectives, core services and statutory functions. The net budget is financed by the Revenue Support Grant, Non-Domestic Rates (NDR) and Council Tax income. It excludes income from other financing streams such as other government grants, customer and client receipts, and interest which finance the gross revenue expenditure.

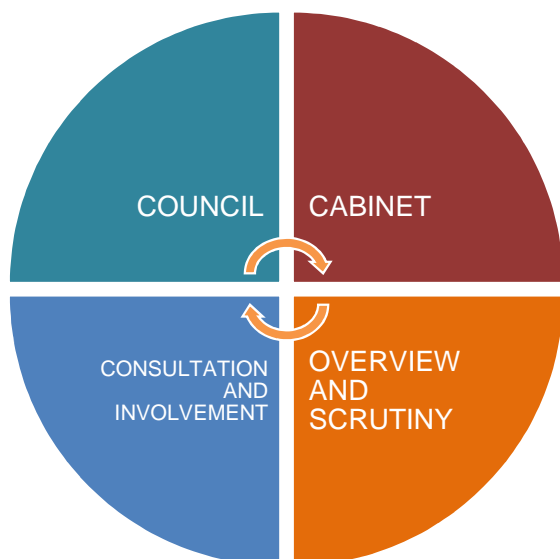
The chart below provides details of how the net revenue budget has been allocated for 2019-20.

### NET REVENUE BUDGET BY WELL-BEING OBJECTIVE 2019-20 (£'000)



## Section 6: Democracy and Partnership

### How the Council Works



#### Council

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

#### Cabinet

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

#### Overview and Scrutiny

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

#### Consultation and Involvement

Members of the Citizens' Panel receive up to three surveys per year on diverse service areas; topics have included street cleanliness, customer service, the council budget, public conveniences and bus routes. They also receive updates through our 'You said, we did' newsletter.

Bridgend County Borough Council is committed to listening and responding to citizens' views. We ensure that there are opportunities for local people to contribute to decision making through



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



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



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



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



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

In 2017-18 we handled over 143,000 calls, 14,500 emails and 27,000 visits through our Customer Service Centre

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

# Working with Others

## Bridgend Public Services Board

- The [Well-being of Future Generations \(Wales\) Act 2015](#) made it a legal requirement for each local authority to create a Public Services Board ([Bridgend PSB](#)). The Council is one of a group of local health, education, social care and well-being organisations from the public sector and not for profit sectors who work together to create a better Bridgend County Borough. The work is based on collaboration and consultation with local people and communities.
- Following a Well-being Assessment, the Bridgend PSB has developed a [Well-being Plan](#) to address the issues that influence the long-term well-being of Bridgend.
- [Bridgend Community Safety Partnership](#) is a sub-board of the Bridgend PSB, which brings together public, private and voluntary agencies that work together to reduce crime, disorder and fear of crime.

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

The Bridgend MASH is made up of people from:

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

- [Shared Regulatory Services](#) is a partnership with the Vale of Glamorgan and Cardiff Council to provide a more efficient service covering Trading Standards, Environmental Health, Licensing and Private Sector Housing.

The Council's Internal Audit Service has been delivered under a formal collaborative agreement with the Vale of Glamorgan Council since 2013. Due to its ongoing success, it is proposed that a Regional Shared Internal Audit Service is established bringing together Merthyr Tydfil CBC, Rhondda Cynon Taf CBC and the existing shared service. An efficient Internal Audit service provides independent assurance that the Council's risk management, governance and internal control processes are operating effectively.

- Originally one of the partners within [The Western Bay](#) Health and Social Care

Programme, as of April 2019 Local Authority and Health services in Bridgend will be moving to the Cwm Taf Region which will continue to develop the delivery of integrated services.

- We have partnered with [GLL/Halo Leisure](#) to manage eight leisure centres and swimming pools. We have a long term partnership with Awen Cultural Trust [Awen](#) to run our cultural venues and services for 20 years. This includes the Bridgend library service, Maesteg Town hall, Porthcawl Grand Pavilion, four community centres and Bryngarw House and Country Park.
- We are one of ten local authorities in South East Wales that are part of [The Cardiff Capital Region City Deal](#), which is a programme to bring about significant economic growth in the region.



# The Well-being of Future Generations (Wales) Act

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

The Act introduces seven long-term well-being goals, puts in place a sustainable development principle, and defines 5 ways of working that public bodies will need to think about to show they have applied the sustainable development principle.

The diagram below shows how the seven national goals, the sustainable development and the five ways of working work together.



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

## Section 7: our **Corporate Plan** on a **Page**

<b>Our vision</b>		<b>One Council Working Together To Improve Lives</b>			
<b>Our well-being objectives</b>	<b>Supporting a successful economy</b>	<b>Helping people to be more self-reliant</b>	<b>Smarter use of resources</b>		
<b>Our well-being aims</b>	<p>To support local people develop skills and take advantage of opportunities to succeed</p> <p>To create conditions for growth and enterprise</p> <p>To create successful communities.</p>	<p>To give people more choice and control over what support they receive by providing early access to advice and information</p> <p>To reduce demand through targeted early help and intervention programmes</p> <p>To work in partnership with the third sector, with town and community councils and with community groups to build community resilience.</p>	<p>To achieve the budget reductions identified in the Medium Term Financial Strategy</p> <p>To improve the efficiency of and access to services by redesigning our systems and processes</p> <p>To work collaboratively to make the most of public assets</p> <p>To develop the culture and skills required to meet the needs of a changing organisation</p>		
<b>To achieve these aims we will</b>	<p>Work with schools to close the gap in educational attainments for pupils eligible for free school meals and those who are not.</p> <p>Improve learner outcomes for other vulnerable groups and assist young people who are more able and talented than their peers to help them reach their full potential.</p> <p>Invest in our communities, enhance existing facilities and provide new ones.</p> <p>Maximise investment and business opportunities to increase economic prosperity across our county, to grow the value of tourism and support a range of cultural, sporting and business events.</p> <p>Shape employment opportunities, develop a skilled workforce to meet future needs and improve opportunities for those who are unemployed, economically inactive, experiencing in-work poverty or face barriers to work.</p> <p>Continue to develop environmentally positive schemes and programmes.</p>	<p>Provide good information, advice and assistance to the public, including increasing the support available through local community coordinators.</p> <p>Continue to involve service users, carers and communities in developing and commissioning services.</p> <p>Support the development of a new generation of community health and well-being centres.</p> <p>Establish new models of care and support that better meet the developing needs of looked after children, young carers, disabled children and young people, vulnerable children and young people.</p> <p>Work with households and partners to help prevent homelessness, including supporting care leavers to secure appropriate accommodation.</p> <p>Work with partners and the third sector to strengthen communities, provide services locally and to have more voice and control over community assets.</p>	<p>Enable citizens to use our online system to manage their council tax and housing benefit accounts and to deliver financial savings.</p> <p>Automate and streamline our internal processes.</p> <p>Optimize school places and deliver our Schools' Modernisation Programme.</p> <p>Develop a more rational and commercial approach to council assets, estate and services.</p> <p>Implement energy and carbon reduction measures and promote good practice in all our public buildings.</p> <p>Review capital expenditure and implement the planned budget reductions.</p> <p>Support managers to lead staff through organisational change.</p> <p>Improve and promote mechanisms that increase responses to consultations.</p>		

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

<b>Project Description (key aims):</b> Corporate Plan 2018-2022 reviewed for 2019-20	
<b>Section 1 Complete the table below to assess how well you have applied the 5 ways of working.</b>	
<b>Long-term</b> (The importance of balancing short term needs with the need to safeguard the ability to also meet long term needs)	<b>1. How does your project / activity balance short-term need with the long-term and planning for the future?</b>
	<p>By focusing diminishing resources on communities and individuals with the greatest need we can ensure that the most vulnerable are supported today. By encouraging and developing capacity amongst the third sector to identify and respond to local needs we are investing in the future.</p> <p>By transforming the organisation and many of its services to deliver financial budget reductions as well as improvements we are ensure its long term sustainability.</p>
<b>Prevention</b> (How acting to prevent problems occurring or getting worse may help public bodies meet their objectives)	<b>2. How does your project / activity put resources into preventing problems occurring or getting worse?</b>
	<p>A commitment to work with partners and communities to improve the quality of information, advice and assistance available to residents promotes independence and personal or family resilience and prevents people from becoming vulnerable or reliant on services.</p>
<b>Integration</b> (Considering how the public body's well-being objectives may impact upon each of the wellbeing goals, on their objectives, or on the objectives of other public bodies)	<b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b>
	<p>The development of new generation of community health and wellbeing centres brings health, social care and wellbeing together.</p> <p>Working as one Council and discourages different parts of the organisation from developing multiple processes or unnecessarily different approaches. It enables better integration and partnership working.</p>

<p><b>Collaboration</b></p> <p>(Acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives)</p>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>Working with third sector and health partners Examples include:</p> <ul style="list-style-type: none"> <li>• Community asset transfer to enable sustainable management</li> <li>• To support communities and people to create their own solutions and reduce dependency on the Council.</li> </ul> <p>The plan also highlights a range of partnerships and collaborations with a wide range of organisations.</p>
<p><b>Involvement</b></p> <p>(The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves)</p>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>By using good information from citizens, stakeholders and communities to inform our decisions.</p> <p>Consultation is done using methods to ensure and promote the widest range of participation. Service users, carers and families and communities are involved in the developing and commissioning of services.</p>

Section 2 Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals (use Appendix 1 to help you).		
Description of the Well-being goals	How will your project / activity deliver benefits to our communities under the national well-being goals?	Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>The plan sets out how we will work actively to improve the prosperity of the county borough by supporting businesses, bringing investment, upskilling residents support local people develop skills and take advantage of opportunities to succeed</p> <p>By contributing to the development of the business plan and specific regional projects for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area.</p>	<p>Education is key for improving the life chances and resilience of young people We aim to create conditions for growth and enterprise and so to create successful communities.</p> <p>We will work collaboratively to make the most of public assets.</p>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<ul style="list-style-type: none"> <li>• Flood defences in Porthcawl</li> <li>• Low carbon scheme</li> <li>• Energy and carbon reduction measures</li> <li>• Making most of natural assets through the Active Bridgend initiative</li> </ul>	<p>By working in partnership with the third sector, town and community councils and community groups we aim to build community resilience.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<p>Through preventative initiatives such as the Active Bridgend Plan "getting Bridgend moving". Also, by ensuring early and timely advice and guidance is available</p>	<p>By reducing demand through targeted early help and intervention programmes.</p>

<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<p>By continuing to improve the ways in which the Council provides good information, advice and assistance to the public, including increasing the support available through local community coordinators.</p> <p>With a commitment to align our anti-poverty efforts.</p> <p>To support our most vulnerable at key times such as supporting care leavers</p>	<p>The Council will ensure that a wide range of stakeholders, citizens and local communities are involved in identifying and addressing their most important issues.</p>
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<p>By providing new and improved schools in the right areas to support communities development.</p> <p>By working with, and supporting, local communities to identify and meet their own needs.</p>	<p>The area has a range of communities with their own identities and characters. We will work with our communities to promote their sustainability.</p>
<p><b>A Wales of vibrant culture and thriving Welsh language</b> A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<p>Through the development of arts and cultural hubs.</p> <p>By supporting cultural and sporting events in Porthcawl redevelopment</p>	<p>Compliance with the Welsh Language act is imbedded in Council policies and procedures.</p>
<p><b>A globally responsible Wales</b> A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<p>By supporting and promoting local community services developed with, by and for local people.</p> <p>Rationalise further the Council's administrative estate to ensure the Council operates from fewer core offices and reduces the number of leased properties</p>	<p>The plan aims to promote local capacity, ability and the contribution local people can make to the area and to Wales.</p>

	for which we currently pay rent, by March 2020.  Implement energy and carbon reduction measures and promote good practice in all our public buildings.	
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<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	This will vary according to the service provided.
Gender reassignment:	As above	As above	As above
Marriage or civil partnership:	As above	As above	As above
Pregnancy or maternity:	As above	As above	As above
Race:	As above	As above	As above
Religion or Belief:	As above	As above	As above
Race:	As above	As above	As above
Sex:	As above	As above	As above
Welsh Language:	As above	As above	As above

<b>Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive Members and/or Chief Officers</b>	
Corporate Overview and Scrutiny Committee, Cabinet, Council	
<b>Compiling Officers Name:</b>	Andrew Lyden
<b>Compiling Officers Job Title:</b>	Corporate Improvement Officer
<b>Date completed:</b>	20.12.2018



## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

20 FEBRUARY 2019

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

#### MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2019-20 to 2022-23

##### 1. Purpose

- 1.1 The purpose of this report is to seek Council approval of the Medium Term Financial Strategy 2019-20 to 2022-23, attached at Annex 3, which includes a financial forecast for 2019-23, a detailed revenue budget for 2019-20 and a Capital Programme for 2018-19 to 2028-29. This follows Cabinet approval on 12 February 2019.

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

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

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

- 2.2 The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered. The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2019-20.

##### 3. Background

- 3.1 In March 2016, the Council approved a revised set of three priorities:

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

This MTFS has been significantly guided by these priorities. Although year-on-year reductions in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible for annual gross expenditure of around £400 million and is the largest employer in the county borough.

- 3.2 The Council's Corporate Plan is being presented to Council for approval alongside the MTFS 2019-23 and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.

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

- 4.1 This report is presented to Council to provide details of the Council's Medium Term Financial Strategy for the four year period 2019-20 to 2022-23. The MTFS is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's corporate objectives to be met. The MTFS outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time as taking advantage of any opportunities arising.
- 4.2 The MTFS focuses on how the Council intends to respond to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures on public sector services. It sets out the approaches and principles the Council will follow to ensure the Council remains financially viable and delivers on its corporate priorities.
- 4.3 The Council is required to approve a balanced budget for the following financial year and set the Council Tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable position going into the medium-term.

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

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

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

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.
- 6.2 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Annex 1). Individual EIAs are completed for 2019-20 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

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

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

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

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

- 7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the wellbeing goals in different ways. A Wellbeing of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.
- 7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

<b>5 Ways of Working</b>	<b>Examples</b>
Long Term	<ul style="list-style-type: none"> <li>• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.</li> <li>• Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort.</li> <li>• The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing.</li> <li>• Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.</li> </ul>
Prevention	<ul style="list-style-type: none"> <li>• Investment in preventative measures to reduce the burden on more costly statutory services.</li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>• Savings generated from collaboration and integrated working.</li> </ul>
Integration	<ul style="list-style-type: none"> <li>• Explicit links between the Corporate Plan and the Medium Term Financial Strategy</li> </ul>
Involvement	<ul style="list-style-type: none"> <li>• A robust budget consultation exercise, including surveys, community engagement stands and social media debates, to inform proposals.</li> </ul>

- 7.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, including the seven wellbeing goals included in Bridgend's Well-being Plan, and this is reflected in the relevant

appendices. Where possible the Council has aimed to protect front line services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at Annex 2.

## **8. Financial Implications**

- 8.1 This report outlines the financial issues that Council is requested to consider as part of the 2019-20 to 2022-23 MTFS. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 8, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.
- 8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.
- 8.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2019-20 and beyond.

## **9. Recommendations**

- 9.1 Council is asked to approve the MTFS 2019-20 to 2022-23 including the 2019-20 revenue budget and the Capital Programme 2018-19 to 2028-29. In particular it is asked to approve the following specific elements:
- The MTFS 2019-20 to 2022-23 (Annex 3).
  - The Net Budget Requirement of £270,808,634 in 2019-20.
  - A Band D Council Tax for Bridgend County Borough Council of £1,470.87 for 2019-20 (Table 11 of the MTFS).
  - The 2019-20 budgets as allocated in accordance with Table 9 in paragraph 3.3 of the MTFS.
  - The Capital Programme 2018-19 to 2028-29, attached at Appendix G of the MTFS.

Mark Shepherd  
Interim Chief Executive

Gill Lewis CPFA  
Interim Head of Finance and Section 151 Officer

February 2019

Contact Officer:  
Deborah Exton CPFA  
Group Manager – Financial Planning and Budget Management  
Ext.3604. E\_mail: [deborah.exton@bridgend.gov.uk](mailto:deborah.exton@bridgend.gov.uk)

Background Papers:  
Final Local Government Revenue and Capital Settlements 2019-20  
Cabinet Report – MTFS 2019-20 to 2022-23 – 20 November 2018  
Provisional Local Government Revenue and Capital Settlements 2019-20

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## ANNEX 1

# Equality Impact full assessment form

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

## Equality impact full assessment form

<b>Name of project, policy, function, service or proposal being assessed:</b>	Medium Term Financial Strategy 2019-20 to 2022-23
<b>Date EIA Screening assessment completed:</b>	6 <sup>th</sup> December 2018
<b>Full assessment date for completion (from EIA screening):</b>	11 <sup>th</sup> December 2018

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

### Consultation

	<b>Method</b>	<b>Action Points</b>
<b>Who do you need to consult with (which equality groups)?</b>	<p>The council was mindful that the full impact of the proposed budget reductions detailed in the Medium Term Financial Strategy will potentially be high level, negative and may impact many customers, citizens, visitors and service users from all protected characteristic groups. The council was also mindful that, in order to maximise its reach into its communities and the people who use its services, it needed to consider further innovative engagement methods. A programme of engagement events/sessions were held across the county borough and took the form of engagement stands in libraries, presenting to different groups, attending other group's events, meetings and workshops and holding sessions in comprehensive and primary schools. Details of the consultation were promoted to/shared with the following stakeholders: general public/residents, Citizens' Panel members, elected members, BCBC employees, Bridgend businesses, town and community councils, school governors, Bridgend Community Cohesion and Equality Forum (BCCEF) members, local interest/community groups, BAVO, Bridgend College, partners, primary and secondary schools (inc. head teachers) and media outlets.</p>	<p>The details of the full consultation are included in the Report to Cabinet on 18<sup>th</sup> December 2018.</p>



<p><b>How will you ensure your consultation is inclusive?</b></p>	<p>The council was mindful that different groups have different needs in terms of accessibility. The consultation was therefore carried out in as inclusive a manner as possible.</p>	<p>Surveys were available in several formats, including easy-read, large print, standard and a youth version. All were available in English and Welsh. The easy read version of the survey was developed with Bridgend People First. The youth version was developed with pupils from Porthcawl comprehensive school. Both were developed to ensure participation with a diverse audience. The easy read and youth versions contained all of the questions but were written in a less complex language and using images where appropriate.</p>
<p><b>What consultation was carried out? Consider any consultation activity already carried out, which may not have been specifically about equality but may have information you can use</b></p>	<p>The Council's MTFs consultation ran from 24 September to 18 November 2018. The consultation received 5,288 interactions from a combination of survey completions, engagement at stands held across the county borough, workshops held with comprehensive and primary pupils, engagement at various meetings with different local groups, social media engagement and via the authority's Citizens' Panel. 11 public engagement stands were held in libraries throughout the county borough. The</p>	<p>Please see the consultation report for full details of questions asked and actions.</p>

	<p>consultation and engagement team attended 13 community group's meetings to inform people about the consultation and assist attendees to complete paper surveys (where requested) or to share their views via the clicker-pad version of the survey. These included:</p> <ul style="list-style-type: none"> <li>➤ Whist Group</li> <li>➤ Bridgend Carers Community Café</li> <li>➤ OAP Association</li> <li>➤ Stroke Association</li> <li>➤ Bridge Vision</li> <li>➤ Bridgend Coalition for Disabled People (BCDP)</li> <li>➤ Bridgend Shout</li> <li>➤ Caerau Men's Shed</li> <li>➤ Community Hub Bridgend</li> <li>➤ Creative Wednesdays</li> <li>➤ Headway</li> <li>➤ Hearing Impair</li> <li>➤ Bridgend Deaf Club</li> </ul>	
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#### Record of consultation with people from equality groups

Group or persons consulted	Date/venue and number of people	Feedback/areas of concern raised	Action Points
Whist Group (over 50s)	24/09/2018 12 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

Bridgend Carers Community Café (Carers)	26/09/2018 39 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
OAP Association (60+)	27/09/2018 25 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Stroke Association (Stroke recovery)	02/10/2018 29 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Bridge Vision (Visually impaired)	05/10/2018 35 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
BCDP (Disabilities)	08/10/2018 10 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Shout (Over 50s)	17/10/2018 13 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Caerau Men's Shed (over 50s)	20/10/2018 58 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Community Hub Bridgend Learning disabilities)	30/10/2018 32 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

Creative Wednesdays (Over 60s)	31/10/2018 4 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Headway (Disabilities)	01/11/2018 18 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Hearing Impair (hearing)	06/11/2018 14 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Deaf club (D/deaf)	13/11/2018 24 people in attendance	The consultation team carried out the consultation using clicker-pads. 24 people completed the survey in full.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

### Assessment of Impact

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

	Impact or potential impact	Actions to mitigate
Gender	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on women and men may differ based on the demographics of the county borough rather than service delivery/provision. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the 2011 census there were 139,178 people living in the county borough comprising of a gender split of 49.4% male (68,789) and 50.6% (70,389) Female. Many of the proposals will also impact carers, parents and children. The vast majority of caring and parenting responsibilities are undertaken by women; some proposals therefore regarding caring, children and nursery provision are likely to negatively impact women. Within the consultation, 1,339 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> <li>➤ Female – 760</li> <li>➤ Male – 563</li> <li>➤ Other – 1</li> <li>➤ Prefer not to say – 15</li> </ul>	<p>There will be an impact on women and men as a result of some of the proposed budget reductions although, potentially, the impact may differ depending on the service being delivered / reviewed. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	Additionally, 1,324 people stated they had caring responsibilities, 117 women said they were pregnant and 6 had given birth in the last 28 weeks.	
Disability	The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census, there were 18,756 people (out of a county borough total of 139,178 people) who considered they had a physical, sensory or learning disability or long term illness. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” Of the 1,282 people responding to the question on the consultation survey, 168 (13%) stated they had a disability or long term illness. Whilst the council is mindful of the potential impact of the budget proposals on disabled people, there are opportunities for us to work with our third sector partners to deliver an alternative form of service. The budget proposals will include reviews of services for disabled people.	There will be an impact on people with disabilities as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.
Race	The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the	There may be an impact on race as a result of some of the proposed budget reductions. For each of the proposed

	<p>2011 census there are 2000 BAME people living in Bridgend comprising of 1.5% of the total population. The full impact of the budget restrictions is currently unknown however we will continue to monitor the impact and introduce mitigating actions where possible. The council currently provides information in languages other than Welsh, English and British Sign Language. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. The responses to the consultation exercise were from:</p> <ul style="list-style-type: none"> <li>➤ Welsh – 816;</li> <li>➤ English – 82;</li> <li>➤ British – 411;</li> <li>➤ Scottish – 5;</li> <li>➤ Northern Irish – 1;</li> <li>➤ Prefer not to say – 8;</li> <li>➤ Other – 23.</li> </ul> <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> <li>➤ White – 1,266;</li> </ul>	<p>budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
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	<ul style="list-style-type: none"> <li>➤ Mixed – 8;</li> <li>➤ Asian – 3;</li> <li>➤ Black – 3;</li> <li>➤ Other – 5;</li> <li>➤ Prefer not to say – 22</li> </ul> <p>We will continue to monitor the impact of our proposed budget reductions on this protected characteristic.</p>	
<p>Religion and belief</p>	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census there are 2,000 black and minority ethnic (BAME) people living in Bridgend comprising of 1.5% of the total population. In terms of religion and belief there were:</p> <ul style="list-style-type: none"> <li>➤ Buddhist - 357;</li> <li>➤ Hindu - 270;</li> <li>➤ Muslim - 529;</li> <li>➤ Jewish – 33 ;</li> <li>➤ Sikh - 46.</li> <li>➤</li> </ul> <p>From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ No religion - 573</li> <li>➤ Christian – 647;</li> <li>➤ Buddhist – 10;</li> </ul>	<p>There may be an impact on religion and belief as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>



	<ul style="list-style-type: none"> <li>➤ Hindu – 5;</li> <li>➤ Muslim – 1;</li> <li>➤ Jewish – 1;</li> <li>➤ Sikh – 1;</li> <li>➤ Other – 27;</li> <li>➤ Prefer not to say – 57</li> </ul> <p>The full impact of the budget reductions is currently unknown however we will continue to monitor the impact and introduce mitigation where possible.</p>	
Sexual Orientation	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and mitigation considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding sexual orientation.” From the consultation exercise, the following data was collected:</p>	<p>There is not expected to be an impact on sexual orientation as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<ul style="list-style-type: none"> <li>➤ Heterosexual / Straight – 1,201;</li> <li>➤ Gay man – 14;</li> <li>➤ Gay woman/lesbian – 11;</li> <li>➤ Bisexual – 20;</li> <li>➤ Other – 6</li> <li>➤ Prefer not to say - 68</li> </ul>	
Age	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on age will differ and will depend on the nature of the service delivered and the service user. From the 2011 census the age breakdown of people living in Bridgend is:</p> <ul style="list-style-type: none"> <li>➤ 0 – 15 = 18.3% (25,288);</li> <li>➤ 16 – 64 = 63.2% (89,036);</li> <li>➤ 65+ = 18.5% (24,854).</li> </ul> <p>The budget proposals contain some reductions that could potentially negatively impact older and younger people. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered”. A total of 1826</p>	<p>There may be an impact on people of varying ages as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>provided a response to this question. From the consultation exercise, the following data was gathered:</p> <ul style="list-style-type: none"> <li>➤ Age under 18 = 67</li> <li>➤ Age 18 – 24 = 43</li> <li>➤ Age 25 – 34 = 233</li> <li>➤ Age 35 – 44 = 351</li> <li>➤ Age 45 – 54 = 351</li> <li>➤ Age 55 – 64 = 354</li> <li>➤ Age 65 – 74 = 256</li> <li>➤ Age 75+ = 148</li> <li>➤ Prefer not to say = 23</li> </ul> <p>Some of the proposals could impact children's' social and educational development and household incomes.</p>	
Pregnancy & Maternity	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the proposed budget reductions on pregnancy and maternity is currently unknown. Some of the proposed reductions may influence the decisions of women to have (or not) children as it may no longer be economically and socially viable. Women could face the decision of either staying at home (which has shown to have a negative impact on their income, career prospects and their longer</p>	<p>There may be an impact on pregnancy and maternity as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>term income) or paying private nursery fees until their children reach the age of 4-5. . The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Pregnant – 117</li> <li>➤ Given birth in the last 26 weeks - 6</li> </ul>	
<p>Transgender</p>	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose</p>	<p>There is not expected to be an impact on transgender people as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>information regarding reassignment. From the consultation exercise the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Gender reassignment- 2</li> <li>➤ Prefer not to say - 17</li> </ul>	
Marriage and Civil partnership	<p>The Full Equality Impact Assessment reinforces the detail in the initial screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown however there is not expected to be an impact either positive or negative.”</p>	<p>There is not expected to be an impact on marriage and civil partnership as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Welsh language	<p>From the 2011 census, there were 17,796 people (out of a county borough total of 139,178 people – 12.8%) who can read, speak or write welsh. From the consultation exercise the following data was collected for those able to speak / read / write Welsh either fairly well or fluently:</p> <ul style="list-style-type: none"> <li>➤ Speak Welsh – 114;</li> <li>➤ Read Welsh – 123;</li> </ul>	<p>The council continues to promote the welsh language and complies with the Welsh Language Standards in all of its activities. The provision of new capital investment in Welsh-medium primary provision in the west of Bridgend through Band B of the 21<sup>st</sup> Century Schools Programme will have a positive impact on the Welsh language.</p>

	<ul style="list-style-type: none"> <li>➤ Write Welsh – 107</li> <li>➤</li> </ul> <p>There is not expected to be a negative impact on the Welsh language.</p>	
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### Equality Impact assessment Action Plan

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

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

Please detail the name of the independent person (someone other than the person undertaking the EIA) countersigning this EIA below:

Countersigned:	Role:	Date:
Gill Lewis	Interim Head of Finance and S151 Officer	11 <sup>th</sup> December 2018

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

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

**Details of person completing the Full EIA:**

Name:	Role:	Date:
Deborah Exton	Group Manager – Financial Planning and Budget Management	11 <sup>th</sup> December 2018

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

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

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

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

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

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

## Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2019-20 to 2022-23

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

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

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

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

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

<b>Integration</b>	<p><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p>The Medium Term Financial Strategy is closely aligned to the Council's Corporate Plan, with explicit links between resources and corporate priorities. The MTFS has been guided by the 3 Wellbeing Objectives outlined in the Corporate Plan. The development of the Corporate Plan and MTFS are both the responsibility of the Head of Finance.</p>
<b>Collaboration</b>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>A number of budget reduction proposals are achievable through inter-agency working, with the Third Sector, Social Enterprises, other local authorities and partners. These include joint services across local authorities, and with the Health Service, and new models of working internally, such as the Corporate Landlord model which aims to provide a resilient service that maximises the use of and improves the quality of the Council's assets going forward. A number of services already collaborate with other partners and these continue to improve performance whilst operating with reducing resources.</p>
<b>Involvement</b>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>A full consultation "Shaping Bridgend's Future" was launched on 24 September 2018 and ran until 18 November 2018. This covered a range of budget proposals under consideration as well as seeking public views on resource allocation, priorities and the principles around budget protections and taxation levels. Details of the consultation were promoted to/shared with the following stakeholders: general public/residents, Citizens' Panel members, elected members, BCBC employees, Bridgend businesses, town and community councils, school governors, Bridgend Community Cohesion and Equality Forum (BCCEF) members, local interest/community groups, BAVO, Bridgend College, partners, primary and secondary schools (inc. head teachers) and media outlets.</p> <p>The consultation included an online survey, attendance at a diverse range of external stakeholder groups and social media debates. Members have had the opportunity to take part in a budget workshop also. The results were collated and presented to Cabinet on 18 December 2018 in order to further inform decisions on the final MTFS.</p>

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

		<p>used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p> <p>Funding will be targeted in line with these priorities and in line with the 14 MTFS Principles.</p>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<ul style="list-style-type: none"> <li>• Break long term cycles to secure better outcomes for people and communities.</li> <li>• Stronger individuals and communities are more resilient to change.</li> <li>• Communities place a greater value on their environment and more people get involved in local issues and recognise the importance of green space in wellbeing and as a prevention factor.</li> <li>• Healthy active people in resilient communities, volunteering, keeping young people in the local area, reducing travel to work, increased use and awareness of green spaces.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in</p>	<ul style="list-style-type: none"> <li>• Improved future physical and mental well-being, by reducing health harming behaviours and chronic</li> </ul>	<p>The impact on local communities will be monitored through the wide range of</p>

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

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

such a thing may make a positive contribution to global well-being.	<p>cultures and a better knowledge of the local environment.</p> <ul style="list-style-type: none"> <li>• Healthy lifestyles include cultural activities that promote understanding of diversity of communities, different cultures, races. Promote apprenticeships to people from different backgrounds.</li> </ul>	
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<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user.		This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs).
Gender reassignment:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Marriage or civil partnership:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Pregnancy or maternity:	See above		This will vary according to the service provided and will be considered through individual (EIAs).

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

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

Council	
<b>Compiling Officers Name:</b>	Deborah Exton
<b>Compiling Officers Job Title:</b>	Group Manager – Financial Planning and Budget Management
<b>Date Completed:</b>	19/12/18



**Bridgend County Borough Council**  
**Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr**



**MEDIUM TERM FINANCIAL STRATEGY 2019-20 TO 2022-23**





## MEDIUM TERM FINANCIAL STRATEGY 2019-20 TO 2022-23

### 1. INTRODUCTION

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

### 1.2 Corporate Financial Overview

The Council's gross budget for 2019-20 will be around £420 million. A Council's gross budget is similar to "turnover" in the private sector. Many services are funded by specific grants or supported by fees and charges which in public sector accounting are not considered as part of the net revenue budget. The Council's net revenue budget for 2019-20 is £270.809 million.

Around £180 million of this amount is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include, for example, waste collection operatives, domiciliary care workers, leisure staff and foster carers.

As well as having reduced income to fund services, there are other pressures that squeeze resources. One of these is legislative changes. This includes regulations and legislation from Welsh Government (WG) either directly or indirectly – for example pressures and new responsibilities arising from the Social Services and Well-Being (Wales) Act 2014 and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.

Another significant pressure arises through demographic changes. People are living longer which is good news but that can also bring increased dependency through people living with more complex or multiple conditions. Additionally, we are seeing an increase in the number of pupils at our schools, which places increased pressure on school budgets.

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

- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This isn't always as easy as it sounds because different rules or opportunities often apply to different

services. Nevertheless acting as ‘One Council working together to improve lives’ is enshrined in the Council’s vision.

- Wherever possible the Council will support communities and people to create their own solutions and reduce dependency on the Council. This is because it is not sustainable for the Council to continue to aspire to meet all and every need that arises and because there is capacity, talent and ideas in other parts of the community that can be encouraged to play an active and effective role. The Council has a role in encouraging and leading this approach and has adopted this as one of its underlying principles.
- The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions.
- The Council has three priorities that reflect these and other principles. One of these priorities is to make “Smarter Use of Resources”. This means we will ensure that the Council’s resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council’s priorities.

### 1.3 Education

The Council is proposing to spend £111 million on services delivered by Education in 2019-2020. This supports 22,792 pupils (13,127 primary, 9,289 secondary and 376 special school pupils as at September 2018) and constitutes 41% of the Council’s net revenue budget. The majority of this money will be spent by the 59 schools across the County Borough – schools are the biggest single area of spend of the Council.

Most of the education budget is delegated to individual schools and they manage their own budgets to pay the running costs of their schools – including staff costs. The Council keeps the remainder of this budget to provide services centrally, for example, where it is more efficient than 59 schools trying to do so separately.

In seeking to protect our investment in education and early intervention, the Council is making minimal changes to the services delivered at this time. We are proposing the following changes in 2019-20 that are reflected in the budget:

- We intend restructuring our Inclusion Service which we anticipate will secure efficiency savings of around £257,000.
- We would like to reduce our contribution to Central South Consortium over the coming years. This is, however, subject to agreement with our partners. For 2019-2020, we predict a further cut of £30,000 (5%). We will continue discussions around savings that can be made in future years.
- We will continue our phased implementation of the Council’s revised Home-to-School/College Transport Policy, where we have established it is safe to do

so. We expect to achieve at least £67,000 of efficiency savings during 2019-20.

The Council has already spent almost £21.5 million in building and refurbishing schools and has provisionally committed to a further £26.5 million for a further phase of building. These sums comprise one-off capital expenditure across several years, i.e. they are not part of either the gross or net revenue budget but do in fact form the major part of our capital programme.

Our plans for the next phase of new schools are intended to respond to forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in our main special school, primarily in the primary sector.

#### **1.4 Social Care, Early Help and Homelessness services**

After Education, these areas account for the largest area of Council spend, with a total budget of £73 million which constitutes 27% of the Council's net revenue budget. Of this, the Council is proposing to spend £71 million on social care and wellbeing services.

Over the past five years the Council has identified savings of over £12.6 million in social care and its strategy for the next few years is to manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence. This needs to be achieved within available budgets. There are currently 4,905 people in receipt of social services, including 2,843 older people, 724 people with learning and physical disabilities and 1,063 children.

The Council has identified "Helping people to be more self-reliant" as a corporate priority and early intervention is an important part of this – taking steps wherever possible to prevent people becoming reliant on Council services. As well as being of great social value to individuals and communities, this approach is more cost effective. Successful intervention at an early age and at an early stage can prevent needs from escalating and requiring more costly and complex support later on.

Housing, as a determinant of physical and mental health, is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing Act (2014) introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness. In 2017-18 there were 1,032 households presenting as homeless, who were offered advice and assistance, and for more than half of these homelessness was either prevented or relieved. The total number of homelessness presentations is expected to increase by the end of 2018-19.

Some aspects of homeless support and adult social care are supported through the Supporting People Grant which we receive from Welsh Government (£5.8 million per annum). Similarly much of the early support that we are able to give to children and families is funded separately, typically by annual grants from Welsh Government or

Europe. The short-term nature of these grants and uncertainty from one year to the next, means that many of these interventions have some fragility (e.g. it can be difficult to retain or recruit staff if we can't give them certainty that their role will still exist the following year).

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

Though some pressures are allowed for in planning the 2019-20 budget, we are not simply increasing the budget to meet demand. This would be unsustainable and if we increased budgets year on year to meet new demand, it would increasingly mean the Council would have to restrict other services. Therefore the Council's strategy is to transform how services are delivered. Introducing new ways of working which will be sustainable in the long term alongside a demand led service is inevitably taking time. The service has made good progress in achieving the required savings, however the increase in demand and complexity of care required continues to put pressure on our budgets.

We will be seeking service efficiencies in housing services, for example through changing the way we operate the administration of Disabled Facilities Grants (DFGs) and through a different approach to working with housing applicants.

Alongside the continued adoption of a strategic approach to homelessness prevention and provision by working with partner organisations, the Council will continue to use the Social Housing Grant effectively to increase the supply of social housing despite an expected reduction in our base level budget next year.

## 1.5 Public Realm

Most of the Council's net budget is spent on education and social care – these are very valued services, but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a more direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, collect and dispose of our waste, public transport, rights of way and road safety. In 2019-20 the Council is likely to spend around £19.5 million on public realm services, around 7% of the Council's net revenue budget.

With the advent of a new seven year waste collection contract in April 2017, the costs associated with waste collection increased. During the first year of the contract there was a significant increase in the amount of waste recycled and therefore a significant reduction in the volume of our non-recyclable waste – we expect this to benefit the Council financially over time. For example we anticipate a net recurrent saving of £1.3 million as a result of negotiating new operating arrangements with Neath Port Talbot Council who currently dispose of our non-recyclable waste.

As part of the budget consultation exercise the Council consulted on other savings to its waste collection contract, including reductions in the opening hours of its

Community Recycling Centres, changes to charges applied to the collection of green and bulky waste, and options around changing the arrangements for the provision of blue bags to householders for residual waste, as well as stopping the separate collection and recycling of Absorbent Hygiene Products (AHP) waste. The percentage of waste recycled in the County Borough has risen substantially over the last two years since the implementation of the new waste collection arrangements with our contractor Kier and the support and assistance of householders. Bridgend now performs the second best Council in Wales. Clearly the Council wishes to seek to maintain and improve its level of recycling which was reinforced by some of the responses from the public consultation. However, there was significant support for looking further at measures such as increasing charges for green waste and bulky waste. The Council will now discuss these potential measures with its waste management contractor with a view to developing proposals that will contribute to the MTFS without impacting significantly on overall recycling performance. The total anticipated savings from the waste management contract over 2019-20 and 2020-21 is £104,000.

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

The Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where we think it will have the least impact across Council services, recognising that this still may be significant in some areas. We will encourage others to work with us or assume direct responsibility in some cases. Our proposed changes in this respect are as follows (NB many of these proposals will be the subject of specific further consultation):

- To significantly increase charges applied to sports clubs and other organisations using the Council's playing fields and pavilions. This is intended to stimulate greater interest in the community asset transfer of facilities with support provided by the Council to allow this to happen in a sustainable manner.
- To reduce grass cut areas and maintained parkland and rationalise the number of children's play areas, together with a proposal to remove the current annual bowls club grant.
- To remove all subsidies for bus services from 2019-20 subject to a public consultation exercise. The removal of the subsidised bus routes will result in a saving in the region of £148,000 per annum. Consultation with the public on route reduction commenced in winter 2018-19. The removal of the Council subsidy for some routes during 2018-19 resulted in many cases in the commercial operator continuing to run the route regardless of the loss of subsidy.

Reductions in spend in these areas will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control (such as children's social care).

## 1.6 Supporting the Economy

Whilst this is a Council priority, the service has nevertheless made significant reductions to its budget over recent years. The Council has delivered this by employing fewer but more highly skilled staff, and focussing activity on priority areas to maximise impact. Going forward, we will increasingly collaborate with the nine other Councils that make up the Cardiff Capital Region City Deal. The City Deal is creating a £1.2 billion fund for investment in the region over the next 20 years. This investment will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the City Deal, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams. The Council will be spending in the region of £1.6 million a year running these services. In addition, a multi-million-pound programme of investment will also see the biggest ever investment in Business Properties by BCBC to help support start-up businesses, including new light industrial blocks at the Village Farm Industrial Estate in Pyle and the refurbishment of the Innovation Centre at the Bridgend Science Park.

In addition, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the development of Cosy Corner and the Harbour Quarter in Porthcawl, the redevelopment of Maesteg Town Hall, and the redevelopment of the Rhiw in Bridgend. Much of this investment is not the Council's own money, but together, these schemes amount to around £20 million in total. Achieving this scale of leverage (around £10 for every £1 spent by BCBC) is dependent on being able to provide match-funding from the Council's own Strategic Regeneration Fund (SRF). This fund is used tactically and strategically, to deliver regeneration priorities and maximise external funding.

The Council will continue to operate a number of grant funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes such as Employability Bridgend that has supported 283 in to work since September 2015 to 31 December 2018 and is forecast to help a further 440 into employment over the next 4 years.

We propose to introduce changes that will mean that the Council spends less on some specific activities, including increasing planning fees.

The end of the management lease at Kenfig National Nature Reserve provides an opportunity to reduce the direct costs to the Council at the site. It is proposed that Kenfig Corporation Trust enter into a new agreement with a tenant to run the centre. The Council's saving over two years from 2019-20 is estimated to be £40,000.

## 1.7 Other Services

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

### Regulatory Services

The Council proposes to spend around £1.8 million on this group of services that includes Trading Standards, Environmental Health, Food Hygiene and Standards, Animal Health and Licensing (Alcohol, Gambling, Safety at Sports Grounds, Taxis etc.). These services all ensure in different ways that the public is protected.

In 2015 the Council combined these services with Public Protection services in the Vale of Glamorgan and Cardiff City Councils. This collaboration has allowed all Councils to make efficiency savings through the shared service. As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

### Registrars

The Council operates a registrar's service that deals primarily with the registration of Births, Marriages and Deaths. The service also undertakes Civil Partnership and Citizenship ceremonies. Councils are allowed to charge for these services, but by law are not allowed to make a profit. The Council operates these services so that they cover their own cost (i.e. they are not subsidised by the general tax payer). The Council will continue to ensure that the services are efficient and provide good customer service. We are currently planning to relocate the service to the Civic Offices, which will further reduce the cost of the service.

### Council Tax and Benefits

Whilst not immediately recognisable as a "service", taxation is in fact an important part of the Council's business. If we were inefficient or ineffective in collecting Council Tax, the burden of funding Council services would fall more heavily on those who do pay.

The taxation service collects over £70 million in Council Tax from around 65,000 households across the county borough. Our collection rates over the last two years have been the highest ever in the Council's history. We are determined to maintain this high level, but we are seizing the opportunity to reduce the cost of operating the service, by offering online services. We now offer a range of secure Council Tax functions online, allowing residents to self-serve at a time and location convenient to them. This will allow us to reduce the cost of running the service.

Benefits are funded by the central UK government but the administration of Housing Benefit and the Council Tax Reduction Scheme falls to the Council. Similar to the Council Tax service, the Council plans to make some significant savings through digitising this service. However, we are mindful that many of the people in receipt of benefits are not able to manage this online and we need to introduce this carefully.

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

In total, we are targeting savings of £300,000 from digitising these services. Developing the necessary systems has taken longer than expected, so the second



half of this is now planned for later in the MTFs, recognising the need to realise widespread take up to deliver this level of savings.

## 1.8 Behind the Scenes

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

During 2018 we merged a number of these functions into a single Directorate that reports directly to the Chief Executive. As well as releasing savings of £235,000 through a reduction in senior management, this change is allowing for further savings by moving to common systems, for example by sharing business support (we aim to save £250,000 next year through this approach, and think that further savings are possible by building on that approach). However the creation of the single Directorate is also allowing us to better support new ways of working – in these support services and across the organisation.

Other specific developments in corporate services include:

- Property and building maintenance - a priority for 2019-20 is to ensure the ongoing implementation of the Corporate Landlord model. This is intended to produce further savings of £350,000 with effect from 2020-21 including from further operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management and the deletion of some vacant staff posts.
- Finance - The Council is in the process of upgrading its finance system to achieve improvements in the way the Finance Section works, including improved data processing and reporting capabilities. Significant progress has been made in automating payments and we will continue to develop and extend this to a wider range of suppliers. Work continues to implement electronic invoicing and the use of on-line ordering processes. The Council will continue to develop improved year-end reporting processes to meet the challenges of earlier closing of accounts in advance of statutory changes.
- Legal services - in previous years, we have made reductions in this service but we have no plans to do so again in the coming year because of the level of transformation across services that will require legal support. The service is nevertheless very lean and so our focus will be on ensuring that we can build more resilience and responsiveness into the service through some changes in responsibilities and operating practice.
- ICT - the service is assisting the Digital Transformation programme, supporting the changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. Phase 1 of the digital programme went live in April 2018 and has achieved the following:

- A new responsive Website;
  - Over 10,400 people registering for My Account;
  - 4,281 people registering their Council Tax account (2,249 subscribing to eBilling);
  - 227 people registering for Housing Benefits;
  - 1,353 online forms completed, including;
  - 821 school admissions (comprehensive);
  - 215 single person discounts;
  - 119 free school meals/distinctive school uniform;
  - 8,318 Council Tax payments made via My Account totalling £1.174 million.
- Internal Audit - all public bodies have audit functions. Our internal audit is provided by a joint service that we share with the Vale of Glamorgan Council. The service carries out investigations and routine checks to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources. We have reduced spend in this area over recent years, and are now extending the shared service to include Merthyr Tydfil and Rhondda Cynon Taf Councils as well – bringing further resilience and potentially some savings.

## 2. STRATEGIC FINANCIAL CONTEXT

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

2.2 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2019-20 and outline proposals for 2020-21 to 2022-23.
- The capital programme for 2018-19 to 2028-29, linked to priority areas for capital investment based upon the Council's Capital Strategy.
- The Corporate Risk Register.

### The Financial Context

2.3 After Welsh Government had announced the provisional local government settlement on 9 October 2018, the Chancellor, Philip Hammond, presented his Autumn Budget on 29 October 2018. In it he stated that the Welsh Government will receive an extra £550 million over the next three years (2018-19 to 2020-21) and the Welsh Government would be able to choose how to spend this allocation. Prior to this announcement, the First Minister had indicated that Councils would be first in the queue for any new money Wales gets as a result of the UK Government's budget.

Alongside the UK Government's Autumn Budget, the Office for Budget Responsibility (OBR) updated its economic and tax revenue forecasts. It stated that buoyant tax receipts and an improved outlook for employment have delivered the Government a significant fiscal windfall since March, sufficient to deliver its objective of a balanced budget by 2025. But the Budget spends the fiscal windfall rather than saving it which leaves the medium-term outlook for government borrowing little changed since March 2018.

2.4 Following the Autumn Budget, on 20 November 2018, the then First Minister, Carwyn Jones, wrote to all local authorities, confirming a package of additional funding proposals for local government, which would be incorporated in the final budget. These included:

- an additional £13 million in the revenue support grant for 2019-20 to provide a cash flat settlement, with an additional £1.2 million to ensure no authority faces a reduction of more than -0.5%;

- an additional £7.5 million of revenue funding in both 2018-19 and 2019-20 to meet the financial pressures associated with implementing the teachers' pay award. This is on top of the funding announced in the provisional settlement for 2019-20 and will be funded through specific grants;
- £2.3 million revenue funding for children's social services in 2019-20, to help prevent children from being taken into care. This will be funded through a specific grant;
- increases in general capital funding for 2018-19, 2019-20 and 2020-21 (£100 million in total).

2.5 The Welsh Government announced its final budget for 2019-20 on 18 December 2018. The main changes affecting local authorities, other than those referred to above, were:

- an extra £23.6 million to enhance the current high street rates relief scheme with an additional £2.4 million for local authorities to provide discretionary rates relief;
- an allocation of £7 million of revenue funding in 2019-20 to deliver the third increase to the residential care capital limit, raising it to £50,000.
- an additional £1.6 million of grant funding in 2019-20 to further extend the Pupil Development Grant (PDG) - Access scheme to enable it to be available to more families at more points in a child's school career.

### **Welsh Government Final Local Government Settlement**

2.6 Councils received their final settlements from Welsh Government on 19 December 2018. The headline figure is an increase of £10.3 million, or 0.2%, across Wales, compared to 2018-19, and, for Bridgend, a reduction of 0.1% in Aggregate External Finance (AEF), or £258,000, on a like-for-like basis. However when adjustments are made for funding included within the settlement for new responsibilities, the true impact for Bridgend is estimated to be a reduction of £1.182 million or -0.61% compared to 2018-19. Welsh Government also indicated in October that this settlement contains an additional £20 million across Wales to ease pressures on social services. If this is taken into account as new monies the real position for Bridgend is a reduction of -1.07% or £2.07 million.

2.7 The Minister for Housing and Local Government, Julie James, stated that there is an expectation that the improved package of funding announced by the Welsh Government on 20 November 2018 must be matched by a commitment from local authorities to regional working, for example with health boards and the education consortia, to secure improved outcomes and increased resilience, and a re-commitment to the spirit and the letter of the terms and conditions of the Working Group on Local Government.

### **Settlement Implications for 2020-2023**

2.8 Welsh Government has not provided any indications of likely funding levels for 2020-21 onwards, which makes forward planning quite difficult, particularly in the post-Brexit years.

## Transfers into and out of the 2019-20 Revenue Settlement

- 2.9 The final settlement includes information on a number of transfers into the Revenue Support Grant (RSG), both grant funding and for new responsibilities, which impact on the Council's resources. This funding is intended to meet:
- additional costs arising from the September 2018 teachers' pay award,
  - the increased numbers of free school meals given the changes in eligibility criteria following the roll out of Universal Credit,
  - shortfalls in income arising from increases to the capital limit for residential care to £50,000,
  - the costs of providing additional discretionary rates relief.

The full picture on specific grants is still not yet clear, particularly at an individual authority level, although Welsh Government has advised that it has been able to restore funding to a number of grants to local authorities and made other funding decisions for 2019-20 from which local authorities will directly benefit. This includes an additional £30 million targeted grant funding for social care and £15 million to help schools meet the demands of the new National Approach to Professional Learning (NAPL), in addition to new grant funding towards teachers' pay and children's social services, referred to in paragraph 2.4 above.

## Council Tax

- 2.10 The 2019-20 final Revenue Budget, shown in Table 9, includes a Council Tax increase of 5.4%, as proposed in the draft MTFS report to Cabinet in November 2018. This level of Council Tax has been deemed necessary to fund the significant pressures facing the Council, particularly significant pay, price and pensions pressures. The level of the increase seeks to strike an appropriate balance between the needs of the Council and its citizens.

## Welsh Government Capital Settlement

- 2.11 In February 2018 Council approved a capital programme for 2017-18 to 2027-28, based on the assumption that annual Welsh Government capital funding would be flat lined from 2018-19 onwards. Council has approved revised versions of the capital programme during the financial year to incorporate budgets carried forward from 2017-18 and any new schemes and grant approvals. Further to the First Minister's announcement of an additional £100 million of capital funding on 20 November 2018, of which £30 million would be allocated in 2019-20, the final local government capital settlement provides this Council with £7.665 million of capital funding for 2019-20, which is £1.336 million more than 2018-19. A further £20 million of general capital funding has also been announced for 2020-21. Welsh Government has also announced a separate Public Highways Refurbishment Grant which will be notified separately (£20 million each year from 2018-19 to 2020-21) and will be funded via specific grant. The allocations for 2018-19 and 2019-20 are £802,920 and £796,672 respectively.

### Current Year (2018-19) Financial Performance

2.12 The in-year financial position as at 31 December 2018 is shown in Table 1 below.

**Table 1 – Comparison of budget against projected outturn at 31 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
<b>Directorate</b>					
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 Services	14,658	0	0	0	0
<b>Total Directorate Budgets</b>	<b>221,235</b>	<b>227,080</b>	<b>226,488</b>	<b>(592)</b>	<b>738</b>
<b>Council Wide Budgets</b>					
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)
<b>Total Council Wide Budgets</b>	<b>44,749</b>	<b>38,904</b>	<b>32,262</b>	<b>(6,642)</b>	<b>(5,269)</b>
<b>Appropriations to / from Earmarked to Reserves</b>			<b>1,922</b>	<b>1,922</b>	<b>1,980</b>
<b>Total</b>	<b>265,984</b>	<b>265,984</b>	<b>260,672</b>	<b>(5,312)</b>	<b>(2,551)</b>

2.13 The overall projected position at 31 December 2018 is a net under spend of £5.312 million, comprising £592,000 net under 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.

2.14 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. Going forward, directorates will either have to realise any outstanding budget reductions in full or

find alternative proposals to meet the saving, in addition to any new proposals for 2019-20 onwards.

- 2.15 In accordance with the Council's Financial Procedure Rules any planned over spends or under spends by directorates may be carried forward into next year. Fortuitous under spends in budgets may be applied to offset over spends on other budgets.

### **Medium Term Financial Strategy (MTFS) 2019-20 to 2022-23**

- 2.16 This section of the report sets out the proposed MTFS for the Council for the next four financial years, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFS is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 2.17 The development of the MTFS 2019-20 to 2022-23 is led by Cabinet and Corporate Management Board (CMB) and takes into account auditors' views, the recommendations of the Budget Research and Evaluation Panel, the public consultation, and issues arising during 2018-19, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.
- 2.18 Implementation of the MTFS will continue to be led by Cabinet and CMB, supported by financial and performance data. As usual Cabinet and CMB will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).

### **Scrutiny and Challenge**

- 2.19 As stated in paragraph 2.17, Cabinet and CMB continue to seek to embed a culture of medium term financial planning within the Council. Against that background, further efforts have been made again this year to secure greater involvement of stakeholders in the development of the MTFS and the Corporate Plan. An eight week consultation 'Shaping Bridgend's Future 2018' was undertaken between 24 September and 18 November 2018. Views were captured through surveys (online and paper), use of the Council's Citizens' Panel, community engagement stands, attendance at other meetings and events and via social media debates. Elected Members have also had the opportunity to take part in a budget workshop.
- 2.20 The consultation received 5,288 interactions from the various consultation events and methods. Within this there were 2,677 survey completions which can be considered a robust sample and demonstrates a 44% increase on last year. Within this there was a significant increase in youth survey completions. The full details of the consultation are detailed in a separate report that was presented to Cabinet in December 2018.
- 2.21 The majority of respondents agreed with the idea of protecting some services over others, with schools, care of older people and services for disabled people being the

most popular areas for protection through Council Tax increases. The proposals most frequently selected to make cuts were separate collection for absorbent hygiene products, weed spraying and funding for post-16 home to school and college transport. The four most popular revenue-generating proposals were Blue Badge holders to pay for parking, increasing charges for garden waste, increasing charges for three bulky items and consider increasing charges for sports pitches and pavilions. A summary of the main headlines arising from the consultation is provided in Table 2 below.

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

<b>Headlines from the Public Consultation</b>	
<b>Council Tax</b>	
48% of respondents stated that they would not be willing to pay more Council Tax in order to protect services (other than the 4.9% increase proposed in the budget consultation). However, 17% of respondents would be willing to pay an additional 1% and 14% of respondents were willing to pay up to 9.9% additional council tax in order to protect services.	
<b>Services to Protect</b>	
Most popular services to <b>protect</b> (through Council Tax or by comparing all proposals) were schools, care of older people, services for disabled people and leisure services.	
53% of respondents disagreed with the proposal to ask schools to make budget savings of 1% per year over the next four years.	
66% of respondents disagreed with the proposal to make savings through reducing day centres or services.	
<b>Increasing Revenue</b>	
79% of respondents stated that Blue Badge holders should pay for parking, 48% stated Blue Badge holders should pay the same amount as non-Blue Badge holders. A further 31% stated that Blue Badge holders should pay a reduced rate.	
60% of respondents stated that they would be willing to pay more to access sports facilities, pavilions and parks (10% stated significantly more and 50% stated a small amount more).	
48% of respondents stated that the council should explore the option of charging for shopmobility.	
When asked about increased revenue within recycling and waste 53% of respondents were willing to pay an increased charge to £20 for three bulky item collection.	
<b>Services to Cut</b>	
Services most frequently selected to make <b>cuts</b> were libraries, arts centres and theatres, sports and recreation services, weed spraying, funding for post-16 transport and separate collection for absorbent hygiene products.	
48% of respondents agreed that nursery provision should be reduced to 15 hours per week in order to make budget savings.	
47% of respondents agreed that funding for post-16 transport should be removed in order to make budget savings.	
46% of respondents agreed that the bus station should be closed in order to make budget savings.	



- 2.22 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Plan over the last six months to facilitate the budget planning process. The draft budget report approved by Cabinet in November has also been scrutinised by the Council's Overview and Scrutiny Committees resulting in a report to Cabinet from the Corporate Resources and Improvement (CRI) Committee, outlining a number of recommendations. Cabinet has considered the CRI Committee's recommendations and a response to these is provided in Appendix H.
- 2.23 Cabinet and CMB have reflected on the responses received from the public consultation and the recommendations of the CRI Committee and have removed a number of budget reduction proposals which were in the draft report in November as follows:

SCH1	Efficiency Savings Delegated School Budgets	£900,000
EFS46	Health and Safety Non-Staffing Budgets	£20,000
COM41	Reductions to Other Cleaning Services	£70,000
COM41a	Further reductions to Other Cleaning Services	£100,000
COM48	Reduction in Weed Spraying	£20,000

In addition, the following budget reduction proposals have been amended:

SSW26	Rationalising Day Service Provision	-	reduced by £50,000
COM26	Shopmobility	-	reduced by £5,000
CEX9	Customer Contact / Communications	-	reduced by £50,000

### MTFS Principles

- 2.24 As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which drive the budget and spending decisions over 2019-2023 and which Members and others can examine and judge the Council's financial performance against. The fourteen key principles are to ensure that:
1. The Council continues to meet its statutory obligations and demonstrates how it directs resources to meet the Council's corporate priorities.
  2. Adequate provision is made to meet outstanding and reasonably foreseen liabilities.
  3. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks.
  4. Budgets will be reviewed annually to ensure existing and forecast spend is still required and to identify further efficiency savings as required to meet inescapable budget pressures.
  5. Financial plans provide an optimum balance between income and expenditure for both capital and revenue.
  6. All services seek to provide value for money and contribute to public value.

7. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
8. The Council Fund balance will be maintained at a minimum of £7 million over the MTFFS period and reach 2.7% of Gross Revenue Expenditure by 2019-20.
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.
12. 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 MTFFS and a MTFFS Budget Reduction Contingency Reserve will be maintained.
13. Other resource strategies (including the Workforce Development Plan, Treasury Management Strategy, Capital Strategy, ICT Strategy and Asset Management Plan) are kept under review to maintain alignment with the MTFFS and the Corporate Plan.
14. Budgets will be managed by Corporate Directors in accordance with the Council's Financial Procedure Rules.

The MTFFS Budget Reduction Contingency Reserve referenced in Principle 12 enables the Council to manage delays or unforeseen obstacles to the delivery of significant MTFFS budget reduction proposals. There has only been one allocation so far during 2018-19, as shown in Table 3, which is in mitigation of reductions to the budget for the Materials Recovery and Energy Centre (MREC), which are unlikely to be achieved following delays in the procurement process:

**Table 3: MTFFS Proposals supported by Budget Reductions Contingency Reserve in 2018-19**

COM 18	MREC	£200,000
Total Allocated		£200,000

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

## MTFS Resource Envelope

- 2.25 The 2019-20 AEF figure is a decrease of -0.1% based on the published Final Settlement. In the November 2018 report to Cabinet on the draft MTFS, it was proposed that the Council continue to work towards a most likely scenario in its planning assumptions for 2020-21 of an annual reduction in AEF of -1.5% and an assumed increase in Council Tax of 4.5% for each of the remaining MTFS years, recognising the ongoing uncertainty around our funding in future years. It is not proposed to change these further at this time. The proposed Council Tax increase would remain at 5.4% for 2019-20 and then 4.5% for each following year.

The MTFS will be regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the uncertainties around Brexit in the coming months and years. In view of the uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios, based on percentage changes in AEF shown in Table 4.

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

	2019-20	2020-21	2021-22	2022-23
	% Change	% Change	% Change	% Change
Best Scenario	-0.1%	-1.0%	-1.0%	-1.0%
<b>Most Likely Scenario</b>	-0.1%	-1.5%	-1.5%	-1.5%
Worst Scenario	-0.1%	-3.0%	-3.0%	-3.0%

## Managing within the MTFS Resource Envelope

- 2.26 The financial forecast for 2019-23 is predicated on £35.181 million budget reductions being met from Directorate and Corporate budgets and these are referred to later in the report. It is also predicated on a number of spending assumptions, including:
- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.
  - Inflationary uplifts to support specific contractual commitments including increases in energy costs.
  - The future impact of national policies and new legislation which may not be accompanied by commensurate funding such as the Additional Learning Needs and Education Tribunal (Wales) Bill.
  - Fees and Charges will increase by the statutory minimum or CPI (+2.1% at December 2018) plus 1%.

- Significant increases in staffing costs as a result of the increase in the national living wage, along with an agreed 2 year pay deal for NJC and JNC workers, in addition to a 1 year pay deal for teachers which sees those on the lowest pay scales having their pay increased by 3.5%. These agreements have significantly increased the overall pay bill, and the amount we pay in respect of external contracts.

In addition, in September 2018, HM Treasury published draft directions to be used in the valuation of public service pension schemes. The Government Actuary's Department provided indicative results of the 2016 valuation of the Teachers' Pension Scheme (TPS) to the Department for Education (DfE), which has resulted in an increase of 43% in the employer contribution rate from 16.48% to an estimated 23.6% 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. No additional funding has been provided through the final settlement for this pressure.

- 2.27 For 2019-20, the MTFFS includes an additional £8.894 million for the above known pressures. In addition, each year consideration is given to any inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £2.191 million of inescapable pressures have emerged during 2018-19 and are explained in more detail in paragraphs 3.12 and 3.13 below. In total, the Council has identified pressures of £11.085 million in 2019-20.

### MTFS Budget Reduction Requirement

- 2.28 Table 5 below shows the Council's potential net budget reduction requirement based on the forecast resource envelope (paragraph 2.25 above), inescapable spending assumptions (paragraph 2.26 and 2.27 above) and assumed Council Tax increases.

**Table 5 – Budget reduction scenarios**

	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
<b>Best Scenario</b>	7,621	9,773	7,584	7,398	<b>32,376</b>
<b>Most Likely Scenario</b>	7,621	10,732	8,519	8,309	<b>35,181</b>
<b>Worst Scenario</b>	7,621	13,609	11,267	10,932	<b>43,429</b>

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

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

**Table 6 – Risk Status of Budget Reduction Proposals 2019-20 to 2022-23**

Year	GREEN: Proposal developed and deliverable	AMBER: Proposal in development but includes delivery risk	RED: Proposals not fully developed and include high delivery risk	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	£'000	£'000	£'000	£'000	£'000	£'000
2019-20	3,024	2,703	1,894	7,621	0	7,621
2020-21	37	1,040	2,603	3,680	7,052	10,732
2021-22	0	975	584	1,559	6,960	8,519
2022-23	0	900	0	900	7,409	8,309
<b>Total</b>	<b>3,061</b>	<b>5,618</b>	<b>5,081</b>	<b>13,760</b>	<b>21,421</b>	<b>35,181</b>
% of total required	9%	16%	14%	39%	61%	100%

2.31 As mentioned in paragraph 2.23, a number of the 2019-20 budget reduction proposals have been removed or amended since the draft budget report following the public consultation and member scrutiny. A number of proposals for 2020-21 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time. Proposals currently under consideration include:

- The wider digital transformation of Council services;
- Further development of efficiencies in the corporate landlord function;
- Income generation opportunities;
- Further reductions in employee numbers;
- Possible reconfiguration of post 16 education provision;
- Working with partners to protect sustainable community facilities.

2.32 Cabinet and CMB have given a commitment to try and find at least 50% of the budget reductions through smarter use of resources rather than by cutting the quality or level of services. This gets incrementally harder to achieve, but as Table 7 shows the plans set out in this report will deliver 72% of the required budget reductions through smarter use of resources, such as:

- Review of business support services
- Efficiencies in collaborative services
- Review of contractual arrangements
- Changes to capital financing
- Staffing restructures and rigorous application of vacancy management

**Table 7 – Budget Reduction Proposals 2019-20 to 2022-23**

	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000	%
<b>Smarter Use of Resources</b>	6,626	1,534	900	900	9,960	72%
<b>Managed Service Reductions</b>	547	1,706	584	0	2,837	21%
<b>Collaboration &amp; Service Transformation</b>	51	330	0	0	381	3%
<b>Policy Changes</b>	397	110	75	0	582	4%
<b>Total Identified to date</b>	<b>7,621</b>	<b>3,680</b>	<b>1,559</b>	<b>900</b>	<b>13,760</b>	

- 2.33 Budget reduction proposals relating to Collaboration and Service Transformation amount to 3% of the total budget reductions. These include further development of the Corporate Landlord model. Policy changes amount to 4% and include reducing services to the statutory minimum as well as cutting some discretionary services. The policy change proposals are subject to consultation
- 2.34 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real term's reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFs period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment, early retirements and voluntary redundancies, but some compulsory redundancies will continue to be necessary.

### **Corporate Risk Assessment**

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

### 3. REVENUE BUDGET 2019-20

- 3.1 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and specific transfers into the settlement from Welsh Government, and subtracting any budget reduction proposals.
- 3.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 8 summarises the 2019-20 budget requirement and how it will be financed.

**Table 8 – Net Budget Requirement**

	<b>2019-20 £'000</b>
2018-19 Net Budget (Table 1)	265,984
Transfers and New Responsibilities (para 2.9)	1,361
2019-20 Pressures (para 2.27)	11,085
2019-20 Budget Reductions (Table 5)	-7,621
<b>2019-20 Net Budget Requirement</b>	<b>270,809</b>
<i>Financed by:</i>	
2018-19 Net Budget (Table 1)	265,984
Net Cash Increase in AEF (para 2.6)	225
Council tax increase of 5.4% (para 2.10) plus increase in tax base	4,600
<b>2019-20 Net Funding Total</b>	<b>270,809</b>

#### **2019-20 Revenue Budget**

- 3.3 Table 9 presents the detailed net revenue budget for 2019-20. This includes specific grants transferring into the settlement as outlined in paragraph 2.9.

**Table 9 – Revenue Budget 2019-20**

	Revised Budget 2018-19	Specific Transfers to/ (from) WG	Inter-Directorate Transfers	Pensions Changes	Pay/ Prices / Demographics	Budget Pressures	Budget Reduction Proposals	Revenue Budget 2019-20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Directorate Budgets:</b>								
Central Education & Family Support	20,555			78	493	817	-596	21,347
Schools	90,321	954		1,977	1,289	320	0	94,861
<b>Education and Family Support</b>	<b>110,876</b>	<b>954</b>	<b>0</b>	<b>2,055</b>	<b>1,782</b>	<b>1,137</b>	<b>-596</b>	<b>116,208</b>
<b>Social Services &amp; Wellbeing</b>	<b>69,955</b>	<b>299</b>			<b>1,524</b>	<b>291</b>	<b>-1,235</b>	<b>70,834</b>
<b>Communities</b>	<b>26,527</b>		<b>-185</b>		<b>569</b>	<b>358</b>	<b>-1,938</b>	<b>25,331</b>
<b>Chief Executive's</b>	<b>19,538</b>				<b>460</b>	<b>75</b>	<b>-1,464</b>	<b>18,609</b>
<b>Total Directorate Budgets</b>	<b>226,896</b>	<b>1,253</b>	<b>-185</b>	<b>2,055</b>	<b>4,335</b>	<b>1,861</b>	<b>-5,233</b>	<b>230,982</b>
<b>Council Wide Budgets:</b>								
Capital Financing	9,405						-1,975	7,430
Levies	7,046					330		7,376
Repairs and Maintenance	870							870
Council Tax Reduction Scheme	14,354				500		0	14,854
Apprenticeship Levy	700							700
Pension Related Costs	430						0	430
Insurance Premiums	1,588				0			1,588
Other Corporate Budgets	4,695	108	185		2,004		-413	6,579
<b>Total Council Wide Budgets</b>	<b>39,088</b>	<b>108</b>	<b>185</b>	<b>0</b>	<b>2,504</b>	<b>330</b>	<b>-2,388</b>	<b>39,827</b>
<b>Net Budget Requirement</b>	<b>265,984</b>	<b>1,361</b>	<b>0</b>	<b>2,055</b>	<b>6,839</b>	<b>2,191</b>	<b>-7,621</b>	<b>270,809</b>

3.4 The net budget will be funded by:

**Table 10 – Net Budget Funding**

	£	%
Revenue Support Grant	145,354,407	53.67
Non Domestic Rates	46,452,373	17.15
Council Tax Income	79,001,854	29.17
<b>Total</b>	<b>270,808,634</b>	<b>100%</b>

### Council Tax Implications

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

**Table 11 – Council Tax Increase 2019-20**

2018-19 Average Band D	£1,395.51
2019-20 Average Band D	£1,470.87
% Increase	5.40%
Weekly Increase	£1.45



## Pay, Prices, Pensions and Demographics

- 3.6 In April 2018 agreement was reached between the National Employers and the NJC Trade Union Side on rates of pay applicable from 1 April 2018 and 1 April 2019. Whilst the majority of staff would receive pay increases of 2% per annum, there were higher increases on the lower pay points in order to continue to close the significant gap with the National Living Wage (NLW). Since then agreement has also been reached on pay increases for Chief Officers (2 years agreement at 2% per annum) and teachers for 2018-19 only (ranging from 1.5% to 3.5%). This has created budget pressures for the Council of around £5 million per annum. Welsh Government has provided £634,000 additional funding through the settlement towards teachers' pay in 2019-20, and has also stated that it will provide further support through a one-off specific grant in 2019-20, but it may not fully meet the costs. There are no guarantees that this grant funding will continue to be available from 2020-21 onwards, so this could create a budget pressure in those years.
- 3.7 As noted in paragraph 2.26, there is an estimated increase of 43% in the employer contribution rate for teachers' pensions from 16.48% to an estimated 23.6% 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. No additional funding has been provided through the final settlement for this pressure.
- 3.8 Price inflation has been allocated to service budgets and includes provision for contractual increases in food costs, social care provision and other commitments. The remaining inflationary provision will be retained centrally within Council wide budgets and allocated during the year as any unknown or unforeseen contract price inflation is agreed, in particular where the index is set after the Council's budget is approved.

## Schools' Budgets

- 3.9 Following a better than anticipated settlement in 2018-19, school budgets were protected from the proposed 1% annual efficiency target, but given the forecast pressure on Council budgets for future years, this was not considered to be sustainable in future years, so headteachers and governing bodies were advised to use the 2018-19 financial year to plan ahead. However, following the additional funding announced by the First Minister in November 2018, and the subsequent improved final settlement, along with the outcome of the public consultation and Scrutiny Committees' recommendations, school budgets have again been protected from the 1% efficiency reduction in 2019-20.
- 3.10 There are a significant number of pressures on school delegated budgets for 2019-20 and beyond, not least the cost of the teachers' and non-teachers' pay awards, growth in pupil numbers, pressures of funding additional learning needs and significant increases in teachers' pensions costs. Total funding provided to schools to meet these pressures in 2019-20 is around £4.5 million.
- 3.11 It should be noted that the 1% efficiency target is maintained for 2020-21 and beyond, in recognition of the pressures stated above, forecast reductions to the settlement and mounting external pressures across Council services.

## Budget Pressures

- 3.12 The final schedule of budget pressures is attached at Appendix A and presents a number of recurrent pressures, totalling £2.191 million. These represent unavoidable pressures arising from legislative changes, increased costs and contractual changes, along with a conscious decision by members to invest in areas to meet the Council's corporate priorities.
- 3.13 The November Draft Budget report explained that budget pressures identified at that time were subject to change before the Final Budget. The main changes are identified in Table 12 below:

**Table 12: New Budget Pressures**

Item	Value £'000	Description
Health and Safety	150	Health and Safety support for the Council to ensure compliance through more structured and rigorous monitoring to avoid future incidents.
Social Services Registration Fees	38	To meet the requirement for residential (Adult Social Care) and domiciliary care workers to be registered with Social Care Wales under the Regulation and Inspection of Social Care (Wales) Act 2016.
Hartshorn House	30	Running costs of Hartshorn House, a multi-agency base – to replace the grant funding from Welsh Government which has ended.
Housing Benefits	75	Funding to mitigate the net reduction in grant from the Department for Work and Pensions for administering Housing Benefit and Universal Credit.
<b>TOTAL</b>	<b>293</b>	

## Budget Reductions

- 3.14 Budget reduction proposals totalling £7.621 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in Appendix B.

## Council Wide Budgets

- 3.15 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies (including for the Fire and Rescue Authority), centrally held pay and prices provisions, insurance budgets, discretionary rate relief and provision for redundancy related costs. A thorough review of recent years' under spends within corporate budgets was undertaken in 2017-18 and the MTFS 2018-19 to 2021-22 included budget reductions totalling £2.610 million to corporate budgets. Consequently the scope available for further reductions is quite limited, as a number of these budgets are fixed and unavoidable, without putting the Council at risk. The higher than anticipated pay awards, pensions' increases and inflationary increases has put also additional pressure on these budgets.

- 3.16 The South Wales Fire and Rescue Authority covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. For 2018-19 the levy on Bridgend, and consequently its Council Tax payers, is £6,688,835. The Authority is facing similar pension increase pressures on its budget as teachers, and consequently the levy for 2019-20 could increase by £330,000, unless it receives additional funding from, for example, Welsh Government towards this pressure. This is a significant increase in the levy (4.9%) for which the Council has received no additional funding, but must provide for assuming the worst case scenario.

### Fees and Charges

- 3.17 Generally, income from fees and charges will be increased by CPI (at the prevailing rate, 2.1% at December 2018) plus 1%, subject to rounding, or in line with statutory or service requirements. Schedules of fees and charges will be reported separately, as usual, under Delegated Powers. New charges or charges that have been included in the 2019-20 budget and are above the general increase are shown in Appendix C.
- 3.18 Council approved a corporate income generation policy in March 2016 which aims to set a consistent approach across Council services and outline key principles to be applied. As a key principle, where a decision has been taken to charge for a service, the Council will aim for full cost recovery, except where there is a conscious decision which is consistent with Council priorities, recognising that the service would then be subsidised by Council Tax payers.

### MTFS Support for Corporate Priorities / Well-being Objectives

- 3.19 Appendix D details the Directorate Base Budgets for 2019-20. The MTFS supports the delivery of the Council's corporate priorities / well-being objectives and Table 13 below summarises Directorate budgets which will be used to support these and core services and statutory functions. A more detailed analysis is shown in Appendix E.

**Table 13 – 2019-20 Budget by Corporate Priority / Well-being Objective**

<b>Budget 2019-20 Corporate Priorities / Well-being Objectives</b>			
<b>Directorate</b>	<b>Corporate Priorities</b>	<b>Core Services &amp; Statutory Functions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education & Family Support	8,067	13,280	21,347
Schools	38,796	56,065	94,861
Social Services and Wellbeing	53,430	17,404	70,834
Communities	6,803	18,528	25,331
Chief Executive's	1931	16,678	18,609
Corporate Budgets	304	39,523	39,827
<b>NET BUDGET REQUIREMENT</b>	<b>109,331</b>	<b>161,478</b>	<b>270,809</b>

#### 4. COUNCIL RESERVES

- 4.1 The Council's Reserves and Balances Protocol attached at Appendix F sets out the principles used to assess the adequacy of reserves, the rationale for establishing reserves and the arrangements for monitoring reserves. For the last three years, the Council has maintained its Council Fund at a minimum of £7 million and at 31 March 2018 it was £8.347 million, which is 2.47% of Gross Revenue Expenditure (GRE) compared to a Welsh average of 2.99% for the same period. If the Council Fund was used to cover GRE, it would last 9.03 days (8.98 days in 2016-17) compared to a Welsh average of 10.06 days. Against that background and in the face of continued uncertainty regarding the economy and public finances, it is recommended that the Council seeks to increase its Council Fund to 2.7% of GRE (£8.840 million based on 2015-16 when the indicator was set) by the end of the MTFS period. This will be monitored and will depend upon financial performance during future periods and the need to cover against specific risks as they arise through the earmarked reserves process.
- 4.2 In accordance with the Protocol, a review of the Council's financial risks, pressures and reserves was undertaken at period 6 and period 9 in 2018-19. Appendix F also sets out the forecast movement in the Council's Earmarked Reserves by the end of 2018-19 and 2019-20. At this point the forecast movement to 31 March 2019 on Earmarked Reserves is an overall reduction of £10.925 million on the assumption of:
- The forecast draw down of £1,729,000 from the Directorate Issues Reserve, either by Directorates, or as a result of any reserve that is no longer required being unwound, both offset by additions of £0.323 million as a result of new Directorate Issues coming to light following the various reviews. This results in a projected net decrease on **Reserves Held for Directorates' Planned Developments** of £1,406,000;
  - The forecast draw down of £5,495,000 from **Specific Contingency Reserves**, offset by additions of £428,000, resulting in a projected net decrease of £5,067,000. There are two assumed draw downs during the last quarter of the year, but if these do not happen, there will only be a net decrease of £628,000;
  - The estimated draw down of a large amount of the Capital Programme Contribution reserve of £2.165 million which does rely on capital spend being incurred from January until March 2019. There is also £171,000 draw down from other **Capital Development or Asset Related Reserves**. As part of the new Capital Strategy 2019-20 onwards, two new Earmarked Reserves are being created. These are a Capital Asset Management Reserve of £500,000 and a Highways Asset Management Fund of £1.290 million. These have been created from previous funding within other Earmarked Reserves being amalgamated together with additional funding. The draw down from both of these reserves will form part of the monitoring requirements on the Capital Strategy. There will be a net increase on these Reserves of £953,000;
  - Within the category of reserves for **MTFS/Transformational Reserves**, there is an assumed draw down of £2.222 million from the Service Reconfiguration Reserve for the Extra Care Scheme on the current capital spend projection. The projected net draw down on these reserves is £3.486 million. It should be noted that this reserve has not been increased for any potential accrued Council Tax income (see paragraph 4.3 below);

- The projected net draw down from the **Equalisation and Grant Reserves** for 2018-19 is £1,063,000.

4.3 In line with the Protocol, a further review will be undertaken at the end of the current financial year and transfers made at this point taking account of the overall financial position of the Council including the final out-turn, actual accrued Council Tax income, Earmarked Reserve levels, the Council Fund level and any new pressures or risks that need to be provided for. At this time Directors will be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2019-20 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole. In advance of that process, the forecast movement in reserves for 2019-20 assumes:

- An overall reduction in Earmarked Reserves of £7.891 million during 2019-20;
- Full draw down from a number of reserves including the Property Reserve, Chief Executives Partnership Reserve and the Waste Awareness Reserve.
- Draw down from the Capital Programme Contribution Reserve, Capital Feasibility Reserve and Asset Management Reserve in line with the current Capital Programme expenditure profile; and
- Draw down from the Service Reconfiguration reserve in line with assumptions on transformational change.

It does not include the potential increase of reserves for 2019-20 as a result of fortuitous under spends at the end of this financial year. The forecast position is summarised in Table 14 below:

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

Opening Balance 1 April 2018 £'000	Reserve	Movement 2018-19 £'000	Closing Balance 31 March 2019 £'000	Movement 2019-20 £'000	Closing Balance 31 March 2019 £'000
47,715	Total Earmarked Reserves	(10,925)	36,790	(7,891)	28,900

*NB: Differences due to rounding of £'000s*

## 5. CAPITAL PROGRAMME AND CAPITAL FINANCING STRATEGY

- 5.1 This section of the report deals with the proposed Capital Programme for 2018-19 to 2028-29, which forms part of, but extends beyond the MTFs. It has been developed in line with the MTFs principles and the Council's proposed Capital Strategy and reflects the Welsh Government capital settlement for 2019-20. The Programme has been revised during the financial year to bring it up to date and take into account new capital schemes either funded from external resources, or from internal resources following a review of the Council's capital investment requirements.

### Capital Programme 2018-19 to 2028-29

- 5.2 This section of the report deals with the proposed Capital Programme for 2018-19 to 2028-29, which forms part of, but extends beyond the MTFs. It reflects the Welsh Government final capital settlement for 2019-20, which provides general capital funding (GCF) for the Council for 2019-20 of £7.665 million of which £3.938 million is provided through un-hypothecated supported borrowing and the remainder £3.727 million as general capital grant. This includes the 2019-20 share (£30 million) of the additional £100 million of general capital funding (across 2018-19 to 2020-21) announced by Welsh Government in the provisional settlement. The Council has already received £2.215 million as its share of the £50 million allocation for 2018-19. Whilst no indicative allocations have been provided for 2020-21, there will be extra funding arising from the additional £20 million of general capital funding for 2020-21. From 2021-22 it is assumed that the level of funding will revert to the 2018-19 general capital funding level.
- 5.3 The Programme was last approved by Council in full in December 2018 to incorporate major new schemes approved during the year, including the regeneration of Porthcawl and rationalisation of the Council's depots, along with other changes to existing schemes. Council also approved a change to the funding package for the School Modernisation Band B Programme in a separate report in December. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, it was agreed by Cabinet and CMB not to ask service managers to submit capital bids for funding, but for Cabinet and CMB to determine its strategy in terms of capital priorities and build this into the new Capital Strategy for approval by Council in February 2019.
- 5.4 The additional general capital funding provided through the settlement for 2019-20 equates to £1.336 million. It is proposed to establish a Capital Asset Management Fund of £1.5 million to meet the costs of works to comply with any health and safety or other legislative requirements in respect of the Council's assets, taking into account the results of condition surveys. This will be funded partly from a contribution of £1 million from the additional general capital funding, and partly from an earmarked reserve of £500,000. Any allocations from this budget will be agreed by Corporate Management Board. The balance of the additional general capital funding is being used to fund existing schemes to reduce the reliance on borrowing for schemes already included within the capital programme, and thus reduce future revenue budget commitments. An in-year review of capital will be undertaken and any new proposals will be considered in light of, and in line with, the proposed new Capital Strategy and brought back to Council for approval at a later date.

- 5.5 Welsh Government has also announced a separate Public Highways Refurbishment Grant 2018-21 which has been notified separately (£20m each year 2018-19 to 2020-21) and will be funded via specific grant. As outlined in paragraph 2.11, Bridgend has been notified that it will receive £802,920 for 2018-19 and £796,672 for 2019-20, with a similar amount for 2020-21. The 2018-19 grant funding will be carried forward into 2019-20, in line with the conditions of the grant, resulting in total additional funding for 2019-20 of £1,599,592 and around £2.4 million between 2018 and 2021, leading to significant new investment in highways and footways over the 3 year period. This will be included in the capital programme in-year once the grant has been accepted.
- 5.6 The Capital Programme contains a number of fixed annual allocations that are met from the total general capital funding for the Council. These annual allocations have been reviewed as part of the capital planning process and it is proposed that two changes are made for 2019-20, as follows:
- Disabled Facilities Grants (DFGs) – DFGs are mandatory, means-tested, grants available to help disabled people to remain living independently in their own homes. Local authorities therefore have a duty to provide DFGs. This allocation was reduced in previous years due to reductions in referrals and in the average award. Funding currently allocated to DFGs is above the notional allocation provided by Welsh Government and it is therefore proposed to bring this into line with Welsh Government funding through a reduction of £200,000.
  - A new allocation will be established, using the £200,000 released, to set up a corporate capital fund. This will be used for match funding for capital projects, and ICT / equipment renewals, and will be subject to approval and allocation by Corporate Management Board.

This will result in revised allocations as outlined in Table 15:

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

	2019-20 £'000
Highways Structural Works	200
Carriageway Capital Works	250
Disabled Facilities Grant	1,950
Housing Renewal / Empty Property	100
Special Regeneration Funding	540
Minor Works	1,100
Community Projects	100
Bridgelink / Telecare replacement	30
Corporate Capital Fund (Renewals / Match Funding)	200
Street lighting / Bridge infrastructure replacement	400
<b>Total</b>	<b>4,870</b>

### Capital Programme link to the Corporate Priorities

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

**Table 16 – Capital Programme by Corporate Priority**

Corporate Priority	Revised 2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 to 2028-29 £'000	Total £'000
1. Supporting a Successful Economy	7,431	8,648	8,863	39,289	64,231
2. Helping People to be more Self-Reliant	5,634	3,050	1,950	15,600	26,234
3. Smarter Use of Resources	22,111	23,929	10,900	87,556	144,496
Core Services & Statutory Functions	298	530	0	7,190	8,018
<b>TOTAL</b>	<b>35,474</b>	<b>36,157</b>	<b>21,713</b>	<b>149,635</b>	<b>242,979</b>

#### Supporting a Successful Economy

- 5.8 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 highways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments. There is also significant investment in all of our town centres, with new schemes approved by Council earlier in the year in respect of Porthcawl Regeneration and the development of Enterprise Hubs, to build on previous investment and initiatives. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.

#### Helping People to be more Self-Reliant

- 5.9 In addition to the two new Extra Care Schemes, one of which has opened, with the other due to open towards the end of 2018-19, and which will enable people to live more independently than they would in residential care, there remains significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes.

#### Smarter Use of Resources

- 5.10 The Schools' Modernisation Programme forms a cornerstone of the corporate priority making smarter use of resources, with the remaining schemes in Band A of the 21<sup>st</sup> Century Schools programme coming to fruition towards the end of 2018-19. From 2019-20 the Council will embark on Band B of the 21<sup>st</sup> Century Schools Programme, which will result in further capital investment of around £70 million in the Council's schools' estate.



- 5.11 There is currently a budget of £1 million in the capital programme for works to parks and pavilions, to make them suitable for Community Asset Transfer (CAT). The scope for this funding is being widened to also include works undertaken on other Council facilities such as community centres and public toilets, to support the CAT process. This is to ensure that as many buildings as possible can be kept open and provide long term community benefits.
- 5.12 In addition, Council has previously approved significant investment in upgrading the Waterton depot to make it fit for the future, in addition to recurrent funding to improve and upgrade existing buildings through the capital minor works programme to reduce running costs, including maintenance, and improving energy efficiency. This is in addition to the two existing schemes within the programme which will see significant investment in energy efficiency schemes, across Council buildings and street lighting, which will be repaid from recurrent revenue savings generated.
- 5.13 The revised capital programme is attached as Appendix G. There are no significant changes since it was approved by Council in December 2018, other than amendments to reflect the agreed funding mechanism for the Band B school modernisation programme.

### **Capital Receipts**

- 5.14 The Council estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in 2014. So far, circa £16.1 million has already been delivered, with £4.3 million under contractual agreement and the balance projected to be realised over the next 18 months (2018-2020). Of the £21 million, £9.8 million relates to school buildings and land vacated through the 21st Century Schools Programme, to be used as match funding for the programme. It excludes any receipts anticipated from the sale of Waterton or Porthcawl Regeneration sites which will be the focus of the disposal programme in the future. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

### **Prudential (Unsupported) Borrowing**

- 5.15 Total Prudential Borrowing taken out as at 1 April 2018 was £41.77 million, of which £27.03 million was outstanding. It is estimated that the total borrowed will increase to £43.75 million by the end of this financial year.

**Bridgend County Borough Council  
Civic Offices  
Angel Street  
BRIDGEND  
CF31 4WB**

**(01656) 643643**

## 2019-20 BUDGET PRESSURES SUMMARY

## APPENDIX A

Ref	Directorate	Corporate Priority	Pressure	£'000
SSW1	Social Services and Wellbeing	Helping People to be Self Reliant	Multi Agency Safeguarding Hub (MASH) Co-ordinator Post.	24
SSW2	Social Services and Wellbeing	Helping People to be Self Reliant	Transition costs for Children into Adult Social Services.	229
SSW3	Social Services and Wellbeing	Helping People to be Self Reliant	New Welsh Government legislation requiring all domiciliary care staff to be registered	38
EFS1	Education and Family Support	Core Services & Statutory Functions	Increasing costs associated with home-to-school transport, including demand for pupils with Additional Learning Needs and demographic growth.	427
EFS2	Education and Family Support	Core Services & Statutory Functions	Increase to Early Years Education Grants for the non maintained Sector - to reflect actual costs.	66
EFS3	Education and Family Support	Core Services & Statutory Functions	Transport costs for the Welsh Government Junior Apprenticeship programme.	42
EFS4	Education and Family Support - Schools	Core Services & Statutory Functions	Increased costs of running Learning Resource Centres in Schools.	320
EFS5	Education and Family Support	Core Services & Statutory Functions	Additional Education Other than at School (EOTAS) provision at The Bridge Alternative Provision.	132
EFS6	Education and Family Support	Core Services & Statutory Functions	Health and Safety support for the Council to ensure compliance and avoid future incidents.	150
COM1	Communities	Supporting the Local Economy	Bridgend Market - In line with the Market Improvement Plan approved by Cabinet: to reduce the stall holders rentals by 25%, further reduce asking rents and to enhance through capital investment the quality of the building and the signage and marketing provided by stallholders.	58
COM2	Communities	Core Services & Statutory Functions	Rights of Way - Statutory duty to undertake the first decennial review of the Council's Rights of Way Improvement Plan (RoWIP) by October 2019 and continued implementation of Actions within the current and future RoWIP following withdrawal of Welsh Government grant funding.	34
COM3	Communities	Core Services & Statutory Functions	South Wales Trunk Road Agency - cessation of contract. The works undertaken have both generated financial support to the highways maintenance function in both direct and overhead costs.	200
COM4	Communities	Core Services & Statutory Functions	Increase in the tonnage of street litter arisings (red bag waste).	36
COM5	Communities	Helping People to be Self Reliant	To meet the running costs of the Multi-agency base at Hartshorn House following cessation of grant funding.	30
CEX1	Chief Executive	Helping People to be Self Reliant	To mitigate the net reduction in grant funding from the Department for Work and Pensions for administering Housing Benefit and Universal Credit.	75
CW1	Council Wide - Fire Service Precept	Core Services & Statutory Functions	Increase in precept to cover pay and price pressures, in particular the increase in employer's contributions to superannuation following changes to public service pensions schemes by HM Treasury (increase of 10%).	330
<b>Total Budget Pressures</b>				<b>2,191</b>

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Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
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**IMPROVEMENT PRIORITY**

- IP1 - Supporting a successful economy
- IP2 - Helping people to be self-reliant
- IP3 - Smarter use of resources
- NONPTY - Core services & statutory functions

**CATEGORIES**

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

**RAG STATUS KEY**

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

**EDUCATION & FAMILY SUPPORT**  
**CENTRAL EDUCATION & FAMILY SUPPORT**

EFS1	A more equal Wales	IP2	PC	Phased implementation of Learner Transport Policy regarding statutory distances for free travel	<ul style="list-style-type: none"> <li>• Savings should occur naturally as a result of the policy application year on year, however dispersed learners and contractual pressure from operators as routes become more untenable may mean it becomes increasingly difficult to find the identified savings.</li> <li>• Risk of price increases from Contractors.</li> </ul>	4,779	5%	67	67	75	75	
EFS19	None	IP3	CST	Restructure of YOS Service	The amalgamation of the three local authority Youth Offending teams of Neath Port Talbot, Swansea and Bridgend in 2014 has historically achieved savings for the Local Authorities whilst simultaneously managing reductions in grant funding. There may be further opportunities to make savings through the ongoing restructure of the organisation, however this needs to be seen in the light of Bridgend possibly leaving the WB collaboration and possible costs associated with this.	384	11%		41			
EFS33	A more equal Wales	IP2	PC	Home to School Transport - removal of Escorts on primary school service with fewer than 8 pupils	Driver only supervision of pupils on school transport. The most vulnerable pupils may not be supported with concerns around behaviour/pupil safety. Full 12 week public consultation with one full academic year delay after policy change to implementation. Parent groups, learners and contractor all likely to be opposed to change. Negative media coverage likely. Reputational risk to local authority. Health & Safety risk likely to increase and will need to be mitigated in other ways.	4,779	1%			35		
EFS34	A prosperous Wales	IP3	SUR	Reduction in Central Budget for 1:1 support for Primary Schools - This has been successfully done with Secondary Schools. There is difficulty in recruiting and retaining SNSA's and supply staff is high. It has proven to be more efficient that Secondary Schools directly appoint and manage the 1:1 support staff required for their pupils.	This would need to be consulted upon with schools. Ancillary support apart from complex medical has already been delegated to secondary schools. Consideration would be given to delegate ancillary support to primary schools. There would also be further consideration given to the delegation of complex medical support to both primary and secondary schools. During a period of consultation the risks would need to be identified as part of the process if the proposals were to proceed.	591	24%			140		
EFS35	None	IP3	SUR	Reduction to contribution to the Central South Consortium (CSC) of 5%	This would need to be agreed with other partners within the Consortium.	596	5%		30			
EFS36	None	IP3	SUR	Review of leadership within the Inclusion Service.	This will require a restructure of the Inclusion Service and a full consultation. Affords an opportunity for distributed leadership and succession planning. This will increase the direct reports for Group Manager Inclusion and School Improvement but will mitigate any effect on front line service delivery.	938	7%		70			
EFS37	None	IP3	SUR	Review of Cognition and Learning Team	This will require a restructure of the Inclusion Service and a full consultation. This is the service that provides outreach for literacy within Bridgend and the proposed new model will require some building of capacity in schools. There would be a risk with the current delivery method in that the building of capacity within schools could not be fully covered.	424	26%		110			

Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
EFS38	None	IP3	SUR	Review of Autistic Spectrum Disorder (ASD) team.	Savings would occur naturally as there are posts which are currently vacant within the team. This area would be consulted upon as part of an Inclusion Service restructure. Consideration would need to be given with regards to how building capacity with schools could be achieved in conjunction with other teams who support in a similar way and potentially with the same children and young people.	464	17%		77			
EFS39	None	IP3	SUR	Review of Education Psychology Service	This would require a review of the Education Psychology team as part of the inclusion re-structure and will require the service to work differently to mitigate any shortfall in the service (e.g. undertake less training).	240	27%		65			
EFS40	A more equal Wales	IP2	MSR	Volunteer driver service	Service has not been operational since Jan 2017. Full budget is £116k. Therefore, £16k will be retained to support Looked After Children.	116	86%		100			
EFS41	A more equal Wales	IP2	MSR	Removal of Post 16 transport	<ul style="list-style-type: none"> <li>Full 12 week consultation would be required with a full academic year required before policy is implemented post policy change.</li> <li>Parent groups, learners and others likely to be opposed to policy change.</li> <li>Negative media coverage.</li> <li>Reputational risk to local authority.</li> <li>Sustainability risk to secondary schools sixth forms.</li> <li>Risk to financial viability of Bridgend College. Some courses may cease if numbers of pupils reduce.</li> <li>Possible increase in the number of young people not engaged in education, employment or training (NEET).</li> <li>Impact on local road infrastructure around schools as more pupils chose private motor vehicles rather than public transport.</li> <li>The most deprived may lose out the most and may chose not to consider post-16 education.</li> <li>Reduction in vehicles required by local authority may increase the risk for some transport operators, effectively forcing them out of the market. This would then impact the ability of the local authority to contract transport services to meets its statutory transport requirements. Therefore, there is a risk that transport operators would increase their costs against these contracts to compensate.</li> </ul>	£314,500 for college transport. 6th form budget part of secondary school transport which is £1.8m	159%			500		
EFS42	A Wales of cohesive communities	IP2	MSR	Review of Part-time youth service (Youth clubs)	Cabinet agreed to the reduction of local authority youth clubs in 2013 from 16 to 3. The 3 remaining youth clubs are spread well geographically across the county borough and are well attended by young people. For example the youth club in Cynffig Comprehensive School has up to 70 young people attending on each evening (run twice weekly - term time only). Part of the budget for this service is in essence kept in-house as two of the three settings are run from schools (Cynffig and CCYD) where a rental charge is paid. A further impact - but difficult to quantify - could be linked to a possible increase in youth annoyance in these areas, should the clubs close.	26	100%			26		
EFS43	A prosperous Wales	IP3	SUR	Review of School based counselling service	The school based counselling service is a statutory requirement, however the delivery arrangements (in-house or externally delivered) are under the Council's control. The school based counselling service is well received by schools with a high demand for the service. This service was previously reduced (budget) as part of a re-structure of Integrated Working and Family Support services which took effect in 2015-16.	129	4%			5		

Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
EFS44	None	IP3	SUR	Review of Childcare Team	Review existing staffing structure within the Childcare Team with a view to moving core funded staff to grant, where this option is eligible under grant conditions. In addition a review of the service demand placed on the Development Officers in supporting the private nursery settings throughout the county borough, ensuring a streamlined service that meets minimum statutory requirements. There are however, significant risks in making further reductions in this budget line (RSG) given Welsh Government's policy linked with both the national statutory Childcare Offer and Child Sufficiency requirements. In addition, this budget line has been reduced in previous years and existing demand (to fund placements) is exceeding budget.	140 (RSG) / 101 (grant)	7%			10		
EFS45	A more equal Wales	IP3	SUR	Core funding for previous 'Uniform' Grant that has been replaced by PDG Access grant from Welsh Government	No impact - grant has replaced core funding.	36	100%		36			
EFS47	A prosperous Wales	IP2	MSR	Nursery provision - Reduction in early years provision from full time to part time as per statutory minimum.	Reduction of nursery provision to its statutory minimum will mean that some parents who rely on this provision for the child care will have to make significant additional payments in order to secure child care from additional sources. It may also result in a shortage of available suitable child care. The reduction will inevitably have a negative impact on teaching and learning as the early preparation for children to learn effectively is provided via nursery provision. This will inevitably also lead to teacher redundancies.	1,954	72%			817	584	
<b>Total Education and Family Support</b>									<b>596</b>	<b>1,608</b>	<b>659</b>	<b>0</b>
<b>SCHOOLS</b>												
SCH1	A prosperous Wales	IP3	SUR	Efficiency savings against School Delegated Budgets	The annual saving represents a 1% efficiency per annum against individual schools budgets. Risk of increased school deficit positions. Implementation will be a matter for individual schools - potential to result in some teacher redundancies. If efficiency is made solely from staffing budgets, this could range from a minimum of 1 teacher in our larger Primary Schools to 5 teachers in our larger Comprehensive schools over the MTFS period.	£90.3m - ISB Budget	3%	0		900	900	900
<b>Total Schools</b>									<b>0</b>	<b>900</b>	<b>900</b>	<b>900</b>
<b>Total Education &amp; Family Support Directorate</b>									<b>596</b>	<b>2,508</b>	<b>1,559</b>	<b>900</b>

**SOCIAL SERVICES & WELLBEING**

SSW17/A SC18	A healthier wales	IP3	PC	Development of Extra Care Housing	Project is now in its final stages. All consultation has been completed. No adverse impact identified.	2,078	16%	330	330			
SSW19	A healthier wales	IP3	SUR	Further review of HALO partnership contract.	Previous negotiations have proved successful. No adverse impact identified.	1,416	8%	20	80	30		
SSW20	A healthier wales	IP3	MSR	Identify further savings from leisure centres and swimming pools including reviewing the number of facilities and also reductions in services or opening hours.	Reduced availability of services and accessibility to the public. Negative impact on healthier wales wellbeing goals.					40		
SSW21	A healthier wales	IP3	MSR	As part of the contract with Awen, BCBC will be renegotiating its management fee for the period 2019-2022. This will mean reviewing accessibility of services and potential closure of AWEN facilities such as community centres or libraries.	Negotiation will be required with AWEN to identify efficiencies in areas with the least impact on services.	3,107	2%		70			

Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
SSW22	A healthier wales	IP3	MSR	Identify further savings from library and cultural facilities and related services including reviewing the numbers of facilities (libraries, community centres) and also reductions in services or opening hours.	Reduced availability of services and accessibility to the public. Negative impact on healthier wales wellbeing goals.				60	20		
SSW23	A healthier wales	IP3	SUR	Review charging for telecare services	New charges will be introduced together with an increase in other current charges.	350	43%		150			
SSW24	None	IP3	SUR	Staffing reconfiguration across SSWB Directorate	Reconfiguration of staff will require staff consultation.	N/A			345			
SSW25	A healthier wales	IP3	SUR	Review of complex care accommodation across learning disabilities services	Review of in-house and external provision to be undertaken identify efficiencies in areas with the least impact on service users.	6,853	2%		150			
SSW26	A healthier wales	IP2	MSR	Rationalising day service provision for older people and learning disability services including Bridgend Resource Centre	Full review of services which could mean alternative service provision required to meet assessed need.	2,795	8%		50	180		
<b>Total Social Services &amp; Wellbeing Directorate</b>									<b>1,235</b>	<b>270</b>	<b>0</b>	<b>0</b>

COMMUNITIES

COM4	A prosperous Wales	IP2	SUR	Review of School Crossing Patrol service in line with GB standards	This proposal builds on the 2015-16 budget reduction to cut the school crossing patrol budget and focus on those sites where there is greatest assessed risk based on the GB standard. This may impact on high risk routes to achieve the full saving, and could conflict with learner travel savings.	75	27%		10	10		
COM20	None	IP3	SUR	Highways Dept Management Structural Savings Target	Loss of experienced, competent and qualified managers to deliver statutory functions. Reduced resilience for response to highway issues.	446	22%		100			
COM26	A more equal Wales	IP2	MSR	Investigate the introduction of charging to users of the Shopmobility facility in Bridgend Town Centre to reduce/remove the current level of subsidy	A full Equality Impact Assessment and Future Generations assessment will need to be carried out. The implications to some current users of the facility are that some members of the community with mobility issues may struggle to pay the necessary charges to hire a mobility scooter and therefore maybe unable to gain access to the town centre. However, this must be balanced against the declining popularity of the service with significantly reduced numbers of users. The changes in technology have meant that lightweight affordable scooters now have greatly increased in private ownership, compared to when the facility was introduced. The provision is not a statutory duty and one not provided in other town centres of the borough or in many of the town centres of neighbouring authorities. On this basis it would seem reasonable to investigate whether introducing charging for use is a viable way of reducing the overall cost of the service. If however this does not prove feasible, in order to make the full saving required over the next two financial years closure of the facility would be necessary.	20	75%		5	10		
COM42	A Healthier Wales	IP2	MSR	Review of parks and playing fields service split over two financial years:- 15% reduction to seasonal operatives budget (£75K). Corresponding reduction to large and small plant (£29k). Removal of bowls club grant (£34K).	The cut identified for 2019-20 will require the removal of approximately 6 seasonal operatives along with respective cuts to plant, equipment and materials. This will have a noticeable reduction in levels of service.	2,082	7%		69	69		



Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
COM42a	A Healthier Wales	IP2	CST	Transfer of pitches/pavilions through Community Asset Transfer by May/June 2020. Increase charges for end-users to achieve full cost recovery for pitches/pavilions that have not transferred by this date. Reduction of grass cut areas and maintained parkland and number of children's play areas.	The savings identified for 2020-21 will see the removal of the majority of the remaining seasonal operatives budget, again with corresponding cuts to plant, equipment and materials. This cut will result in all of the outdoor leisure facilities effectively closing. Rugby, football, bowls and cricket will all but come to end in the Authority unless the clubs take over management of the sites under the Councils CAT strategy. The remaining parks budget will be used to maintain the Councils main parks and children's play grounds, highway grass cutting which is safety related, and to secure the ongoing site management and safety of the sites that will remain in Council ownership, but will no longer be maintained to a level suitable for the playing of outdoor sports. Open space grass cut areas will be reduced and the 117 children's play areas reduced.	2,082	14%			300		
COM43	None	IP2	CST	End of management of Kenfig National Nature Reserve	The agreement between BCBC and Kenfig Corporation Trust (KCT) ends in December 2019. It is currently proposed that BCBC does not enter into any new agreement. KCT are underway with a process, supported by their agent HRT, to identify a new tenant. This process is being conducted in partnership with NRW. There is a risk that the level of management may be affected, however there is also the opportunity that the new tenant may be able to draw on resources that BCBC cannot.	40	100%		10	30		
COM44	A Wales of cohesive communities	IP3	MSR	Bridgend Bus Station - alternative measures to explore full cost recovery and external support will be pursued but, failing this, the likely required step to deliver this saving is closure.	Impact on city region, connectivity hub, and potential impact on air quality due to relocation of buses. May have a detrimental impact on regional transport with no main bus station and impact on reputation of the Council.	160	56%		45	44		
COM46	A Wales of cohesive communities	IP2	MSR	Removal of budget for Subsidised Bus Routes	Letter received from Welsh Government confirming that from April 2019, each local authority's allocation from Bus Services Support Grant (BSSG) will have to be at least match-funded by a commitment to expenditure from an authority's own budget in support of bus and community transport networks in its area. Therefore removal would have a larger impact than the £200K budget included. Also some areas may not have access to an alternative bus service or alternative form of transport. Consultation required.	200	74%	188	148			
COM47	A Wales of cohesive communities	IP3	SUR	Public Transport - efficiencies achieved under the Public Transportation budget	Reduced support available for wider Transportation budgets - e.g. works at Bridgend Bus Station.	389	6%		24			
COM49	None	IP3	SUR	Street Lighting - Reduction to energy costs budget which has been achieved due to historic replacement of LED lighting	Ability to deliver this level of saving is dependent on how successful the new SALEX replacement programme is compared with the original business case as funding will be required from this budget heading to repay the SALEX borrowing for a number of years.	1,047	3%	110	30			
COM50	A prosperous Wales	IP3	SUR	Increase pre-application planning fees by 10%	This is the first increase since the introduction of the new service in 2016. Will introduce new categories of enquiry currently not covered by the scheme. Also aim to introduce a new pre-sale information pack for householders providing details of planning consents, constraints etc. There is a risk that the increase will put some potential users of the scheme off and the increase might have to be phased. Any change to the current system will also require DC Committee and Cabinet approval.	-618	2%		10			
COM51	None	IP3	SUR	Ongoing implementation of Corporate Landlord model	The savings will be delivered in a number of ways including operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management, and some deletions of vacant posts.	3,066	11%	500		350		

Budget Reduction Proposals 2019-20 to 2022-23

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
COM52	None	IP3	SUR	Reductions to the budget for the Materials Recovery and Energy Centre (MREC) to be achieved through the current procurement being undertaken with Neath Port Talbot CBC for the provision of new operator arrangements for the MREC facility at Crumlyn Burrows	Failure to secure a new operating contractor through a compliant tender and procurement exercise for the MREC facility would result in this saving being undeliverable. Failure to reach agreement with NPT on the Councils financial contribution to the costs of supporting the MREC. Intervention by the Welsh Government and or changes in legislation in the waste management sector.	4,008	32%	0	1,300			
COM53	None	IP3	SUR	Communities Management Restructure	Loss of experienced, competent and qualified managers to deliver statutory functions.	341	40%		135			
COM55	None	IP3	SUR	Increase charge for Green Waste Service from £28.30 per household to £38.30	The new waste contract related items would require both Contract Variation negotiations with Kier to confirm the saving levels proposed and public consultation regarding the charge changes and reduced levels of service.	£216k - net budget for green waste service	23%	0	25	25		
COM56	None	IP3	SUR	Increase charge for collection of 3 bulky waste items from £15.50 to £20.		£80K income budget	25%	0	10	10		
COM59	None	IP3	SUR	Reduction to the opening hours of the Community Recycling Centres by 1 hour, per day.		1,465	2%		17	17		
				<b>Total Communities Directorate</b>					<b>1,938</b>	<b>865</b>	<b>0</b>	<b>0</b>

**CHIEF EXECUTIVES**

CEX1	A healthier wales	IP3	SUR	Efficiencies from Shared Regulatory Service	May require restructuring within service and impact on response times, but will be managed across the 3 participating Councils and will aim to minimise impact.	1,423	10%		111	37		
CEX2	None	IP1	SUR	Remove members' Community Action Fund	This will require approval from members following review of current scheme.	285	100%		285			
CEX3	None	IP3	SUR	Review of Business Support functions across the directorate	Reconfiguration of the service required, may result in slower response times and restructure.	Various			250			
CEX4	A healthier wales	IP2	SUR	Review of homelessness prevention budgets and allocation of related grants	There will be a reliance on grant funding and limited core funding available	471	50%		235			
CEX5	None	IP2	SUR	Review of homelessness prevention service provision and the possibility of partnership working with an external organisation.	Full evaluation and reconfiguration of the service provision will be required	546	18%		100			
CEX6	None	IP3	SUR	Review of ICT capital related revenue budgets. This will require council to agree all ICT capital spend to be met from the capital programme allocation	Limits the potential for ICT to fund capital related expenditure on a ad hoc basis	200	100%		200			
CEX7	None	IP3	SUR	Review of non staff related ICT budgets including software	Minimal impact anticipated.	2,000	4%		80			
CEX8	None	IP3	SUR	Directorate leadership restructuring	Will reduce senior management capacity, and require some backfilling and review of functions.	Various			100			
CEX9	None	IP3	SUR	Review structures across customer contact, communications & marketing, housing and performance	Vacant posts would be frozen / deleted.	1475	5%		73			
CEX10	None	IP3	SUR	Review CCTV function with aim to create efficiencies	Potentially could impact on community safety	327	9%		30			
				<b>Total Chief Executive's Directorate</b>					<b>1,464</b>	<b>37</b>	<b>0</b>	<b>0</b>

**CORPORATE / COUNCIL WIDE**

Ref.	Links to 7 Wellbeing Goals	Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2018-19 £'000	Total Budget Reduction 2019-2023 as % of 2018-19 Budget	2018-19 Budget Reductions £'000	Proposed 2019-20 £'000	Indicative 2020-21 £'000	Indicative 2021-22 £'000	Indicative 2022-23 £'000
CWD6	Corporate Business	NONPTY	SUR	Reduction in funding available for meeting the costs of Capital Financing	Repayments are still considered to be prudent, but will result in longer payback periods in line with asset lives.	5,113	39%		1,975			
CWD7	Corporate Business	NONPTY	SUR	Removal of Invest to Save funding agreed as part of MTFS for 2018-22	Limited impact as not committed to specific schemes or services	200	100%		200			
CWD8	Corporate Business	NONPTY	SUR	Removal of budget created from raising council tax from original 4.2% to 4.5% in 2018-19 budget.	Part of funding used on one-off basis in 2018-19 but rest uncommitted. Previous year's council tax increase is built into base rate.	213	100%		213			
				<b>Total Corporate / Council Wide</b>					<b>2,388</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>GRAND TOTAL REDUCTIONS</b>									<b>7,621</b>	<b>3,680</b>	<b>1,559</b>	<b>900</b>	<b>13,760</b>
<b>ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)</b>									7,621	10,732	8,519	8,309	35,181
<b>REDUCTION SHORTFALL</b>									<b>0</b>	<b>7,052</b>	<b>6,960</b>	<b>7,409</b>	<b>21,421</b>

3,024	37	0	0
2,703	1,040	975	900
1,894	2,603	584	0
7,621	3,680	1,559	900

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**FEES AND CHARGES PROPOSALS 2019-20**

**APPENDIX C**

Type of Charge	Comment	Detail of Revised / New Fee or Charge
<b>EDUCATION AND FAMILY SUPPORT DIRECTORATE</b>		
'Paying place' i.e. the seat on a school bus that can be offered to those pupils who would not be eligible for a free place.	Following a review approved by Cabinet, to implement an increase to £2.00 per day which equates to an extra £19/year per pupil for a full calendar year	£2 per day
<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>		
Adult Social Care	Whilst charges are adjusted annually in light of the anticipated year's costs of providing services, it is a requirement that the charges reflect the actual costs of delivering services. It is therefore not possible to increase costs simply on the basis of an inflationary amount. Irrespective of the calculated charges for services, the amount an individual pays for any services is based on a financial means test, and for non-residential services is capped in line with the Fairer Charges (Wales) regulations. Welsh Government has advised that there will be a cap of £90 from 8 April 2019 irrespective of the total cost of all services provided to an individual.	There are a wide range of fees and charges levied across the service that will be considered separately for approval under delegated power, in some instances following agreement with service providers.
<b>COMMUNITIES DIRECTORATE</b>		
Bulky Household Waste	Whilst charges for the collection of Bulky Household Waste are adjusted annually in line with inflation, it is now considered appropriate to revisit the charge for the collection of such waste and to adjust it to more accurately reflect the cost of providing the service as permitted by The Controlled Waste (England and Wales) Regulations 2012.	The charge for the collection of 3 bulky waste items will be increased from £15.50 to £20, with the cost for the collection of additional bulky waste items increasing from £5.00 per item to £6.70 per item.

**FEES AND CHARGES PROPOSALS 2019-20**

**APPENDIX C**

Type of Charge	Comment	Detail of Revised / New Fee or Charge
Green Waste	<p>Whilst charges for the collection of Green Waste are adjusted annually in line with inflation, it is now considered appropriate to revisit the charge for the collection of such waste and to adjust it to more accurately reflect the cost of providing the service as permitted by The Controlled Waste (England and Wales) Regulations 2012.</p> <p>The charge for the collection of Green Waste will be increased by £10, from £28.30 per household to £38.30 per household with the concessionary charge increasing from £24.00 to £34.00.</p>	The charge will be increased by £10, from £28.30 per household to £38.30 per household with the concessionary charge increasing from £24.00 to £34.00.
Revised fee for householder permitted development enquiry	Increase in permitted development enquiry fee from £25 to £40 from 1st April, 2019	£40
New categories of permitted development enquiries and charges as assessed against Schedule 2 of the town and Country Planning (General Permitted Development) Order 1995 (as amended)	<p>New categories of permitted development enquiries and charges:</p> <ul style="list-style-type: none"> <li>· Agricultural and Forestry development - £50</li> <li>· Telecommunications Operators proposals - £50</li> <li>· Changes of Use of land and buildings - £50</li> <li>· Commercial/industrial development - £50</li> <li>· Non-domestic micro-generation/renewable energy schemes - £50</li> <li>· Domestic micro-generation/renewable energy schemes - £25</li> <li>· Temporary Uses and Buildings - £25</li> </ul>	£25 or £50
Revised charge for planning history search	<p>Planning History Search -</p> <ul style="list-style-type: none"> <li>- £40 per plot/site for applications since 1996</li> <li>- £80 per plot/site for applications since 1976</li> </ul> <p>(currently flat rate of £50)</p>	£40 or £80
Revised charge for printing off hard copies of planning decision notices	Providing Hard Copies of Decision Notices - £15 per decision (currently £10)	£15 per decision

## DIRECTORATE BASE BUDGETS BY SERVICE AREA

BASE BUDGET BY SERVICE AREA	Revised Budget 2018-19	Specific Transfers to/(from) WG	Inter Directorate Transfers	Pension changes	Pay/Prices/ Demographics	Adjustments for virements within Directorates	Budget Pressures 2019-20	Budget Reduction Proposals 2019-20	Revenue Budget 2019-20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Central Education &amp; Family Support</b>									
INCLUSION	2,839			38	79	6		-257	2,705
FOUNDATION	934				3	-2	66		1,001
YOUTH SERVICE	440				25	-15			450
TRANSITION	0				2				2
POST-14	0								0
STATUTORY ADVICE & PSYCHOLOGY	368				9	2		-65	314
EMOTIONAL HEALTH & BEHAVIOUR	1,419			36	35	-6	132		1,616
SCHOOL IMPROVEMENT	632				2	19		-30	623
SCHOOLS MUSIC SERVICE	9				7				16
ADULT LEARNING	113				5	15			133
SKILLS	116				19	-13			122
STRATEGIC PLANNING & RESOURCES	3,683				4	-1			3,686
BUSINESS STRATEGY & SUPPORT	280				8	1			289
SUPPORT FOR CHILDREN&LEARNERS	6,160				135	11	469	-203	6,572
COMMISSIONING & PARTNERSHIPS	1,494			4	88	-58			1,528
STRATEGIC MANAGEMENT	1,456				52	37			1,545
YOUTH OFFENDING SERVICE	384				17	1		-41	361
ARCHITECTS	0				0				0
HEALTH & SAFETY	228				3	3	150		384
	<b>20,555</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>493</b>	<b>0</b>	<b>817</b>	<b>-596</b>	<b>21,347</b>
<b>Schools</b>									
SCHOOL DELEGATED BUDGETS	90,321	954		1,977	1,289		320	0	94,861
	<b>90,321</b>	<b>954</b>	<b>0</b>	<b>1,977</b>	<b>1,289</b>	<b>0</b>	<b>320</b>	<b>0</b>	<b>94,861</b>
<b>Social Services &amp; Wellbeing</b>									
OLDER PEOPLE	20,061	299			653		0	-550	20,463
ADULT PHYS DIS/SENS IMPAIRMENT	4,422				57		0	0	4,479
ADULTS LEARNING DISABILITIES	14,946				232		229	-200	15,207
ADULTS MENTAL HEALTH NEEDS	3,259				63		0	0	3,322
OTHER ADULT SERVICES	219				4		0	0	223
ADULT SERVICES MGT & ADMIN	3,410				98		38	-275	3,271
RECREATION AND SPORT	5,205				23		0	-210	5,018
CHILDREN'S SERVICES	18,433				394		24	0	18,851
	<b>69,955</b>	<b>299</b>	<b>0</b>	<b>0</b>	<b>1,524</b>	<b>0</b>	<b>291</b>	<b>-1,235</b>	<b>70,834</b>
<b>Communities</b>									
DEVELOPMENT	362				24	8		-10	384
REGENERATION	2,216				33	11		-7	2,253
REGEN & DEVELOP-MGMT	131				1	0		-107	25
STREETWORKS	11,225				74	-74	36	-1,380	9,881
HIGHWAYS AND FLEET	6,489				94	26	234	-100	6,743
TRANSPORT & ENGINEERING	884				56	-16		-262	662
PARKS & OPEN SPACES	2,082				128	1		-69	2,142
STREET SCENE MGT & ADMIN	120				2	0		-3	119
CORPORATE LANDLORD MANAGEMENT	74				3	1			78
TOTAL FACILITIES MANAGEMENT	293				107	15			415
STRATEGIC ASSET MANAGEMENT	2,451		-185		37	23	88		2,414
CAPITAL DESIGN AND DELIVERY	57				7	5			69
DIRECTOR - COMMUNITIES	143				3	0			146
	<b>26,527</b>	<b>0</b>	<b>-185</b>		<b>569</b>	<b>0</b>	<b>358</b>	<b>-1,938</b>	<b>25,331</b>
<b>Chief Executive's</b>									
CHIEF EXECUTIVE	520				-9			0	511
INTERNAL AUDIT	313				0			0	313
FINANCE	3,024				108		75	0	3,207
PERFORMANCE	178				33			-32	179
HR&ORGANISATIONAL DEVELOPMENT	1,637				40			-55	1,622
TRANSFORMATION	419				19			-17	421
COMMUNICATION AND ENGAGEMENT	1,622				38			-74	1,586
LEGAL SERVICES	1,763				59			-13	1,809
DEMOCRATIC SERVICES	1,823				43			-285	1,581
PROCUREMENT	275				4			0	279
REGULATORY SERVICES	1,459				40			-111	1,388
ELECTIONS	136				3			0	139
ICT	3,734				51			-280	3,505
HOUSING & COMMUNITY REGEN	1,536				-29			-347	1,160
BUSINESS UNIT	1,099				60			-250	909
	<b>19,538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>460</b>	<b>0</b>	<b>75</b>	<b>-1,464</b>	<b>18,609</b>
<b>Total Directorate Budgets</b>	<b>226,896</b>	<b>1,253</b>	<b>-185</b>	<b>2,055</b>	<b>4,335</b>	<b>0</b>	<b>1,861</b>	<b>-5,233</b>	<b>230,982</b>
CAPITAL FINANCING	9,405							-1,975	7,430
LEVIES	7,046						330		7,376
REPAIRS & MAINTENANCE	870								870
COUNCIL TAX REDUCTION SCHEME	14,354				500				14,854
APPRENTICESHIP LEVY	700								700
PENSION RELATED COSTS	430								430
INSURANCE PREMIUMS	1,588								1,588
OTHER CORPORATE BUDGETS	4,695	108	185		2,004			-413	6,579
<b>Total Council Wide Budgets</b>	<b>39,088</b>	<b>108</b>	<b>185</b>	<b>0</b>	<b>2,504</b>	<b>0</b>	<b>330</b>	<b>-2,388</b>	<b>39,827</b>
<b>TOTAL BUDGETS</b>	<b>265,984</b>	<b>1,361</b>	<b>0</b>	<b>2,055</b>	<b>6,839</b>	<b>0</b>	<b>2,191</b>	<b>-7,621</b>	<b>270,809</b>

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**2019-20 DIRECTORATE BASE BUDGETS IN LINE WITH CORPORATE PRIORITIES / WELL-BEING OBJECTIVES**

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<b>Service Budgets</b>	<b>Supporting a Successful Economy £'000</b>	<b>Helping People To Be More Self-Reliant £'000</b>	<b>Smarter Use Of Resources £'000</b>	<b>Core Services &amp; Statutory Functions £'000</b>	<b>TOTAL £'000</b>
Central Education & Family Support	6,930	1,137	0	13,280	21,347
Schools	38,796	0	0	56,065	94,861
Social Services and Wellbeing	12	53,190	228	17,404	70,834
Communities	3,603	1	3,199	18,528	25,331
Chief Executive's	-8	1,372	567	16,678	18,609
Corporate Budgets	304	0	0	39,523	39,827
<b>NET BUDGET REQUIREMENT</b>	<b>49,637</b>	<b>55,700</b>	<b>3,994</b>	<b>161,478</b>	<b>270,809</b>

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## RESERVES AND BALANCES PROTOCOL

### 1. Background

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

### 2. Types of Reserve

- 2.1 The Council will maintain the following usable reserves:

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

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

unusable reserves are the Capital Adjustment Account, the Revaluation Reserve and the Pension Reserve. These will not be referenced within this Protocol.

### 3. Regulatory Framework

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

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

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

#### **MTFS Principle 8**

**The Council Fund balance will be maintained at a minimum of £7 million over the MTFS period and reach 2.7% of Gross Revenue Expenditure by 2020-21**

The Council Fund balance provides resources for purposes such as general contingencies and cash flow management. It acts as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to cushion the impact of unexpected events or emergencies. This is in accordance with CIPFA's Guidance Note on Local Authority Reserves and Balances. The Council Fund balance at the 31 March 2018 was £8.347 million (£7.960 million 16-17). This represents 2.47% of Gross Revenue Expenditure (GRE) for 2017-18 (2.46% of gross revenue expenditure for 2016-17). In comparison, the All Wales average was 2.99% gross revenue expenditure or £8.940 million for the same period with local authorities ranging from 1.64% to 5.72%. The Council was ranked 14<sup>th</sup> on the percentage of Council Fund compared to GRE.

## **MTFS Principle 2**

### **Adequate provision is made to meet outstanding and reasonably foreseen liabilities**

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

## **MTFS Principle 7**

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

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

## **MTFS Principle 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.**

In order to support sound option appraisals, a Capital Feasibility earmarked reserve has been created. Capital investment is intrinsic in the MTFS and as a result there are also Earmarked Reserves that support asset management planning, fund capital minor works in relation to health and safety and one specifically to support major schemes within the Capital Programme of the Council. Additions have been made during 2018-19 to provide for significant capital pressures over the MTFS period.

## **MTFS Principle 12**

### **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 is maintained.**

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

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

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

- 5.1 In considering specific reserves, the CFO will have regard to matters relevant in respect of each reserve, and will advise the Council accordingly. The process for the determination of Directorate reserves will be based upon the principles of effective financial management. The agreement of business cases will be determined by the CFO, having considered the recommendations of the Corporate Management Board.
- 5.2 Directorate Finance Officers are issued with details of how to apply for Earmarked Reserves within the Closing of Accounts Pack for the financial year. The requested amount must be material and should be restricted in number to those considered to be of key importance. Subject to these criteria being met, the Directorate will be informed of whether the requests have been approved.
- 5.3 The CFO and Group Managers Finance will review the establishment, monitoring and the level of Corporate Reserves. These include Specific Contingency Reserves, Capital Development or Asset Related Reserves and MTFS/Transformational Reserves. The meetings will examine evidence from external information such as actuary reports or insurance and risk management assessments; changes in legislation; new emerging risks or capital initiatives. The establishment of the Earmarked Reserves, both Directorate and Corporate, is authorised by CFO and reported to Cabinet within the Quarterly Monitoring Reports during the financial year and within the Statement of Accounts for any set up at the end of the financial year. The draft accounts are presented to Audit Committee following the end of the financial year. They are then scrutinised by External Audit and a revised post-audit Statement of Accounts is reported to Audit Committee and published on the Council's website in accordance with the Accounts and Audit (Wales) Regulations.
- 5.4 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised, through normal monitoring reports. Reserves can only be used once and should not be held to fund ongoing expenditure (MTFS Principle 7). This would be unsustainable as, at some point, the reserves would be exhausted. To the extent that reserves are used to meet short term funding gaps, they must be replenished in the following year. However, Earmarked Reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.
- 5.5 All Earmarked Reserves are recorded on a central schedule held by the Financial Control and Closing Team which lists the various Earmarked Reserves and the purpose for which they are held and shows the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balance. Any appropriations to or from Earmarked Reserves are controlled by this Team. Evidence of expenditure incurred at period 6, period 9 and year-end will be required from Directorate Finance Officers. The drawdown from reserves will be included within the Quarterly Monitoring Reports to Cabinet. Appropriate working papers for each reserve are produced at year-end and provided to the External Auditor to support the disclosures within the Statement of Accounts.

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

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

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

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council. School balances were only £360,000 at 31 March 2018. Current projections suggest that these balances will be significantly depleted by 31 March 2019 as more schools fall into a deficit position and projections suggest a negative reserve of £870,000.

### **b) Specific Provisions**

The Council holds provisions for unforeseen events with the major one being to meet the total outstanding liability of Bridgend's self-insurance fund based on a professional analysis of the claims outstanding for Employer's Liability, Public Liability and Property. The current projections

suggest that the balance on the provisions will be around £5.500 million by 31 March 2019 (£2.888 million at 31 March 2018).

## **7. Summary of Earmarked Reserves**

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

a) Reserves Held for Directorates' Planned Developments

These reserves are for a number of planned developments in the forthcoming years such as pressures on the Looked After Children budget, ICT and Financial Systems, Adult Social Care developments as well as specific Directorate issues. These reserves will be increased at year-end to meet any agreed funding arising from planned under spends within Directorates. Any reserves that are no longer required will be released back into the general revenue budget. Some of these reserves are used over a number of financial years.

b) Specific Contingency Reserves

These reserves have been created to cover specific known risks including one off service pressures identified in MTFS Council Reports, the deficit on the pension fund, major capital contractual claims and the assessment for future insurance liabilities from the insurance and risk management advisors.

c) Capital Development or Asset Related Reserves

These reserves have been set up for a number of reasons to support the Council's Asset Management Plan and Capital Strategy. They include a reserve that provides a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts that may include the costs of demolition of non-saleable surplus properties and related health and safety works, one for planned maintenance expenditure and any emergency works on the Council's buildings and establishments and one for capital feasibility studies and asset management plans. There are two new reserves created to help support the Capital Strategy and these are the Capital Asset Management Fund and the Highways Asset Management Fund.

d) Medium Term Financial Strategy (MTFS)/Transformational Reserve

These reserves have been established to support digital transformation, severance costs and costs associated with providing corporate capacity to progress planned developments linked to achieving budget reductions and transformational change as articulated in the MTFS and the Bridgend Change Programme.

e) Equalisation of Spend Reserves

These reserves ensure that expenditure that is incurred in a particular future year is smoothed over the period of the MTFS. These include the costs of elections, Building Control Costs, Special Regeneration Fund projects and the preparation of the Local Development Plan.

7.2 The table below sets out the forecast movement in the Council's Earmarked Reserves by the end of the financial years 2018-19 and 2019-20. It is based on estimates of expenditure at period 9 projected forward to year end for 2018-19 and where expenditure is forecast for 2019-20 this is also included. It does not include the potential increase of reserves for 2018-19 at year end but does include some additional increases in reserves agreed by the CFO at period 10.

Opening Balance 1 April 2018	Reserve	Projected Movement 2018-19		Closing Balance 31 March 2019	Projected Movement 2019-20	Closing Balance 31 March 2020
		Additions / Reclassification	Draw down			
		£'000	£'000			
97	Chief Executive Partnership Reserve	-	-	97	(97)	-
1,952	Directorate Issues	363	(1,041)	1,274	(863)	412
53	Donations Reserve Account	1	-	54	(54)	-
5	Human Resources Reserve	(5)	-	-	-	-
1,205	ICT & Finance Systems	(250)	(320)	635	(128)	507
20	Local Development Plan IT System	(20)	-	-	-	-
939	Looked After Children	-	-	939	-	939
312	Porthcawl Regeneration	-	(3)	309	-	309
220	Property Reserve	-	(14)	206	(206)	-
78	Safe Routes to Schools	-	(22)	56	(56)	-
116	School Projects Reserve	152	(268)	-	-	-
51	Waste Awareness Reserve	82	(61)	72	(72)	-
722	Wellbeing Projects	-	-	722	-	722
<b>5,770</b>	<b>Reserves Held for Directorates' Planned Developments</b>	<b>323</b>	<b>(1,729)</b>	<b>4,364</b>	<b>(1,475)</b>	<b>2,889</b>
1,000	Corporate Pressures Contingency	(1,000)	-	-	-	-
2,335	Insurance Reserve	2,320	(2,494)	2,161	-	2,161
8,022	Major Claims Reserve	(2,748)	(2,801)	2,473	-	2,473
800	MTFS Budget Contingency	1,000	(200)	1,600	-	1,600
300	Welfare Reform	-	-	300	-	300
<b>12,457</b>	<b>Specific Contingency Reserves</b>	<b>(428)</b>	<b>(5,495)</b>	<b>6,534</b>	<b>-</b>	<b>6,534</b>
1,362	Asset Management Plan	281	(133)	1,509	(715)	794
1,023	Building Maintenance Reserve	(27)	(17)	979	(404)	575
-	Capital Asset Management Fund	500	-	500	530	1,030
354	Capital Feasibility Fund	(40)	(21)	293	(150)	142
12,082	Capital Programme Contribution	1,447	(2,165)	11,364	(3,413)	7,951
119	DDA Emergency Works	(119)	-	-	-	-
-	Highways Asset Management Fund	1,290	-	1,290	-	1,290
101	Property Disposal Strategy	14	-	115	-	115
57	Public Realm	(57)	-	-	-	-
<b>15,098</b>	<b>Capital Development or Asset Related Reserves</b>	<b>3,290</b>	<b>(2,336)</b>	<b>16,051</b>	<b>(4,153)</b>	<b>11,898</b>
1,183	Change Management	482	(188)	1,477	(598)	879
1,088	City Deal Reserve	-	(688)	400	(400)	-
1,255	Digital Transformation	-	(181)	1,074	-	1,074
7,957	Service Reconfiguration	-	(2,911)	5,046	(785)	4,261
<b>11,483</b>	<b>MTFS / Transformational Reserves</b>	<b>482</b>	<b>(3,968)</b>	<b>7,997</b>	<b>(1,783)</b>	<b>6,214</b>
<b>44,808</b>	<b>TOTAL EARMARKED RESERVES</b>	<b>3,667</b>	<b>(13,529)</b>	<b>34,946</b>	<b>(7,411)</b>	<b>27,535</b>
	<b>Equalisation &amp; Grant Reserves:-</b>					
22	Building Control Reserve	2	-	24	2	26
186	Civil Parking Enforcement	-	(60)	126	(25)	101
28	Election Costs	-	-	28	-	28
759	Highways Reserve	(759)	-	-	-	-
975	IFRS Grants	154	(454)	675	(476)	199
109	Legal Fees	-	-	109	-	109
213	Local Development Plan	54	-	267	20	287
615	Special Regeneration Fund	-	-	615	-	615
<b>2,907</b>	<b>Equalisation &amp; Grant Reserves</b>	<b>(549)</b>	<b>(514)</b>	<b>1,844</b>	<b>(479)</b>	<b>1,365</b>
<b>47,715</b>	<b>TOTAL RESERVES</b>	<b>3,117</b>	<b>(14,042)</b>	<b>36,790</b>	<b>(7,891)</b>	<b>28,900</b>

NB: Differences due to rounding of £'000s





	Improvement Priority	Total 2018-2029			Total Costs to 31-3-18 £'000	Dec 2018 £'000	2018-2019				2019-2020 £'000	2020-2021 £'000	2021-2022 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	CUMULATIVE
		Total Cost £'000	BCBC Funding £'000	External Funding £'000			New Approvals £'000	Vire £'000	Slippage £'000	Revised 2018-19 £'000											Total 2018 - 2029 £'000
Smart System and Heat Programme	IP1	250	250	-	-	100	-	-	100	-	100	100	50	-	-	-	-	-	-	-	250
Nantymoel Community Facilities (former Berwyn Centre)	NONPTY	200	200	-	-	200	-	-	200	-	-	-	-	-	-	-	-	-	-	-	200
Community Projects	IP3	778	778	-	480	278	-	-	278	50	50	50	50	50	50	50	50	50	50	50	778
Property																					
Corporate Landlord - Energy Savings Strategy	IP3	1,300	1,300	-	-	-	-	-	-	635	665	-	-	-	-	-	-	-	-	-	1,300
Enterprise Hub - Innovation Centre	IP3	3,522	1,174	2,348	-	325	-	-	325	658	2,452	42	45	-	-	-	-	-	-	-	3,522
Minor Works	IP3	12,268	12,268	-	-	1,398	-	-	1,398	1,830	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	12,268
Civic Offices External Envelope	IP3	54	54	-	2,496	54	-	-	54	-	-	-	-	-	-	-	-	-	-	-	54
Relocation of Depot Facilities	IP3	951	951	-	225	951	-	-	951	-	-	-	-	-	-	-	-	-	-	-	951
Warrington Upgrade	IP3	8,144	8,144	-	-	3,200	-	-	3,200	-	8,144	-	-	-	-	-	-	-	-	-	8,144
Relocation of Registrars	IP3	275	275	-	-	30	-	-	30	245	-	-	-	-	-	-	-	-	-	-	275
Non-Operational Assets	IP3	480	480	-	520	480	-	-	480	-	-	-	-	-	-	-	-	-	-	-	480
Capital Asset Management Fund	IP3	1,500	1,500	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	1,500
<b>Total Communities</b>		<b>117,349</b>	<b>69,411</b>	<b>47,938</b>	<b>11,086</b>	<b>20,362</b>	<b>40</b>	<b>0</b>	<b>-4,548</b>	<b>15,854</b>	<b>31,095</b>	<b>16,714</b>	<b>7,820</b>	<b>6,412</b>	<b>8,857</b>	<b>8,870</b>	<b>8,884</b>	<b>8,899</b>	<b>2,797</b>	<b>1,147</b>	<b>117,349</b>
<b>Chief Executive's</b>																					
Corporate Capital Fund	IP3	2,000	2,000	-	-	-	-	-	-	200	200	200	200	200	200	200	200	200	200	200	2,000
<b>ICT</b>																					
Investment in ICT	IP3	300	300	-	-	300	-	-	300	-	-	-	-	-	-	-	-	-	-	-	300
Digital Transformation	IP3	520	520	-	480	520	-	-	520	-	-	-	-	-	-	-	-	-	-	-	520
ICT Laptop Replacement (Life Expired)	IP3	327	327	-	223	327	-	-	327	-	-	-	-	-	-	-	-	-	-	-	327
Civic Desktop PC's	IP3	346	346	-	-	346	-	-	346	-	-	-	-	-	-	-	-	-	-	-	346
Digital Meeting Spaces	IP3	129	129	-	21	129	-	-	129	-	-	-	-	-	-	-	-	-	-	-	129
<b>Housing / Homelessness</b>																					
Housing Renewal / Empty Properties	IP1	1,100	1,100	-	544	100	-	-	100	100	100	100	100	100	100	100	100	100	100	100	1,100
Disabled Facilities Grants	IP2	22,359	22,359	-	7,343	2,359	-	-	2,359	2,450	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	22,359
Enable Grant	IP2	180	-	180	-	180	-	-	180	-	-	-	-	-	-	-	-	-	-	-	180
Brynmenyn Homelessness Unit	IP2	119	119	-	1	119	-	-	119	-	-	-	-	-	-	-	-	-	-	-	119
<b>Total Chief Executive's</b>		<b>27,380</b>	<b>27,200</b>	<b>180</b>	<b>8,612</b>	<b>4,380</b>	<b>-</b>	<b>-</b>	<b>520</b>	<b>3,860</b>	<b>3,270</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>27,380</b>
Unallocated		7,190	7,190	-	-	-	-	-	-	-	-	-	-	-	-	-	477	1,473	2,055	3,185	7,190
<b>Total Expenditure</b>		<b>242,979</b>	<b>144,122</b>	<b>98,857</b>	<b>102,304</b>	<b>40,695</b>	<b>567</b>	<b>-</b>	<b>5,788</b>	<b>35,474</b>	<b>36,157</b>	<b>21,713</b>	<b>18,794</b>	<b>23,831</b>	<b>36,985</b>	<b>27,376</b>	<b>15,761</b>	<b>13,204</b>	<b>7,102</b>	<b>6,582</b>	<b>242,979</b>
<b>Expected Capital Resources</b>																					
<b>General Capital Funding</b>																					
General Capital Funding - General Capital Grant		30,796	30,796	-	-	2,394	-	-	2,215	-	4,609	3,727	3,284	2,397	2,397	2,397	2,397	2,397	2,397	2,397	30,796
General Capital Funding - Supported Borrowing		43,315	43,315	-	-	3,935	-	-	-	3,935	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	43,315
Capital Receipts - Schools		5,682	5,682	-	-	7,897	-	-	-2,215	-	5,682	-	-	-	-	-	-	-	-	-	5,682
Capital Receipts - General		18,424	18,424	-	-	8,196	-	-	2,713	5,483	9,615	3,326	-	-	-	-	-	-	-	-	18,424
Earmarked Reserves		25,879	25,879	-	-	9,206	-	-	2,605	6,601	5,322	2,284	4,387	2,341	1,236	1,236	1,236	1,236	1,236	-	25,879
Revenue Contribution		323	323	-	-	233	-	-	-	233	41	49	-	-	-	-	-	-	-	-	323
Prudential Borrowing (Directorate Funded)		4,218	4,218	-	-	2,152	-	-	1,350	470	332	4,676	3,208	1,058	1,058	3,055	3,055	3,056	2,090	16,246	4,218
Prudential Borrowing (Corporately Funded)		12,985	12,985	-	-	-	-	-	1,350	1,350	3,514	-	2,300	874	4,220	727	-	-	-	-	12,985
SALIX Interest Free Loan - WG		2,500	2,500	-	-	300	-	-	-	300	1,100	1,100	-	-	-	-	-	-	-	-	2,500
<b>Sub-Total General Capital Funding</b>		<b>144,122</b>	<b>144,122</b>	<b>-</b>	<b>34,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,788</b>	<b>28,525</b>	<b>31,933</b>	<b>17,189</b>	<b>14,080</b>	<b>10,608</b>	<b>14,847</b>	<b>11,353</b>	<b>10,626</b>	<b>10,627</b>	<b>4,245</b>	<b>-9,911</b>	<b>144,122</b>
<b>External Funding Approvals</b>																					
WG - 21st Century Schools		45,929	-	45,929	-	623	-	-	-	623	-	-	-	9,683	19,577	13,474	2,572	-	-	-	45,929
WG - Enable Grant		180	-	180	-	180	-	-	-	180	-	-	-	-	-	-	-	-	-	-	180
WG - Safe Routes in Communities		950	-	950	-	950	-	-	-	950	-	-	-	-	-	-	-	-	-	-	950
WG - Porthcawl Revetment		1,681	-	1,681	-	1,681	-	-	-	1,681	-	-	-	-	-	-	-	-	-	-	1,681
WG - Eastern Promenade		287	-	287	-	287	-	-	-	287	-	-	-	-	-	-	-	-	-	-	287
WG - Integrated Care Fund (ICF)		817	-	817	-	300	517	-	-	817	-	-	-	-	-	-	-	-	-	-	817
WG - Welsh Medium Capital Grant		2,600	-	2,600	-	-	-	-	-	180	320	1,094	980	26	-	-	-	-	-	-	2,600
WG - Infant Class Size Grant		750	-	-	-	-	10	-	-	10	542	198	-	-	-	-	-	-	-	-	750
Loan - WG		2,246	-	2,246	-	-	-	-	-	2,246	-	-	-	-	-	-	-	-	-	-	2,246
Westminster		34,477	-	34,477	-	-	-	-	-	-	114	2,266	2,523	2,535	2,549	2,563	2,577	2,857	16,493	-	34,477
S106		493	-	493	-	444	-	-	-	444	49	-	-	-	-	-	-	-	-	-	493
Transport Grant		480	-	480	-	440	40	-	-	480	-	-	-	-	-	-	-	-	-	-	480
Heritage Lottery Fund (HLF)		748	-	748	-	135	-	-	-	135	105	300	208	-	-	-	-	-	-	-	748
EU		6,569	-	6,569	-	1,192	-	-	-	1,192	1,102	3,342	896	37	-	-	-	-	-	-	6,569
Other		650	-	650	-	150	-	-	-	150	-	250	250	-	-	-	-	-	-	-	650
<b>Sub-Total External Funding Approvals</b>		<b>98,857</b>	<b>-</b>	<b>98,857</b>	<b>-</b>	<b>6,382</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>6,949</b>	<b>4,224</b>	<b>4,524</b>	<b>4,714</b>	<b>13,223</b>	<b>22,138</b>	<b>16,023</b>	<b>5,135</b>	<b>2,577</b>	<b>2,857</b>	<b>16,493</b>	<b>98,857</b>
<b>Total Funding Available</b>		<b>242,979</b>	<b>144,122</b>	<b>98,857</b>	<b>102,304</b>	<b>40,695</b>	<b>567</b>	<b>-</b>	<b>5,788</b>	<b>35,474</b>	<b>36,157</b>	<b>21,713</b>	<b>18,794</b>	<b>23,831</b>	<b>36,985</b>	<b>27,376</b>	<b>15,761</b>	<b>13,204</b>	<b>7,102</b>	<b>6,582</b>	<b>242,979</b>

**Glossary of terms**  
WG - Welsh Government  
EU - European Union  
S106 - Section 106 of the Town and Country Planning Act 1990

**IMPROVEMENT PRIORITY**  
IP1 - Supporting a Successful Economy  
IP2 - Helping People to be Self-Reliant  
IP3 - Smarter Use of Resources  
NONPTY - Core Services & Statutory Functions

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
	<b>BREP Recommendations</b>	<b>Cabinet Response</b>
<b>1</b>	Members recommend that research is undertaken into how the Authority is able to deliver services imposed by Welsh Government without any additional monies as outlined in paragraph 1.7 and meet the associated additional costs - A pan Wales approach may well be more valuable. This will provide the evidence needed to enable the Council to lobby for supplementary monies to carry out legislative pressures effectively. In addition to this the Panel recommend that any lobbying for extra funding is carried out publically, to demonstrate to the public how much services costs and how much has allocated to each service.	<p>Generally it is the WLGA that will lobby for additional funding on behalf of local authorities in Wales if there are additional financial pressures caused as a result of legislative changes. However, in addition the Leader and various Cabinet members and Chief Officers have written on various occasions to relevant Welsh Government ministers and officials making the case where there are pressures and seeking additional funding.</p> <p>There have also been several meetings with Welsh Government officials and ministers, on the same basis, both with the WLGA and also separately lobbying for Bridgend.</p>
<b>2</b>	Members recommend that in relation to any departmental restructure a corporate approach is instigated across all Directorates, taking a bottom up approach. The Panel further recommend that any reorganisation is carried out following discussions and thorough planning by Cabinet/CMB. The Panel identified that this may well be suitable to form one of a number of annual objectives for the new Chief Executive.	<p>Currently CMB take an overview of proposed Directorate restructure proposals and of course HR ensure corporate consistency and equality. Directorate restructures are often necessitated as a result of MTFS proposals and so are, as a requirement, 'bottom up'. Every Directorate has been restructured over the last few years, often on three or four occasions, resulting in reductions in the number of staff.</p> <p>Unfortunately CMB are not quite sure of the point being made by this recommendation so clarification from BREP would be welcome.</p>

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
3	Members state that some of the proposed budget reductions in this Directorate will provide small savings in the short term but will incur costs in the future. The Panel used the reduction of weed spraying as a short term example, stating that in the long run it could impact on members of the public safety and highway maintenance. Therefore the Panel recommend that longer term strategic proposals are deliberated and different models of service delivery are explored, such as external businesses that could provide service more economically.	The Communities Directorate has to look at both longer term strategic proposals and also, regrettably, shorter term measures on occasions to balance the budget. Historical examples of strategic measures include the shared fleet depot with South Wales Police and the proposal being made to Welsh Government to introduce a highways permitting scheme. Unfortunately sometimes short term measures that provide immediate savings in view of the ongoing scale of the financial savings are also required. Ideally some of the proposed savings such as the reduction in weed spraying would be avoided and in the latest MTFs proposals this item has been removed but they are only considered because sometimes there are no other alternatives that are able to make the required savings quickly.
4	Although the Panel are mindful of the extra resources required to improve collaboration and communication with Town and Community Councils (TCCs) and also between TCCs themselves, Members recommend that a Cabinet led approach is undertaken to explore options to take this forward.  The Panel also recommend Cabinet revisit the Terms of Reference of the Town and Community Council Forum to ensure the Membership of the Forum is representative and that additional powers are allocated to it, such as making recommendations. Furthermore, the Panel propose the creation of a memorandum of understanding between both parties.	The role of the Community Asset Transfer Officer has been extended to include liaison with town and community councils as part of his contract extension. There are currently no proposals in the budget pressures to increase the amount of resource available for this purpose but if BREP are minded that this is a priority this could be included but of course at the expense of something else in the budget. Cabinet/CMB are content to explore initial options to take this forward but as recognised, without additional resource there will be a limit to what can be achieved. It should be noted that there is already a co-produced charter which serves as a memorandum of understanding between this Council and Town and Community Councils.
5	The Panel recommend that Cabinet take the lead in approaching all stakeholders regarding their potential for Community Asset Transfer (CAT) of all outdoor leisure facilities as outlined in the Budget Reduction Proposals 2019-20 to 2022-23.	Agreed. The public consultation exercise on charging arrangements for parks and playing fields scheduled for the first quarter of 2019 will inform the way forward. Following that it is agreed that appropriate engagement and discussion with all stakeholders will be an important part of promoting CAT and supporting organisations to transfer facilities if that is their preference.

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
6	With reference to the lack of communication regarding potential Cabinet decisions relating to CAT, the Panel therefore recommend that Cabinet reviews its communication plan on CAT to ensure that all relevant information is distributed to all Local Members and TCC's for information.	Agreed. This matter will be picked up with the CAT officer and if necessary specific additional training and information events for all elected members and TCC's will be arranged
7	In relation to the Materials Recovery and Energy Centre (MREC) the Panel recommend that a political solution is sought to negotiate a favourable outcome for all parties involved.	Agreed. Deliberations are ongoing with NPT Council and have been for some time, including with politicians. We remain hopeful that a mutually beneficial 'amicable' solution can be found but in view of the pressure this matter causes on the overall budget all options must remain open.
8	In relation to comments being made about the possible closure of the Bus Station the Panel recommend that a press release is provided by Corporate Communications outlining the fact that the Council are exploring alternative measures for full cost recovery for Bridgend Bus Station and that there are no plans for closure of the building on 1st January 2019.	There were never any plans to close the bus station on January 1st 2019 as the proposal is a 2019-20 proposal applicable from 1st April 2019. The preferred option as set out in the revised MTFS proposals is that we seek to reduce the overall subsidy for running the bus station by attracting greater income, including from bus operators, the town council and potentially commercial enterprises who may be willing to run franchises etc. A Corporate Communication setting out this position will be considered.
9	In relation to the Home to School Transport review, Members were pleased to note that all aspects of transport will be explored, including vehicles used in day centres as BREP has previously recommended - slightly amending the opening and closing times of day centres so the buses can be made available for school transport. The Panel also recommend that consideration is given to the possibility of collaborating with other local authorities and creating an in-house resource from the current fleet for Home to School transport use.	All points proposed by Scrutiny/BREP will be incorporated into the tender specification of the Strategic Review of Bridgend County Borough Council's Transport Service, including collaboration and the creation of in-house resources. We hope to receive the resulting report after Easter.

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
10	The Panel recommend introducing a charge for transport over and above Welsh Government statutory distances for Home to School Transport, which should take into account and offer concessions for low income families. Members further recommended that instead of removing the provision that the Council could provide a discounted bus pass on an existing bus route.	The local authority is unable to charge for school transport which is covered under the Learner Travel (Wales) Measure 2008. Pupils are either eligible or not, regardless of proximity (over the statutory distances) from home-to school (e.g. a child living 3.1 miles away from a secondary school is no more or less eligible than a child living 12 miles away). Service buses are currently unsuitable for home-to-school transport as many are not fitted with the required safety belts required by legislation. The local authority is aware of this and will look for opportunities to work with public transport operators to consider whether if fitted to all vehicles, public transport buses can be used to provide home-to-school transport in the future.
11	The Panel believe that the budget reduction proposal EFS49 which plans on decreasing the current nursery provision to the statutory minimum could have been implemented in previous years. Therefore Members recommend that consultation on this proposal should commence taking into consideration the proposed review process outlined in 2.13.	Nursery education provision across all Bridgend schools has a positive effect on learner outcomes. Therefore, the local authority believes that a substantial reduction in nursery provision will have an adverse impact on educational standards. Consequently, any reduction in nursery provision is not recommended.
12	If the 1% school budget reduction is implemented the Panel recommend that the Council ensure that they work closely with all schools to provide financial support and advice to agree on a deficit plan. The Panel further recommend exploring the possibility of centralising the non-teaching aspect of all school budgets and re-charge for services which would ensure that services are properly remunerated.	The outcome of the budget consultation and the recommendations from BREP and scrutiny committee have been considered. The 1% efficiency target for schools for 2019-2020 has been removed, as well as fully funding pay and prices. The local authority already works with schools in deficit and provides advice and support to them in setting and monitoring their deficit recovery plans. The non-teaching elements of school budgets cannot be centralised as delegation is a requirement under Local Management of Schools (LMS).
13	With reference to the joint responsibility between BCBC and Police for crime and disorder in the County and the integral part CCTV has to Police investigations, Members recommend that Cabinet explore joint funding with the Police for operating the CCTV service.	Agreed. We will explore the feasibility of a joint funding arrangement with the Police for CCTV.

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
14	<p>The Panel recommend that Cabinet and CMB receive the Fees &amp; Charges – Comparison with other Local Authorities spreadsheet which collates all services that we do not currently charge for where other neighbouring Councils do. The Panel further recommend that if it is financially viable that the Council introduce the appropriate charges to align with other Councils soon as possible.</p> <p>The Panel also request that this topic is added to the Scrutiny Forward Work Programme to assist with income generation.</p>	<p>There has already been full consideration of the fees and charges spreadsheet by Cabinet/CMB as part of the budget setting process. BREP will note that there are already a number of significant proposals that seek to increase charges including for bulky waste collection, green waste, pre application planning fees and potentially for bus operators using the bus station and for users of the shopmobility scheme. Additionally we propose charging for public toilet use when appropriate, for example the new facilities proposed in Rest Bay. As BREP have pointed out it is not always financially viable to introduce charges for all services that other local authorities make a charge for, as sometimes the cost of establishing a robust fees and charges collection system can exceed the amount of potential income. However, Cabinet /CMB are very aware that opportunities to increase fee income should continue to be explored and monitored and introduced wherever that is sensible to do so.</p>
15	<p>The Panel voiced their concerns regarding the lack of inspection following work carried out throughout the Borough. Members therefore recommend that the authority undertake corporate vigilance and explore the possibility of charging companies and members of the public when they have damaged Council property. Examples of general utility works on the highway which lead to long term road surface damage were identified. The Panel also identified Members corporate responsibility in reporting issues and damages as part of their local community role.</p>	<p>As part of their role the highways inspectors already carry out inspection of work on the highway by utility companies and others. Where there is clear evidence of damage or necessary repair those matters are pursued. The proposed Highway permitting scheme (business case currently with Welsh Government) proposes that Bridgend would be the first local authority in Wales to introduce a more formal process for permitting those who wish to undertake work on the Council's highways and potentially charging accordingly. The extent to which teams can currently inspect all work undertaken on Council property is of course limited by the available resource.</p>
16	<p>The Panel identified that there may be opportunities for the Council to look into charging external companies when the authority deals with public complaints on their behalf such as V2C, Kier, Halo and Awen. Members recommend that the Member Referrals Working group explore this further as part of the current review of the Member Referral system.</p>	<p>The complaints process is separate to the Member Referral system. The complaints department receive very few complaints in relation to V2C, Halo and Awen. Those that are received are dealt with by the provider. Complaints in relation to Kier are also initially dealt with by the provider. If the complainant remains dissatisfied with the response they can complain via the corporate complaints process. The current contract does not include a charge to Kier. To introduce this would involve a change in the terms of the contract.</p>

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
17	Therefore the Panel recommends that the Corporate Overview and Scrutiny Committee considers the BREP work and seeks to explore options to include some work streams into individual forward work programmes. The Panel concluded by stating that they welcome development proposals from Cabinet to ensure BREP are used to their full potential.	Agreed. Cabinet are happy for Corporate Overview and Scrutiny Committee to receive feedback from the BREP process and for all Members to work together to agree how the role of BREP can be developed.
	<b>Scrutiny Committee Recommendations</b>	<b>Cabinet Response</b>
	<b>Social Services and Wellbeing</b>	
1.2	Members recommended that a report on the MTFS proposals be brought back to the Committee once the final budget settlement from Welsh Government is announced. Members were in agreement that due to the settlement figure not yet being finalised, the figures in the report would not be accurate and therefore needed to be re-worked before members could consider them.	The Council's draft budget is submitted for consultation by Cabinet in November after we have received the draft settlement from WG. The draft budget is then scrutinised through December and a report prepared by CRI scrutiny based on recommendations provided by other scrutiny committees and BREP. Any changes to the draft settlement are notified in the final settlement towards the end of December and they are fed into the Cabinet decisions along with the scrutiny recommendations and the budget consultation. A further version of the budget, with the final settlement figures, is not provided to scrutiny committees. The final budget is prepared for February for full Council approval.
1.3	Members recommended that once the settlement was known and the figures had been re-worked by finance colleagues that members are presented with the budget as a whole for each directorate so Members could determine the full expenditure in each directorate and not just the areas where reductions had been proposed.	As per the response in 1.2.



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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
	<b>Communities</b>	
2.4	The Committee commented that visible services should be protected from budget reductions, in particular cleaning services. Members therefore recommend that if the Council should receive any additional funds from Welsh Government that consideration should be given to retaining monies to offset COM41 and COM41a.	The final MTFS proposals have removed the street cleaning proposals from the recommended savings in 2019-20. It is of course difficult to commit to 'protection' moving forward as to a large extent that will depend on the overall level of future settlements but Cabinet/CMB is very aware of the need, where we can, to minimise further savings to visible services and / or seek alternative ways of carrying out this work, for example in partnership with town and community councils.
2.5	During their discussions regarding COM42 and COM42a, the Committee recommend that communication is distributed to Town and Community Councils and the voluntary sector to inform them of the proposed budget reductions. The Committee was pleased to hear that the Council is streamlining the process for Community Asset Transfer to assist with a more effective process for all parties.	Please see responses to recommendations 4 to 6.
2.6	The Committee recommend that prior to the public Budget Consultation being finalised next year that Budget Research and Evaluation Panel receive the proposed questions in the consultation to ensure there are some direct questions regarding the proposed budget reductions as opposed to more generic questions that could be misinterpreted.	Agree that the budget consultation questions should be shared with BREP. A discussion was held with BREP on the budget consultation prior to launch this year. The consultation contained a number of specific and direct questions, in addition to general questions.
	<b>Education and Family Support</b>	
3.5	The Committee commented on the potential financial impact the proposed efficiency saving against the school budgets would have on schools that were already in deficit and the increased difficulty it would impose on recovering from that position within the statutory timeframe. Members therefore recommend that if the Council should receive any additional funds from Welsh Government that consideration should be given to retaining monies to offset SCH01.	Agreed for 2019-20. The outcome of the budget consultation and the recommendations from Bridgend Research Evaluation Panel (BREP) and scrutiny committee have been considered. The 1% efficiency target for schools for 2019-2020 has been removed, as well as fully funding pay and prices. The non-teaching elements of school budgets cannot be centralised as delegation is a requirement under Local Management of Schools (LMS).

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

	<b>BREP/Scrutiny Recommendation</b>	<b>Cabinet Response</b>
	<b>Chief Executive's</b>	
4.2	The Committee discussed the Members Community Action Fund and whilst Members agree with the principle of the project, they cannot support the funding to continue and therefore recommend that the Directorate continue with the removal of the Members' Community Action Fund.	Agreed. A report was taken to Audit Committee and to Cabinet on the Community Action Fund (CAF). The recommendation was that Cabinet cease the CAF and transfer the £285k funding back into the MTFS for consideration when setting the budget for 2019-20 to 2022-23. The budget is contained within the budget reduction proposals for removal in 2019-20 (CEX2).
	<b>Corporate Overview</b>	
5.2	As outlined in Budget Research and Evaluation Panel the Committee recommend that Bridgend Council should introduce fees and charges to align with other Councils; explore the possibility of charging companies and members of the public when they have damaged Council property; explore joint funding with the Police for operating the CCTV service.	Please see responses to recommendations 13, 14 and 15, and 5.3.  With regard to the CCTV service, please see the response to BREP recommendation 13.
5.3	In addition to the aforementioned comments, the Committee recommend that the Council explore the possibility of introducing fines for members of the public that damage public property and do not adhere to the highway code by making full use of CCTV already in place in Bridgend and the BCBC owned camera car used to deter dangerous parking around schools in the Borough.	Criminal damage is a criminal action which would need to be pursued by the police. We could take separate civil action for damage, depending on the value of the damage we may claim under the insurance – it would then be for insurance to lead on any civil claim.  CCTV can be used as evidence in a claim. We would need to apply to the data controller for its release and satisfy the legal requirements on a case by case basis. It's effectiveness in civil proceedings will depend on the clarity of the footage.  We only have limited enforcement powers in relation to highways issues. The camera car has equipment of suitable standards to produce admissible evidence.

IDENTIFIED RISK						ACTION PLAN							Corporate Priority		
No.	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities.	4	5	20	Treat	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years.	CMB	Aug-2019	Feb-2019 Then ongoing quarterly review	3	5	15	Smarter use of resources
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of transformations in place that either directly support specific proposals for service improvement and /or financial savings. Further transformations have been identified that are intended to support a "One council culture" and support staff and managers through transformation.	Review and rationalisation of management activity. Establishment of a combined Chief Executives directorate in order to better align support services required to enable or support transformation. Develop training and manager support materials. Coordinated promotion of staff wellbeing.	CMB	Aug-2019	Oct-2019 Complete Mar-2019 Ongoing	3	3	9	All corporate priorities
3	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk - for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure and Waste.	No further actions to be commissioned at this stage.	CMB	Aug-2019		3	4	12	All corporate priorities

IDENTIFIED RISK						ACTION PLAN						Corporate Priority			
No.	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when		Residual risk score		
			Li	Im	Total								Li	Im	Total
4	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	Develop a revised capital strategy that gives appropriate weight to key infrastructure requirements.	CMB	Aug-2019	Apr-2019	3	5	15	Supporting a successful economy and smarter use of resources
5	The council is unable to meaningfully engage with Health Board and potential LGR boundary changes to ensure that the needs of the Bridgend community is fairly recognised in any subsequent changes	If the council is unable to successfully influence or respond to Health Board and any potential LGR boundary changes there is a risk that appropriate care to citizens through new service models and relationships will not be delivered resulting in citizens receiving a less satisfactory service or even no service at all.	4	4	16	Treat	The council has the ability to influence the transition programme through appropriate membership on the Transition Board. The council is leading the partnership work stream within the overall transition programme. Effective and good relationships have been established at political and senior managerial levels with Cwm Taf University Health Board.	Secure commitment from Cwm Taf University Health Board partners for a review of partnership governance arrangements and through this seek to ensure that the council is appropriately represented and that our emphasis on strong integration of services is retained beyond transition.	CMB	Aug-2019	Apr-2019	2	4	8	Helping people be more self reliant and smarter use of resources
6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater safe self-reliance.	3	5	15	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department.	CMB	Aug-2019	Completed with ongoing monitoring	2	5	10	Helping people be more self reliant and smarter use of resources
							All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly.	The internal audit review and the inspection of Youth Offending has identified the need to ensure that all links between Youth Offending services and other early help or social care services are effective and effectively documented. A specific programme of improvement is being prepared for sign off.			Mar-2019				

IDENTIFIED RISK					ACTION PLAN							Corporate Priority			
No.	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when		Residual risk score		
			Li	Im	Total								Li	Im	Total
7	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees. The council has established emergency planning arrangements including a Major Incident Plan and contributes to the SWLRF and SWRT.	Cyber resilience training. The council responds appropriately to WLGA/WG/UK Government Brexit consultations and seeks to influence the development of any future regional investment programme, via informed discussions with WG/Wales Office.	CMB	Aug-2019	TBC Ongoing	4	4	16	All corporate priorities
8	The council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of moral amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed.  The staff survey has been completed and key actions identified. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. eg WG and TUC.	CMB	Aug-2019	Mar-2019 Ongoing	3	4	12	All corporate priorities

IDENTIFIED RISK					ACTION PLAN							Corporate Priority			
No.	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when		Residual risk score		
			Li	Im	Total								Li	Im	Total
9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	3	4	12	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care).	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality.  Directorates to monitor the financial performance and stability of contractors.	CMB	Aug-2019	Ongoing	2	4	8	Helping people be more self reliant and smarter use of resources

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

20 FEBRUARY 2019

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

#### COUNCIL TAX 2019-20

#### 1. Purpose

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

#### 2. Connections to 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 Council, as the billing authority, is required to formally approve the Council Tax for its area. Council tax collected from local residents makes up around one quarter of the funding for the Council's net revenue budget.

#### 3. Background

- 3.1 The final budget proposals have been placed before Council for approval as the Council has to calculate its budget requirement in accordance with Section 32 of the Local Government Finance Act 1992 and set the level of Council Tax for 2019-20.
- 3.2 Section 33 of the Local Government Finance Act 1992 requires billing authorities to calculate the basic amount of council tax in a financial year. Section 34 of the Act further requires the billing authority to calculate the basic

amount of council tax for dwellings in those parts of its area to which one or more special items relate, such as a Community/Town Council precept requirement.

#### 4. Current Situation / Proposal

- 4.1 Council is expected to approve the Bridgend County Borough Council budget for 2019-20 at its meeting on 20 February 2019, and the budget is shown in Table 1 below:

**Table 1: Net Revenue Budget 2019-20**

	Revenue Budget 2019-20
	£000
<b><u>Service Directorate Budgets:</u></b>	
Central Education & Family Support	21,347
Schools	94,861
<b>Education and Family Support</b>	<b>116,208</b>
<b>Social Services &amp; Wellbeing</b>	<b>70,834</b>
<b>Communities</b>	<b>25,331</b>
<b>Chief Executive's</b>	<b>18,609</b>
<b>Total Directorate Budgets</b>	<b>230,982</b>
<b><u>Corporate Budgets:</u></b>	
Capital Financing	7,430
Levies	7,376
Repairs and Maintenance	870
Council Tax Reduction Scheme	14,854
Apprenticeship Levy	700
Pension Related Costs	430
Insurance Premiums	1,588
Other Corporate Budgets	6,579
<b>Total Corporate Budgets</b>	<b>39,827</b>
<b>Net Budget Requirement</b>	<b>270,809</b>

- 4.2 The net budget requirement for Bridgend County Borough Council for 2019-20 is £270.809 million, and the amount to be funded from Council Tax is £79,001,854, as shown in Table 2 below. This equates to a Council Tax of £1,470.87 on a Band D property, an increase of 5.4%.



**Table 2 – Net Budget Funding**

	£	%
Revenue Support Grant	145,354,407	53.67
Non Domestic Rates	46,452,373	17.15
Council Tax Income	79,001,854	29.17
<b>Total</b>	<b>270,808,634</b>	<b>100%</b>

- 4.3 The Police & Crime Commissioner for South Wales has notified the Council that their precept for the financial year ending 31 March 2020 will rise to £13,831,719 which equates to a Council Tax of £257.52 on a Band D property, a 10.28% increase. This increase is in line with a recent Home Office announcement which doubled the precept flexibility for locally accountable Police and Crime Commissioners by giving Police and Crime Commissioners the freedom to ask for an additional £2 a month in 2019-20, and to increase their Band D precept by £24 in 2019-20 without the need to call a local referendum. Consequently in line with the Home Office statement and to ensure a balanced budget the Police & Crime Commissioner for South Wales has increased Band D properties by £24 in 2019-20. The 2019-20 precept was agreed by the South Wales Police and Crime Panel on 29 January 2019.
- 4.4 The average Council Tax for the County Borough for 2019-20 is shown in Table 3 below.

**Table 3 – Average Council Tax Increase 2019-20**

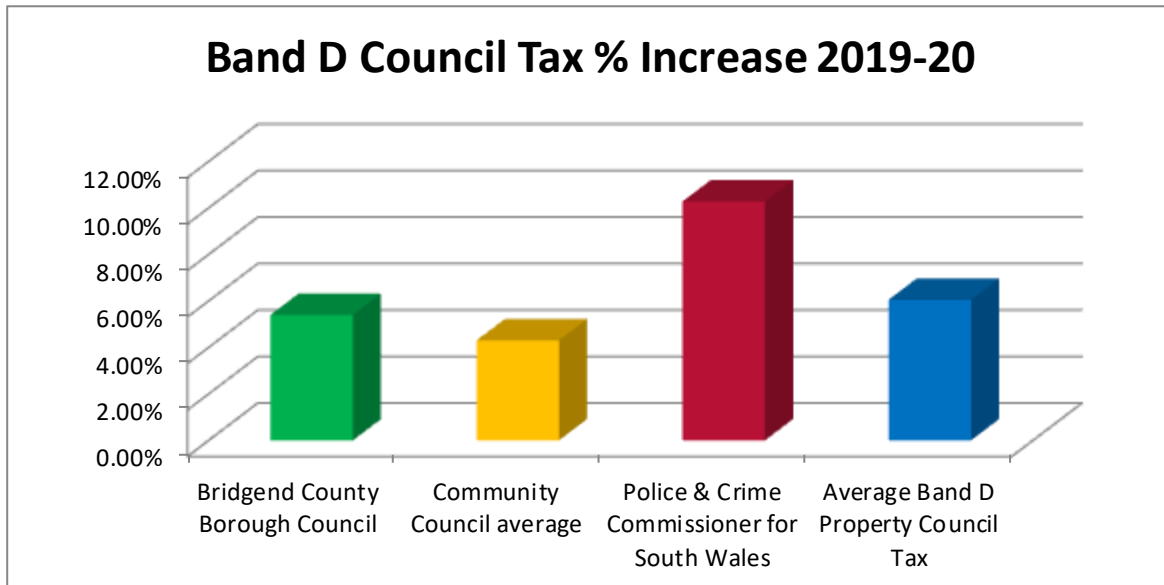
	2018-19	2019-20	% change
Council Tax Base - Band D equivalents	53,315.53	53,710.97	0.74%

	£	£	% change
Bridgend County Borough Council	1,395.51	1,470.87	5.4%
Community Council average	46.79	48.80	4.3%
Police & Crime Commissioner for South Wales	233.52	257.52	10.28%
<b>Band D Property average council tax</b>	<b>1,675.82</b>	<b>1,777.19</b>	<b>6.05%</b>

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

**Table 4 – Average Council Tax Increase 2019-20**



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

**Table 5 – Total Average Band D Council Tax Requirement 2019-20**

<b>Authority</b>	<b>Requirement £</b>	<b>Net Tax Base</b>	<b>Band D Council Tax £</b>
Bridgend County Borough Council <u>Local Precepts</u>	79,001,854	53,710.97	1470.87
Brackla Community Council	169,000	4,178.29	40.45
Bridgend Town Council	553,849	5,876.88	94.24
Cefn Cribbwr Community Council	30,000	544.63	55.08
Coity Higher Community Council	96,300	3,753.12	25.66
Cornelly Community Council	135,000	2,584.04	52.24
Coychurch Higher Community Council	10,300	337.81	30.49
Coychurch Lower Community Council	25,500	647.46	39.38
Garw Valley Community Council	111,000	2,259.61	49.12
Laleston Community Council	185,000	4,899.59	37.76
Llangynwyd Lower Community Council	8,500	172.23	49.35
Llangynwyd Middle Community Council	56,000	1,046.81	53.50
Maesteg Town Council	333,401	5,556.68	60.00
Merthyr Mawr Community Council	4,800	147.51	32.54
Newcastle Higher Community Council	44,000	1,706.69	25.78
Ogmore Vale Community Council	73,150	2,534.69	28.86
Pencoed Town Council	155,000	3,426.78	45.23
Porthcawl Town Council	417,200	7,978.86	52.29
Pyle Community Council	110,000	2,492.35	44.14
St Brides Minor Community Council	58,170	2,271.38	25.61
Ynysawdre Community Council	45,000	1,295.56	34.73
Borough Budget Requirement (including Community Councils)	81,623,024	53,710.97	1,519.67
Police & Crime Commissioner for South Wales	13,831,719	53,710.97	257.52
<b>TOTAL</b>	<b>95,454,743</b>	<b>53,710.97</b>	<b>1,777.19</b>

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

**Table 6 – Council Tax 2019-20 per Town and Community Council**

Town or Community Council	Bridgend CBC	Community Council	Police & Crime Commissioner for South Wales	Total
	£	£	£	£
Brackla Community Council	1,470.87	40.45	257.52	1,768.84
Bridgend Town Council	1,470.87	94.24	257.52	1,822.63
Cefn Cribbwr Community Council	1,470.87	55.08	257.52	1,783.47
Coity Higher Community Council	1,470.87	25.66	257.52	1,754.05
Cornelly Community Council	1,470.87	52.24	257.52	1,780.63
Coychurch Higher Community Council	1,470.87	30.49	257.52	1,758.88
Coychurch Lower Community Council	1,470.87	39.38	257.52	1,767.77
Garw Valley Community Council	1,470.87	49.12	257.52	1,777.51
Laleston Community Council	1,470.87	37.76	257.52	1,766.15
Llangynwyd Lower Community Council	1,470.87	49.35	257.52	1,777.74
Llangynwyd Middle Community Council	1,470.87	53.50	257.52	1,781.89
Maesteg Town Council	1,470.87	60.00	257.52	1,788.39
Merthyr Mawr Community Council	1,470.87	32.54	257.52	1,760.93
Newcastle Higher Community Council	1,470.87	25.78	257.52	1,754.17
Ogmore Vale Community Council	1,470.87	28.86	257.52	1,757.25
Pencoed Town Council	1,470.87	45.23	257.52	1,773.62
Porthcawl Town Council	1,470.87	52.29	257.52	1,780.68
Pyle Community Council	1,470.87	44.14	257.52	1,772.53
St Brides Minor Community Council	1,470.87	25.61	257.52	1,754.00
Ynysawdre Community Council	1,470.87	34.73	257.52	1,763.12

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

## 5. Effect on Policy Framework and Procedure Rules

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

## 6. Equality Impact Assessment

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

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

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

## **8. Financial Implications**

8.1 These are outlined within the report.

## **9. Recommendations**

9.1 Subject to approval of the Council's proposed net budget requirement for 2019-20, Council is asked to approve:

- a Band D Council Tax for Bridgend County Borough Council of £1,470.87 for 2019-20, and
- the Council Tax charges for Band D properties for 2019-20 for each of the community areas as outlined in Table 6.

Gill Lewis CPFA  
Interim Head of Finance and Section 151 Officer

February 2019

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Background Papers:  
Final Local Government Revenue and Capital Settlements 2019-20  
Cabinet Report – MTFS 2019-20 to 2022-23 – 12 February 2019  
Council Report – MTFS 2019-20 to 2022-23 – 27 February 2019



## APPENDIX A

## COUNCIL TAX 2019-20

Town and Community Council	Band 2019-20								
	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Bracla - Brackla	1179.23	1375.76	1572.31	1768.84	2161.92	2555.00	2948.07	3537.68	4127.29
Pen-y-bont - Bridgend	1215.09	1417.60	1620.12	1822.63	2227.66	2632.69	3037.72	3645.26	4252.80
Cefn Cribwr	1188.98	1387.14	1585.31	1783.47	2179.80	2576.13	2972.45	3566.94	4161.43
Coety Uchaf - Coity Higher	1169.37	1364.26	1559.16	1754.05	2143.84	2533.63	2923.42	3508.10	4092.78
Corneli - Cornelly	1187.09	1384.93	1582.79	1780.63	2176.33	2572.03	2967.72	3561.26	4154.80
Llangrallo Uchaf - Coychurch Higher	1172.59	1368.01	1563.45	1758.88	2149.75	2540.61	2931.47	3517.76	4104.05
Llangrallo Isaf - Coychurch Lower	1178.51	1374.93	1571.35	1767.77	2160.61	2553.45	2946.28	3535.54	4124.80
Cwm Garw - Garw Valley	1185.01	1382.50	1580.01	1777.51	2172.52	2567.52	2962.52	3555.02	4147.52
Trelales - Laleston	1177.43	1373.67	1569.91	1766.15	2158.63	2551.11	2943.58	3532.30	4121.02
Llangynwyd Isaf - Llangynwyd Lower	1185.16	1382.68	1580.22	1777.74	2172.80	2567.85	2962.90	3555.48	4148.06
Llangynwyd Ganol - Llangynwyd Middle	1187.93	1385.91	1583.91	1781.89	2177.87	2573.85	2969.82	3563.78	4157.74
Maesteg	1192.26	1390.97	1589.68	1788.39	2185.81	2583.24	2980.65	3576.78	4172.91
Merthyr Mawr	1173.95	1369.61	1565.27	1760.93	2152.25	2543.57	2934.88	3521.86	4108.84
Castellnewydd Uchaf - Newcastle Higher	1169.45	1364.35	1559.27	1754.17	2143.99	2533.81	2923.62	3508.34	4093.06
Cwm Ogwr - Ogmores Vale	1171.50	1366.75	1562.00	1757.25	2147.75	2538.26	2928.75	3514.50	4100.25
Pencoed	1182.41	1379.48	1576.55	1773.62	2167.76	2561.90	2956.03	3547.24	4138.45
Porthcawl	1187.12	1384.97	1582.83	1780.68	2176.39	2572.10	2967.80	3561.36	4154.92
Y Pil - Pyle	1181.69	1378.63	1575.59	1772.53	2166.43	2560.33	2954.22	3545.06	4135.90
Llansantffraid-ar-Ogwr - St Brides Minor	1169.33	1364.22	1559.11	1754.00	2143.78	2533.56	2923.33	3508.00	4092.67
Ynysawdre	1175.41	1371.31	1567.22	1763.12	2154.93	2546.74	2938.53	3526.24	4113.95

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

20 FEBRUARY 2019

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

#### TREASURY MANAGEMENT AND CAPITAL STRATEGIES 2019-20 ONWARDS

##### 1. Purpose

- 1.1 The purpose of this report is to seek Council approval of the Treasury Management Strategy 2019-20 (**Appendix A**), which includes the Treasury Management Indicators, the Capital Strategy 2019-20 to 2028-29 (**Appendix B**) which includes the Prudential Indicators and the amended Financial Procedure Rules (**Appendix C**) for incorporation into the Constitution (**Appendix D**).

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

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

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

- 2.2 Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council support smarter use of financial resources and hence assist achievement of Corporate Priorities. Also, 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 Both Treasury Management and the control of Capital Expenditure are based in legislation. The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develop the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.

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

#### 4. Current Situation / Proposal

- 4.1 The Treasury Management Strategy 2019-20 (**Appendix A**) confirms the Council's compliance with the Treasury Management in the Public Services: Code of Practice, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities. It also fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government Guidance.
- 4.2 The Treasury Management Strategy is an integrated strategy where borrowing and investments are managed in accordance with best professional practice. The Council borrows money either to meet short term cash flow needs or to fund capital schemes within the capital programme but loans taken are not associated with particular assets. The Council is exposed to financial risks including the potential loss of invested funds and the effect on revenue of changing interest rates. The Council endeavours to minimise the risks by investing its funds prudently, and having regard firstly to the security of investments then to their liquidity and finally to seeking the highest rate of return, or yield. The Strategy outlines the Council's definition of specified and non-specified investments, the financial limits for each category of investments and the approved counterparties with associated credit ratings.
- 4.3 The Capital Strategy 2019-20 (**Appendix B**) was presented to the Corporate Overview and Scrutiny Committee on 11 February 2019 for information. It confirms the Council's compliance with the Prudential Code for Capital Finance in Local Authorities. It sets out the guiding principles for capital decisions as to:-
1. Focus capital investment on delivery of the Council's Objectives and Priorities
  2. Ensure strong governance over decision-making
  3. Ensure that capital plans are affordable, sustainable and prudent
  4. Maximise and promote the best use of available funds
- 4.4 The Capital Strategy sets out a framework for the self-management of capital finance and examines the following areas:
- Capital expenditure and investment plans
  - Prudential Indicators
  - External debt
  - Treasury Management
- It reports on the delivery, affordability and risks associated with the long-term context in which capital expenditure and investment decisions are made.
- 4.5 The Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008 requires the Council to produce and approve an Annual Minimum Revenue Provision Statement before the start of the financial year. Where a Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years and this is charged to revenue. This Statement is attached for Approval in **Appendix B - Schedule A**.

4.6 Due to the changes in both Codes of Practices as per 3.6 above, the Financial Procedure Rules within the Constitution need to be updated to reflect that there will be a Capital Strategy which will include the Prudential Indicators formerly presented within the Treasury Management Strategy. Attached are the existing Financial Procedure Rules, with tracked changes, to show the proposed changes (**Appendix C**), plus a clean version of the revised Financial Procedure Rules for approval (**Appendix D**).

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

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

5.2 As the Capital Strategy is a new document, the Financial Procedure Rules within the Constitution have been updated to reflect the requirement to produce one and the approval process for it. This will be the same as the Treasury Management Strategy and will be for Council to approve prior to the start of each financial year.

5.3 The revised Financial Procedure Rules will be included within the Constitution once approved by Council.

## **6. Equality Impact Assessment**

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

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

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

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

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

## **8. Financial Implications**

8.1 The financial implications are reflected within the report.

## **9. Recommendations**

9.1 Council is recommended to approve :-

- the Treasury Management Strategy 2019-20 including the Treasury Management Indicators 2019-20 to 2021-22 (**Appendix A**);
- the Capital Strategy 2019-20 including the Prudential Indicators 2019-20 to 2021-22 (**Appendix B**);
- the Annual Minimum Revenue Provision (MRP) Statement 2019-20 (**Appendix B - Schedule A**); and
- the amendments to the Financial Procedure Rules (**Appendix C**) for incorporation into the Constitution (**Appendix D**).

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

**11 February 2019**

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Background Papers:

**Background documents**

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

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

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# TREASURY MANAGEMENT STRATEGY

## 2019-20

## 1.0 INTRODUCTION

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year. In addition, the Welsh Government issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an Investment Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the Welsh Government Guidance.

In 2017 CIPFA also published a new version of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, will be approved together with the TMS by full Council in February 2019 and will now include the Prudential Indicators which in previous years were included in the TMS, along with details regarding the Council's non-treasury investments. The CIPFA Code also requires the Council to set a number of Treasury Management Indicators which are forward looking parameters and enable the Council to measure and manage its exposure to treasury management risks and these are included throughout this TMS. The Capital Strategy and TMS should be read in conjunction with each other as they are interlinked as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS where borrowing and investments are managed in accordance with best professional practice which is assessed either from internal expertise or consultation with our external advisers. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore any actual loans taken are not associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS. In accordance with Welsh Government Guidance, the Council will be asked to approve a revised TMS should the assumptions on which this is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, a significant change in the Council's capital programme or the level of its investment balance. There is also a half year review of the TMS which is presented to Council for approval.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and



administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's *Standard of Professional Practice on Treasury Management*. Council will receive reports on its treasury management activities, including as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its financial year end. Quarterly reports will also be received by Cabinet. The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **2.0 ECONOMIC CONTEXT**

**Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's TMS for 2019-20. Following the Bank of England's decision to increase the Bank Rate from 0.50% to 0.75% in August 2018, no changes to monetary policy has been made, however, the uncertain political situation surrounding Brexit has produced the prospect of divergent paths for UK monetary policy.

**Credit outlook:** The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in, and they did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading in the UK. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

**Interest rate forecast:** Due to the short time for a Brexit withdrawal deal to be agreed and the possibility of an extended period of uncertainty over the possible outcome, the Council's treasury management adviser Arlingclose's central case scenario is forecasting one 0.25% rise in the Bank Rate during 2019-20 to take official UK interest rates to 1.00% by December 2019 as shown in table 1. The Monetary Policy Committee (MPC) bias towards tighter monetary policy remains but is unlikely to raise Bank Rate unless there is a withdrawal arrangement and the prospect of a transitional period.

The UK economic environment appears relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the UK economy faces a challenging outlook as the country exits the European Union and Eurozone/global economic growth softens.

**Table 1: Arlingclose (Council's TM Advisers) central interest rate forecast January 2019**

	<b>Bank Rate</b>	3 month money market rate	1 year money market rate	5 year gilt yield	10 year gilt yield	20 year gilt yield	50 year gilt yield
Jan 2019	<b>0.75</b>	0.92	1.16	0.90	1.26	1.66	1.62
Mar 2019	<b>0.75</b>	0.90	1.20	0.95	1.30	1.70	1.65
June 2019	<b>0.75</b>	0.90	1.20	0.95	1.35	1.75	1.70
Sept 2019	<b>0.75</b>	0.95	1.25	1.00	1.40	1.80	1.75
Dec 2019	<b>1.00</b>	1.20	1.50	1.25	1.65	2.00	1.95
Mar 2020	<b>1.00</b>	1.25	1.60	1.30	1.75	2.05	2.00
Jun 2020	<b>1.25</b>	1.35	1.75	1.45	1.90	2.20	2.15
Sept 2020	<b>1.25</b>	1.40	1.75	1.45	1.85	2.20	2.15
Dec 2020	<b>1.25</b>	1.40	1.70	1.40	1.85	2.20	2.15
Mar 2021	<b>1.25</b>	1.40	1.70	1.40	1.85	2.20	2.15
Jun 2021	<b>1.25</b>	1.40	1.70	1.40	1.85	2.20	2.15
Sept 2021	<b>1.25</b>	1.40	1.70	1.40	1.85	2.20	2.15
Dec 2021	<b>1.25</b>	1.40	1.70	1.40	1.85	2.20	2.15
<b>Average</b>	<b>1.06</b>	<b>1.22</b>	<b>1.53</b>	<b>1.25</b>	<b>1.67</b>	<b>2.03</b>	<b>1.98</b>

### **3.0 EXTERNAL DEBT AND INVESTMENT POSITION**

On the 31 December 2018, the Council held £96.87 million of borrowing and £33.00 million of investments. The external debt and investment position is shown in table 2 below and more detail is provided in section 4.0 Borrowing Strategy and section 5.0 Investment Strategy. Forecast changes in these sums are shown in the balance sheet analysis in table 3 below.

Where a Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years and this amount charged to revenue is called the Minimum Revenue Provision (MRP). The *Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008* requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year that details the methodology for the MRP charge and this is detailed in the Council's Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. The Council is forecasting an increased CFR due to the prudential borrowing in the capital programme and the new MRP policy approved by Council in September 2018.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 below shows that the Council complied with this in 2017-18 and expects to comply with this recommendation during 2018-19, 2019-20 and the following two years. More detail is provided in the Capital Strategy 2019-20.

**Table 2: Council's external debt and investment position as at 31 December 2018**

	<b>Principal as at 31-12-18 £m</b>	<b>Average Rate %</b>
<b>External Long Term Borrowing:</b>		
Public Works Loan Board	77.62	4.70
Lender's Option Borrower's Option (LOBO)	19.25	4.65
<b>Total External Long Term Borrowing</b>	<b>96.87</b>	<b>4.69</b>
<b>Other Long Term Liabilities:</b>		
Private Finance Initiative *	17.16	
Llynfi Loan**	2.40	
Other LTL	0.94	
<b>Total Other Long Term Liabilities</b>	<b>20.50</b>	
<b>Total Gross External Debt</b>	<b>117.37</b>	
<b>Treasury Investments:</b>		
Banks	<b>8.00</b>	0.97
Local Authorities	<b>22.00</b>	0.87
Money Market Funds ***	<b>3.00</b>	0.77
<b>Total Treasury Investments</b>	<b>33.00</b>	<b>0.88</b>
<b>Net Debt</b>	<b>84.37</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 15.25 years remaining term

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

\*\*\*the funds provide instant access

Table 3 below has been produced using estimates of capital spend and forecasts on usable reserves for the current financial year and the next three years. The Capital Plans highlight that the Loans CFR, which is the Council's need to borrow to fund capital expenditure, is increasing year on year due to additional prudential borrowing together with the reduction of internal borrowing opportunities from usable reserves.

**Table 3: Balance sheet summary and forecast**

	<b>31.3.18 Actual £m *</b>	<b>31.3.19 Estimate £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>
<b>CFR</b>	171	172	177	178	177
Less: Other debt liabilities	-18	-17	-16	-16	-14
<b>Loans CFR</b>	<b>153</b>	<b>155</b>	<b>161</b>	<b>162</b>	<b>163</b>
Less: Current External borrowing	-103	-103	-100	-100	-100
<b>Internal borrowing</b>	<b>50</b>	<b>52</b>	<b>61</b>	<b>62</b>	<b>63</b>
Less: Usable reserves	-81	-69	-55	-51	-44
Working capital	2	2	-	-	-
<b>Investments</b>	<b>29</b>	<b>15</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>New Borrowing - cumulative</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>21</b>	<b>29</b>

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

**Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 3 above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk.

**Table 4: Liability benchmark**

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Estimate £m	31.3.21 Estimate £m	31.3.22 Estimate £m
Loans CFR	153	155	161	162	163
Less: Usable reserves	-81	-69	-55	-51	-44
Working capital	2	2	-	-	-
Plus: Minimum investments	29	15	10	10	10
<b>Liability Benchmark</b>	<b>103</b>	<b>103</b>	<b>116</b>	<b>121</b>	<b>129</b>

#### **4.0 BORROWING STRATEGY**

As at the 31 March 2018, the Council held £96.87 million of long term loans, £2.62 million of short term borrowing plus £3 million as a short term loan repayable in 2019-20 as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 3 above shows that the Council will have to borrow £29 million over the next three years as detailed below:-

**Table 5: New Borrowing**

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Estimate £m	31.3.21 Estimate £m	31.3.22 Estimate £m
<b>New Borrowing</b>	-	-	16	5	8

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

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

Therefore the major **objectives** to be followed in 2019-20 are:-

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing

- to effect funding in any one year at the cheapest cost commensurate with future risk
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

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

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time however, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer-term costs. The Council's treasury management advisers will assist the Council with this 'cost of carry' and breakeven analysis. The last time the Council took long term borrowing was £5 million from the Public Works Loan Board (PWLB) in March 2012. As detailed above, the liability benchmark is suggesting there will be a requirement for new long term borrowing in 2019-20, 2020-21 and 2021-22. It is anticipated that this would be from PWLB and for estimate purposes it has been assumed that this will be over 30 years.

Alternatively, the Council may arrange forward starting loans during 2019-20 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term loans (normally for up to one month) to cover unexpected cash flow shortages.

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

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

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

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

The Council has previously raised the majority of its long-term borrowing from the PWLB, but will also investigate other sources of finance, such as Welsh Government and local authority loans and bank loans, that may be available at more favourable rates.

**LOBOs:** The £19.25 million shown in table 2 above, relates to Lender’s Option Borrower’s Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. There are two trigger points in 2019-20 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

**Short term and variable rate loans:** These loans expose the Council to the risk of short term interest rate rises and are therefore subject to the treasury management indicator to manage interest rate exposure as shown below in tables 6 and 11 below.

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

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

**Table 6: Treasury Management Indicator Maturity Structure of Borrowing 2019-20**

Refinancing rate risk indicator Maturity structure of borrowing 2019-20	Upper limit	lower limit
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

## **5.0 INVESTMENT STRATEGY**

The preparation each year of an Investment Strategy is central to the Welsh Government guidance on Local Authority Investments. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by the full Council ensures that these policies are subject to the scrutiny of elected Members.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and as shown in table 2 above in section 3, the balance at 31 December 2018 was £33.00 million. Investments are estimated to drop to between £15 and £20 million by the 31 March 2019. As in previous years this is due partly to increased expenditure expected to be incurred for the capital programme and the reduction in income collected from Council Tax and National Non-Domestic Rates in February and March 2019. Based on its cash flow forecasts, the Council anticipates its investment balances in 2019-20 to range between £10 million to £55 million with an average investment rate of between 0.75% to 1.00% depending on the Bank Rate and investment types, which will be reviewed at half year and reported to Council. The actual balance varies because of the cash flow during the year as to when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

**Objectives:** Both the CIPFA Code and the Welsh Government Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The major **objectives** to be followed in 2019-20 are:

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

**Negative interest rates:** If the UK enters into a recession in 2019-20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in some other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government, however, investments may be made with any public or private sector organisations that meet the credit criteria detailed below. Given the increasing risk and very low returns

from short-term unsecured bank investments, the Council will further diversify into more secure and/or higher yielding asset classes during 2019-20 as appropriate in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested in money market funds and with other local authorities but the Council will continue to look at investment options in line with the limits detailed below.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate options become available as referred to in section 4.0 Borrowing Strategy.

**International Financial Reporting Standard (IFRS) 9:** Under the new IFRS 9 Standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types shown in table 7 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

**Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies to ensure that this lies within our agreed minimum credit rating. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

**Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in the above table will not apply as this does not count as an investment.

**Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments



are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

**Registered providers:** Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period can be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Table 7: Approved investment counterparties and limits**

These limits must be read in conjunction with the notes immediately below the table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	n/a	n/a	£ Unlimited 50 Years	n/a	n/a
UK Local Authorities	n/a	n/a	£12,000,000 10 Years	n/a	n/a
AAA	£3,000,000 5 Years	£6,000,000 20 Years	£6,000,000 50 Years	£3,000,000 20 Years	£3,000,000 20 Years
AA+	£3,000,000 5 Years	£6,000,000 10 Years	£6,000,000 25 Years	£3,000,000 10 Years	£3,000,000 10 Years
AA	£3,000,000 4 Years	£6,000,000 5 Years	£6,000,000 15 Years	£3,000,000 5 Years	£3,000,000 10 Years
AA-	£3,000,000 3 Years	£6,000,000 4 Years	£6,000,000 10 Years	£3,000,000 4 Years	£3,000,000 10 Years
A+	£3,000,000 2 Years	£6,000,000 3 Years	£3,000,000 5 Years	£3,000,000 3 Years	£3,000,000 5 Years
A	£3,000,000 13 Months	£6,000,000 2 Years	£3,000,000 5 Years	£3,000,000 2 Years	£3,000,000 5 Years
A-	£3,000,000 6 Months	£6,000,000 13 Months	£3,000,000 5 Years	£3,000,000 13 Months	£3,000,000 5 Years
None	£1,000,000 6 Months	n/a	see above central government and local authority limit	n/a	£3,000,000 5 Years
Pooled Funds	£6,000,000 per fund				

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's

credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2011, it is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified investments:** The *Welsh Government Investment Guidance* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement (364 days)
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government
  - a UK local authority
  - a UK parish or community council or
  - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified investments:** Any investment that does not fall into the criteria detailed above under the Specified investments definition. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- investments with bodies and schemes not meeting the definition on high credit quality

The *Welsh Government Investment Guidance* requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £20 million. Table 9 below shows the non-specified categories and the relevant limits and although the total of the individual limits exceed £20 million, at any one point in time a **maximum of £20 million** could be invested in these non-specified investments.

**Principal sums invested for periods longer than a year:** All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council’s treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of long term investments. The limits on the long term principal sum invested to final maturities beyond the period end will be as shown in table 8 below.

**Table 8: Treasury Management Indicator Principal sums invested for periods longer than a year**

Price risk indicator	2019-20 £m	2020-21 £m	2021-22 £m
Limit on principal invested beyond financial year end	15	10	8

**Investment Limits:** The combined values of specified and non-specified investments with any one organisation are subject to the approved counterparties and limits shown in table 7 above and also the non-specified limits in table 9 and the investment limits detailed in table 10 below.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

**Table 9: Non-specified investment limits**

	<b>Category Cash limit</b>
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council's definition of "high credit quality" (A-) (except the UK Government and UK local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m
<b>Total Non-Specified Investments Outstanding</b>	<b>£20m</b>

**Table 10: Investments limits**

	<b>Category Cash limit</b>
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	£20m in total

**Liquidity Management:** The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (table 9 above) has been set for 2019-20 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in the principal sums invested for periods longer than a year indicator in table 8 above. This represents just under 30% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2019-20.

## **6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;

- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall.

An indicator has been set in table 11 below to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated at a point in time on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year, although such instances are rare.

**Table 11: Treasury Management Indicator Interest Rate Exposures**

<b>Interest rate risk indicator</b>	<b>Indicator £'000</b>
One year revenue impact of a 1% rise in interest rates	(140)
One year revenue impact of a 1% fall in interest rates	315

The figures for the 1% fall in interest rates indicator is not the same figures as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

## **7.0 PERFORMANCE INDICATORS**

Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking.

One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK local authorities. The rate of return on investments can be monitored against the average rate of return on investments against the Bank Rate and the average rate of return on investments as compared to the average rate of Arlingclose's Welsh local authority clients at each relevant quarter/year-end.

## **8.0 OTHER ITEMS**

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

**Financial Derivatives:** In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives such as swaps, forwards, futures and options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

**Markets in Financial Instruments Directive II (MIFID II):** From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believed this to be the most appropriate status.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

**Investment advisers:** The Council appointed Arlingclose Limited as treasury management advisers following a tender exercise in August 2016. They were awarded a four year contract, to provide advice and information relating to its borrowing and investment activities and capital finance issues. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided.

**Investment of money borrowed in advance of need:** The Welsh Government maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's Capital Financing Requirement (CFR) as at 1 January 2019 was in excess of the actual debt of the Council as shown in table 3 above indicating there was no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy.

## Schedule A

**Credit Rating Equivalence Table**

	Description	Fitch		Moody's		Standard & Poor's				
		Long	Short	Long	Short	Long	Short			
<b>INVESTMENT GRADE</b>	Extremely strong	AAA		Aaa		AAA				
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+			
		AA		Aa2		AA				
		AA-		Aa3		AA-				
	Strong	A+	F1	A1	P-2	A+	A-1			
		A		A2		A				
		A-		A3		A-				
	Adequate	BBB+	F2	Baa1	P-3	BBB+	A-2			
		BBB	F3	Baa2		BBB				
BBB-		Baa3		BBB-						
<b>SPECULATIVE GRADE</b>	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B			
		BB		Ba2		BB				
		BB-		Ba3		BB-				
	Very speculative	B+		B1		B+				
		B		B2		B				
		B-		B3		B-				
	Vulnerable	CCC+		C		Caa1		Not Prime (NP)	CCC+	C
		CCC				Caa2			CCC	
		CCC-				Caa3			CCC-	
CC		Ca	CC							
C			C							
Defaulting	D	D	C		D	D				





**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 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:

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

## CAPITAL EXPENDITURE AND INVESTMENT

### 2.0 CAPITAL EXPENDITURE

Capital investment is technically described as:

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

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

Expenditure can be capitalised where it relates to the:-

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

Enhancement of an existing fixed asset means:-

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

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

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

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

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

The Council has acquired relatively few property assets over the last few years. Its focus has been on releasing or remodelling existing assets. From time to time it has acquired property required for service developments, for example purchasing land and buildings for school modernisation projects. It has also secured £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*

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

## 2.1 CAPITAL FINANCING

The Council receives an annual 'General Capital Funding' allocation from Welsh Government, which comprises General Capital Grant and un-hypothecated Supported Borrowing. Revenue funding to repay the supporting borrowing is included within the Revenue Support Grant. 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*

	<b>2017-18 Actual £m</b>	<b>2018-19 Projection £m</b>	<b>2019-20 Estimate £m</b>	<b>2020-21 Estimate £m</b>	<b>2021-22 Estimate £m</b>
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
<b>TOTAL</b>	<b>36.584</b>	<b>35.474</b>	<b>36.157</b>	<b>21.713</b>	<b>18.794</b>

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as 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
<b>Total MRP &amp; VRP</b>	<b>6.420</b>	<b>4.344</b>	<b>4.880</b>	<b>5.171</b>	<b>5.795</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.734</b>	<b>0.641</b>	<b>0.690</b>	<b>0.743</b>	<b>0.801</b>
<b>Total Own Resources</b>	<b>7.154</b>	<b>4.985</b>	<b>5.570</b>	<b>5.914</b>	<b>6.596</b>

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
<b>Capital Financing Requirement (CFR)</b>					
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	-	-	-	-
<b>Total Opening CFR</b>	<b>168.180</b>	<b>170.879</b>	<b>171.811</b>	<b>177.470</b>	<b>177.803</b>
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)	-	-	-	-
<b>Total Movement in CFR</b>	<b>2.699</b>	<b>0.932</b>	<b>5.659</b>	<b>0.333</b>	<b>(0.358)</b>
<b>Closing CFR</b>	<b>170.879</b>	<b>171.811</b>	<b>177.470</b>	<b>177.803</b>	<b>177.445</b>
<b>Movement in CFR represented by :-</b>					
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)	(4.344)	(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)
<b>Total Movement</b>	<b>2.699</b>	<b>0.932</b>	<b>5.659</b>	<b>0.333</b>	<b>(0.358)</b>

## 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 of around £70 million 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 works 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 is to fund those schemes that have been prioritised by the condition surveys as posing a Health and Safety risk either within buildings or within our Highways Infrastructure. The aim will be to replenish these reserves as funding allows. The monitoring of these reserves will be 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 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 31 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	<b>130.458</b>	135.140	142.983
Capital Financing Requirement	170.879	171.811	<b>177.470</b>	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	<b>170.000</b>	170.000	175.000
Authorised limit – other long term liabilities	30.000	30.000	<b>30.000</b>	30.000	30.000
<b>Authorised Limit Total</b>	<b>170.000</b>	<b>175.000</b>	<b>200.000</b>	<b>200.000</b>	<b>205.000</b>
Operational boundary – borrowing	105.000	105.000	<b>115.000</b>	120.000	130.000
Operational boundary – other long term liabilities	25.000	25.000	<b>20.000</b>	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>130.000</b>	<b>130.000</b>	<b>135.000</b>	<b>140.000</b>	<b>150.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>117.891</b>	<b>116.991</b>	<b>130.758</b>	<b>137.710</b>	<b>144.283</b>

### 3.8 INVESTMENT STRATEGY

The Council's major objectives when investing are:-

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

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

Table 7: Treasury management investments

	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
<b>TOTAL</b>	<b>30.400</b>	<b>15.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>

### Loans to Other Organisations

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

## 3.9 OTHER LONG TERM LIABILITIES

### Private Finance Initiative

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with 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
<b>TOTAL FINANCING COSTS</b>	<b>12.113</b>	<b>9.928</b>	<b>10.682</b>	<b>11.254</b>	<b>12.068</b>
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)
<b>Central Capital Financing Budget</b>	<b>8.672</b>	<b>6.528</b>	<b>7.430</b>

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 which is anticipated to rise 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
<b>Directorate Capital Financing Budget</b>	<b>3.450</b>	<b>3.433</b>	<b>4.043</b>

Table 11 shows how there will be increased revenue pressure on the capital financing budgets over the MTF5 period:-

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

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

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
<b>TOTAL</b>		<b>171.811</b>	<b>5.570</b>



## **Sources of Capital Investment**

### **Borrowing**

The Council is able to borrow money on the money market or from the Public Works Loan Board (PWLB) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow), however for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs and any on-going related revenue support. With the exception of the Welsh Government's allocation of Supported Borrowing, all other borrowing is unsupported i.e. where associated interest and debt repayment costs must be met from 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. Any contributions received are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the relevant capital programme once an eligible scheme has been identified. S106 contribution agreements can be used, for example, for the provision of educational facilities, highways infrastructure, affordable housing, play areas and open spaces, in line with the Council's adopted policy on the use of section 106 agreements. Consideration of available S106 funding should be taken when agreeing the capital programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding. They are time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement any funds not spent in line with the agreement would have to be repaid to the developer.

## **Revenue and Reserves**

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

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## **Financial Procedure Rules**

### **Section A - Financial Control**

#### **1. General**

1.1 For the purposes of these Rules:

- (a) “the Chief Executive Officer” means the officer designated by the Council as Head of Paid Service under Section 4 of the Local Government & Housing Act 1989.
- (b) “the Chief Finance Officer” means the officer designated by the Council as the officer responsible for the administration of its financial affairs under Section 151 of the Local Government Act 1972.
- (c) “Chief Officer” means any of the following:
  - The Chief Executive Officer;
  - The Corporate Director – Social Services and Wellbeing;
  - The Corporate Director - Education and Family Support
  - The Corporate Director - Communities;
- (d) “the Monitoring Officer” means the officer designated as such by the Council under Section 5 of the Local Government & Housing Act 1989.
- (e) “the Cabinet” means the Executive established under Part II of the Local Government Act 2000.
- (f) “Cabinet Member” means the Leader and any of the members of the Cabinet.
- (g) “Budget Head” means the budget for a particular service/services.
- (h) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender include the feminine and vice versa.

1.2 A Chief Officer may nominate any suitably qualified officer in his Directorate to undertake any of the duties placed upon him or exercise any power granted to him by these Rules.

1.3 Each Chief Officer shall consult with the Chief Finance Officer on any matter which is liable to materially affect the finances of the Council before any commitment is incurred and before reporting thereon to the Cabinet or the Council.

1.4 (a) Chief Officers shall be responsible for bringing these Financial Procedure Rules to the attention of staff and for ensuring the observance of these Rules throughout their respective Directorates;

(b) Staff who fail to observe these Rules may be subject to disciplinary action.

1.5 Each Chief Officer shall be responsible for the accountability of staff, and the security, custody and control of all other resources including plant, buildings,

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materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Chief Finance Officer.

- 1.6 Each Chief Officer shall have a duty to endeavour to maximise the value for money obtained in running the activities within his purview.
- 1.7 Each Chief Officer shall have a duty to consult the Chief Finance Officer if he has reason to believe that any matter within his purview may result in:
  - (a) The Council incurring expenditure in excess of its approved budget;
  - (b) The Council incurring expenditure for which it has no statutory power to incur;
  - (c) The Council failing to comply with the financially related provisions of any National or European legislation;
  - (d) The Council failing to comply with the financially related provisions of any code of practice adopted by the Council.
- 1.8 Whenever any matter arises which involves or is thought to involve irregularities concerning cash, stores or other property of the Council or held on trust by the Council, the Chief Officer concerned shall notify the Chief Finance Officer who shall take such steps as he considers necessary by way of investigation and report.
- 1.9 Each Chief Officer shall have a duty to inform the Chief Finance Officer and the Monitoring Officer if he suspects that the Council or its officers are exceeding the Council's statutory powers.
- 1.10 No Chief Officer may recommend to the Council or the Cabinet that expenditure be incurred or any other action taken on the assumption that sufficient statutory power is provided by either Sections 137 of the Local Government Act 1972 and Section 2 of the Local Government Act 2000, without prior approval of the Chief Finance Officer and the Monitoring Officer.
- 1.11 The Chief Finance Officer in consultation with the Monitoring Officer shall be authorised to vary from time to time any amount included in the Rules, but any alteration shall be reported to the next meeting of Council.

**2. Accounting Systems**

- 2.1 All accounting procedures and accounting records of the Council and its Officers shall be subject to the approval of the Chief Finance Officer.
- 2.2 All accounts and accounting records of the Council shall be compiled by, or under the direction of, the Chief Finance Officer.
- 2.3 The following principles shall be observed in the allocation of accounting duties:
  - (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;

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(b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

2.4 A Chief Officer shall be responsible for the financial management and audit of any private fund entrusted to him as part of his duties and will apply regulations to such funds as stipulated by the Chief Finance Officer.

2.5 Notwithstanding the duties of a Chief Officer in Rule 2.4, the Chief Finance Officer shall have the right to audit any private fund at any time.

2.6 For the purposes of these Rules “private fund” shall mean any fund in the management of which a Chief Officer of the Council is concerned and which may affect any person or property for which the Council has a responsibility, notwithstanding that contributions towards such fund shall have been made by another party other than the Council.

### **3. Budgeting and budgetary control**

#### **3.1 Council’s Budget**

3.1.1 The Budget shall be approved by the Council in accordance with Rule 2 of the Budget and Policy Framework Procedure Rules;

3.1.2 In referring the Cabinet's Budget Proposals to Council the proper officer will forward to the Council a report of the Chief Finance Officer incorporating the recommendations of the Cabinet and detailing for approval of the Council :

- (a) A probable out-turn for the current year;
- (b) A revenue budget for the forthcoming year detailing the Budget Heads over which that budget is allocated to specific services and service programme areas;
- (c) A forward indication of the medium term financial strategy which will comprise the revenue budget for the first year and indicative budgets for the subsequent three years and a capital budget for the forthcoming year incorporating a capital programme of at least three years, but no more than ten years;
- ~~(d) an assessment of the impact of any prudential borrowing on revenue budgets and council tax levels;~~
- ~~(e) a Treasury Management Strategy for the forthcoming year~~
- (df) an assessment of any major financial risks which may impact on the budget;
- (eg) an analysis of reserves and balances and movements over the forthcoming financial year;
- (fh) fees and charges for the forthcoming year;

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(g) A recommendation of the level of Council Tax to be levied for the forthcoming year.

3.1.3 The detailed form of the Budget will be determined by the Chief Finance Officer within the general direction of the Council and Cabinet after consultation with Chief Officers.

#### **3.2 Amendments to the agreed budget (virements and technical adjustments)**

3.2.1. Each Chief Officer shall have the authority to incur expenditure on any activity under his control up to the amounts specified in respect of that activity in the revenue or capital budgets approved by the Council for the financial year, unless directed otherwise by the Chief Finance Officer.

3.2.2 Each Chief Officer, subject to the agreement of the Chief Finance Officer, may approve virements between specific revenue Budget Heads which do not amend any individual Budget Head by more than £100,000 from that approved by the Council. The relevant Chief Officer and Chief Finance Officer must jointly report to Cabinet on any virements which amend individual Budget Heads by more than £100,000.

3.2.3 Cabinet may, following a report of the appropriate Chief Officer in consultation with the Chief Finance Officer, approve virements between individual revenue Budget Heads which do not amend any individual budget head by more than £500,000 from that approved by the Council.

3.2.4 All approved virements over £100,000 must be reported to the Council for information as soon as reasonably practicable after their approval.

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

3.2.6 All proposals for revenue and capital budget virements that exceed the above limits will need to be approved by the Council on receipt of a report of the appropriate Chief Officer in consultation with the Chief Finance Officer following consideration by the Cabinet. Virement proposals must also be approved by the Council if they:

- a) Imply a change in a plan, policy or strategy which would be contrary to the existing policy framework;
- b) Have a major operational impact on existing service provision;
- c) Are contrary to or not wholly in accordance with the Budget;
- d) Imply any additional revenue commitment in future years.

3.2.7 There are also technical adjustments to budgets as a result of the Council adhering to the Code of Practice on Local Authority Accounting. These could include, but are not limited to, the reallocation of budgets and spend for central support services to other areas within the Council or the



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allocation of capital charges across the Council. These are not subject to the authorisation limits of budget virements and the Chief Finance Officer or nominated representative can authorise these.

### 3.3 Budgetary control

- 3.3.1 The Chief Finance Officer shall provide each Chief Officer with regular information relating to income and expenditure under each approved budget head and any other relevant information available. Each Chief Officer shall be responsible for ensuring control of expenditure and income against the approved budget (attention is drawn to Rule 6.1).
- 3.3.2 A Chief Officer in consultation with the Cabinet Member responsible for the function in respect of which the service is provided will be expected to manage his 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. A Chief Officer or Cabinet Member may not incur expenditure or forego income if this will result in the approved budget being exceeded.
- 3.3.3 A Chief Officer may delegate responsibility for management of budgets within their control to other senior officers within their Directorate. Such delegation shall be within defined parameters and shall be recorded in writing.
- 3.3.4 At year end, consideration will be given to the overall financial position of the Council including the final outturn, any accrued Council Tax income, the Council's reserve levels and any new pressures or risks that need to be provided for. At that time, in line with the Council's Reserves and Balances Protocol, a Chief Officer will be invited to submit earmarked reserve requests to meet any specific unfunded one-off expenditure that they expect to arise in the following financial year and these will be considered by the Chief Finance Officer in the context of the Directorate outturn position as well as that of the Council as a whole. Chief Officers will be notified of successful earmarked reserves.
- 3.3.5 Any over-spending against budget may be carried forward at the discretion of the Chief Finance Officer. In no circumstances should this provision be seen as giving a Chief Officer power to overspend against approved budgets. Any such overspend will be treated as a breach of the Financial Procedure Rules and the respective Chief Officer held accountable. No Chief Officer or Cabinet Member may budget for a deficit. Where a net overspending occurs this will be a first call on the following year's budget.
- 3.3.6 Urgent expenditure not included in any budget approval may only be incurred with the approval of the Chief Finance Officer.
- 3.3.7 The cash limited budget only relates to the "controllable" elements of the budget and exclude:
- Capital charges
  - Central support service charges
  - Centrally controlled office accommodation budget

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- Joint Committee precepts

**3.4 Capital programme**

- 3.4.1 As part of the budget process the Chief Finance Officer or appropriate Cabinet Member will annually present to the Council a capital programme which shall include:
- (a) Those capital expenditure items proposed to commence during the next three years as a minimum;
  - (b) An estimate of the capital costs of those schemes together with the associated proposed funding.
- 3.4.2 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.
- 3.4.3 A Chief Officer, before submitting a scheme for inclusion in the capital programme, shall satisfy himself that:
- (a) Land purchases, design planning consents and relevant studies are sufficiently advanced to ensure that the proposed year of start of a scheme is feasible, and;
  - (b) The level of expenditure envisaged is realistic, following a full feasibility assessment, and taking into account the Chief Finance Officer's forecast of capital resources available and the ability of each service directorate to meet the consequential costs resulting from prudential borrowing, if applicable, and any on-going maintenance costs.
  - (c) Each scheme in the programme has been fully appraised to ensure it is the most economic method of satisfying an identified need.
- 3.4.4 The Capital Programme upon approval by the Council shall:
- (a) Confer authorisation upon the Chief Officer concerned to take steps to enable design work to be completed and land to be acquired in due time.
  - (b) Form the basis of the annual Capital Estimates.
- 3.4.5 The inclusion of any item in the approved capital estimates shall not confer authority to incur any expenditure (except on design work and land acquisition) until:
- (a) All necessary statutory approvals have been obtained;
  - (b) Any external funding contribution to the project has been secured; and
  - (c) A tender or quotation has been received and accepted in accordance with the Contract Procedure Rules, which does not

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exceed that part of the total cost included in the capital estimate in respect of the main contract work for the project by more than 10% or £100,000, whichever is lower.

- 3.4.6 If the tender or quotation exceeds the criteria in 3.4.5(c) above, its acceptance will be subject to the approval of the Chief Finance Officer, in consultation with the Cabinet Member(s) responsible for the function in respect of which the decision is required to a diversion of money from other approved schemes within the appropriate Chief Officer's control sufficient to meet any additional cost to be borne within the first year.
- 3.4.7 Chief Officers shall monitor both the progress of schemes and the totality of capital expenditure with the aim of avoiding under or overspending against the approved capital estimates. Should such a situation appear likely, a Chief Officer in conjunction with the Chief Finance Officer, shall recommend to the Council the remedial action necessary to accelerate or retard existing schemes within the approved capital programme.
- 3.4.8 Remedial action which necessitates the retardation or deletion of a scheme within the first year of the programme shall be subject to the prior approval of the Council based on a joint report of the Chief Finance Officer and Chief Officer.
- 3.4.9 The Chief Finance Officer shall give Chief Officers information relating to actual payments made for each scheme in such detail and at such time as arranged between them in order that they may carry out their responsibilities under paragraph 3.4.7.
- 3.4.10 The capital programme includes an annual allocation for capital minor works. Allocation of this funding to individual schemes is the responsibility of the Corporate Property Group (or its successor) and approval on individual schemes will not be sought from Council insofar as the overall funding allocated to schemes does not exceed the funding agreed by Council in the capital programme for that financial year.
- 3.4.11 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. Any such decision requires approval by either the Chief Executive Officer or Solicitor to the Council, under the Scheme of Delegation, Scheme B1 paragraph 2.1.

### **3.5 Capital Strategy**

3.5.1 The Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year. The Strategy must demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

3.5.2 The Capital Strategy will need to comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code for Capital Finance in Local Authorities. It will incorporate the Prudential Indicators that will need to be approved by Council.

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3.5.3 The Chief Finance Officer shall report quarterly to Cabinet an update on the Capital Strategy and the Prudential Indicators.

**4. Internal audit**

- 4.1 The Chief Finance Officer shall have a duty to maintain an effective internal audit of the Council's operations in order to review, evaluate and test the adequacy of the Council's systems of internal control as contributions to the proper, economic, efficient and effective use of resources.
- 4.2 The Chief Finance Officer shall have the responsibility to review, appraise and report to Council, Audit Committee, Cabinet, Cabinet Member, or Chief Officer as appropriate upon:
- 4.2.1 The soundness, adequacy and application of financial and other related operations of the Council.
- 4.2.2 The extent of compliance with, and financial effect of, established policies, plans and procedures.
- 4.2.3 The extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
- (a) fraud and other offences;
  - (b) waste, extravagance, poor value for money or other cause.
- 4.2.4 The suitability and reliability of financial and other related management data developed within the Council.
- 4.3 The Chief Finance Officer or an authorised representative of the Chief Finance Officer shall have the authority to require any officer to:
- 4.3.1 Provide access to any Council premises or land under his control. Where sites are in the possession of a contractor or subject to any tenancy or licence to occupy, such entry will be governed by the conditions of the contract or other legal agreement.
- 4.3.2 Produce any records, documents and correspondence in his possession.
- 4.3.3 Provide explanations of matters arising from an audit.
- 4.3.4 Produce and account for any cash, stores or other Council property under his control.
- 4.4 The Chief Finance Officer shall have the authority to request the immediate suspension from duty of any officers who:
- (a) He has reasonable grounds to suspect of misappropriation of Council funds or other property;
  - (b) He believes present a threat of further misappropriation or hindering of any investigation.

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4.5 Notwithstanding the duty of the Chief Finance Officer for the control and direction of Internal Audit, it shall be the duty of the Chief Internal Auditor to report direct to the Chief Executive Officer and to the Cabinet Member for Corporate Resources on any matter in which the Chief Finance Officer appears to be personally involved.

**5. Contracts of building, construction or engineering work**

5.1 Contracts for the execution of capital works shall only be entered into for those schemes which are included in the approved Capital Programme.

5.2 Each Chief Officer will maintain contract registers showing for each contract under his control which has a value greater than £50,000:

- (a) The contract sum;
- (b) The value of any extras or variations to the contract;
- (c) The amounts and dates of any instalments made;
- (d) The amount of any retentions held or bonds taken under any contract;
- (e) The balance outstanding to the Contractor.

5.3 Payments to contractors on account of contracts shall be made only on a certificate issued by the responsible officer.

5.4 When authorising any extra or variation to a contract the appropriate Chief Officer shall:

- (a) Estimate the cost of the variation;
- (b) Issue written instructions to the Contractor to carry out the work, except in cases of urgency a Chief Officer may issue verbal instructions but shall confirm them in writing as soon as possible, but in any case within 7 days.
- (c) Ensure that such variation is in accordance with the Council's Contract Procedure Rules

5.5 The final settlement of a contract shall not be certified by the appropriate Chief Officer until the final account has been presented to the Chief Finance Officer, who may then, at his discretion, decide to audit the final account before certification.

5.6 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Solicitor to the Council for consideration of the Authority's legal liability and, where necessary, to the Chief Finance Officer for financial consideration before a settlement is reached.

5.7 Each Chief Officer shall as soon as practical report to Cabinet the total of extras or variations to any contract which exceeds 10% of the original contract sum, or £100,000 whichever is the greater.

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5.8 If the final account of any contract has not been agreed within eighteen months of the completion of works, then the Chief Officer controlling that contract shall report to the Cabinet on the outstanding items. Any report under this regulation shall include a comparison of the final or likely cost with the original contract sum together with reasons for any differences.

**6. Orders for work, goods and services**

6.1 Each Chief Officer has a duty to issue official orders for all works and services to be carried out, and all goods supplied, within their Directorate with the exception of:

- (a) Public utilities;
- (b) Periodical payments;
- (c) Petty cash purchases;
- (d) Purchases made using Purchasing Cards
- (e) Works, goods and services subject to formal written contracts, or excepted from this requirement by the Chief Finance Officer.
- (f) Framework and call off contracts.

Before issuing official orders, Officers authorising them must be satisfied that there is provision in the estimates and that the Contract Procedure Rules have been complied with.

6.2 Each official order shall be in a form prescribed and approved by the Chief Finance Officer and shall include:

- (a) A description of the works, goods and services ordered;
- (b) The name and address of the supplier;
- (c) An estimate of the cost;
- (d) The financial code to which the cost is to be charged;
- (e) Name of the authorising officer.

6.3 Verbal orders may only be placed in exceptional circumstances the details of which must be confirmed by e-mail or fax on the same day and confirmed by written official order within 3 working days.

6.4 Electronic orders will be treated in the same way as other official orders. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

**7. Leasing**

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- 7.1 The Chief Finance Officer shall be responsible for making leasing arrangements for the acquisition of Buildings, Plant, Vehicles and Equipment.
- 7.2 No Chief Officer other than the Chief Finance Officer may enter into any type of leasing arrangements unless agreed in writing or delegated by the Chief Finance Officer.
- 7.3 Provision within revenue estimates to cover the annual costs of leasing should be made only following consultation with the Chief Finance Officer.

**8. Grant Funding and Third Party Funding**

- 8.1 It is essential that proper management of external funding or grants received, or funding awarded by the Council, is undertaken in order to safeguard the financial position of the Council and also to maximise the benefits to service delivery from the receipt of these additional funds.
- 8.2 The Council has a Grants Management Policy which all Chief Officers and their staff must adhere to in order to ensure in the proper management of grant funding and other internal and external funds. Failure to comply could result in funding being withheld by the funding body or recovered at a later date. Any failure to comply with the Grants Management Policy, which results in funding being reduced to the Council, may be reported to Audit Committee, and any shortfall in the funding borne by the responsible directorate.

**Section B - Expenditure and Income**

**9. Payment of accounts**

- 9.1 Apart from petty cash and other payments from imprest accounts, the normal method of payment of money due from the Council shall be by automated transfers from the Council's bank accounts by the Chief Finance Officer.
- 9.2 The Chief Finance Officer shall be the authorised signatory of any joint bank account opened in the name of the Council and any other party and will be responsible for the payment of any cheques into that joint bank account.
- 9.3 Each Chief Officer is responsible for examining, verifying and authorising invoices and any other payment vouchers or accounts arising from sources in his Directorate including the use of purchasing cards. Authorised officers can discharge this responsibility on behalf of the Chief Officer. Each Chief Officer will supply the names and specimen signatures for authorised officers together with authorisation limits to the Chief Finance Officer and will need to confirm the list on an annual basis.
- 9.4 The Chief Finance Officer, in consultation with a Cabinet Member, can give approval for payment in advance of goods or services in exceptional circumstances and on request from a Chief Officer.
- 9.5 Before authorising an account, the authorising officer shall be satisfied that:
  - (a) The work, goods or services to which the account relates have been received, carried out, examined and approved.

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- (b) The invoice satisfies VAT regulations and that prices, extensions, calculations, trade discounts, other allowances and credits are correct.
  - (c) The relevant expenditure has been properly incurred and is within the relevant estimate provision.
  - (d) The financial code to which the expenditure is to be charged is correct and sufficient budget is available.
  - (e) The account or invoice indicates the official order number relating to the goods or services provided, or if there is no such order the reason for the omission unless it relates to services not subject to orders such as care contracts.
  - (f) Appropriate entries have been made in inventories, stores records or stock books as required.
  - (g) The account has not been previously passed for payment and is a proper liability of the Council.
  - (h) In the case of accounts for the supply of public utility services and other periodic payments relevant expenditure, and where appropriate, units of energy consumed, have been entered in records approved by the Chief Finance Officer.
- 9.6 Accounts authorised manually should be passed for payment to the Chief Finance Officer, unless alternative arrangements have been specifically agreed with the Chief Finance Officer. All payments should be processed within 30 days.
- 9.7 Where payments are electronically uploaded into the financial system via a feeder file, appropriate controls, including standardising of files and validity checks, are put in place to ensure their integrity. For any new feeder files, Internal Audit will be asked to review and give assurance on the process for authorisation before usage,
- 9.8 The Chief Finance Officer shall set down procedures for the retention of financial documentation. Such documentation must not be disposed of without the specific approval of the Chief Finance Officer. All invoices shall be retained for at least 6 years plus the current financial year. In the case of invoices relating to grant claims, these must be kept until after the grant claim has been audited even if this exceeds 6 years. It is the responsibility of the Chief Officer of the grant to ensure the correct retention period is maintained. The same retention periods apply to electronic copies of all original invoices.
- 9.9 Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.
- 9.10 Each Chief Officer shall, no later than a date specified at the financial year end, notify the Chief Finance Officer of any outstanding expenditure relating to the previous financial year.



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**10. Imprest accounts**

- 10.1 Where appropriate, the Chief Finance Officer shall provide imprest accounts for such officers of the Council as may need them for the purpose of defraying petty cash and other expenses. Such accounts shall be maintained in accordance with the notes of guidance issued to imprest holders by the Chief Finance Officer.
- 10.2 Where appropriate, the Chief Finance Officer shall open an account with the Council's bankers for use by the imprest holder who shall not cause the account to be overdrawn. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on an imprest holder's banking account shall be reported to the Chief Finance Officer. Where an officer holds a cheque book in respect of any account he must ensure that all cancelled cheques are crossed and retained with the counterfoils of the original cheque book.
- 10.3 Any officer responsible for an imprest account shall be personally responsible for making good any deficiencies in that account.
- 10.4 No income received on behalf of the Council may be paid into an imprest account but must be dealt with in accordance with paragraph 15.3.
- 10.5 Except as otherwise agreed between the Chief Finance Officer and the Chief Officer concerned, payments out of the accounts shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the Council has a current account, nor any account for goods exceeding in value a sum to be agreed from time to time by the Chief Finance Officer nor travelling expenses other than those of a casual nature.
- 10.6 An officer responsible for an imprest shall on a regular basis as specified by the Chief Finance Officer, or at any other time if so requested, provide a certified statement as to the state of the account.
- 10.7 Whenever an officer who is an imprest holder leaves the employment of the Council, or ceases to be entitled to hold an imprest advance, the officer shall account to the Chief Finance Officer for the amount advanced to him.

**11. Purchasing Cards**

- 11.1 Where appropriate, a Purchasing Card will be issued to support the current Purchase to Pay invoice process and should not be considered as a replacement mechanism to bypass the formal requisition and approval process. Expenditure shall be made in accordance with the purchasing card guidelines.
- 11.2 Each card has an individual monthly expenditure limit, individual transaction limit and restricted category types for expenditure. The cardholder will be making financial commitments on behalf of the Council and will be responsible for obtaining value for money in accordance with Contract Procedure Rules & Corporate Contracts.
- 11.3 Except, as otherwise agreed with the Chief Finance Officer, payments by purchasing card shall be limited to approved disbursements and shall not include sums due to any tradesman with whom the Council has an account. Where appropriate, invoices should be paid via the Financial System. Travelling

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expenses, such as train fares, can be pre-booked and paid with use of the purchasing card; however the purchasing card cannot be used to reimburse travelling expenses nor subsistence expenses other than those of a casual nature.

- 11.4 The cardholder is responsible for updating the Barclaycard Spend Management system with costing, VAT and narrative details of the expenditure in a timely manner and in accordance with the purchasing card guidelines.
- 11.5 Whenever a member of staff who is a purchasing card holder leaves the employment of the authority, or ceases to be entitled to hold a purchasing card, the member of staff must return the purchasing card immediately on cessation of entitlement to the Corporate Procurement Manager for cancellation. Any replacement member of staff who requires a purchasing card must apply for a new card via the Corporate Procurement Manager.
- 11.6 Any person holding a purchasing card shall be personally responsible to notify the Corporate Procurement Manager of any unauthorised / unrecognised spend made on the card. The cardholder shall be personally responsible for making good any unauthorised spend that they incur on the card.
- 11.7 Where appropriate, the Chief Finance Officer shall provide a purchasing card enabled for cash withdrawal to give services access to cash for the purpose of defraying petty expenditure. Such cards shall be maintained in accordance with the notes of guidance to card holders by the Corporate Procurement Manager. There is an administration charge for cash withdrawals. Detailed records of monies withdrawn, spending of this money, including VAT split and costing information, must be kept and be available for examination on request.
- 11.8 Except as otherwise agreed with the Chief Finance Officer, payments out of the cash withdrawn from the bank by purchasing card shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the authority has an account, nor travelling expenses, nor subsistence expenses other than those of a casual nature.
- 11.9 A person responsible for the cash balance held shall, if so requested, give to the Chief Finance Officer certification as to the state of the funds.
- 11.10 Whenever a member of staff who is a cash balance administrator leaves the employment of the authority, or ceases to be entitled to administer the cash balance, the member of staff shall repay to the Chief Finance Officer the unexpended cash balance of the withdrawn amount, or shall transfer monies, records and vouchers relating to the account to the new cash administrator. When a purchasing card holder leaves, the card in their name must be returned to the Corporate Procurement Manager for cancellation and a new card applied for via the Corporate Procurement Manager unless the new cash administrator is not to be allocated a purchasing card.
- 11.11 Any person holding a cash balance obtained by a purchasing card cash withdrawal shall be personally responsible for making good any deficiencies in that account.

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**12. Salaries, wages and Members' allowances**

- 12.1 The payment of all salaries, wages, allowances, expenses or other emoluments to all employees or members shall be made by, or under arrangements approved and controlled by, the Chief Finance Officer.
- 12.2 Each Chief Officer shall notify the Chief Finance Officer as soon as possible and in the prescribed form, of all matters affecting the payment of such emoluments and in particular:
- (a) Appointments, resignation, dismissals, suspensions, secondments, and transfers.
  - (b) Absences from duty for sickness or other reason, apart from approved leave with pay.
  - (c) Changes in remuneration.
  - (d) Information necessary to maintain records of service for superannuation, income tax, national insurance etc.
  - (e) Any failure to comply with Council or statutory regulations.
- 12.3 Appointments of all employees shall be made in accordance with the regulations of the Council and the approved establishment, gradings and rates of pay.
- 12.4 All-time records and other pay documents shall be in a form prescribed or approved by the Chief Finance Officer and shall be certified by or on behalf of the Chief Officer. The names of the officers authorised to certify such records shall be sent to the Chief Finance Officer by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.
- 12.5 No payments to staff may be made other than through the normal payroll system without the specific approval of the Chief Finance Officer. In particular, casual staff must be recorded on the payroll.

**13. Officers fees, travelling and subsistence allowances**

- 13.1 All claims for payment of fees, car allowances, subsistence allowances and travelling expenses shall be submitted, duly certified, in a format approved by the Chief Finance Officer, to the appropriate Chief Officer in accordance with the timetable set down by the Chief Finance Officer. A record of all officers authorised to approve such records shall be sent to the Chief Finance Officer together with specimen signatures and shall be amended on the occasion of any change. This applies to both manual and electronic expenses systems.
- 13.2 The certification by, or on behalf of, the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, the vehicle used had appropriate insurance cover, the necessary receipts of expenditure retained and that the fees and allowances are properly payable by the Council.
- 13.3 Claims submitted more than three months after the expenses were incurred must be accompanied by a letter of explanation for the delay and shall be paid

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only with the express approval of the Chief Finance Officer who shall refer the matter to Cabinet if necessary.

- 13.4 All claims for payment of incidental expenses such as removal, lodging and disturbance allowances and training course fees etc. shall be made on the appropriate form and shall be in accordance with the appropriate scheme approved by the Council.

**14. Banking arrangements and cheques**

- 14.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Chief Finance Officer, who shall be authorised to operate such bank accounts as considered necessary.

- 14.2 All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody.

- 14.3 Any such bank account opened in respect of monies held on behalf of the Council shall be arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of authorised signatories, along with specimen signatures, for all such accounts. Any change in signatory shall be reported to the Chief Finance Officer immediately.

- 14.4 No Standing Orders or Direct Debits from the Council's bank accounts shall be set up unless arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of all officers authorised to set up Direct Debits and Standing Orders.

- 14.5 The Chief Finance Officer shall be authorised to:

- (a) Nominate officers empowered to authorise payment out of these bank accounts.
- (b) Negotiate charges with the Council's bankers.

- 14.6 The Chief Finance Officer will be responsible for ensuring that there are adequate controls in place to ensure that all payment methods, whether physical or electronic, have appropriate authorisations, approvals and signatures as necessary.

- 14.7 The Chief Finance Officer shall ensure that appropriate arrangements are in place to facilitate the monthly reconciliation of the Council's Bank Accounts,

**15. Income**

- 15.1 Each Chief Officer will be responsible for the prompt and accurate billing, collection and banking of all income due to the Council in connection with the Directorate's activities, except where in the interests of efficiency or security it is agreed with the Chief Finance Officer that all or part of the duties should be discharged by some other Chief Officer.

- 15.2 Except as agreed between the Chief Finance Officer and the Chief Officer concerned, all receipt forms, books, tickets and other such items shall be ordered and supplied to Directorates by the Chief Finance Officer, who shall be satisfied as to the arrangements for their control.

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- 15.3 In carrying out this function, each Chief Officer shall ensure that any officer of the staff engaged in the collection of money:
- (a) Maintains a record of receipts and bankings in a form approved by the Chief Finance Officer.
  - (b) Pays without delay any money collected either:
    - i) To the approved officer;
    - ii) To a security firm employed by the Chief Finance Officer for this purpose, or;
    - iii) To one of the Council's main bank accounts or via outlets of the nominated collector(s) as agreed by the Council.
  - (c) Makes no deduction from monies collected, except with the specific and exceptional approval of the Chief Finance Officer.
  - (d) Makes good any shortfalls in cash collected and pays in any surpluses.
  - (e) In the case of cheques received, enter on any paying-in slips details of the cheque and a reference to the related debt.
- 15.4 Personal cheques shall not be cashed out of the money held on behalf of the Council.
- 15.5 Outstanding debts which are found to be irrecoverable may be written off by the Chief Finance Officer, except where it is considered that there are matters of principle or policy which should be referred to the Cabinet.
- 15.6 Any officer holding a cash float shall be personally responsible for making good any deficiencies in that account.
- 15.7 Where an officer takes cash for works, goods or services that is either:-
- i. in excess of the level stipulated within the Council's Anti-Money Laundering Policy;
  - ii. or where there is anything suspicious regarding, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt
- then the officer must report it immediately to the Money Laundering Reporting Officer (MLRO) in accordance with the Policy.

**16. Fees and Charges**

- 16.1 The Council has an Income Generation and Charging Policy to support the Medium Term Financial Strategy. It is intended to provide a consistent and co-ordinated approach to charging across the Council, setting out the key principles for charging and for reviewing charges and must be adhered to by all Chief Officers and their staff.

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- 16.2 When setting charges, there is recognition that where possible, the full cost of the service should be recovered. However, there is also a recognition that in some instances, there will be a conscious decision not to fully charge and the remaining cost will be met by the Council Tax payer.
- 16.3 In line with the Medium Term Financial Strategy, a review of fees and charges should be undertaken at least annually and any new or increased charges must receive approval from Cabinet or delegated authority under the Scheme of Delegation, Scheme A paragraph 1.6.

**Section C - Security and Assets**

**17. Security**

- 17.1 The Chief Finance Officer shall have overall responsibility to the Council for security of Council property.
- 17.2 Each Chief Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, title deeds, securities, etc. under his/her custody.
- 17.3 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer.
- 17.4 Every transfer of official money from one member of staff to another will be evidenced in the records of the Directorate concerned by the signature of the receiving officer.
- 17.5 Keys to safes and similar receptacles for the safeguarding of money or other valuables are to be carried on the person of those responsible; the loss of any such keys must be reported to the Chief Finance Officer.

**18. Data Protection**

- 18.1 Each officer shall be responsible for maintaining proper security, privacy and compliance with the General Data Protection Regulation 2016 and the Data Protection Act 2018 in respect of information held.
- 18.2 Each Chief Officer shall have a duty to notify the Solicitor to the Council of any computer system in their Directorate which holds personal data or automatically processible personal data and therefore needs to be registered under the Data Protection Act.
- 18.3 Each Chief Officer shall have a duty to ensure the safekeeping and prevention of improper use of any information held in the Directorate, regardless of the media on which it is held.
- 18.4 The Chief Finance Officer, or an authorised representative of the Chief Finance Officer, shall have access to all computer systems and records and may require and receive such explanations as are necessary, for the purposes of the Data Protection Act.
- 18.5 The security of financial systems, e.g. use of passwords, shall be maintained by adhering to instructions issued by the Chief Finance Officer and in line with the ICT Code of Conduct.

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**19. Stocks and stores**

- 19.1 Each Chief Officer shall be responsible for the custody of the stocks and stores in the Directorate and shall have a duty to:
- (a) Ensure that stocks are adequate but not excessive for the purpose envisaged;
  - (b) Maintain accurate and up to date records of such stocks and stores and ensure that a stock take is undertaken at year end and the certificate is submitted to Finance;
  - (c) Provide the Chief Finance Officer with such information as he requires in relation to stores for accounting, costing and financial records.
- 19.2 A Chief Officer shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year. Any surpluses or deficiencies revealed by such periodical test examinations shall be reported to the Chief Finance Officer and, after consultation with the Chief Officer, the Chief Finance Officer will decide what action to take.
- 19.3 Losses due to theft of stocks shall be reported to the Chief Finance Officer as soon as possible and, where found to be irrecoverable, shall be written off.
- 19.4 In all other instances write offs need the consent of the Chief Finance Officer following the submission of a report by the Chief Officer outlining the reasons for write off.

**20. Investments, borrowings and trust funds**

- 20.1 The Council has adopted Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Treasury Management in the Public Services.
- 20.2 The Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy to Audit Committee prior to submission to Council for approval prior to the start of each financial year. The Strategy must include an Investment Strategy and set the Council's Treasury Management ~~and Prudential Indicators~~ for the forthcoming financial year.
- 20.3 All investments and borrowing transactions shall be undertaken in accordance with the Treasury Management Strategy with due regard to the requirements of the CIPFA's Code of Practice on Treasury Management in the Public Services.
- 20.4 All investments of money under its control shall be made in the name of the Council. Any borrowing activity must have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in the Public Services.
- 20.5 The Chief Finance Officer shall report quarterly to the Cabinet, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.

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- 20.6 The Chief Finance Officer, or an agent nominated by the Chief Finance Officer, will be the Council's Registrar of loan instruments and shall maintain records of all borrowing of money by the Council.
- 20.7 The Chief Finance Officer will have a duty to ensure a proper, efficient and effective mix of borrowing and investments.
- 20.8 The Audit Committee is responsible for ensuring effective scrutiny of the Treasury Management policies and practices. The Committee will review the Annual Report on Treasury Management as well as the Treasury Management Strategy. The Committee will make any recommendations for improvements on treasury management to the Chief Finance Officer and raise any concerns that the Council is exceeding its legal powers with the Monitoring Officer.

**21. Inventories**

- 21.1 Each Chief Officer shall be responsible for the plant, vehicles, machinery, equipment, tools, furniture and other non consumable property in the Directorate and shall have a duty to:
- (a) Maintain an up to date inventory of such goods;
  - (b) Carry out an annual physical check on goods listed in the inventory;
  - (c) As far as is practicable see that such goods are marked as Council property;
  - (d) Ensure that such goods are not removed or used except in accordance with the ordinary course of the Council's business.
- 21.2 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving officer.

**22. Insurances**

- 22.1 The Chief Finance Officer shall have a duty to:-
- (a) affect adequate insurance cover in accordance with the Council's Insurance Strategy contained in the Risk Management Policy. He will insure losses which would have a significant impact on budgets and the provision of services, where it must be bought by law and where the insurance provides additional benefits which enable an activity to take place,
  - (b) promptly claim any insurance loss the Council has suffered, and liaise with the Council's Insurers to settle any claim brought by another party, if it is assessed that the Council has a legal liability to do so.
  - (c) ensure that sums insured and limits of indemnity are regularly reviewed.
  - (d) maintain comprehensive records of insurance including policy documents and understand what coverage they provide.



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- (e) employ the services of a professional insurance broking company who can provide expert advice.
- (f) only transfer risks to Insurance Companies which are financially strong.
- (g) comply with the “duty of fair presentation” contained in the Insurance Act 2015. The Council must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which is material to the risk. A material circumstance is one which would influence the judgement of a prudent Underwriter in considering whether to provide insurance and, if so, on what basis and cost.

22.2 A Chief Officer will have a duty to:

- (a) Promptly notify the Chief Finance Officer of any new risks, insurable assets or liabilities which are required to be insured under the Insurance Strategy.;
- (b) Promptly notify the Chief Finance Officer in writing of any loss, liability, damage or any event likely to lead to a claim and where appropriate inform the Police;
- (c) Promptly provide any information required by the Chief Finance Officer or the Council’s Insurers to progress a claim.
- (d) Assist the Chief Finance Officer to comply with the “duty of fair presentation contained in the Insurance Act 2015 by disclosing all relevant information.

22.3 The Chief Finance Officer shall maintain an ongoing review of all insurances in consultation with other Chief Officers as appropriate.

22.4 No indemnity shall be given in the name of the Council without the prior approval of the Chief Finance Officer.

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**23. Prevention of Theft, Fraud and Corruption**

- 23.1 The Chief Finance Officer is responsible for advising on effective systems of internal control to prevent fraud and corruption.
- 23.2 The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Fraud and Bribery Policy. If a Chief Officer suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, they will notify the Chief Finance Officer who will take such steps as considered necessary by way of investigation and report.
- 23.3 The Chief Finance Officer is also responsible for developing, maintaining and implementing an Anti-Money Laundering Policy. The key message of this Policy is to make staff aware of their responsibilities and if they suspect that money laundering activity may be taking place or proposed, they must disclose those suspicions to the Council's Money Laundering Reporting Officer who is the Chief Finance Officer.
- 23.4 All Chief Officers are responsible for ensuring compliance with both the Anti-Fraud and Bribery Policy and Anti-Money Laundering Policy and with systems of internal control.

**24. Estates**

- 24.1 The Chief Executive Officer shall maintain a register of all properties owned by the Council recording details including:
- (a) Purpose for which held;
  - (b) Location, extent, and plan reference;
  - (c) Particulars of nature of interest held;
  - (d) Purchase details;
  - (e) Rents payable;
  - (f) Particulars of tenancies granted.
- 24.2 The Chief Finance Officer will maintain an asset register of all Council assets.
- 24.3 Where land and/or buildings are found to be surplus to requirements the responsible Chief Officer shall, as soon as possible, submit a report to the appropriate Cabinet Member for appropriate action in accordance with the Schemes of Delegation.

**25. Protection of private property**

- 25.1 The Chief Officer shall in any known case where steps are necessary to prevent or mitigate loss of or damage to moveable property, prepare in a form agreed

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with the Chief Finance Officer, an itemised inventory in each case prepared in the presence of two officers.

- 25.2 All valuables such as jewellery, watches and other small articles of a similar nature and documents of title deposited with the Council for safe custody shall be recorded in a form agreed by the Chief Finance Officer.
- 25.3 All monies deposited with the Council for safekeeping shall be dealt with in accordance with guidelines agreed by the Chief Officer and the Chief Finance Officer.
- 25.4 Where a Chief Officer is required as part of his duties to hold in trust any property, valuables or cash belonging to a third party he should do so in accordance with guidelines agreed with the Chief Finance Officer.

**26. Risk Management**

- 26.1 The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising of strategic, financial and operational risks.
- 26.2 Chief Officers shall be responsible for the identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be notified to the Chief Finance Officer for incorporation into the Risk Register, which shall be subject to periodic review at no more than annual intervals.
- 26.3 Chief Officers shall take responsibility for risk management within their areas of responsibility, having regard to advice from the Chief Finance Officer and other specialist Officers (e.g. crime prevention, fire prevention, health and safety), and shall undertake regular reviews of risk within their own Directorates.

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## **Financial Procedure Rules**

### **Section A - Financial Control**

#### **1. General**

1.1 For the purposes of these Rules:

- (a) “the Chief Executive Officer” means the officer designated by the Council as Head of Paid Service under Section 4 of the Local Government & Housing Act 1989.
- (b) “the Chief Finance Officer” means the officer designated by the Council as the officer responsible for the administration of its financial affairs under Section 151 of the Local Government Act 1972.
- (c) “Chief Officer” means any of the following:
  - The Chief Executive Officer;
  - The Corporate Director – Social Services and Wellbeing;
  - The Corporate Director - Education and Family Support
  - The Corporate Director - Communities;
- (d) “the Monitoring Officer” means the officer designated as such by the Council under Section 5 of the Local Government & Housing Act 1989.
- (e) “the Cabinet” means the Executive established under Part II of the Local Government Act 2000.
- (f) “Cabinet Member” means the Leader and any of the members of the Cabinet.
- (g) “Budget Head” means the budget for a particular service/services.
- (h) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender include the feminine and vice versa.

1.2 A Chief Officer may nominate any suitably qualified officer in his Directorate to undertake any of the duties placed upon him or exercise any power granted to him by these Rules.

1.3 Each Chief Officer shall consult with the Chief Finance Officer on any matter which is liable to materially affect the finances of the Council before any commitment is incurred and before reporting thereon to the Cabinet or the Council.

1.4 (a) Chief Officers shall be responsible for bringing these Financial Procedure Rules to the attention of staff and for ensuring the observance of these Rules throughout their respective Directorates;

(b) Staff who fail to observe these Rules may be subject to disciplinary action.

1.5 Each Chief Officer shall be responsible for the accountability of staff, and the security, custody and control of all other resources including plant, buildings,

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materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Chief Finance Officer.

- 1.6 Each Chief Officer shall have a duty to endeavour to maximise the value for money obtained in running the activities within his purview.
- 1.7 Each Chief Officer shall have a duty to consult the Chief Finance Officer if he has reason to believe that any matter within his purview may result in:
  - (a) The Council incurring expenditure in excess of its approved budget;
  - (b) The Council incurring expenditure for which it has no statutory power to incur;
  - (c) The Council failing to comply with the financially related provisions of any National or European legislation;
  - (d) The Council failing to comply with the financially related provisions of any code of practice adopted by the Council.
- 1.8 Whenever any matter arises which involves or is thought to involve irregularities concerning cash, stores or other property of the Council or held on trust by the Council, the Chief Officer concerned shall notify the Chief Finance Officer who shall take such steps as he considers necessary by way of investigation and report.
- 1.9 Each Chief Officer shall have a duty to inform the Chief Finance Officer and the Monitoring Officer if he suspects that the Council or its officers are exceeding the Council's statutory powers.
- 1.10 No Chief Officer may recommend to the Council or the Cabinet that expenditure be incurred or any other action taken on the assumption that sufficient statutory power is provided by either Sections 137 of the Local Government Act 1972 and Section 2 of the Local Government Act 2000, without prior approval of the Chief Finance Officer and the Monitoring Officer.
- 1.11 The Chief Finance Officer in consultation with the Monitoring Officer shall be authorised to vary from time to time any amount included in the Rules, but any alteration shall be reported to the next meeting of Council.

#### **2. Accounting Systems**

- 2.1 All accounting procedures and accounting records of the Council and its Officers shall be subject to the approval of the Chief Finance Officer.
- 2.2 All accounts and accounting records of the Council shall be compiled by, or under the direction of, the Chief Finance Officer.
- 2.3 The following principles shall be observed in the allocation of accounting duties:
  - (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;

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(b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

2.4 A Chief Officer shall be responsible for the financial management and audit of any private fund entrusted to him as part of his duties and will apply regulations to such funds as stipulated by the Chief Finance Officer.

2.5 Notwithstanding the duties of a Chief Officer in Rule 2.4, the Chief Finance Officer shall have the right to audit any private fund at any time.

2.6 For the purposes of these Rules “private fund” shall mean any fund in the management of which a Chief Officer of the Council is concerned and which may affect any person or property for which the Council has a responsibility, notwithstanding that contributions towards such fund shall have been made by another party other than the Council.

### **3. Budgeting and budgetary control**

#### **3.1 Council’s Budget**

3.1.1 The Budget shall be approved by the Council in accordance with Rule 2 of the Budget and Policy Framework Procedure Rules;

3.1.2 In referring the Cabinet's Budget Proposals to Council the proper officer will forward to the Council a report of the Chief Finance Officer incorporating the recommendations of the Cabinet and detailing for approval of the Council :

- (a) A probable out-turn for the current year;
- (b) A revenue budget for the forthcoming year detailing the Budget Heads over which that budget is allocated to specific services and service programme areas;
- (c) A forward indication of the medium term financial strategy which will comprise the revenue budget for the first year and indicative budgets for the subsequent three years and a capital budget for the forthcoming year incorporating a capital programme of at least three years, but no more than ten years;
- (d) an assessment of any major financial risks which may impact on the budget;
- (e) an analysis of reserves and balances and movements over the forthcoming financial year;
- (f) fees and charges for the forthcoming year;
- (g) A recommendation of the level of Council Tax to be levied for the forthcoming year.

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3.1.3 The detailed form of the Budget will be determined by the Chief Finance Officer within the general direction of the Council and Cabinet after consultation with Chief Officers.

**3.2 Amendments to the agreed budget (virements and technical adjustments)**

3.2.1. Each Chief Officer shall have the authority to incur expenditure on any activity under his control up to the amounts specified in respect of that activity in the revenue or capital budgets approved by the Council for the financial year, unless directed otherwise by the Chief Finance Officer.

3.2.2 Each Chief Officer, subject to the agreement of the Chief Finance Officer, may approve virements between specific revenue Budget Heads which do not amend any individual Budget Head by more than £100,000 from that approved by the Council. The relevant Chief Officer and Chief Finance Officer must jointly report to Cabinet on any virements which amend individual Budget Heads by more than £100,000.

3.2.3 Cabinet may, following a report of the appropriate Chief Officer in consultation with the Chief Finance Officer, approve virements between individual revenue Budget Heads which do not amend any individual budget head by more than £500,000 from that approved by the Council.

3.2.4 All approved virements over £100,000 must be reported to the Council for information as soon as reasonably practicable after their approval.

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

3.2.6 All proposals for revenue and capital budget virements that exceed the above limits will need to be approved by the Council on receipt of a report of the appropriate Chief Officer in consultation with the Chief Finance Officer following consideration by the Cabinet. Virement proposals must also be approved by the Council if they:

- a) Imply a change in a plan, policy or strategy which would be contrary to the existing policy framework;
- b) Have a major operational impact on existing service provision;
- c) Are contrary to or not wholly in accordance with the Budget;
- d) Imply any additional revenue commitment in future years.

3.2.7 There are also technical adjustments to budgets as a result of the Council adhering to the Code of Practice on Local Authority Accounting. These could include, but are not limited to, the reallocation of budgets and spend for central support services to other areas within the Council or the allocation of capital charges across the Council. These are not subject to the authorisation limits of budget virements and the Chief Finance Officer or nominated representative can authorise these.



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**3.3 Budgetary control**

- 3.3.1 The Chief Finance Officer shall provide each Chief Officer with regular information relating to income and expenditure under each approved budget head and any other relevant information available. Each Chief Officer shall be responsible for ensuring control of expenditure and income against the approved budget (attention is drawn to Rule 6.1).
- 3.3.2 A Chief Officer in consultation with the Cabinet Member responsible for the function in respect of which the service is provided will be expected to manage his 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. A Chief Officer or Cabinet Member may not incur expenditure or forego income if this will result in the approved budget being exceeded.
- 3.3.3 A Chief Officer may delegate responsibility for management of budgets within their control to other senior officers within their Directorate. Such delegation shall be within defined parameters and shall be recorded in writing.
- 3.3.4 At year end, consideration will be given to the overall financial position of the Council including the final outturn, any accrued Council Tax income, the Council's reserve levels and any new pressures or risks that need to be provided for. At that time, in line with the Council's Reserves and Balances Protocol, a Chief Officer will be invited to submit earmarked reserve requests to meet any specific unfunded one-off expenditure that they expect to arise in the following financial year and these will be considered by the Chief Finance Officer in the context of the Directorate outturn position as well as that of the Council as a whole. Chief Officers will be notified of successful earmarked reserves.
- 3.3.5 Any over-spending against budget may be carried forward at the discretion of the Chief Finance Officer. In no circumstances should this provision be seen as giving a Chief Officer power to overspend against approved budgets. Any such overspend will be treated as a breach of the Financial Procedure Rules and the respective Chief Officer held accountable. No Chief Officer or Cabinet Member may budget for a deficit. Where a net overspending occurs this will be a first call on the following year's budget.
- 3.3.6 Urgent expenditure not included in any budget approval may only be incurred with the approval of the Chief Finance Officer.
- 3.3.7 The cash limited budget only relates to the "controllable" elements of the budget and exclude:
- Capital charges
  - Central support service charges
  - Centrally controlled office accommodation budget
  - Joint Committee precepts

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**3.4 Capital programme**

- 3.4.1 As part of the budget process the Chief Finance Officer or appropriate Cabinet Member will annually present to the Council a capital programme which shall include:
- (a) Those capital expenditure items proposed to commence during the next three years as a minimum;
  - (b) An estimate of the capital costs of those schemes together with the associated proposed funding.
- 3.4.2 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.
- 3.4.3 A Chief Officer, before submitting a scheme for inclusion in the capital programme, shall satisfy himself that:
- (a) Land purchases, design planning consents and relevant studies are sufficiently advanced to ensure that the proposed year of start of a scheme is feasible, and;
  - (b) The level of expenditure envisaged is realistic, following a full feasibility assessment, and taking into account the Chief Finance Officer's forecast of capital resources available and the ability of each service directorate to meet the consequential costs resulting from prudential borrowing, if applicable, and any on-going maintenance costs.
  - (c) Each scheme in the programme has been fully appraised to ensure it is the most economic method of satisfying an identified need.
- 3.4.4 The Capital Programme upon approval by the Council shall:
- (a) Confer authorisation upon the Chief Officer concerned to take steps to enable design work to be completed and land to be acquired in due time.
  - (b) Form the basis of the annual Capital Estimates.
- 3.4.5 The inclusion of any item in the approved capital estimates shall not confer authority to incur any expenditure (except on design work and land acquisition) until:
- (a) All necessary statutory approvals have been obtained;
  - (b) Any external funding contribution to the project has been secured; and
  - (c) A tender or quotation has been received and accepted in accordance with the Contract Procedure Rules, which does not exceed that part of the total cost included in the capital estimate in respect of the main contract work for the project by more than 10% or £100,000, whichever is lower.

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- 3.4.6 If the tender or quotation exceeds the criteria in 3.4.5(c) above, its acceptance will be subject to the approval of the Chief Finance Officer, in consultation with the Cabinet Member(s) responsible for the function in respect of which the decision is required to a diversion of money from other approved schemes within the appropriate Chief Officer's control sufficient to meet any additional cost to be borne within the first year.
- 3.4.7 Chief Officers shall monitor both the progress of schemes and the totality of capital expenditure with the aim of avoiding under or overspending against the approved capital estimates. Should such a situation appear likely, a Chief Officer in conjunction with the Chief Finance Officer, shall recommend to the Council the remedial action necessary to accelerate or retard existing schemes within the approved capital programme.
- 3.4.8 Remedial action which necessitates the retardation or deletion of a scheme within the first year of the programme shall be subject to the prior approval of the Council based on a joint report of the Chief Finance Officer and Chief Officer.
- 3.4.9 The Chief Finance Officer shall give Chief Officers information relating to actual payments made for each scheme in such detail and at such time as arranged between them in order that they may carry out their responsibilities under paragraph 3.4.7.
- 3.4.10 The capital programme includes an annual allocation for capital minor works. Allocation of this funding to individual schemes is the responsibility of the Corporate Property Group (or its successor) and approval on individual schemes will not be sought from Council insofar as the overall funding allocated to schemes does not exceed the funding agreed by Council in the capital programme for that financial year.
- 3.4.11 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. Any such decision requires approval by either the Chief Executive Officer or Solicitor to the Council, under the Scheme of Delegation, Scheme B1 paragraph 2.1.

#### **3.5 Capital Strategy**

- 3.5.1 The Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year. The Strategy must demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.
- 3.5.2 The Capital Strategy will need to comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code for Capital Finance in Local Authorities. It will incorporate the Prudential Indicators that will need to be approved by Council.
- 3.5.3 The Chief Finance Officer shall report quarterly to Cabinet an update on the Capital Strategy and the Prudential Indicators.

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**4. Internal audit**

- 4.1 The Chief Finance Officer shall have a duty to maintain an effective internal audit of the Council's operations in order to review, evaluate and test the adequacy of the Council's systems of internal control as contributions to the proper, economic, efficient and effective use of resources.
- 4.2 The Chief Finance Officer shall have the responsibility to review, appraise and report to Council, Audit Committee, Cabinet, Cabinet Member, or Chief Officer as appropriate upon:
- 4.2.1 The soundness, adequacy and application of financial and other related operations of the Council.
- 4.2.2 The extent of compliance with, and financial effect of, established policies, plans and procedures.
- 4.2.3 The extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
- (a) fraud and other offences;
  - (b) waste, extravagance, poor value for money or other cause.
- 4.2.4 The suitability and reliability of financial and other related management data developed within the Council.
- 4.3 The Chief Finance Officer or an authorised representative of the Chief Finance Officer shall have the authority to require any officer to:
- 4.3.1 Provide access to any Council premises or land under his control. Where sites are in the possession of a contractor or subject to any tenancy or licence to occupy, such entry will be governed by the conditions of the contract or other legal agreement.
- 4.3.2 Produce any records, documents and correspondence in his possession.
- 4.3.3 Provide explanations of matters arising from an audit.
- 4.3.4 Produce and account for any cash, stores or other Council property under his control.
- 4.4 The Chief Finance Officer shall have the authority to request the immediate suspension from duty of any officers who:
- (a) He has reasonable grounds to suspect of misappropriation of Council funds or other property;
  - (b) He believes present a threat of further misappropriation or hindering of any investigation.
- 4.5 Notwithstanding the duty of the Chief Finance Officer for the control and direction of Internal Audit, it shall be the duty of the Chief Internal Auditor to

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report direct to the Chief Executive Officer and to the Cabinet Member for Corporate Resources on any matter in which the Chief Finance Officer appears to be personally involved.

**5. Contracts of building, construction or engineering work**

- 5.1 Contracts for the execution of capital works shall only be entered into for those schemes which are included in the approved Capital Programme.
- 5.2 Each Chief Officer will maintain contract registers showing for each contract under his control which has a value greater than £50,000:
- (a) The contract sum;
  - (b) The value of any extras or variations to the contract;
  - (c) The amounts and dates of any instalments made;
  - (d) The amount of any retentions held or bonds taken under any contract;
  - (e) The balance outstanding to the Contractor.
- 5.3 Payments to contractors on account of contracts shall be made only on a certificate issued by the responsible officer.
- 5.4 When authorising any extra or variation to a contract the appropriate Chief Officer shall:
- (a) Estimate the cost of the variation;
  - (b) Issue written instructions to the Contractor to carry out the work, except in cases of urgency a Chief Officer may issue verbal instructions but shall confirm them in writing as soon as possible, but in any case within 7 days.
  - (c) Ensure that such variation is in accordance with the Council's Contract Procedure Rules
- 5.5 The final settlement of a contract shall not be certified by the appropriate Chief Officer until the final account has been presented to the Chief Finance Officer, who may then, at his discretion, decide to audit the final account before certification.
- 5.6 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Solicitor to the Council for consideration of the Authority's legal liability and, where necessary, to the Chief Finance Officer for financial consideration before a settlement is reached.
- 5.7 Each Chief Officer shall as soon as practical report to Cabinet the total of extras or variations to any contract which exceeds 10% of the original contract sum, or £100,000 whichever is the greater.
- 5.8 If the final account of any contract has not been agreed within eighteen months of the completion of works, then the Chief Officer controlling that contract shall report to the Cabinet on the outstanding items. Any report under this regulation

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shall include a comparison of the final or likely cost with the original contract sum together with reasons for any differences.

**6. Orders for work, goods and services**

6.1 Each Chief Officer has a duty to issue official orders for all works and services to be carried out, and all goods supplied, within their Directorate with the exception of:

- (a) Public utilities;
- (b) Periodical payments;
- (c) Petty cash purchases;
- (d) Purchases made using Purchasing Cards
- (e) Works, goods and services subject to formal written contracts, or excepted from this requirement by the Chief Finance Officer.
- (f) Framework and call off contracts.

Before issuing official orders, Officers authorising them must be satisfied that there is provision in the estimates and that the Contract Procedure Rules have been complied with.

6.2 Each official order shall be in a form prescribed and approved by the Chief Finance Officer and shall include:

- (a) A description of the works, goods and services ordered;
- (b) The name and address of the supplier;
- (c) An estimate of the cost;
- (d) The financial code to which the cost is to be charged;
- (e) Name of the authorising officer.

6.3 Verbal orders may only be placed in exceptional circumstances the details of which must be confirmed by e-mail or fax on the same day and confirmed by written official order within 3 working days.

6.4 Electronic orders will be treated in the same way as other official orders. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

**7. Leasing**

7.1 The Chief Finance Officer shall be responsible for making leasing arrangements for the acquisition of Buildings, Plant, Vehicles and Equipment.

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7.2 No Chief Officer other than the Chief Finance Officer may enter into any type of leasing arrangements unless agreed in writing or delegated by the Chief Finance Officer.

7.3 Provision within revenue estimates to cover the annual costs of leasing should be made only following consultation with the Chief Finance Officer.

#### **8. Grant Funding and Third Party Funding**

8.1 It is essential that proper management of external funding or grants received, or funding awarded by the Council, is undertaken in order to safeguard the financial position of the Council and also to maximise the benefits to service delivery from the receipt of these additional funds.

8.2 The Council has a Grants Management Policy which all Chief Officers and their staff must adhere to in order to ensure in the proper management of grant funding and other internal and external funds. Failure to comply could result in funding being withheld by the funding body or recovered at a later date. Any failure to comply with the Grants Management Policy, which results in funding being reduced to the Council, may be reported to Audit Committee, and any shortfall in the funding borne by the responsible directorate.

#### **Section B - Expenditure and Income**

#### **9. Payment of accounts**

9.1 Apart from petty cash and other payments from imprest accounts, the normal method of payment of money due from the Council shall be by automated transfers from the Council's bank accounts by the Chief Finance Officer.

9.2 The Chief Finance Officer shall be the authorised signatory of any joint bank account opened in the name of the Council and any other party and will be responsible for the payment of any cheques into that joint bank account.

9.3 Each Chief Officer is responsible for examining, verifying and authorising invoices and any other payment vouchers or accounts arising from sources in his Directorate including the use of purchasing cards. Authorised officers can discharge this responsibility on behalf of the Chief Officer. Each Chief Officer will supply the names and specimen signatures for authorised officers together with authorisation limits to the Chief Finance Officer and will need to confirm the list on an annual basis.

9.4 The Chief Finance Officer, in consultation with a Cabinet Member, can give approval for payment in advance of goods or services in exceptional circumstances and on request from a Chief Officer.

9.5 Before authorising an account, the authorising officer shall be satisfied that:

(a) The work, goods or services to which the account relates have been received, carried out, examined and approved.

(b) The invoice satisfies VAT regulations and that prices, extensions, calculations, trade discounts, other allowances and credits are correct.

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- (c) The relevant expenditure has been properly incurred and is within the relevant estimate provision.
- (d) The financial code to which the expenditure is to be charged is correct and sufficient budget is available.
- (e) The account or invoice indicates the official order number relating to the goods or services provided, or if there is no such order the reason for the omission unless it relates to services not subject to orders such as care contracts.
- (f) Appropriate entries have been made in inventories, stores records or stock books as required.
- (g) The account has not been previously passed for payment and is a proper liability of the Council.
- (h) In the case of accounts for the supply of public utility services and other periodic payments relevant expenditure, and where appropriate, units of energy consumed, have been entered in records approved by the Chief Finance Officer.

9.6 Accounts authorised manually should be passed for payment to the Chief Finance Officer, unless alternative arrangements have been specifically agreed with the Chief Finance Officer. All payments should be processed within 30 days.

9.7 Where payments are electronically uploaded into the financial system via a feeder file, appropriate controls, including standardising of files and validity checks, are put in place to ensure their integrity. For any new feeder files, Internal Audit will be asked to review and give assurance on the process for authorisation before usage,

9.8 The Chief Finance Officer shall set down procedures for the retention of financial documentation. Such documentation must not be disposed of without the specific approval of the Chief Finance Officer. All invoices shall be retained for at least 6 years plus the current financial year. In the case of invoices relating to grant claims, these must be kept until after the grant claim has been audited even if this exceeds 6 years. It is the responsibility of the Chief Officer of the grant to ensure the correct retention period is maintained. The same retention periods apply to electronic copies of all original invoices.

9.9 Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

9.10 Each Chief Officer shall, no later than a date specified at the financial year end, notify the Chief Finance Officer of any outstanding expenditure relating to the previous financial year.

**10. Imprest accounts**

10.1 Where appropriate, the Chief Finance Officer shall provide imprest accounts for such officers of the Council as may need them for the purpose of defraying petty



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cash and other expenses. Such accounts shall be maintained in accordance with the notes of guidance issued to imprest holders by the Chief Finance Officer.

- 10.2 Where appropriate, the Chief Finance Officer shall open an account with the Council's bankers for use by the imprest holder who shall not cause the account to be overdrawn. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on an imprest holder's banking account shall be reported to the Chief Finance Officer. Where an officer holds a cheque book in respect of any account he must ensure that all cancelled cheques are crossed and retained with the counterfoils of the original cheque book.
- 10.3 Any officer responsible for an imprest account shall be personally responsible for making good any deficiencies in that account.
- 10.4 No income received on behalf of the Council may be paid into an imprest account but must be dealt with in accordance with paragraph 15.3.
- 10.5 Except as otherwise agreed between the Chief Finance Officer and the Chief Officer concerned, payments out of the accounts shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the Council has a current account, nor any account for goods exceeding in value a sum to be agreed from time to time by the Chief Finance Officer nor travelling expenses other than those of a casual nature.
- 10.6 An officer responsible for an imprest shall on a regular basis as specified by the Chief Finance Officer, or at any other time if so requested, provide a certified statement as to the state of the account.
- 10.7 Whenever an officer who is an imprest holder leaves the employment of the Council, or ceases to be entitled to hold an imprest advance, the officer shall account to the Chief Finance Officer for the amount advanced to him.

#### **11. Purchasing Cards**

- 11.1 Where appropriate, a Purchasing Card will be issued to support the current Purchase to Pay invoice process and should not be considered as a replacement mechanism to bypass the formal requisition and approval process. Expenditure shall be made in accordance with the purchasing card guidelines.
- 11.2 Each card has an individual monthly expenditure limit, individual transaction limit and restricted category types for expenditure. The cardholder will be making financial commitments on behalf of the Council and will be responsible for obtaining value for money in accordance with Contract Procedure Rules & Corporate Contracts.
- 11.3 Except, as otherwise agreed with the Chief Finance Officer, payments by purchasing card shall be limited to approved disbursements and shall not include sums due to any tradesman with whom the Council has an account. Where appropriate, invoices should be paid via the Financial System. Travelling expenses, such as train fares, can be pre-booked and paid with use of the purchasing card; however the purchasing card cannot be used to reimburse travelling expenses nor subsistence expenses other than those of a casual nature.

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- 11.4 The cardholder is responsible for updating the Barclaycard Spend Management system with costing, VAT and narrative details of the expenditure in a timely manner and in accordance with the purchasing card guidelines.
- 11.5 Whenever a member of staff who is a purchasing card holder leaves the employment of the authority, or ceases to be entitled to hold a purchasing card, the member of staff must return the purchasing card immediately on cessation of entitlement to the Corporate Procurement Manager for cancellation. Any replacement member of staff who requires a purchasing card must apply for a new card via the Corporate Procurement Manager.
- 11.6 Any person holding a purchasing card shall be personally responsible to notify the Corporate Procurement Manager of any unauthorised / unrecognised spend made on the card. The cardholder shall be personally responsible for making good any unauthorised spend that they incur on the card.
- 11.7 Where appropriate, the Chief Finance Officer shall provide a purchasing card enabled for cash withdrawal to give services access to cash for the purpose of defraying petty expenditure. Such cards shall be maintained in accordance with the notes of guidance to card holders by the Corporate Procurement Manager. There is an administration charge for cash withdrawals. Detailed records of monies withdrawn, spending of this money, including VAT split and costing information, must be kept and be available for examination on request.
- 11.8 Except as otherwise agreed with the Chief Finance Officer, payments out of the cash withdrawn from the bank by purchasing card shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the authority has an account, nor travelling expenses, nor subsistence expenses other than those of a casual nature.
- 11.9 A person responsible for the cash balance held shall, if so requested, give to the Chief Finance Officer certification as to the state of the funds.
- 11.10 Whenever a member of staff who is a cash balance administrator leaves the employment of the authority, or ceases to be entitled to administer the cash balance, the member of staff shall repay to the Chief Finance Officer the unexpended cash balance of the withdrawn amount, or shall transfer monies, records and vouchers relating to the account to the new cash administrator. When a purchasing card holder leaves, the card in their name must be returned to the Corporate Procurement Manager for cancellation and a new card applied for via the Corporate Procurement Manager unless the new cash administrator is not to be allocated a purchasing card.
- 11.11 Any person holding a cash balance obtained by a purchasing card cash withdrawal shall be personally responsible for making good any deficiencies in that account.

## **12. Salaries, wages and Members' allowances**

- 12.1 The payment of all salaries, wages, allowances, expenses or other emoluments to all employees or members shall be made by, or under arrangements approved and controlled by, the Chief Finance Officer.

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- 12.2 Each Chief Officer shall notify the Chief Finance Officer as soon as possible and in the prescribed form, of all matters affecting the payment of such emoluments and in particular:
- (a) Appointments, resignation, dismissals, suspensions, secondments, and transfers.
  - (b) Absences from duty for sickness or other reason, apart from approved leave with pay.
  - (c) Changes in remuneration.
  - (d) Information necessary to maintain records of service for superannuation, income tax, national insurance etc.
  - (e) Any failure to comply with Council or statutory regulations.
- 12.3 Appointments of all employees shall be made in accordance with the regulations of the Council and the approved establishment, gradings and rates of pay.
- 12.4 All-time records and other pay documents shall be in a form prescribed or approved by the Chief Finance Officer and shall be certified by or on behalf of the Chief Officer. The names of the officers authorised to certify such records shall be sent to the Chief Finance Officer by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.
- 12.5 No payments to staff may be made other than through the normal payroll system without the specific approval of the Chief Finance Officer. In particular, casual staff must be recorded on the payroll.
- 13. Officers fees, travelling and subsistence allowances**
- 13.1 All claims for payment of fees, car allowances, subsistence allowances and travelling expenses shall be submitted, duly certified, in a format approved by the Chief Finance Officer, to the appropriate Chief Officer in accordance with the timetable set down by the Chief Finance Officer. A record of all officers authorised to approve such records shall be sent to the Chief Finance Officer together with specimen signatures and shall be amended on the occasion of any change. This applies to both manual and electronic expenses systems.
- 13.2 The certification by, or on behalf of, the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, the vehicle used had appropriate insurance cover, the necessary receipts of expenditure retained and that the fees and allowances are properly payable by the Council.
- 13.3 Claims submitted more than three months after the expenses were incurred must be accompanied by a letter of explanation for the delay and shall be paid only with the express approval of the Chief Finance Officer who shall refer the matter to Cabinet if necessary.
- 13.4 All claims for payment of incidental expenses such as removal, lodging and disturbance allowances and training course fees etc. shall be made on the

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appropriate form and shall be in accordance with the appropriate scheme approved by the Council.

**14. Banking arrangements and cheques**

- 14.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Chief Finance Officer, who shall be authorised to operate such bank accounts as considered necessary.
- 14.2 All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody.
- 14.3 Any such bank account opened in respect of monies held on behalf of the Council shall be arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of authorised signatories, along with specimen signatures, for all such accounts. Any change in signatory shall be reported to the Chief Finance Officer immediately.
- 14.4 No Standing Orders or Direct Debits from the Council's bank accounts shall be set up unless arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of all officers authorised to set up Direct Debits and Standing Orders.
- 14.5 The Chief Finance Officer shall be authorised to:
- (a) Nominate officers empowered to authorise payment out of these bank accounts.
  - (b) Negotiate charges with the Council's bankers.
- 14.6 The Chief Finance Officer will be responsible for ensuring that there are adequate controls in place to ensure that all payment methods, whether physical or electronic, have appropriate authorisations, approvals and signatures as necessary.
- 14.7 The Chief Finance Officer shall ensure that appropriate arrangements are in place to facilitate the monthly reconciliation of the Council's Bank Accounts,

**15. Income**

- 15.1 Each Chief Officer will be responsible for the prompt and accurate billing, collection and banking of all income due to the Council in connection with the Directorate's activities, except where in the interests of efficiency or security it is agreed with the Chief Finance Officer that all or part of the duties should be discharged by some other Chief Officer.
- 15.2 Except as agreed between the Chief Finance Officer and the Chief Officer concerned, all receipt forms, books, tickets and other such items shall be ordered and supplied to Directorates by the Chief Finance Officer, who shall be satisfied as to the arrangements for their control.
- 15.3 In carrying out this function, each Chief Officer shall ensure that any officer of the staff engaged in the collection of money:

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- (a) Maintains a record of receipts and bankings in a form approved by the Chief Finance Officer.
  - (b) Pays without delay any money collected either:
    - i) To the approved officer;
    - ii) To a security firm employed by the Chief Finance Officer for this purpose, or;
    - iii) To one of the Council's main bank accounts or via outlets of the nominated collector(s) as agreed by the Council.
  - (c) Makes no deduction from monies collected, except with the specific and exceptional approval of the Chief Finance Officer.
  - (d) Makes good any shortfalls in cash collected and pays in any surpluses.
  - (e) In the case of cheques received, enter on any paying-in slips details of the cheque and a reference to the related debt.
- 15.4 Personal cheques shall not be cashed out of the money held on behalf of the Council.
- 15.5 Outstanding debts which are found to be irrecoverable may be written off by the Chief Finance Officer, except where it is considered that there are matters of principle or policy which should be referred to the Cabinet.
- 15.6 Any officer holding a cash float shall be personally responsible for making good any deficiencies in that account.
- 15.7 Where an officer takes cash for works, goods or services that is either:-
- i. in excess of the level stipulated within the Council's Anti-Money Laundering Policy;
  - ii. or where there is anything suspicious regarding, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt

then the officer must report it immediately to the Money Laundering Reporting Officer (MLRO) in accordance with the Policy.

**16. Fees and Charges**

- 16.1 The Council has an Income Generation and Charging Policy to support the Medium Term Financial Strategy. It is intended to provide a consistent and co-ordinated approach to charging across the Council, setting out the key principles for charging and for reviewing charges and must be adhered to by all Chief Officers and their staff.
- 16.2 When setting charges, there is recognition that where possible, the full cost of the service should be recovered. However, there is also a recognition that in some instances, there will be a conscious decision not to fully charge and the remaining cost will be met by the Council Tax payer.

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- 16.3 In line with the Medium Term Financial Strategy, a review of fees and charges should be undertaken at least annually and any new or increased charges must receive approval from Cabinet or delegated authority under the Scheme of Delegation, Scheme A paragraph 1.6.

**Section C - Security and Assets**

**17. Security**

- 17.1 The Chief Finance Officer shall have overall responsibility to the Council for security of Council property.
- 17.2 Each Chief Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, title deeds, securities, etc. under his/her custody.
- 17.3 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer.
- 17.4 Every transfer of official money from one member of staff to another will be evidenced in the records of the Directorate concerned by the signature of the receiving officer.
- 17.5 Keys to safes and similar receptacles for the safeguarding of money or other valuables are to be carried on the person of those responsible; the loss of any such keys must be reported to the Chief Finance Officer.

**18. Data Protection**

- 18.1 Each officer shall be responsible for maintaining proper security, privacy and compliance with the General Data Protection Regulation 2016 and the Data Protection Act 2018 in respect of information held.
- 18.2 Each Chief Officer shall have a duty to notify the Solicitor to the Council of any computer system in their Directorate which holds personal data or automatically processible personal data and therefore needs to be registered under the Data Protection Act.
- 18.3 Each Chief Officer shall have a duty to ensure the safekeeping and prevention of improper use of any information held in the Directorate, regardless of the media on which it is held.
- 18.4 The Chief Finance Officer, or an authorised representative of the Chief Finance Officer, shall have access to all computer systems and records and may require and receive such explanations as are necessary, for the purposes of the Data Protection Act.
- 18.5 The security of financial systems, e.g. use of passwords, shall be maintained by adhering to instructions issued by the Chief Finance Officer and in line with the ICT Code of Conduct.

**19. Stocks and stores**

- 19.1 Each Chief Officer shall be responsible for the custody of the stocks and stores in the Directorate and shall have a duty to:

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- (a) Ensure that stocks are adequate but not excessive for the purpose envisaged;
- (b) Maintain accurate and up to date records of such stocks and stores and ensure that a stock take is undertaken at year end and the certificate is submitted to Finance;
- (c) Provide the Chief Finance Officer with such information as he requires in relation to stores for accounting, costing and financial records.

19.2 A Chief Officer shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year. Any surpluses or deficiencies revealed by such periodical test examinations shall be reported to the Chief Finance Officer and, after consultation with the Chief Officer, the Chief Finance Officer will decide what action to take.

19.3 Losses due to theft of stocks shall be reported to the Chief Finance Officer as soon as possible and, where found to be irrecoverable, shall be written off.

19.4 In all other instances write offs need the consent of the Chief Finance Officer following the submission of a report by the Chief Officer outlining the reasons for write off.

**20. Investments, borrowings and trust funds**

20.1 The Council has adopted Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Treasury Management in the Public Services.

20.2 The Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy to Audit Committee prior to submission to Council for approval prior to the start of each financial year. The Strategy must include an Investment Strategy and set the Council's Treasury Management for the forthcoming financial year.

20.3 All investments and borrowing transactions shall be undertaken in accordance with the Treasury Management Strategy with due regard to the requirements of the CIPFA's Code of Practice on Treasury Management in the Public Services.

20.4 All investments of money under its control shall be made in the name of the Council. Any borrowing activity must have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in the Public Services.

20.5 The Chief Finance Officer shall report quarterly to the Cabinet, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.

20.6 The Chief Finance Officer, or an agent nominated by the Chief Finance Officer, will be the Council's Registrar of loan instruments and shall maintain records of all borrowing of money by the Council.

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- 20.7 The Chief Finance Officer will have a duty to ensure a proper, efficient and effective mix of borrowing and investments.
- 20.8 The Audit Committee is responsible for ensuring effective scrutiny of the Treasury Management policies and practices. The Committee will review the Annual Report on Treasury Management as well as the Treasury Management Strategy. The Committee will make any recommendations for improvements on treasury management to the Chief Finance Officer and raise any concerns that the Council is exceeding its legal powers with the Monitoring Officer.

**21. Inventories**

- 21.1 Each Chief Officer shall be responsible for the plant, vehicles, machinery, equipment, tools, furniture and other non consumable property in the Directorate and shall have a duty to:
- (a) Maintain an up to date inventory of such goods;
  - (b) Carry out an annual physical check on goods listed in the inventory;
  - (c) As far as is practicable see that such goods are marked as Council property;
  - (d) Ensure that such goods are not removed or used except in accordance with the ordinary course of the Council's business.
- 21.2 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving officer.

**22. Insurances**

- 22.1 The Chief Finance Officer shall have a duty to:-
- (a) affect adequate insurance cover in accordance with the Council's Insurance Strategy contained in the Risk Management Policy. He will insure losses which would have a significant impact on budgets and the provision of services, where it must be bought by law and where the insurance provides additional benefits which enable an activity to take place,
  - (b) promptly claim any insurance loss the Council has suffered, and liaise with the Council's Insurers to settle any claim brought by another party, if it is assessed that the Council has a legal liability to do so.
  - (c) ensure that sums insured and limits of indemnity are regularly reviewed.
  - (d) maintain comprehensive records of insurance including policy documents and understand what coverage they provide.
  - (e) employ the services of a professional insurance broking company who can provide expert advice.
  - (f) only transfer risks to Insurance Companies which are financially strong.



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- (g) comply with the “duty of fair presentation” contained in the Insurance Act 2015. The Council must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which is material to the risk. A material circumstance is one which would influence the judgement of a prudent Underwriter in considering whether to provide insurance and, if so, on what basis and cost.

22.2 A Chief Officer will have a duty to:

- (a) Promptly notify the Chief Finance Officer of any new risks, insurable assets or liabilities which are required to be insured under the Insurance Strategy.;
- (b) Promptly notify the Chief Finance Officer in writing of any loss, liability, damage or any event likely to lead to a claim and where appropriate inform the Police;
- (c) Promptly provide any information required by the Chief Finance Officer or the Council's Insurers to progress a claim.
- (d) Assist the Chief Finance Officer to comply with the “duty of fair presentation contained in the Insurance Act 2015 by disclosing all relevant information.

22.3 The Chief Finance Officer shall maintain an ongoing review of all insurances in consultation with other Chief Officers as appropriate.

22.4 No indemnity shall be given in the name of the Council without the prior approval of the Chief Finance Officer.

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**23. Prevention of Theft, Fraud and Corruption**

- 23.1 The Chief Finance Officer is responsible for advising on effective systems of internal control to prevent fraud and corruption.
- 23.2 The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Fraud and Bribery Policy. If a Chief Officer suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, they will notify the Chief Finance Officer who will take such steps as considered necessary by way of investigation and report.
- 23.3 The Chief Finance Officer is also responsible for developing, maintaining and implementing an Anti-Money Laundering Policy. The key message of this Policy is to make staff aware of their responsibilities and if they suspect that money laundering activity may be taking place or proposed, they must disclose those suspicions to the Council's Money Laundering Reporting Officer who is the Chief Finance Officer.
- 23.4 All Chief Officers are responsible for ensuring compliance with both the Anti-Fraud and Bribery Policy and Anti-Money Laundering Policy and with systems of internal control.

**24. Estates**

- 24.1 The Chief Executive Officer shall maintain a register of all properties owned by the Council recording details including:
- (a) Purpose for which held;
  - (b) Location, extent, and plan reference;
  - (c) Particulars of nature of interest held;
  - (d) Purchase details;
  - (e) Rents payable;
  - (f) Particulars of tenancies granted.
- 24.2 The Chief Finance Officer will maintain an asset register of all Council assets.
- 24.3 Where land and/or buildings are found to be surplus to requirements the responsible Chief Officer shall, as soon as possible, submit a report to the appropriate Cabinet Member for appropriate action in accordance with the Schemes of Delegation.

**25. Protection of private property**

- 25.1 The Chief Officer shall in any known case where steps are necessary to prevent or mitigate loss of or damage to moveable property, prepare in a form agreed

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with the Chief Finance Officer, an itemised inventory in each case prepared in the presence of two officers.

- 25.2 All valuables such as jewellery, watches and other small articles of a similar nature and documents of title deposited with the Council for safe custody shall be recorded in a form agreed by the Chief Finance Officer.
- 25.3 All monies deposited with the Council for safekeeping shall be dealt with in accordance with guidelines agreed by the Chief Officer and the Chief Finance Officer.
- 25.4 Where a Chief Officer is required as part of his duties to hold in trust any property, valuables or cash belonging to a third party he should do so in accordance with guidelines agreed with the Chief Finance Officer.

**26. Risk Management**

- 26.1 The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising of strategic, financial and operational risks.
- 26.2 Chief Officers shall be responsible for the identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be notified to the Chief Finance Officer for incorporation into the Risk Register, which shall be subject to periodic review at no more than annual intervals.
- 26.3 Chief Officers shall take responsibility for risk management within their areas of responsibility, having regard to advice from the Chief Finance Officer and other specialist Officers (e.g. crime prevention, fire prevention, health and safety), and shall undertake regular reviews of risk within their own Directorates.

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO COUNCIL

20 FEBRUARY 2019

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

#### COUNCIL TAX: COUNCIL TAX DISCRETIONARY DISCOUNT ON EMPTY PROPERTIES AND SECOND HOMES

##### 1.0 Purpose of Report

1.1 The purpose of this report is to propose that Council amends the level of discretionary discount available on Council Tax empty properties and second homes with effect from 1 April 2019.

##### 2.0 Connection to Corporate Improvement Plan/Other Corporate Priority

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

- Helping people become more self-reliant - The number of empty properties will hopefully reduce as they are brought back into use resulting in more affordable accommodation becoming available.

##### 3.0 Background

3.1 With effect from 1<sup>st</sup> April 2004, the Local Government Act 2003 gave Local Authorities the discretionary powers to reduce or remove the 50% Council Tax discount on unoccupied and substantially unfurnished Council Tax chargeable dwellings after the initial 6 month exemption period had expired, known as Class C properties. Bridgend County Borough Council has previously awarded a 50% discount to the properties which might fall into this category. However, currently only 10 of the 22 local authorities in Wales still award a 50% discount after the initial 6 month exemption period (Appendix 1).

3.2 It is estimated that currently up to 1,244 council tax payers across the Borough are benefiting from this reduction and therefore under this proposal will face an increase in the amount they are charged from 1 April 2019 if their properties continue to remain empty.

3.3 With regards unoccupied but furnished properties described as second homes and or holiday lets the Council has the discretion to award up to 50% discount. However Bridgend County Borough Council has not awarded a discount on these type of properties since 1 April 2000.

##### 4.0 Current Situation / Proposal

4.1 Currently Bridgend County Borough Council awards a 50% discount to Council Tax properties which remain empty due to the following:-

- a) a property remaining empty and unfurnished after the initial 6 month exemption;
- b) a property that has been under renovation for longer than 12 months;
- c) a property remaining empty after the 6 months probate exemption has expired;
- d) a property is unoccupied but furnished and actively marketed for let or sale.

4.2 It is now proposed that Council remove the discretionary power to award a discount and charge 100% of the council tax in the above circumstances from 1 April 2019, for the financial year 2019-20 onwards. This in turn should discourage owners of empty properties to allow them to remain empty and fall into disrepair.

4.3 A notice of this change will be required to be publicised within 21 days of the decision if agreed.

## **5.0 Effect upon Policy Framework & Procedures Rules.**

5.1 None.

## **6.0 Equality Impact Assessment**

6.1 There are no equality implications arising from this report.

## **7.0 Well-being of Future Generations (Wales) Act 2015 Assessment**

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

## **8.0 Financial Implications**

8.1 Welsh Government currently takes into account a local authority's council tax base when it calculates the local authority's annual funding, the Revenue Support Grant (RSG). The higher the Council's estimated tax base is, the lower the amount of RSG it receives. The current process allows discounts on empty properties and second homes to flow through in the calculation of the tax base, thereby lowering the tax base. Local authorities are therefore currently reimbursed through the RSG for discounts they choose to offer. Welsh Government is currently considering changing the way in which the tax base is calculated, to ignore discretionary discounts in the calculation of the tax base, to bring all local authorities to an equal position, and whilst any changes will not be implemented for 2019-20, they may be put in place for 2020-21.

8.2 Based on the number of properties that have been empty for longer than 6 months, at the time of writing this report it is estimated that by removing the 50% discount an additional £933,000 in Council Tax could be raised in 2019-20. This figure is based on an average Band D council tax charge of

approximately £1,500, and 100% collection. However while the Council will make every endeavour to collect taxes due, full collection of the additional £933,000 is not a realistic assumption as there is always an element of non-payment, particularly so on empty properties.

## **9. Recommendations**

9.1 It is recommended that Council:

- Agrees the continuation of no Council Tax discount on second homes except where the reduction is granted in respect of a job related dwelling.
- Approves a new level of 100% Council Tax payable for all categories mentioned in 4.1 above which have been empty for more than 6 months.
- Delegates authority to the Revenues Manager to implement the above changes as set out in paragraph 4.

**Gill Lewis**  
**Interim Head of Finance & Section 151 Officer**  
**February 2019**

**Contact Officer:** Helen Rodgers  
Revenues Manager

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CF31 4AP

**Background documents:**

**None**

**Appendix 1**

Ceredigion	0%
Pembrokeshire	50%
Carmarthenshire	50%
Swansea	50%
Neath Port Talbot	50%
Bridgend	50%
Vale of Glamorgan	50%
Rhondda Cynon Taff	0%
Merthyr Tydfil	50%
Caerphilly	0%
Blaenau Gwent	50%
Torfaen	0%
Monmouthshire	0%
Newport	50%
Cardiff	50%

Number of LA's	
Awarding of 0%	12
Awarding of 50%	10