

# Public Document Pack

## 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.*

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#### Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate

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

Gofynnwch am / Ask for: Mark Anthony Galvin

Ein cyf / Our ref:

Eich cyf / Your ref:

**Dyddiad/Date:** Wednesday, 17 July 2019

Dear Councillor,

#### **CABINET**

A meeting of the Cabinet will be held in the Committee Rooms 1/2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Tuesday, 23 July 2019 at 14:30.**

#### **AGENDA**

1. Apologies for Absence  
To receive apologies for absence from Members.
2. Declarations of Interest  
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2008.
3. Approval of Minutes 3 - 10  
To receive for approval the Minutes of 18/06/2019
4. Governance changes of Valleys to Coast Association (V2C) Board 11 - 20
5. Valleys Regional Park 21 - 26
6. Caerau Minewater Heat Project 27 - 34
7. Community Asset Transfer Policy 35 - 84
8. Dying to Work Campaign 85 - 88
9. Budget Monitoring 2019-20 - Quarter 1 Revenue Forecast 89 - 116
10. Capital Programme Update - Quarter 1 2019 - 20 117 - 140
11. Grants Financial Management Policy 141 - 174
12. Welsh Medium Childcare - Bettws and Ogmores Valley 175 - 184

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| 13. | <u>Learner Travel Efficiencies</u>   | 185 - 198 |
| 14. | <u>Proposed changes to Library Services in Bridgend</u>  | 199 - 206 |
| 15. | <u>Forward Work Programme</u>  | 207 - 216 |
| 16. | <u>Information Reports for Noting</u>  | 217 - 232 |
| 17. | <u>Urgent Items</u><br>To consider any items of business that by reason of special circumstances the chairperson is of the opinion should be considered at the meeting as a matter of urgency in accordance with paragraph 2.4 (e) of the Cabinet Procedure Rules within the Constitution. |           |

Yours faithfully

**K Watson**

Head of Legal and Regulatory Services

Councillors:

HJ David  
CE Smith

Councillors

PJ White  
HM Williams

Councillors

D Patel  
RE Young

CABINET - TUESDAY, 18 JUNE 2019

MINUTES OF A MEETING OF THE CABINET HELD IN COMMITTEE ROOMS 1/2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 18 JUNE 2019 AT 14:30

Present

Councillor HJ David – Chairperson

PJ White

HM Williams

D Patel

RE Young

Apologies for Absence

CE Smith

Officers:

Kelly Watson	Head of Legal & Regulatory Services
Julie Ellams	Democratic Services Officer - Committees
Mark Shephard	Chief Executive
Susan Cooper	Corporate Director - Social Services & Wellbeing
Deborah Exton	Interim Deputy Head of Finance
Lindsay Harvey	Corporate Director Education and Family Support
Martin Morgans	Head of Performance and Partnership Services
Zak Shell	Head of Neighbourhood Services

372. DECLARATIONS OF INTEREST

None

373. APPROVAL OF MINUTES

RESOLVED: That the Minutes of a meeting of Cabinet dated 21 May 2019 be approved as a true and accurate record.

374. FINANCIAL PERFORMANCE 2018-19

The Interim Deputy Head of Finance presented a report providing Cabinet with an update on the Council's financial performance for the year ended 31<sup>st</sup> March 2019. She referred to the council's net revenue budget and final outturn for 2018-19 (Table 1 in the report) and explained that the overall outturn at 31<sup>st</sup> March 2019 was an underspend of £429,000 which had been transferred to the Council Fund, bringing the total Fund balance to £8.776 million in line with the principles set out in the Medium Term Financial Strategy (MTFS). Directorate budgets provided a net underspend of £1.142 million, after draw down from reserves of £7.7 million, and Council Wide budgets a net underspend of £6.711 million, after draw down from reserves of £2.3 million. These were offset by the requirement to provide new earmarked reserves for a range of new future risks and expenditure commitments. The net position also took into account accrued council tax income of £670,000 during the financial year.

The Interim Deputy Head of Finance reported that the Council had received a number of one-off grants from Welsh Government, including grants for schools totalling almost £1 million, which had eased the pressure on these budgets for 2018-19 only. This was in addition to any other opportunities taken to maximise existing grant funding streams. Without these the net underspend on Directorate and Council Wide budgets would have been much lower.

The Interim Deputy Head of Finance provided an update on prior year budget reductions and referred members to Appendix 1, and table 2 which provided a summary per directorate. Of the £2.604 million of prior year budget proposals outstanding, £1.593 million had been realised, leaving a balance of £1.011 million. She outlined the position with Budget Reductions for 2018-19 and the action required to achieve them in 2019-20.

The report provided a commentary on the financial position for each main service area and comments on the most significant variances. It also included budgets, provisions and services which were Council Wide and not managed by an individual Directorate.

The Interim Deputy Head of Finance provided an update on the Council's capital programme for 2018-19 currently totalling £35.474 million, of which £31.933 million was met from BCBC resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £4.224 million coming from external resources. She then updated Members on the earmarked reserves and explained that the final draw down from reserves was £9.996 million as detailed in table 5 of the report.

The Deputy Leader thanked the Interim Deputy Head of Finance for presenting the report and thanked the Finance Team for keeping the authority safe and secure. It was good to show a surplus in light of the challenges and pressures and the "one-offs" could not be relied on going forward. The authority still needed to make significant savings.

The Leader agreed that the authority was facing a bleak financial future. Initial work had been undertaken in terms of planning and it was apparent that they would not be able to balance the books without making significant savings, increasing Council Tax by a higher level than in previous years and losing posts and people from the organisation on a scale not seen before. He was certain austerity would not end any time soon and it was becoming more and more difficult to make the cuts.

**RESOLVED:** Cabinet noted the actual revenue and capital outturn position for 2018-19.

**375. PUBLIC SPACE PROTECTION ORDERS**

The Head of Operations – Community Services presented a joint report with the Chief Executive, asking Cabinet to note the results of the consultations on the creation of Public Space Protection Orders, noting that the grounds had been met and creating 4 new PSPO's.

He explained that a Local Authority could make a PSPO if it was satisfied on reasonable grounds that it was likely that activities would be carried on in a public place within that area and that they would have a detrimental effect on the quality of life of those in the locality which was likely to be of a persistent or continuing nature such as to make the activities unreasonable and justified the restrictions imposed by the notice. He added that PSPOs were designed to ensure the law-abiding majority could use and enjoy public spaces, safe from anti-social behaviour. Breach of a PSPO was a criminal offence and enforcement officers could issue a fixed penalty notice of up to £100 or following a conviction, a fine of up to £1000.

The Head of Operations – Community Services outlined the 5 Designated Public Places Orders and the 2 Gating Orders already in place. In October 2017 the DPPOs and Gating Orders migrated under the 2014 Act to become PSPOs. A report was submitted to Cabinet on 24<sup>th</sup> June 2017 seeking approval to consult on the new PSPOs and to consider whether any other PSPOs could be made. The first twelve week consultation ended in November 2017. He outlined the consultation process and a summary of the responses received. It was then agreed to delay a report to Cabinet for a further

consultation on dog fouling to be undertaken. This concluded in February 2019 and details of the consultation process were included in the report, including the response from the Kennel Club.

The Head of Operations – Community Services outlined the financial implications for implementing the four orders and added that a request would be sent to partners asking for a financial contribution to the costs.

The Cabinet member for Communities explained that as reported to Cabinet in April, this was the second part of the process which addressed dog fouling issues. He added that the orders applied to all areas where the public had access. He referred to point 4.35a and was pleased to note that one of the conditions related to moving and depositing the dog faeces in a bag or other suitable means for collection which should then be left in a litter bin or an allocated bin or taken home. This should address the issue of bags left in bushes or hanging from trees.

The Cabinet Member for Social Services and Early Help asked if the authority had sufficient bins within the designated areas. The Head of Operations – Community Services replied that there was a good selection of bins within the borough and many of them were dual use. If a resident found themselves in an area where there were no immediate bins then they would be expected to take the bag home. This was an issue with public behaviour rather than accessibility.

The Cabinet Member for Wellbeing and Future Generations referred to point 3.3 of the report relating to activities being carried out in a public place that were likely to be detrimental to the local community's quality of life, and asked if data from the Police was used to support the introductions of a PSPO. She was pleased to see that there had been consultation with the RSPCA and the wider audience rather than just residents. The Head of Operations – Community Services explained that the police were part of the consultation and they provided historical evidence for these areas which added to the justification. He added that the RSPCA and the Kennel Club were watching consultations outcomes around the country particularly in relation to a complete ban on sports pitches. The kennel Club were arguing against a complete ban on sports pitches and apart from that were broadly aligned to what the authority wanted.

The Cabinet Member for Communities asked the Head of Operations – Community Services to clarify the areas covered by the PSPO relating to Dog Fouling. He explained that it did not apply to areas such as back gardens or privately owned land but officers could take action on public open space.

The Leader welcomed the report and the proposals. He said that it was important to make the public aware that they could be fined if they failed to clean up after their dogs and they were trying to help dog owners by installing more than 17 stations where they could access bags and over 100 bins across the borough, particularly in Porthcawl. It was also important to warn residents that some people were impersonating enforcement officers and that they should check identity badges and that enforcement officers would never ask for money up front.

**RESOLVED:** Cabinet:

- I. noted the results of the consultations on the creation of four Public Space Protection Orders (PSPOs);
- II. noted that the grounds, as set out in paragraph 3.3 of the report, were met; and,

- III. in light of the outcome of the consultation and the grounds being met, agreed to create 4 new PSPOs as set out in paragraph 4.10 and 4.35 of the report and at Appendix 1 (Prohibit Alcohol & Installation of gates) and Appendix 7 (Dog Controls) of the report.

376. SECTION 123 (2A) LOCAL GOVERNMENT ACT 1972 : DISPOSAL OF LAND AT THE GREEN / SALT LAKE CAR PARK, PORTHCAWL

The Head of Operations – Community Services presented a report asking Cabinet to decide whether or not the above Council owned land, which was classed as public open space, should be made available for disposal. He provided a background to the work undertaken to bring forward the comprehensive redevelopment of the site. He outlined the objections to the proposals raised by individuals and local organisations and the response to those objections and the reasons why it would be appropriate to grant approval to the application to dispose of the site.

The Deputy leader thanked the officer for presenting the report and explained that this was an enabling report which allowed the authority to move forward and develop the land in line with the Design Commission, Development Control Committee and Members.

The Head of Operations – Community Services agreed and said that he thought there was an element of confusion and he confirmed the area covered. The Deputy Leader said that he had read the objections and there did appear to be some confusion. He added that he was happy the report did not commit the authority at this stage and supported the recommendation.

The Cabinet Member for Communities confirmed that the Council had not yet marketed the sale of this site and that the marketing pack would provide details on the likely acceptable planning uses, the basis on which the Council was prepared to dispose of the land and any legal conditions and requirements. He stated that this would provide protection that any development would be in line with the Masterplan.

The Cabinet Member for Wellbeing and Future Generations asked if local members had been consulted on the proposals. The Head of Operations – Community Services replied that they had been consulted and he had regular meetings with the local members.

The Leader confirmed that no decision had been made to dispose of the site. If they decided to go ahead it could be freehold or lease hold and this would be included in the heads of terms. Planning consent would also be required and the Development Control Committee would impose conditions in terms of the size of the site etc to safeguard the development.

The Head of Operations – Community Services confirmed that they would continue to engage with local members.

RESOLVED: That Cabinet, having considered the report and the objections received in response to the Notices published in accordance with Section 123(2A) of the Local Government Act 1972, authorised the disposal of land at The Green and Salt Lake car park, Porthcawl.

**377. WELSH GOVERNMENT COMMUNITY COHESION GRANT REGIONAL PARTNERSHIP**

The Chief Executive presented a report updating Cabinet on a regional application for funding to Welsh Government in relation to EU Brexit Community Cohesion and seeking Cabinet approval to enter into a partnership agreement with the Council of the City and County of Swansea (Swansea Council) and Neath Port Talbot County Borough Council (NPTCBC) in relation to the grant funding. He outlined the background to the proposal, the current position and the range of activities that would be delivered to understand and mitigate community tensions. He also explained the implications of the five ways of working in relation to the Well-being of Future Generations (Wales) Act 2015. The costs would be funded in full from the Welsh Government Community Cohesion Grant.

The Cabinet member for Wellbeing and Future Generations welcomed the report and asked if the monitoring mechanisms behind the proposals were known. She added that if they had not yet been established, it would be helpful for a report detailing these and progress made, to be submitted to the Cabinet Committee Equalities every six months.

The Cabinet Member for Social Services and Early Help asked what would be in place post 2020. The Head of Partnerships and Performance reported that if the infrastructure was not in place they would have to dovetail until it was. This was about community cohesion and not just Brexit and they would continue to report to the Cabinet Committee Equalities.

The Cabinet Member for Communities added that the whole debate had brought out elements which he wished, had been left buried. There had been reports to the Community Safety Partnership regarding tensions in the community. The country was so polarised and the tensions were always there. No matter what happened, 50% of the population would be bitterly disappointed and this was a necessary report that he welcomed.

**RESOLVED:** Cabinet:

- Noted the approval of Welsh Government regional funding in relation to the Community Cohesion Grant 2019 – 2020; and
- Delegated authority to the Chief Executive, in consultation with the Section 151 Officer and Head of Legal and Regulatory Services, to negotiate and enter into a partnership agreement in relation to the Community Cohesion Grant funding with Swansea Council and NPTCBC and any ancillary documents relating to that partnership arrangement.
- Agreed that a report to be submitted to the Cabinet Committee Equalities every six months updating that Committee on progress and in particular, the monitoring mechanisms in place.

**378. TARGETED REGENERATION INVESTMENT (TRI) PROGRAMME IMPLEMENTATION**

The Head of Operations - Communities presented a report seeking approval from Cabinet on the proposals for the Targeted Regeneration Investment (TRI) programme relating to the Urban Centre Property Enhancement Fund (UCPEF) & Urban Centre Living Grant (UCLG), 11a Nolton Street and future TRI Stand Alone Projects. He outlined the background to the programme, the process and the current situation in

relation to the three projects, the risks and issues, the next steps and the financial implications.

The Cabinet Member for Communities added that this source of funding had been a success. These sites were a blot on the landscape and this work would bring them into beneficial use for the foreseeable future. There were risks but with appropriate management and the right collaboration, this would be a success.

The Leader reported that the CHG had been commended on the work they were doing. The sites had been empty for a long period of time and this would provide an opportunity to start a new life in a new home. It would also allow the authority to progress other schemes not only in Bridgend but also Porthcawl and Maesteg to bring empty properties back into use.

**RESOLVED:** Cabinet:

- Approved the outline proposals for TRI in Bridgend town centre, as set out in the report;
- Noted and accepted the risks and issues highlighted in paragraph 4.5;
- Authorised the Chief Finance Officer to accept the TRI grant on behalf of the Authority.
- Delegated authority to the Head of Operations / Communities, in consultation with the Section 151 Officer and Head of Legal and Regulatory Services, to negotiate and enter into a service level agreement with Rhondda Cynon Taff as set out in paragraph 4.2 of the report;
- Delegated authority to the Head of Operations / Communities, to award the TRI UCPEF and UCLG grant funds to eligible applicants within Bridgend town centre;
- Delegated authority to the Head of Operations / Communities, in consultation with the Section 151 Officer and Head of Legal and Regulatory Services, to negotiate and enter into a funding agreement and legal charge with CHG.

379. **COMMISSIONING AND AWARD OF CONTRACTS IN RESPECT OF THE FAMILIES FIRST PROGRAMME**

The Head of Performance and Partnership Services presented a report seeking approval to continue service delivery based around contract arrangements already in place for the delivery of Welsh Government funded contract arrangements for Families First for the period to end March 2020. On the basis that approval was granted, he was seeking to suspend the Council's Contract Procedure Rules (CPR's) and authorise the Head of Performance and Partnership Services to enter into short term contracts as detailed in the report. He outlined the background to the Families First Contracts, the current position, the outcome of the Equality Impact Assessment and the financial implications.

The Cabinet Member for Wellbeing and Future Generations said that this was frustrating for staff and she would welcome some long term control.

The Leader added that a lot of this had been beyond the authority's control.

The Cabinet Member for Social Services and Early Help seconded this and asked for more information on the exposure to challenge and how they would be monitoring



performance and outcomes. The Head of Performance and Partnership Services explained that this had been identified by the CPA and WG. They would be delivering against a single outcomes framework.

The Chief Executive reassured Cabinet and said that ordinarily they would comply but there were occasions when they had to come to Cabinet to waive or suspend Contract Procedure Rules but they would try to minimise this.

The Leader added that the monitoring officer carefully monitored the process and that it was unusual to have many of these reports apart from where there were exceptional circumstances to be taken into account.

RESOLVED: Cabinet :

- Agreed to suspend the relevant parts of the Council's CPR's in respect of the requirement as to re-tendering of the proposed contracts listed in Appendix 1 of this report, allowing implementation of the re-tender milestones detailed in Appendix 2.
- Authorised the Head of Performance and Partnership Services to enter into short term contracts to end March 2020, with the current providers in respect of the Contracts listed in Appendix 1 of the report.

380. SUSPENSION OF CONTRACT PROCEDURE RULES FOR HOME-TO-SCHOOL BUS SERVICE CONTRACTS

The Corporate Director Education and Family Support presented a report seeking Cabinet approval to suspend the relevant parts of the Councils Contract Procedure Rules in respect of the requirement to retender the proposed contracts listed in the report and to authorise the Corporate Director (Education and Family Support) to enter into the contracts with the operators listed in the report. He outlined the background, the current position and that the Council would be exposed to the risk of potential challenge from other providers of such services. He also reported the financial implications and that potential savings to the learner transport budget from September 2019 would still be deliverable from September 2020.

The Cabinet Member Communities explained that this was a holding report because they were going through a review of the service and could not pre-empt the outcome. The Council could be open to challenge but in the interest of clarity, it could be justified and this was a sensible way forward.

The Deputy Leader added that this was a sensible course of action pending the review. Given the financial position it was only fair to undertake the review before the contracts were awarded and on that basis he was happy to support the proposals.

The Leader agreed that it would be irresponsible to go out to tender then try to change those contracts until it was clear what changes were required because of the financial pressures the authority was facing.

RESOLVED: Cabinet :

- Agreed to suspend the relevant parts of the Council's Contract Procedure Rules in respect of the requirement to re-tender the contracts listed at Appendix 1 of this report for home-to-school bus services; and

- Authorised the Corporate Director (Education and Family Support) to enter into the contracts with the operators listed at Appendix 1 of this report from 2 September 2019 until 20 July 2020.

381. APPOINTMENT OF LOCAL AUTHORITY GOVERNORS

The Corporate Director Education and Family Support presented a report seeking approval from Cabinet for the appointment of local authority governors to the school governing bodies listed in the report.

The Corporate Director Education and Family Support explained the background and that for the 14 schools in the table, all 17 applicants met the approved criteria for appointment as a local authority governor. He reported that the application from Mr William Bond for Heronsbridge School had been withdrawn and therefore Mrs Marjorie Nash would be appointed.

The Leader reported that there were still 20 vacancies that needed to be filled throughout the borough and that they were still looking for recruits.

RESOLVED: Cabinet approved the appointments listed at paragraph 4.1 of the report and that Mrs Marjorie Nash be appointed to Heronsbridge School (following the late withdrawal of Mr William Bond, reported at the meeting by the Corporate Director, Education and Family Support).

382. URGENT ITEMS

None

The meeting closed at 16:10

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE CHIEF EXECUTIVE

#### GOVERNANCE CHANGES OF VALLEYS TO COAST ASSOCIATION (V2C) BOARD

#### 1. Purpose of report

- 1.1 The purpose of this report is to review the Valleys to Coast Housing Association (V2C) proposed changes to the governance structure of their Board of Members (the Board).

#### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report links to the corporate priority:

- 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.

#### 3. Background

- 3.1 V2C was formed on 12<sup>th</sup> September 2003 through a transfer of Bridgend County Borough Council (BCBC) housing stock. As part of the transfer agreement for V2C a Board of Members was established with a three way, equal share membership of 12 Board Members with 4 members from the Council (BCBC), 4 tenant Board Members and 4 independent Board Members.

- 3.2 Since its establishment the membership of the Board reduced from 12 members and to 9 members. The purpose of the Board is to oversee the strategic, fiduciary and generative direction of the business, whilst mitigating risks and seeking assurance that V2C is effectively managed by the Executive Team. V2C has been governed by a Board of 9 members, drawn from different backgrounds, the Board was made up of three constituent groups:

- One third tenants;
- One third Councillors and
- One third Independents.

- 3.3 On 13<sup>th</sup> June 2018 the Welsh Assembly Government enacted the Regulation of Registered Social Landlords (Wales) Act 2018 (the Act). The Act determined that local authority appointees could not constitute more than 24% of the Board. V2C has applied this legislation to the Board and the impact of this was to reduce BCBC nominated positions on the Board from three to one.

3.4 The Stock Transfer Agreement dated 12<sup>th</sup> September 2003 between Bridgend Borough County Council and V2C contained a Deed of Covenant. The Stock Transfer Agreement and the Deed of Covenant were drafted on the basis of the original composition of the Board of Members set out in V2C's Memorandum and Articles of Association as being made up of 4 local authority Members, 4 tenant Members and 4 independent Members. At clause 2.4 of the Deed of Covenant V2C covenanted that it would not change its Memorandum and Articles of Association so far as they relate to their objects and powers and to local authority or tenant representation without the Council's prior consent in writing. The Council's consent cannot be unreasonably withheld or delayed in relation to all reasonable advice issued by the Welsh Assembly Government concerning the governance of all classes of Registered Social Landlords. At clause 2.9.2 of the Deed of Covenant V2C covenanted that they would ensure that four tenant Board Members would be appointed to their Board, that they would have policies and procedures for the election of tenant Board Members that are fair, reasonable and permit all of their tenants to participate, directly or indirectly, and that they would not seek to remove or reduce the right of the tenant Board Members.

#### **4. Current situation/proposal**

4.1 The change in the composition of the Board has prompted V2C to consider further changes to its governance structure. Community Housing Cymru (CHC) is the trade body for V2C and represents more than 70 not-for-profit housing associations and community mutuals in Wales. CHC has worked with Welsh Government to provide a comprehensive set of model rules, which have been designed to reflect:

- the specific regulatory framework in Wales and associated legislation and guidance;
- the accompanying greater emphasis being placed on Boards' duties to uphold the best standards of governance and to effectively monitor the financial health of their Association;
- the move to a less prescribed framework and greater flexibility for housing associations to develop governance arrangements that support their individual cultures and circumstance;
- more modern accepted business practices for the sector and beyond.

Although not mandatory, they have provided a framework since 2013 which is continually reviewed and updated. V2C has indicated many Welsh Housing Associations have moved towards adopting CHC model rules already.

4.2 One of the key principles of the model rules is developing a skills-based Board, where members have equal footing and bring their collective skills and experiences to provide the best leadership and governance. These skills are critical to effective decision making and responsiveness to local and strategic issues. In a skills based Board there would not be a dedicated, automatic local authority designated position on the Board going forward, but if there are local councillors or residents who have the relevant skills and experience, then V2C would be keen to appoint them on that skills basis.

4.3 V2C hopes to move to a skills based Board. V2C have written to the Council seeking consent to the above proposed changes and have included a business case in

support of the proposed governance changes (**See attached Appendices 1 and 2, respectively**). The proposed Board will be constituted of nine independent people, who collectively hold the relevant skills and experiences to make the best contribution to V2C. A skills requirement matrix has been developed to include customer service skills, experience of living in a V2C home and local knowledge alongside a range of financial, governance and business skills.

- 4.4 As V2C is seeking to change its Memorandum and Articles of Association to move away from a local authority and tenant based Board and towards a skills based Board, in accordance with clause 2.4 of the Deed of Covenant, V2C require the prior written consent from BCBC to the proposal. V2C are looking to implement their new governance model and the move to a skills based board prior to the AGM on the 25<sup>th</sup> of September where a long serving tenant Board member is stepping down. The removal of the tenancy constituent from the Board will allow for the recruitment campaign and consultation event to be run in parallel ahead of the AGM.

## **5. Effect upon policy framework and procedure rules**

- 5.1 There is no effect upon the Policy Framework and Procedure Rules.

## **6. Equality Impact Assessment**

- 6.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics and an EIA status of low priority is considered appropriate at this stage.

## **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 well-being goals/objectives as a result of this report.

## **8. Financial implications**

- 8.1 There are no financial implications.

## **9. Recommendation**

- 9.1 Cabinet are recommended to –

9.1.1 Consider and not object to the proposal from V2C to move to a skills based membership.

9.1.2 On the basis of 9.1.1 delegate authority to the Chief Executive to provide written consent and to enter into any other necessary agreements with V2C to support the adoption of a skills based Board.

Mark Shephard

Chief Executive  
23/07/2019

**Contact officer:** Martin Morgans  
Head of Performance and Partnership Services

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**Email:** Martin.Morgans@bridgend.gov.uk

**Postal address:** Civic Offices, Angel Street, Bridgend

**Background documents:** None

[Council address]

**Our ref:**

**Your ref:**

11 July 2019

Dear Sirs,

**Memorandum of understanding between Valleys to Coast Housing Limited (Valleys to Coast) and Bridgend County Borough Council (the Council).**

Valleys to Coast is amending its rules to adopt Community Housing Cymru's ("**CHC**") model rules 2017 ("**Model Rules**"). CHC is the national representative body of housing associations in Wales. The 2017 Model Rules have been approved by the Regulator ("**Welsh Government**") and the Financial Conduct Authority ("**FCA**") as suitable for RSLs.

These Model Rules are adopted by most housing associations in Wales and are updated regularly to reflect legislative and regulatory changes as well as best practice.

Valleys to Coast's current Rules are based on the National Housing Federation ("**NHF**") Model Rules (as at 2005), which was normal practice for stock transfer organisations prior to Model Rules being more recently developed specifically for the Welsh housing sector. These changes are therefore important to make sure that Valleys to Coast's governing document is up to date in line with changes to the law and best practice.

As far as possible Valleys to Coast has adopted the standard provisions in the Model Rules. The charitable provisions in the rules have been retained, as Valley to Coast has charitable objectives.

Adoption of the CHC 2017 Model Rules will streamline the governance arrangements of Valleys to Coast by reducing the size of the Board from 15 to a maximum of 12 and removing the requirement for constituent groups. Whilst the proposed new rules will set an upper limit of 12 Board Members it is intended that there will be a maximum of 9 Board Members at any one time. Instead of shareholders and Board Members being categorised into local authority, tenant and independent groups the appointment of Board Members will more specifically focus on the relevance of their skills, knowledge and experience and all shareholders will fall within two categories 'tenant or independent shareholder'.

All Board Members will be recruited in accordance with Board Member recruitment policies that contain certain skills matrices to assess a prospective Board Member's suitability for the role.

5491542-2

The stock transfer Transfer Agreement dated 12<sup>th</sup> September 2003 between the Council and Valleys to Coast (the **'Transfer Agreement'**) contained a Deed of Covenant (the **"Deed of Covenant"**) whereby Valleys to Coast promised certain things to the Council.

The Deed of Covenant contained a covenant that Valleys to Coast would reserve/designate a certain number of places on Valleys to Coast's Board for Tenants (up to a third). As Valleys to Coast is seeking to move away from a constituency based Board and towards a skills based Board (in line with other "stock transfer" RSLs in Wales (and "stock transfer" RPs in England)) this covenant will need to be varied by a Deed of Variation.

There is no intention to and this variation would not preclude tenants and residents from becoming Board Members, but any candidate's suitability would be subject to complying with the skills matrices in the Board's Board Member recruitment policies. The Board determines what skills criteria are required from their Board Members. The Board skills matrix has specifically been developed to give weight to skills and experiences that residents and elected members would be likely to hold and lived experience and local knowledge are part of and will continue to be part of the skills scoring criteria.

Valleys to Coast is keen to keep strengthening and developing its relationship with the Council going forward. As part of this approach, Valleys to Coast will work with the Council to recognise and understand the Council's main priorities and ambitions. The key priorities will help to inform and shape Valleys to Coast's future plans. This has already been commenced with the two organisations working together on things like developing social housing and regenerating the town centre.

Valleys to Coast agrees that, subject to the Council agreeing to enter in a deed of variation to make the amendments to the Deed of Covenant described above, it will liaise with the Council as follows:

- It will deliver an annual presentation to the full Council which sets out its work;
- It will engage in an annual discussion with the Council's scrutiny panel;
- It will attend quarterly strategic meetings with the Council; and
- That, subject to Valleys to Coast's Board approval, it will include the following in its skills matrix for Board Membership (as part of its Board Membership policies):
  - Customer service
  - Lived experience
  - Local knowledge
  - Community activity

Your Sincerely  
  
[                  ]



**Business case for Governance Changes at Valleys to Coast Housing Association**

**Executive Summary**

This report sets out the rationale for changes to the governance structures at Valleys to Coast. The report provides detail on the proposed changes; the reasons behind them; the impact of the changes and how Valleys to Coast and Bridgend Borough Council (BCBC) can continue to work closely together to provide the best results for the people of Bridgend.

The organisation has always struggled to fill the tenant places. This is due to two influencing factors; the first is that tenants do not want to take up these roles due to other commitments and interests. The second barrier has been a very onerous and convoluted ballot process that the current rules have in place for tenant members only. Despite countless campaigns over the years, and an on-going soft marketing approach, Valleys to Coast has rarely sustained full tenant membership on the Board.

**Statutory and legislative changes**

Housing Associations were traditionally classed as private sector for borrowing purposes. The Office for National Statistics reclassified associations as public sector a number of years ago, which had the unwelcome impact of including their debt in the public sector, thereby affecting the amount of funding they could receive. Legislation was required to change governance in housing associations to allow housing associations to return to their original classification. The Regulation of Registered Social Landlords (Wales) Act 2018 gained Royal Assent in 2018, and its key to note that the legislation changed the way that local authority representation on Board would work. The Act determined that local authority appointees could not constitute more than 24% of the Board. Valleys to Coast has applied this legislation to the Board, and the impact of this was to reduce the three BCBC nominated positions on the Board to one. This has prompted further consideration of governance at Valleys to Coast and has made the need to change the rules to something more relevant for the issues we face in 2019, and beyond, more acute.

**Good Practice**

In order to guide Housing Associations and provide some consistency across the sector, our Trade Body, CHC has worked with WG to provide a comprehensive set of model rules, which have been designed to reflect:

- the specific regulatory framework in Wales and associated legislation and guidance;
- the accompanying greater emphasis being placed on Boards' duties to uphold the best standards of governance and to effectively monitor the financial health of their Association;
- the move to a less prescribed framework and greater flexibility for housing associations to develop governance arrangements that support their individual cultures and circumstance; and
- more modern accepted business practices for the sector and beyond.

Although they are not mandatory, they do provide a useful framework that has now been tried and tested since their introduction in 2013 and this is reflected in the latest review of the rules in 2017.

We are also aware that WG expects the direction of travel for Welsh housing associations to move towards adopting CHC's model rules, and many housing associations have already completed this adoption. We believe that rules which are specifically created to relate to the issues Welsh housing associations face will be instrumental in improving governance and working relationships.

One of the key principles of the model rules is having a skills-based Board, where members have equal footing and bring their collective skills and experiences to provide the best leadership and governance for the organisation. Those skills are critical to effective decision making and responsiveness to local and strategic issues. In a skills based Board there would not be a dedicated, automatic local authority designated position on the Board going forward, but if there are local councillors or residents who have the relevant skills and experience, then we would be keen to appoint them on that skills basis.

### **Customer Engagement**

Automatic tenant representation on the board has traditionally been seen as one method for the tenant's voice to be heard in housing associations. It is worth noting therefore that the number one Strategic Objective of Valleys to Coast is putting our customers at the heart of everything we do. This is evidenced through our customer service programmes; our comprehensive insight data that is collated by an independent third party; our process improvement projects and our culture transformation initiatives. This year, we have begun work on a new "Customer Experience Strategy" which looks to extend the ways in which we hear the voice of the customer in our business, so that we can design our services to more effectively meet their requirements. It will also look for ways to modernise our approaches so that we can maximise the impact of technology to make it easier for our customers to access and enjoy our services. The change from automatic to skills based representation will not dilute this vital emphasis on the customer and our communities.

### **Working in partnership**

Valleys to Coast see BCBC as its key strategic partner as we are both key anchor organisations in the foundational economy in Bridgend. There are very many opportunities to work together and these are being progressed throughout the Borough and across all sorts of projects, following on from the achievement of the original promises made in 2003. Some examples include the town centre regeneration, Bettws Life Centre, Wildmill rubbish collections, the Innovative Housing Projects and connections with the Employability Bridgend Programme, to name but a few. We are keen to strengthen the partnership and bring our collective resources to gain more synergy and impact for the people of Bridgend in challenging times.

Whilst there is no requirement to have a formal agreement between Valleys to Coast and BCBC, in the true spirit of partnership working and to underline our commitment to our customers, we have drawn up a "Memorandum of Understanding" to symbolise our authentic commitment to our tenants and to the local authority as we maintain our position of being a significant and sustained contributor to the Bridgend economy, community and employment.

Valleys to Coast is keen to keep strengthening and developing its relationship with the Council going forward. As part of this approach, Valleys to Coast will work with the Council to recognise and understand the Council's main priorities and ambitions. The key priorities will help to inform and

shape Valleys to Coast's future plans. This has already been commenced with the two organisations working together on things like developing social housing and regenerating the town centre.

Within the Memorandum of Understanding we make explicit our commitment to BCBC, which will be seen through the delivery of an annual presentation to the full Council which sets out its work, engagement with the Council scrutiny panel to support transparency and we will commit to actively participate in quarterly strategic meetings with BCBC.

### **Proposal**

The Board of Valleys to Coast is keen to move to a skills based board in the near future. This will be constituted of 9 independent people, who collectively hold the relevant skills and experiences to make the best contribution to the organisation. The skills requirement matrix has been developed to include customer service skills; experience of living in a Valleys to Coast home and local activism alongside a range of financial; governance and business skills. It is envisaged that these particular additional skills and experiences are likely to favour residents and elected members, who may be keen to contribute to the work of Valleys to Coast.

There is no intention to preclude tenants and residents from becoming Board Members, but any candidate's suitability would be subject to complying with the skills matrices in the Board's Board Member recruitment policies. The Board determines what skills criteria are required from their Board Members. The Board skills matrix has specifically been developed to give weight to skills and experiences that residents and elected members would be likely to hold and lived experience and local knowledge are part of and will continue to be part of the skills scoring criteria.

The Board of Valleys to Coast is therefore seeking the agreement of BCBC to remove the tenant constituency requirement from its rules, with immediate effect, and offers to make commitments to the Council around its on-going working relationship in return.

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE CHIEF EXECUTIVE

#### VALLEYS REGIONAL PARK

##### 1. Purpose of Report

The purpose of the report is to update Cabinet on work to develop a Valleys Regional Park and to seek Cabinet approval to accept the invitation from Welsh Government for Bridgend County Borough Council (BCBC) to act as host for the programme team and enter into appropriate financial and legal agreements with Welsh Government and the Local Authorities that form the Valleys Regional Park. BCBC will work with public, private and third sector organisations involved across the 10 Local Authority areas of the Cardiff Capital Region along with Swansea, Neath Port Talbot and potentially other authorities at a later date to develop and deliver the next phase of the Valleys Regional Park as set out in the Valleys Regional Park Prospectus.

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

2.1. This report supports the following corporate priorities:

- 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.
- 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 Valleys Regional Park (VRP) has been developed through the Welsh Government Ministerial Taskforce for the Valleys in partnership with the Valleys local authorities (Merthyr Tydfil, Blaenau Gwent, Rhondda Cynon Taff, Caerphilly, Torfaen, Neath Port Talbot), Natural Resources Wales, Visit Wales and Welsh Government policy colleagues in Health and Environment Divisions. It reflects the views of stakeholders from Valleys communities, the Third Sector, Public Health Wales and feedback received through a series of engagement events held over the last 18 months. The VRP prospectus was published on 18th October 2018.

3.2. The aim of the VRP is to maximise the social, economic and environmental potential of Valleys' natural, cultural and heritage assets.

- 3.3. It is intended that the VRP will provide and sustain the improvement and management of a highly visible network of uplands, woodlands, nature reserves and country parks, rivers, reservoirs and canals, heritage sites and attractions across the Valleys, linking with the towns and villages.
- 3.4. Based on previous experience, best practice research, and extensive engagement through the Valleys Taskforce, the Valleys Regional Park has three interlinked delivery themes:
- Landscape, Culture and Identity
  - Recreation and Wellbeing
  - Communities and Enterprise
- 3.5. In 2018 Welsh Government announced a series of Valley Gateway Sites - Dare Valley Country Park (Rhondda Cynon Taff), Caerphilly Castle (Caerphilly), Cwmcarn Forest (Caerphilly), Blaenavon World Heritage Visitor Centre (Torfaen), Cyfarthfa Park (Merthyr Tydfil), Ynysangharad War Memorial Park (Rhondda Cynon Taff) , Parc Bryn Bach (Blaenau Gwent CBC), Parc Slip Nature Reserve and Bryngarw Country Park (both Bridgend). All sites were invited to submit proposals direct to Welsh Government for capital funding, outlining options for delivery against the ambition of the VRP prospectus. Welsh Government will determine allocations of capital resources and directly manage any funding agreements in relation to Gateway Sites. Alongside this Welsh Government have made resources available for the VRP delivery team.

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

- 4.1. On 29<sup>th</sup> April 2019 discussions took place between the partner local authorities and the Deputy Minister for Economy and Transport. The Deputy Minister expressed a desire for a local authority to act as host for the delivery team element of the next stage of the VRP – to March 2021. Bridgend County Borough Council was invited to be the host authority.
- 4.2. Welsh Government are seeking a host organisation which will, in line with the host's policies and procedures, for a period from August 2019 to March 2021:
- Establish an appropriate and acceptable form of legal agreement between the local authorities within the Cardiff Capital Region with the addition of Neath Port Talbot CBC and Swansea City Council and potentially other authorities at later stages to develop the next stage of the VRP for the period to March 2021 and as set out in the prospectus published in October 2018.
  - Establish and manage the core VRP team. This will include acting as a host for a Welsh Government employee in the role of Strategic and Operational Lead. A separate form of appropriate agreement will be put in place between Welsh Government and BCBC in relation to the management and performance of this role.
  - Establish and support appropriate governance processes and structures for the VRP. This is currently considered to include an overarching Board made up of the leaders of the partner local authorities and a VRP forum involving local authority officers and key stakeholders to oversee the operation of the VRP.

- Work with partners to oversee an on-going review and update of the VRP delivery plan to reflect priorities. BCBC will manage the process of reviewing, updating and proposing forward plans to Welsh Government. Welsh Government will be ultimately responsible for agreeing forward work plans.
  - Propose medium term funding options for consideration by Welsh Government and potentially act as lead applicant should appropriate funding streams be identified. Any further funding proposals would require necessary processes and procedures to be followed in line with relevant grant procedures.
  - Report progress at regular intervals against a set of agreed Key Performance Indicators (KPIs) to Welsh Government.
  - Be required to meet with Welsh Government officials to review progress on a bi-monthly basis for the period August 2019 to March 2021, and report on issues or concerns in the interim periods.
- 4.3. The delivery of the VRP will be based on a partnership approach. It will be overseen by a Board made up of the leaders of the partner authorities based on the approach to regional working developed through the Cardiff Capital Region. An operational level group, to be called the VRP forum, will operate below the Board level involving officers from the VRP partners and other key stakeholders to oversee the operational aspects of the VRP.
- 4.4. BCBC will enter into a funding agreement with Welsh Government. A suitable form of legal agreement between BCBC and partner local authorities will be finalised once the terms of the grant are finalised. A parallel document relating to the Welsh Government employee to be hosted with BCBC will also be finalised once the terms of the grant are finalised.
- 4.5 Based on the information provided by Welsh Government to BCBC the posts that will be advertised are:
- Business & Compliance Co-ordinator
  - Communities & Enterprise Theme Convenor
  - Landscape Culture & Identity Convenor
  - Recreation & Wellbeing Theme Convenor
- The VRP Strategic & Operational lead will remain as a Welsh Government employee but be hosted by BCBC.
- 4.6 All posts will be offered on a secondment only basis on the clear understanding that where posts are filled they will return to their organisations at the end of the funded period, currently up to March 2021. This will offer potential to get the team up to speed in a timely fashion.
- 4.7. Jobs will only be offered once approval has been provided by Welsh Government in the form of a funding offer, partner local authorities have all endorsed the approach and indicated support for the legal agreement with BCBC, and BCBC Cabinet have accepted the invitation to host.
- 4.8 Alongside the core team it is proposed that VRP Guardians are established. The VRP partners have indicated a desire to explore whether the 'Guardian Capacity'

can be delivered via commissioning, seeking to add value to existing provision in this area, rather than a direct recruitment exercise. This will be discussed further before a firm proposal is developed with the Forum and Board before seeking Welsh Government approval.

- 4.9. Welsh Government have stated that the VRP at this stage is focused on developing the structures and partnership work with the intention of the VRP being a long term commitment. The Strategic and Operational post will lead the work with the European funding teams in Welsh Government and look for other funding opportunities to present a medium term funding options appraisal. This options appraisal will be developed through the VRP Forum and VRP Board.
- 4.10. An early priority will be the revision of the VRP delivery plan reflecting the project funding window and the ambitions set out in the VRP prospectus. This will be done with a working group involving the local authority officers and will include engagement workshops involving stakeholders including Health, National Resources Wales, community groups and Third Sector. Welsh Government have proposed that the Valleys Taskforce team are involved in this work and that a revised plan is presented for approval for inclusion in the revised version of the taskforce plan to be published in November 2019. This will require the new plan to be drafted by early October.
- 4.11 Welsh Government have informed BCBC that Leaders of the partner local authorities have committed officer time to the delivery of this project.

## **5. Effect upon Policy Framework & Procedure Rules**

- 5.1. There is no direct impact on the Council's policy framework and procedure rules.

## **6. Equality Impact Assessment**

- 6.1. Initial screening carried out and shows no negative impact. As required, future proposals will be subject to further EIA.

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

- 7.1 The Well-being of Future Generations (Wales) Act 2015 Assessment Template has been completed and a summary of the implications from the assessment relating to the five ways of working is below:
  - Long-term: The activities that form part of the scheme have been identified by the partners that will take part and are closely aligned with the long-term ambitions set out in the VRP prospectus. A regional collaborative approach, linked to regional working as part of the Cardiff Capital Region area works towards long-term delivery.
  - Prevention: On their own none of the partners or participating Counties would be able to achieve the scale of impact that such a partnership approach offers. Therefore delivering in this way offers the opportunity to build on success to date and prevent a deterioration of the value that the development of the VRP brings to the region.



- Integration: The scheme will achieve this way of working by recognising the approaches that are proposed for support are those that have been identified by partner organisations due to their synergy with local, regional and national priorities.
- Collaboration: The proposals have been developed and will be delivered through a strong partnership between BCBC and those partners that will form part of the delivery.
- Involvement: The scheme will be delivered in close partnership with a range of local stakeholders in each area. Discussions and development with neighboring Counties has taken place through BCBC's Economy, Natural Resources and Sustainability team and relevant officers from neighbouring Councils as well as representatives from a range of private and third sector partners.

## **8. Financial Implications**

- 8.1. Welsh Government have made available funding of £342k for 2019/20 and £550k for 2020/21 to be allocated to this work and paid via a grant to BCBC. No match funding is required and the posts will be advertised as secondment only to reduce potential redundancy cost liability. Any costs incurred by BCBC through hosting the VRP will be covered by the grant funding available.
- 8.2. The Section 151 Officer will ensure that the grant funding provided is used solely for the purposes outlined in the grant offer letter. Expenditure of the grant will comply with all statutory requirements for accounting and internal audit (including supporting records and all systems of internal checks and control), and will be included with any internal or external audit of the Council's funding.

## **9. Recommendation**

Cabinet is recommended to:

- 9.1. Note progress to date in developing the VRP.
- 9.2. Accept the invitation to host the VRP delivery team resource.
- 9.3. Delegate authority to the Chief Executive, in consultation with the Section 151 Officer and the Head of Legal and Regulatory Services, to enter into any appropriate funding and legal agreements necessary to fulfil its role as host the VRP delivery team.

**Mark Shephard**  
**Chief Executive**  
**23<sup>rd</sup> July 2019**

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**Background documents:**

Valleys Regional Park Prospectus

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE CHIEF EXECUTIVE

#### CAERAU MINE WATER HEAT PROJECT

##### 1. Purpose of Report

1.1. The purpose of this report is to:

- 1.1.1. update Cabinet on the Caerau Mine Water Heat Project;
- 1.1.2. delegate authority to the Section 151 Officer, subject to the approval of the and Head of Legal and Regulatory Services, to accept a revised funding offer from the Welsh European Funding Office (WEFO); and
- 1.1.3. delegate authority to the Chief Executive, in consultation with the Section 151 Officer and the Head of Legal and Regulatory Services, to enter into any funding and/or legal agreements required as a result of accepting the revised funding offer from WEFO.

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

2.1. This report supports the following corporate priorities:

- 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.
- 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. Bridgend County Borough Council (BCBC) was selected as a demonstrator for the Smart Systems Heat (SSH) Programme in October 2014. One of the key deliverables of this programme was the adoption by Cabinet in February 2019 of the Local Area Energy Strategy (LAES) and the Smart Energy Plan (SEP). This was developed in partnership with the Energy Systems Catapult (ESC). Overall, the SSH programme was divided into 3 phases, outlined below in relation to the development of the Caerau Mine Water Heat Project:

- Phase 1 2015 - 2018 - This phase involved using the EnergyPath Network suite of tools to create a Low Carbon Transition Strategy for Bridgend County Borough, detailing how the County Borough can meet the UK decarbonisation targets by 2050.

- Phase 2 Development 2016 – 2019 - This phase involves the development of the funding package for the project, establishing the scope of the demonstrator schemes, engaging with residents and commercial stakeholders and creating the delivery structure for the programme.
  - Phase 3 Delivery 2019 and beyond – this phase will be the construction and monitoring phase of the programme which will test the concept and methodology of the project, and most importantly that the approach can be adopted nationally and provide an evidence base for future UK and Welsh Government (WG) policy.
- 3.2. BCBC proposed the Caerau Mine Water Heat Project as one of the demonstrator projects for the SSH Programme. The project is highly innovative and proposes to extract heat from water contained within flooded former coal mine workings to provide a resource for properties within Caerau. The mine water will have heat extracted and transferred to a clean water circuit. This water would be transported via a network of pipes to local energy centres where the temperature would be boosted to the required temperature by ground source heat pumps and then circulated to the residents' houses.

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

- 4.1. BCBC submitted an Operation Logic Table (OLT) to WEFO on the 3rd June 2016 for the Caerau Mine Water Heat Project. WEFO then took the OLT to their Programme Management Group who approved the OLT and BCBC were invited to submit a business plan as part of the ERDF funding process.
- 4.2. Work on the business plan commenced in September 2016 in partnership with the ESC. The business plan went through several versions during an ongoing dialogue with WEFO and the final plan for approval was submitted in September 2017 under ERDF Priority 3 Renewable Energy and Energy Efficiency – SO3.2: Increasing the number of commercially viable small scale renewable energy schemes.
- 4.3. WEFO made a formal grant offer to BCBC (dated 13th November 2017) for £6,498,943. The offer was accepted by Corporate Director Communities under delegated authority.
- 4.4. A feasibility study was completed in 2018 which showed that water is present beneath the village at a consistent temperature of 20.5°C and a techno-economic model is near completion which seeks to establish the commercial position of the project.
- 4.5. The Coal Authority has undertaken a mine water resource assessment beneath the village and this will be validated through further investigations during 2019. Hitachi has completed an assessment of local energy supply options for the heat pumps and as an alternative to a grid connection a connection to a local wind farm via a private wire is being explored.
- 4.6. The findings of the work to date and structural changes within BCBC have resulted in the need to submit revised proposals to WEFO, in order for there to be a revised

funding letter with an increased grant offer. This will better reflect the current understanding of:

- The total financial package and when costs will likely be incurred
- The most up to date delivery timetable and the progress made to date
- Structural changes made by BCBC that have enhanced the staffing arrangement, revised aspects of the project roles and improvements to BCBC governance arrangements
- The involvement of external stakeholders in the project through the external stakeholder group and in particular of ESC by becoming a joint beneficiary.

4.7. The revised proposals will be submitted to WEFO in July 2019, subject to approval from the Section 151 Officer. WEFO will undertake an assessment of the revised proposals and, if approved, shall issue a revised funding letter to BCBC. If any of the proposed changes or revised terms and conditions are considered unacceptable, then officers will consider the implications and associated risks and escalate as required. Legal and financial approval shall also be sought. Acceptance of the above revisions and agreement of revised funding offer will ensure a shared understanding of the project based on current information between BCBC, WEFO and key stakeholders.

4.8. As mentioned above, the Caerau Mine Water Heat Project is considered as an innovation project. There are a number of decision gates at each of which a decision will be prompted as to whether the project should proceed or be stopped. If appropriate, further reports will be brought to Cabinet in relation to these decision gates. These decision gates along with estimated dates of when they may occur and the proposed project outputs and outcomes are summarised in Table 1 below. The outputs column identifies what will have been delivered at these key points should for any reason the project not proceed past the decision gate.

Table 1: Caerau Mine Water Heat Project – Decision Gates

<b>Decision Gate</b>	<b>Estimated date</b>	<b>Project outputs/outcomes/Learning achieved by decision gateway point</b>
If Mine water investigations do not show sufficient mine water available the scheme may not proceed.	Early 2020	Developed techno-economic model for a district heating scheme using heat pumps and mine water. Experience of consumer consultation for a domestic district heating scheme. Learning about the use of mine water as a heat source.
If Detailed Project Development and Outline Business Case do not demonstrate that the project is viable the scheme may not proceed.	Early 2020	As above, and: Detailed Project Development for a district heating scheme using heat pumps and mine water.
If BCBC is unable to	Early 2021	As above, and:

appoint a Design Build Operate and Maintain Contractor (for example, due to a failed tender process) the scheme may not proceed.		Learnings from the tendering process
If insufficient households sign up to the heat contract for the scheme to be viable the scheme may not proceed.	2022	As above, and: Learnings from the marketing of heat contracts to house

4.9. The Caerau Mine Water Heat Project is overseen internally via a Project Internal Governance Board which is comprised of officers from relevant Council departments. This reports to the Energy Programme Board which is tasked with overseeing the overall delivery of the SEP. Issues are escalated from the Energy Programme Board to Communities Directorate Management Team and Corporate Management Board as required.

4.10. An external Stakeholder Group exists which provides advice and support to the Project Team. This is fed through to the Project Internal Governance Board via the Project Manager. This Group is made up of representatives from:

- Welsh Government
- BCBC
- Energy Systems Catapult
- Coal Authority
- British Geological Survey
- Natural Resources Wales
- Cardiff University
- Coalfields Regeneration Trust
- Valleys to Coast

## 5. Effect upon Policy Framework & Procedure Rules

5.1. There are no effects on BCBC's Policy Framework and Procedure Rules.

## 6. Equality Impact Assessment

6.1. It is considered that there will be no negative impacts from this report.

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

7.1. The Caerau Mine Water Heat Project is a positive step in regard to the Council's role in complying with the Well-being of Future Generations (Wales) Act 2015. BCBC is taking a positive proactive role within the decarbonisation agenda which will ensure that the significant environmental, social and economic opportunities created through the decarbonisation transition of the energy market will be captured.

7.2. In terms of meeting the 5 ways of working within the Act:

**Long Term:** The project will provide a key opportunity to deliver decarbonised heat system that support efforts through an innovation project to meet the UK decarbonisation targets.

**Prevention:** The project will provide an opportunity for those impacted in the community of Caerau to benefit from the decarbonisation transition and ensure that solutions are designed and available for everyone and not just the ability to pay market.

**Integration:** The project will offer carbon reductions, reduced fuel bills and create economic opportunities through a clearly identified value chain.

**Collaboration:** BCBC is working with both UK Government and Welsh Government as well as private sector partners to deliver the decarbonisation agenda.

**Involvement:** The project involves working with a variety of stakeholders to deliver sustainable solutions around the delivery of decarbonised heat for residents.

## 8. Financial Implications

8.1. The original funding profile for the project and the proposed revised profile are compared below:

Project element	Original profile costs (£'000)	Revised profile costs (£'000)
Construction Costs	5,189	6,294
Professional Services	2,071	2,188
Accommodation	148	305
HR costs	2	0
Staff and Travel	1,825	839
Overhead	187	125
Total	9,422	9,751

8.2. The match funding for the proposed revised profile is secured from the following sources, compared to the original profile:

Funder	Original funding breakdown (£'000)	Revised funding breakdown (£'000)
Welsh Government	1,430	1,469
BCBC 31% of Staff Costs	253	232
BCBC Staffing (retrospective costs)	50	123
BCBC Earmarked Reserve	0	45
Scottish Power	108	65
Standing charge for heat revenue	65	453
DECC - Staffing match	0	77
WEFO Grant (capital)	4,637	6,293
WEFO Grant (revenue)	1,862	994
Total investment	9,423	9,751

- 8.3. The proposed revision in the funding profile will increase the funding offer from WEFO from £6,498,943 to £7,287,000.
- 8.4. The requirements of WEFO will be such that evidence will be required to demonstrate that all necessary processes have been carried out and that all relevant notices, licenses, permissions and consents will be served and/or obtained to ensure compliance. This will include adherence with EU State Aid and procurement requirements.

## 9. Recommendation

9.1. Cabinet is recommended to:

- 9.1.1 Note the progress to date of the Caerau Mine Water Heat Project;
- 9.1.2 delegate authority to the Section 151 Officer, subject to the approval of the Head of Legal and Regulatory Services, to accept a revised funding offer from WEFO; and
- 9.1.3 Delegate authority to the Chief Executive, in consultation with the Section 151 Officer and the Head of Legal and Regulatory Services, to enter into any funding and/or legal agreements required as a result of accepting the revised funding offer from WEFO.

**Mark Shephard**  
**CHIEF EXECUTIVE**  
**23<sup>rd</sup> JULY 2019**

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**Background documents:**

Bridgend County Borough Council Local Area Energy Strategy  
Bridgend County Borough Council Smart Energy Plan,  
Cabinet report dated 19 February 2019

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### JOINT REPORT OF THE CHIEF EXECUTIVE AND HEAD OF OPERATIONS - COMMUNITIES

#### COMMUNITY ASSET TRANSFER POLICY

##### 1. Purpose of Report

1.1 The report seeks approval to implement the recommendations of the Community Asset Transfer (CAT) Task and Finish Group designed to ensure that CAT Priority 1 asset transfers can be progressed more efficiently and effectively and to also approve the associated changes to the:

- (a) Community Asset Transfer policy; and
- (b) List of CAT Priority 1 Assets available for long-term lease or short-term management agreement.

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

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

- (a) **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.
- (b) **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

###### Current Financial Climate

3.1 Ongoing policies of fiscal austerity mean that Wales is continuing to face an unprecedented and difficult financial climate for the delivery of local government services. It is imperative therefore that the Council continues to work in collaboration with voluntary sector organisations to safeguard the services of value to communities, helping to build a prosperous Wales for current and future generations. The transfer of an asset or service to a Town and Community Council (T&CC), sports club or a community group offers an opportunity to maintain and preserve valuable community services which may otherwise be under threat; or alternatively improve the provision that is already available.

- 3.2 The Corporate Director (Communities) prepared two reports relating to Playing Fields, Outdoor Sports Facilities and Parks Pavilions which have been discussed by the Overview and Scrutiny Committee 1 on 5 September 2018 and Cabinet on 18 September 2018. The purpose of the Cabinet report was to seek approval to undertake a consultation exercise on proposals to make the Council's provision of playing fields, outdoor sports facilities and sports pavilions more financially sustainable moving forward. It also aligns with the priority of moving to a position where there is less reliance on the Council for the cost and provision of community services by seeking ways in which the local community, relevant sports clubs and potentially T&CCs might play a greater part moving forward in maintaining and operating these facilities.
- 3.3 Public consultation on the proposals to significantly increase charges applied to sports clubs and other organisations using the Council's playing fields, outdoor sports facilities and pavilions to a full cost recovery basis commenced on 17 April 2019 for a 12 week period with a report planned to be presented to Cabinet shortly thereafter. The policy, if approved, 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. This is part of a range of measures in the parks and playing fields service aimed at reducing costs by £69,000 in 2019-20 and a further £369,000 in 2020-21 under the proposed Medium Term Financial Strategy (MTFS).

#### Current CAT Policy

- 3.4 Community asset transfer has traditionally been undertaken in line with the Council's Asset Management Plan 2021 : Community Asset Transfer Guidance Document first published in 2010 and updated in 2015.
- 3.5 In 2015 the Council determined the categories of assets which it was prepared to transfer to community groups based on emerging corporate priorities and MTFS budget reduction requirements to be as follows:

Priority 1	<ul style="list-style-type: none"> <li>• Public Toilets</li> <li>• Parks Pavilions</li> <li>• Bus Shelters</li> <li>• Community Centres</li> </ul>
Priority 2	<ul style="list-style-type: none"> <li>• Playgrounds</li> <li>• Playing fields (excluding school playing fields) and bowling greens</li> </ul>
Priority 3	<ul style="list-style-type: none"> <li>• Miscellaneous assets</li> </ul>

- 3.6 The Corporate Director (Communities) wrote to Clerks of T&CCs and relevant Community Groups and Sports Clubs on 16 October 2015 outlining the Council's CAT policy, assets available for transfer, timescales and inviting expressions of interest in transferring Council assets under CAT Priority 1.
- 3.7 The Council issued updated guidance on Community Asset Transfer in October 2015 based on the Best Practice Guide issued by Welsh Government which incorporated the revisions to systems and processes and the establishment of clear roles and responsibilities for a four stage process (see **Appendix A**):

Stage 1	Expression of Interest
Stage 2	Development of a Business Plan
Stage 3	Formal assessment of Business Plan
Stage 4	Completion of the transaction

3.8 The Community Asset Transfer Steering Group which is chaired by the Head of Operations - Community Services meets on a monthly basis and is represented by officers from Communities Operations (Parks, Corporate Landlord and CAT Officer), Education and Family Support Directorate, Finance, and Legal Services. The Steering Group has responsibility for approving expressions of interests, business cases, support and funding by ensuring that any proposed community asset transfer meets the Council's strategic priorities, operational requirements and future direction of travel. Approval to dispose of council assets including community asset transfers has been delegated to the Strategic Asset Management and Investment Manager. However, more complex and contentious disposals are authorised either by the Corporate Director (Communities) or reported to Cabinet for approval.

#### CAT Resources & Support

3.9 The Council created a 3-year fixed-term CAT Officer post funded from the Change Management Fund in November 2015 to deal with enquiries, provide advice and guidance, oversee due diligence and to liaise with internal and external stakeholders. The Corporate Management Board (CMB) agreed to extend the CAT Officer post for a further 3 years from 31 October 2018, following a further bid to the Change Management Fund.

3.10 The Council has set aside capital funding to assist T&CCs and community groups to progress and complete community asset transfers which includes:

- £1 million Sports Pavilion Fund used to improve the condition of self-managed sports pavilions in partnership with users. The users under the terms of their respective completed leases would be responsible for the maintenance and repair of buildings and the payment of running costs. It was anticipated that users would then be able to take control of any repairs and maintenance, in line with their needs and expectations. This was approved by Council on 19 February 2014 when the 'Refurbishment and Management of Sports Pavilions' Report confirmed at that time the total legacy of repair for sports pavilions was estimated to be £3.85 million.
- Approved an additional £50K capital funding per annum from 2016/17 to 2018/19 to the T&CC Capital Grant scheme to support T&CCs to undertake capital projects related to community asset transfer. Funding for 2019/20 reverting back to £50K;

3.11 The Sports Pavilion Fund has subsequently been re-designated as the CAT Fund and the scope for funding widened under the MTFs 2019-20 to 2022-23 to also include building 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. To date only three projects have been allocated funding from this source:

Community Group	Asset	Purpose	Amount
Bryncethin RFC	Bryncethin Playing Fields	Develop a community centre	£110k
Careau FC	Hermon Road/Metcalf Street Playing Fields	Refurbish the existing pavilion	£50k
Pencoed Town Council	Pencoed Recreation Ground Pavilion	Repairs to enable pavilion to be re-opened	*£75k

\* Maximum contribution agreed by Cabinet on 21 May 2019

- 3.12 Under the revised protocol approved by Cabinet on 25 July 2017, funding applications up to £50K from the £1 million CAT Fund can be approved by the CAT Steering Group with all sums in excess of this threshold being referred to Cabinet for approval.
- 3.13 Funding under the Town and Community Council grant for 2017-18 to 2019-20 has prioritised community asset transfer projects. The CAT Officer has liaised with T&CCs to assist them in submitting funding applications and Cabinet has approved match funding of £229,211 in respect of 10 CAT related projects during this period.
- 3.14 The Council entered into a joint contract with the Wales Co-operative Centre, Bridgend Association of Voluntary Organisations (BAVO), and the Coalfields Regeneration Trust following a full tendering exercise in December 2016 to provide business planning and specialist advice to community groups to facilitate the community asset transfer process. A total of 16 individual community organisations have been referred to carry out 45 assignments under the original joint contract to provide guidance in respect of business planning, legal structures, accounting for VAT, and technical surveys at a cost to date of £99,602. The CAT Business Support contract has been part funded by the LEADER Local Development Fund (Project TRC-28) for groups requiring support located in a Rural Development area. The joint contract expired on 31 March 2019 and re-tender exercise has been undertaken and the new joint contract awarded to the Wales Co-operative Centre and Coalfields Regeneration Trust for a 2 year period with an option for an additional year's extension to the contract period.

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

##### CAT Task & Finish Group

- 4.1 The CAT Task & Finish Group has been established by the CAT Steering Group as a direct response to the recommendations made by Members of the Overview and Scrutiny Committee 3 (OVSC3) on 17 January 2018 relating to the Community Asset Transfer report presented by the Corporate Director (Communities) with the primary objective of providing strategic direction in respect of the Council's CAT Programme and associated policies, systems and processes.
- 4.2 The inaugural meeting of the Task & Finish Group was held on 15 August 2018 with a further 5 meetings being held:

Date of Meeting	Main Items Discussed
15 August 2018	<ul style="list-style-type: none"> <li>• Terms of Reference</li> <li>• Current CAT Policy</li> <li>• Current CAT Priority Asset Groups</li> <li>• Current Assets Available for Transfer</li> <li>• Future Developments likely to impact upon CAT</li> </ul>
19 September 2018	<ul style="list-style-type: none"> <li>• Sports Facilities : Single &amp; Multi Users</li> <li>• Comparisons With Other Local Authorities</li> <li>• Forward Work Programme</li> </ul>
18 October 2018	<ul style="list-style-type: none"> <li>• Risk Management , Risk Appetite &amp; Risk Register</li> </ul>
12 November 2018	<ul style="list-style-type: none"> <li>• Process Mapping – Current Policy &amp; Procedures ('Brown Paper Technique')</li> <li>• Conclusions &amp; Recommendations For Improvements</li> </ul>
20 December 2018	<ul style="list-style-type: none"> <li>• Current CAT Process Outline</li> <li>• Proposed CAT Process Outline</li> <li>• Key Legal Points</li> <li>• Multi User Sites</li> <li>• Future CAT Assets &amp; Priorities</li> </ul>
6 February 2019	<ul style="list-style-type: none"> <li>• Updated CAT Policy</li> <li>• Updated CAT Asset List</li> <li>• Staff Resources</li> <li>• CAT Incentives &amp; Support</li> <li>• Feedback &amp; Recommendations from OVSC3 held on 24/01/19</li> </ul>

4.3 The approaches adopted by other local authorities to community asset transfer and in particular Carmarthenshire and Neath Port Talbot have been considered by the Task & Finish Group so that best practice of these two local authorities and their lessons learnt can be assessed and taken into consideration.

4.4 The Head of Operations - Community Services facilitated a Process Flow Mapping exercise with the aim of providing a structured way of mapping and critiquing the existing community asset transfer process, in order to examine its effectiveness and determine obstacles, identify areas requiring improvement and to recommend process changes. This exercise highlighted a clear consensus amongst members of the Task & Finish Group (and synergy with the main Recommendations made on 17 January 2018 by the OVSC3) that front loading at Pre Expression of Interest stage is the key to ensuring that the Council can reduce delays and limit the disappointment of community groups from the outset. The maintenance of an up-to-date CAT List is integral to ensuring that the Council is in a position to know:

- What assets are available or not available (with clear reason why, e.g. development potential);
- Land Title, Restrictions / Covenants;
- Basis of Transfer (Freehold / Leasehold or Management Agreement);

- Duration of Lease, Management Agreement or Licence.
- 4.5 There is also other basic asset data that must also be made available at the Pre Expression of Interest stage and this should include:
- Compliance Data;
  - Condition Survey;
  - Operating Costs.
- 4.6 The use of model Heads of Terms and template Leases for particular asset groups is also strongly advocated by the Task & Finish Group and there may be scope for these to be subject to independent review by bodies such as the Welsh Rugby Union or FAW Trust so that a “take it or leave it” approach can be adopted by the Council to avoid protracted negotiations. However, community asset transfers have varying degrees of complexity and as a result, model Heads of Terms and template Leases may not cover all requirements in each case.
- 4.7 The submission of a detailed business plan is time consuming and costly to prepare and its assessment and approval by officers can cause transfers to be delayed. The Task and Finish Group gave this consideration and concluded that the submission of a detailed business plan is not necessary or appropriate in all cases. Although the Task & Finish Group believes that the submission of income and expenditure projections for a minimum of a 5-year period is still an essential requirement to enable a community group to display an understanding of the associated costs of managing and demonstrating the sustainability of the asset. Detailed business plans should still be requested for complex projects particularly if the Council asset subject to transfer requires significant investment involving major refurbishment or new build. This is a move away from Welsh Government suggested best practice but a significant step forwards in streamlining the CAT process.
- 4.8 The Business Diagnostic Assessment (see Outline at **Appendix B**) is considered to be an essential part of the due diligence process that should provide the Council with assurance as regards the capabilities and capacity of a particular community group and that the directors / trustees of such groups who will be involved in the future management of an asset / service are fully aware of the duties and responsibilities that must be discharged. The Business Diagnostic Assessment should contain mandatory and discretionary recommendations (including compulsory training elements) to assist in the development of community groups and them becoming competent asset holders. The implementation of recommendations should dictate how quickly the transfer can be progressed. It was also recommended that a RAG traffic light rating system based upon an assessment of risk should be introduced to make this aspect more transparent as illustrated in the table shown at **Appendix C**.
- 4.9 There is also scope for T&CCs and established community groups to have their applications “fast tracked” particularly where the asset subject to transfer is in a compliant condition (see Fast Track process at **Appendix D**). The current 4 stage model CAT approach should, however, be retained for:
- All complex transfers;
  - Assets assessed by the Council as uneconomical to repair; and
  - Disposals of surplus assets (either on or off market) with potential community interest.



- 4.10 There are obvious advantages and disadvantages associated with the adoption of a “Fast Track” Approach and these include the following:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Simpler more streamlined process enabling Priority 1 CAT’s to be met within limited timescale</li> <li>• Earlier decision making by the Council and community groups</li> <li>• Creates momentum for process through success stories</li> <li>• Enables MTFs savings to be achieved in a more timely manner</li> </ul>	<ul style="list-style-type: none"> <li>• Not in accordance with Welsh Government best practice</li> <li>• Requires up front resourcing to collate relevant information</li> <li>• Reduced requirement for detailed business plan</li> <li>• Risk assets could be returned in worse condition and then closed</li> </ul>

- 4.11 The Task & Finish Group is recommending to the Cabinet that the priority of assets for community asset transfer should be refined so that savings under the MTFs can be prioritised accordingly:

Priority 1	<ul style="list-style-type: none"> <li>• Sports Pavilions</li> <li>• Playing Fields (excluding school playing fields) and Bowling Greens</li> <li>• Community Centres</li> </ul>
Priority 2	<ul style="list-style-type: none"> <li>• Playgrounds / Play Areas</li> <li>• Free Car Parks</li> <li>• Allotments</li> </ul>
Priority 3	<ul style="list-style-type: none"> <li>• Miscellaneous Assets</li> </ul>

- 4.12 The Council’s Community Asset Transfer Policy document which was last updated in October 2015 has been amended (see Revised Policy at **Appendix E**) to take account of the following changes recommended by the Task & Finish Group:

- Revised CAT Asset Priorities;
- Adoption of a risk based approach to the assessment of community groups and assets;
- Introduction of “fast tracking” of CAT applications;
- More emphasis on a Business Diagnostic Assessment being undertaken on each community group;
- Reduced requirement for detailed business plans being a mandatory requirement for community groups and assets deemed suitable for “fast tracking”.

- 4.13 A List of Assets available for community asset transfer either under long-term leases or short-term management agreements has been prepared to take account of future development potential of sites (updated Local Development Plan and the Schools Development Plan), and the generation of capital receipts (see CAT Priority 1 Asset List at **Appendix F**). This List of Assets once approved by Cabinet will be distributed to Members, T&CCs and other stakeholders as a matter of priority and will be subject to regular review and updating by the Corporate Landlord in consultation with the CAT Steering Group and the Cabinet.

- 4.14 It is envisaged that the updated CAT programme and related policy should be subject to a re-launch to encourage wider participation by and engagement with stakeholders to coincide with CAT being promoted on the Council's web pages.
- 4.15 Resourcing shortages were noted by the Task & Finish Group as being a contributory factor in the delay in processing CAT transfers and the staff resources required to progress multiple community asset transfers within agreed timescales for the influx of CAT's required under the MTFs is being assessed by the Head of Operations Community Services with any proposed changes in personnel needing to be subject to the development of a business case that will need to be approved by CMB and/or Cabinet. However, securing funding for any additional staff growth in the current financial climate is likely to prove difficult. The "Team" approach adopted by both Carmarthenshire and Neath Port Talbot to manage multiple projects whereby multi-disciplinary staff (e.g. Property, Legal, Parks and CAT Officer) work together is also favoured by the Task & Finish Group going forward.
- 4.16 The recommendations arising from the CAT Task & Finish Group can be summarised as follows:
- A List of Assets available for community asset transfer should be maintained and periodically reviewed and updated;
  - Asset data (compliance, condition survey and operating costs) should be issued to community groups at the earliest opportunity;
  - Model Heads of Terms and template Leases for particular asset groups should be utilised wherever possible with a "take it or leave it" approach being adopted;
  - The submission of income and expenditure projections for a minimum of a 5-year period should suffice for the majority of community asset transfers but detailed business plans should still be requested for complex projects;
  - A risk based approach should be adopted for the Business Diagnostic Assessment undertaken upon community groups and the assets being subject to transfer;
  - T&CCs and established community groups should have their applications fast tracked particularly where the asset subject to transfer is in a compliant condition. The risk based approach will enable a risk matrix to be produced identifying suitability for fast tracking;
  - The risk based approach will also ensure that the majority of community groups will no longer be expected to produce a full detailed business case;
  - Staff resources required to progress community asset transfers needs to be evaluated so that agreed timescales can be met and a "team" approach adopted.

## **5. Effect upon Policy Framework & Procedure Rules**

- 5.1 The Council's Community Asset Transfer policy document has been updated to reflect the changes to process recommended by the CAT Task & Finish Group (see Revised Policy at **Appendix E**).

## **6. Equality Impact Assessment**

- 6.1 There is no impact on specific equality groups as a consequence of this report.

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

- 7.1 The Council is committed to promoting sustainable development and to discharge our duties under the Well-being of Future Generations (Wales) Act 2015. The proposals being made by the CAT Task & Finish Group are aimed at streamlining processes to enable community asset transfers to be fast tracked, wherever possible, and to reduce the burden placed upon T&CCs and community groups. The proposals seek to take into consideration the long-term sustainability of sports facilities in the County Borough of Bridgend and recognises the importance of such facilities in delivering a healthier Wales and the role these facilities have in a Wales of cohesive communities. In light of increasing pressures on the Council's budgets, taking an integrated approach to the way the Council operates these kinds of facilities will be vital. The report outlines how sports clubs and community groups will be involved in the development of collaborative working opportunities to ensure the long-term sustainability of the facilities and the Council's ability to fund other services.
- 7.2 The required Assessment Template has been completed and a summary of the implications from the assessment relating to the five ways of working is outlined below in respect of the proposed changes to the Community Asset Transfer policy and processes:

<b>Long-term</b>	Supports the corporate priorities of the Council outlined at paragraph 2.1.
<b>Prevention</b>	Ensures the assets and services threatened by financial austerity can continue to be used by the community and promote healthier lifestyles and general well-being.
<b>Integration</b>	Enables the Council to work in partnership with T&CCs, community groups, sports clubs, other users and the wider community to meet local needs in a more holistic way.
<b>Collaboration</b>	The proposals have been developed and will be delivered through a strong partnership between BCBC and relevant stakeholders.
<b>Involvement</b>	The proposals will be delivered in close partnership with a range of local stakeholders including T&CCs, community groups and current users.

## 8. Financial Implications

- 8.1 The introduction of the revised CAT policy has no direct financial implications for the Council.

## 9. Recommendation

Cabinet is recommended to approve:

- 9.1 The recommendations of the CAT Task & Finish Group (see Summary at paragraph 4.16);
- 9.2 The amended Community Asset Transfer Policy document (see Revised Policy at **Appendix E**);

9.3 The List of CAT Priority 1 Assets available for transfer under long-term lease, short-term management agreement or licence (see List at **Appendix F**).

**Mark Shephard**  
**CHIEF EXECUTIVE**  
**July 2019**

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**Background Documents – Current Community Asset Transfer policy document  
(2015 version)**

**CAT PROCESS – CURRENT**  
(Updated to reflect Changes approved by Cabinet on 25/07/17)

<b>APPLICATION STAGE</b>	<b>REQUIREMENTS</b>	<b>DECISION MAKER</b>	<b>TARGET TIMESCALES</b>
<b>STAGE 0</b> Informal pre-application discussion	Before submitting an Expression of Interest, applicants should discuss their proposals with the CAT Officer.	N/A	N/A
<b>STAGE 1</b> Submit <b>formal Expression of Interest (EOI)</b> (Appendix 1) to CAT Officer	Outline business case in the form of the EOI to provide: <ul style="list-style-type: none"> <li>• Details of the organisation</li> <li>• Governance arrangements</li> <li>• Proposed use of asset and benefits</li> <li>• Benefits to community, TSO and Council</li> <li>• Support from community/partners</li> </ul> <p>If the application is supported, the TSO will be invited to proceed to Stage 2. If the application is not supported a full explanation will be provided.</p>	<b>CAT Steering Group</b>	12 weeks from receipt of Expression of Interest
<b>STAGE 2</b> <b>Business Plan</b>  The Council will provide any relevant asset information available  Support may be available under the Council’s CAT Business Support contract (from our partners Wales Co-operative Centre, Coalfields Regeneration Trust and BAVO)	Detailed Finance and Business Plans prepared by TSO – (see illustration at Appendices 4 and 5) <ul style="list-style-type: none"> <li>• Needs analysis and projected utilisation</li> <li>• Type of transfer sought and why</li> <li>• Planned outcomes and benefits and how they will be measured/monitored</li> <li>• Details of any proposed partnership/collaborative working</li> <li>• Track record for delivering service/managing property</li> <li>• Capacity to manage the asset</li> <li>• 3 year plans for revenue and capital funding – projected income and expenditure including costs of managing and operating the asset</li> <li>• Financial sustainability and forward planning</li> </ul>	Business plans to be assessed by Finance Department	Full business plan to be submitted within a 12 weeks of Stage 1 approval if possible
<b>STAGE 3:</b> <b>Full assessment of Business Plan</b>	Report by CAT Officer to <b>CAT Steering Group</b> or <b>CAT Panel</b> (complex/larger cases) with a detailed assessment of: <ul style="list-style-type: none"> <li>• Benefits for community, the TSO and how they relate to delivering Council priorities</li> <li>• Risks in relation to financial and organisational ability to manage the asset</li> <li>• Potential loss of capital receipt and existing income or other opportunity cost to the Council</li> <li>• Potential for on-going revenue savings for the Council</li> <li>• Proposed terms of transfer and any legal or other issues</li> <li>• Monitoring arrangements as required</li> </ul>	<b>CAT Steering Group</b>  <b>CAT Panel</b>	12 weeks from receipt of full Business Plan

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<b>STAGE 4:</b> Property transaction approval and completion of agreement	Approval via Council Delegated Powers or by Cabinet.  Instruct Solicitors  Legal completion	<b>Corporate Director (Communities) in consultation with s. 151 Officer</b>  <b>Cabinet</b>  <b>Head of Legal and Regulatory Services</b>	As required

## **BUSINESS DIAGNOSTIC ASSESSMENT OUTLINE**

Due diligence of the group and its business case commences where the CAT Officer / Business Adviser will work with the community group undertake a Business Diagnostic Assessment of the following:

- a) **Capacity of the organisation** – will review their governance, legal structure, powers within their constitution as an organisation identifying if the proposed project are in line with the directors / trustees responsibility and capability. The group will also be asked to provide key policies and procedures such as Equality policy, Safeguarding policy, Environmental policy, financial management procedures, insurance etc. Where areas for development are identified groups will be signposted to organisations such as Wales Co-op, Coalfields Regeneration Trust and BAVO for additional support and training, which can include support with Business plans, funding, and governance. A level of common sense and relativity is being adopted when appraising applications to ensure that the process does not become a barrier or restriction to enable groups to progress forward and support will be provided where possible.
- b) **Skills and capacity of the group** – groups will be asked for pen profiles of its directors / trustees and a brief outline of what skills and experience they will bring to the organisation. Groups will be encouraged to develop role descriptions and a structure to understand how the facility will be managed, procedures surrounding this and outline how conflict will be managed. Additionally some groups (especially where there is 1 leader or an ageing committee) will be asked to develop a succession plan. Community groups / sports clubs will be asked to undertake a skills audit of their committees and implement training or mentoring in areas where there are skills deficits/gaps.
- c) **Business and financial case** – The group is presently expected to submit a 5 year business and financial plan for review. This will identify how viable the scheme is and gives the case officer the opportunity to challenge and question some of the assumptions made to inform cash flow projections. The CAT Officer will present the case to CAT Steering Group.

Going forward it is suggested that the CAT Officer / Business Adviser will complete an application assessment matrix which scores an organisation on the following criteria:

- i. Applicant organisations capacity – skills of committee, how it's governed and what processes and procedures are in place to ensure good practice is adopted
- ii. The business case and proposal for the asset
- iii. Community and partnership impact – looking at needs analysis
- iv. Suitability of the asset
- v. Financial case and assumptions
- vi. Capacity to manage the asset (operational)

The Business Diagnostic will also result in (where required) mandatory and discretionary recommendations (including compulsory training elements) to assist the development of community groups and them becoming competent asset holders.

RISK BASED MODEL						
ORGANISATION						
		1	2	3	4	5
A S S E T	A	Green	Green	Green	Yellow	Amber
	B	Green	Yellow	Yellow	Yellow	Amber
	C	Green	Yellow	Yellow	Amber	Amber
	D	Yellow	Yellow	Amber	Amber	Red
	E	Red	Red	Red	Red	Red
<b>Organisation</b>						
Rating	Description					
1	Established group with acceptable historic accounts and evidence of the required funding for the venture Correctly constituted legal entity with relevant knowledge and skills Experience of managing a facility and understands the requirements and legal undertaking Has a good and active relationship with the relevant sports organisation etc Experience of delivering in the community Proposed project is feasible and good fit with community need.					
2	Established group with evidence of the required funding for the venture Correctly constituted legal entity with relevant knowledge and skills Some experience of managing a facility and understanding of the requirements and legal undertaking Working relationship with the relevant sports organisation etc Some experience of delivering in the community Proposed project is feasible and good fit with community need.					
3	Recently formed group with evidence of the required funding for the venture Correctly constituted legal entity with some knowledge and skills Limited experience of managing a facility but some understanding of the requirements and legal undertaking Working relationship with the relevant sports organisation etc Limited experience of delivering in the community Proposed project is feasible and good fit with community need.					
4	Newly formed group with some funding for the venture Correctly constituted legal entity with some knowledge and skills Limited experience of managing a facility and understand the requirements and legal undertaking Working relationship with the relevant sports organisation etc Limited or no experience of delivering in the community Some concerns of project feasibility and/or fit with community need.					
5	Newly formed group No historic accounts or funding Not correctly constituted legal entity Limited knowledge and skills Poor relationship with relevant sports organisation etc No experience of delivering in the community Questions over project feasibility / poor fit with community need					
<b>Asset - assumes building on site</b>						
Rating	Description	Likely Condition Grade				
A	Building in good condition - newly built or recent full refurbishment. Fully compliant. No management issues. No major expenditure anticipated during lease term other than usual planned maintenance. Condition Grade likely to be a Grade A with limited Priority 2 and 3 costs	Grade A				
B	Building in reasonable condition Fully compliant. No management issues. No major expenditure required other than usual planned maintenance. Condition Grade likely to be a Grade B with some Priority 1, 2 & 3 costs	Grade B				
C	Building in fair condition. No major issues affecting day to day running but may need significant expenditure during lease term. Condition Grade likely to be a Grade B or possible Grade C with significant Priority 1, 2 & 3 costs	Grade B/C				
D	Building in poor condition but complaint. Safe but life may be limited or significant expenditure required during standard lease term. HOT's to take into account expected remaining life if applicable. Condition Grade likely to be a Grade C with high Priority 1, 2 & 3 costs	Grade C				
E	Building in very poor condition. Not complaint and potentially unsafe. Closure (and demolition) to be considered or Major Refurbishment / New Build Required	Grade D				

Key

Red	A problem needs serious attention and action	Amber	Not complete, in progress, additional action required	Green	On track, in progress and complete to plan, no issues
		Yellow			



## CAT Fast Track Process

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<b>STAGE 0</b> Informal pre-application discussion	Before submitting an Expression of Interest, applicants are encouraged to discuss their proposals with the CAT Officer.	N/A	N/A
<b>STAGE 1</b> Submit <b>formal Expression of Interest (EOI)</b> (Appendix 3) to CAT Officer  The Council will provide any relevant asset information available	EOI to be completed and provide details of: <ul style="list-style-type: none"> <li>• The organisation</li> <li>• Governance arrangements</li> <li>• Proposed use of asset and benefits</li> <li>• Benefits to community, Community Group and Council</li> <li>• Support from community/partners</li> </ul> If the asset is available for transfer and the application is supported, the Community Group will be invited to proceed to Stage 2 and Stage 3. If the application is not supported a full explanation will be provided.	<b>CAT Steering Group</b>	4 weeks from receipt of EOI
<b>STAGE 2</b> <b>Business Diagnostic &amp; Financial Projections</b>  Support may be available under the Council's CAT Business Support contract (from our partners Wales Co-operative Centre and Coalfields Regeneration Trust)	Initial assessment of community group by Business Adviser in consultation with CAT Officer to determine capacity / capabilities and inform future needs under Business Support Contract.  Report outlining areas requiring action ranked mandatory and discretionary. All mandatory requirements, e.g. attendance at specific training events (governance, duties and responsibilities of directors, etc.) must be completed prior to any transfer being agreed.  Financial projections for a minimum of 5 years (see illustration at Appendix 6) to be prepared by Community Group with assistance by Business Adviser (if required).	<b>Business Diagnostic Assessment to be assessed by CAT Officer / CAT Steering Group</b>   <b>Financial projections to be assessed by Finance Department and CAT Steering Group</b>	Within 4 weeks from Stage 1 Approval   Financial projections to be submitted within 6 weeks of Stage 1 approval if possible

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<b>STAGE 3:</b> <b>Assessment of CAT Proposal</b> including any financial assistance, e.g. grants to support CAT	Report by CAT Officer to <b>CAT Steering Group</b> with an assessment of: <ul style="list-style-type: none"> <li>• Benefits for community, the Community Group and how they relate to delivering Council priorities</li> <li>• Risks in relation to financial and organisational ability to manage the asset</li> <li>• Potential loss of capital receipt and existing income or other opportunity cost to the Council</li> <li>• Potential for on-going revenue savings for the Council</li> <li>• Proposed terms of transfer and any legal or other issues</li> <li>• Monitoring arrangements as required</li> </ul>	<b>CAT Steering Group</b>	4 weeks from receipt of Financial Projections
<b>STAGE 4:</b> Property transaction approval and completion of agreement	Approval via Council Delegated Powers or by Cabinet.  Instruct Solicitors  Legal completion	<b>Corporate Director Communities in consultation with s. 151 Officer</b>  <b>Cabinet</b>  <b>Head of Legal and Regulatory Services</b>	8 weeks of Stage 3 approval

REVISED COMMUNITY ASSET TRANSFER POLICY DOCUMENT

SEPARATE ATTACHMENT

**CAT PRIORITY 1 ASSET LIST**

**SEPARATE ATTACHMENT**

# AMP 2021: Community Asset Transfer Guidance document

**Community demand, need and lead**



**Supporting BCBC aims and priorities**



**Positive community asset transfer**



**Transparency**



**Sustainability**

Cyngor Bwrdeistref Sirol



# BCBC Community Asset Transfer Guidance

Welcome to the latest version of Bridgend County Borough Council's (BCBC's) Community Asset Transfer (CAT) Policy. It provides a clear vision and mechanism as to how the Council will approach and deal with opportunities to transfer land, buildings and services to the Community. This policy replaces the original CAT Guidance endorsed by Cabinet in 2010 and updated in 2015. It reflects the changing financial climate faced by the Council and the increasing empowerment of local communities. The Guidance forms an integral part of the Council's Asset Management Plan process.

In response to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures and public sector services, the Council will seek to work with eligible interested community groups to secure transfers and to provide ongoing support. It is intended to help community groups to manage and operate facilities and hopefully to secure investment in their long-term future. To this end the Council works closely with partners from the Third Sector to support community groups and sports clubs by ensuring the right advice and guidance is available to applicants and those who have already taken over the self-management of facilities and services.

This Policy also sets out how a simplified fast track risk based approach can be adopted for the majority of the Council's assets which should make the CAT process easier to navigate.

### Who should read these Guidelines

This policy is primarily to inform Town and Community Councils, Third Sector Organisations and sports clubs (collectively referred to as community groups) of the Council's requirements when progressing a CAT. The Policy is designed to help community groups understand the Council's approvals processes and decision making criteria. Templates for applications and key stage procedures are also included.

### Application of the Guidelines

Due to the diverse nature of Council property assets and variety of CAT requests, there cannot be a "one size fits all" approach to CAT. A consistent and principled but fluid framework is therefore required. The Guidance is centred on 4 key principles:

- ▶ **Community led to meet community demand and need**
- ▶ **Any CAT must support Council aims and priorities**
- ▶ **Transparency including governance and financial implications**
- ▶ **Project sustainability**

Proportionality and common sense is required in application of the Guidelines. For example, a short lease, licence to occupy or a management agreement may require less detailed assessment criteria than a longer term lease of 35 years. A transfer of a small area of land will not need the depth of business planning that a significant building would, particularly where significant external funding is also required. Any risk needs to be managed and informed, and transparent decisions should be subject to requisite scrutiny.

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## Document approvals and consultations

	Cabinet CAT Task & Finish Group CAT Steering Group Town and Community Council Forum Wales Co-operative Centre Coalfields Regeneration Trust
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## 1. Purpose of this policy

The purpose of this Community Asset Transfer (CAT) policy is to encourage property asset transfers to community groups in support of the Council's Asset Management Plan (AMP) 2021 and AMP 2021 Disposals Strategy and the transfer of service provision in line with the Council's corporate priorities and well-being objectives.

An appropriate transfer is one which:

- **is community led to meet community demand**
- **supports Council's aims and priorities**
- **is sustainable in the long term**
- **has positive financial implications for the Council**

## 2. Definition of Community Asset Transfer

CAT may take a variety of forms but in essence involves a temporary or permanent transfer of stewardship and/or ownership to community groups. The method of transfer may include:

- management agreement
- short term licence to occupy
- short or long term lease
- freehold transfer (exceptional circumstances only)

## 3. National policy context

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

The Well-being of Future Generations (Wales) Act 2015 places a duty on each public body to carry out sustainable development. Sustainable Development is defined as a process of improving the economic, social, environmental and cultural wellbeing of Wales.

Public, third and business sectors including BCBC have come together in Bridgend to form a Public Services Board (PSB). Bridgend PSB is committed to working together to improve wellbeing in Bridgend County now and in the future and have prepared a Well-being Plan that contains the following 4 key objectives:

- Best Start in life
- Support communities in Bridgend County to be safe and cohesive
- Reduce social and economic inequalities
- Healthy choices in a healthy environment



### **The Equality Act, 2010**

The Equality Act, 2010 places a duty on public bodies to demonstrate due regard to the aims of the Public Sector Equality Duty (PSED). The PSED requires public bodies to operate in a way that eliminates unlawful discrimination, advances equality of opportunity, and fosters good relations between those who share a relevant protected characteristic, and those who do not. There are nine protected characteristics in total (age, sex, gender reassignment, sexual orientation, disability, race, religion and belief, marriage and civic partnership as well as pregnancy and maternity), and all public functions are designed and delivered in a way which reduces discrimination and promotes positive engagement with those who possess relevant protected characteristics. All CAT activities will support and encourage the Council's duties under the Equality Act, 2010 by ensuring that any activity is assessed for the likely adverse impact on protected groups and therefore reduced where possible.

### **Community Asset Transfers in Wales - A Best Practice Guide**

A number of national reports, reviews and guidance encourage local authorities to engage with community groups with a view to a transfer of community assets. Welsh Governments 'Community Asset Transfers in Wales - A Best Practice Guide' March 2016 provides essential guidance for both local authorities and community groups. BCBC was part of the working group which helped produce the document and much of the guidance reflects the approach which this Council has adopted.

## **4. Local policy context**

BCBCs property strategy seeks to rationalise its property portfolio and obtain the best outcome to help deliver Council objectives. This requires balancing best price considerations and reduction in revenue costs against the benefits of alternative use including asset transfer. This is supported by a disposals strategy that works to achieve the best disposal outcome for BCBC.

CATs clearly support the Council's priority themes. These include:

- **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”.
- **Supporting a successful economy** – showing any links to sustainable jobs and growth.
- **Smarter use of resources** – “Ensuring that all our resources (financial, physical, human and technological) are used as effectively and as efficiently as possible, and supporting the development of resources throughout the community that can help deliver our aims.”

### 5. The Council's commitment to Community Asset Transfer

The Council is committed to using CATs where appropriate. However, with limited staff resources, it is necessary to **prioritise** applications which most benefit:

- a) the Council's financial position; and
- b) impact in the community in terms of:
  - Economic and social enterprise leveraging additional investment.
  - Community empowerment.
  - Retain and/or enhance local services that may be lost due to budget restraints and service cuts.
  - Building capacity and encouraging a more sustainable third sector.
  - Supporting delivery of the Council's corporate priorities.
  - Tackling poverty.

This policy sets out a framework to support decision-making and an agreed method of assessing all CAT requests. The Council will however, support community groups through the CAT process in a number of ways which include:

- Guidance from a dedicated CAT Officer.
- A listing of assets potentially suitable for transfer in a 'Community Asset Schedule' will be made available and regularly updated.
- Supplying relevant information including:
  - running cost data
  - copies of condition surveys
  - building plans
  - servicing / testing data
  - any other relevant information
- Advice under the Council's CAT Business Support Contract from our partners organisations that specialise in providing advice and guidance to community groups.

## 6. The 4 Principles of BCBC Asset Transfer

In order to complete a CAT, 4 principles will need to be in evidence:

<p><b>Community Need</b></p>	<p>There must be strong support from within the local community. Evidence of equality of access will need to be demonstrated. Members of the community should be able to influence proposed operations and decision-making. There must be a clear demand for the project. Community groups must also ensure that any transfer will not displace or distort the market place. Applications are welcomed from consortia, joint ventures and collaborative projects.</p>
<p><b>Support Council Corporate Improvement Objectives / Other Corporate Priorities</b></p>	<p>The proposed transfer must support the delivery of Council’s Corporate Improvement Objectives / Other Corporate Priorities as outlined above.</p>
<p><b>Transparency</b></p>	<p>The decision making process is designed to show accountability and is clearly set out in the Framework for considering CATs at section 8 below. The process needs to be flexible in line with the complexity of applications and available Council staff resources. Decisions will be transparent and communicated clearly.</p>
<p><b>Sustainability</b></p>	<p>The applicant is required to demonstrate their ability to manage the asset effectively via:</p> <ul style="list-style-type: none"> <li>• Financial plan: <ul style="list-style-type: none"> <li>○ Detailed business plan for complex cases particularly if the Council asset subject to transfer requires significant investment involving major refurbishment or new build; or</li> <li>○ 5-year financial projections enabling a community group to demonstrate an understanding of associated income and expenditure streams and operating costs for the more straightforward transfers</li> </ul> </li> <li>• An appropriate legal and governance structure.</li> <li>• An assessment of the need for the activities being proposed and consideration of whether or not this is being provided by other organisations.</li> <li>• Efficient use of the facilities in terms of space and time periods.</li> <li>• Organisational capacity and capability – strong skills at board, management and operational level to manage the asset and maximise its use including meeting any statutory requirements.</li> </ul>

## 7. Identifying suitable assets for Community Asset Transfer

### Community Asset Schedule

The Council has determined that the following categories of asset are potentially available under the CAT programme:

Priority 1	<ul style="list-style-type: none"> <li>• Sports Pavilions</li> <li>• Playing Fields (excluding school playing fields) and Bowling Greens</li> <li>• Community Centres</li> </ul>
Priority 2	<ul style="list-style-type: none"> <li>• Playgrounds / Play Areas</li> <li>• Free Car Parks</li> <li>• Allotments</li> </ul>
Priority 3	<ul style="list-style-type: none"> <li>• Miscellaneous Assets</li> </ul>

It must be noted that not all assets under these categories will be considered as suitable for CAT. Assets will generally not be considered suitable for CAT if the:

- Asset is required for the delivery of essential services;
- Asset generates a net income stream for the Council;
- Asset has future use by the Council, e.g. re-development potential; or
- Asset may be required by the Council to generate capital receipts through its sale on the open market as part of its capital investment programme to help fund projects such as new schools.

Council owned assets suitable for transfer will be regularly updated and identified through the Council's robust asset management planning process which includes regular reviews of our property holdings. Service need for assets, including opportunities for alternative methods of service delivery, will influence our requirement for assets. The potential for assets identified as surplus to our requirements to be transferred to the community will be considered through our Acquisitions and Disposals Strategy.

A 'Community Asset Schedule' will list potentially suitable CAT Priority 1 Assets together with any specific restrictions and will be made publicly available. Not included in this list are those assets which the Council wishes to retain for operational, financial or other purposes.

In compiling the schedule and/or in assessing applications, regard will need to be given by the Council to whether any financial clawback from fund providers may apply. This may be the case if Lottery funds for example include clawback restrictions which may be triggered by an asset transfer.

### Applications From Existing Tenants / Users

The Council will consider applications from eligible organisations already in occupation of a BCBC building looking to vary their terms of occupation, for example by increasing the lease term to meet grant funding requirements or formalising licence arrangements. Please note that you will still be required to meet all our application and assessment criteria.

Lease renewals are not usually considered as being CATs for BCBC funding purposes.

## General Applications

Eligible organisations looking for a property, but who do not have a specific asset in mind can still submit an Expression of Interest. If we consider the application viable and it meets our Stage 1 criteria we will work with the community group to potentially identify a suitable asset.

In all cases we would strongly advise that the Council's CAT Officer should be contacted in the first instance so that formal discussions can be held at the earliest opportunity.

Some proposals may not require a property agreement e.g. such as transfer of a service, an agency agreement or a sponsorship arrangement. The Council welcomes interest from applicants to provide services whether autonomously or in collaboration with the Council. This Guidance, however, focuses on the transfer of property assets. Any proposals to provide services should be made to the Director of Communities.

## Priority of applications

Preference will be given to:

- Community groups already in occupation of a premises (land and/or building).
- Collaborative applications for co-locating community groups including consortia. In such cases, 'umbrella' organisations or partnerships should be considered by applicants.

Where several expressions of interests are received for one building, all live applications will be considered rather than dealing on a "first come first served basis".

## 8. Framework for considering requests for CATs

The Application Criteria that must be complied with when considering a community asset transfer is detailed at **Appendix 1**. The degree to which the criteria are met, the condition of the asset and the requirements of potential funders will be used to determine the most appropriate type of transfer agreement. A short term lease or licence to occupy or a management agreement may be more appropriate initially as part of a phased or temporary transfer whilst additional capacity and confidence is built.

All applications will be considered in accordance with the Council's CAT framework either the 4 stage process (see Standard CAT Process at **Appendix 2**) or "fast track" process particularly where the asset subject to transfer is in a compliant condition (see "Fast Track" process at **Appendix 3**). The standard 4 stage process will usually be applicable for:

- All complex transfers;
- Assets assessed as uneconomical to repair by the Council; and
- Disposal of surplus assets with potential community interest.

The Council will use a RAG traffic light rating system based upon an assessment of risk associated with a community group and asset / service subject to transfer to make this aspect more transparent as illustrated in the table shown at **Appendix 4**.

All community groups are required to submit an Expression of Interest (EOI) pro-forma that requires basic information relating to the organisation, the asset / service and link to the Council's corporate priorities (see copy of EOI at **Appendix 5**). Community groups are advised to hold informal discussions with the Council's CAT Officer prior to an EOI being prepared and submitted.

The Council will ensure that community groups are provided with appropriate advice and guidance from partner organisations under the CAT Business Support contract, e.g. business planning to facilitate the CAT process.

Central to this process is a requirement for a detailed **Business Plan** or outline **Financial Projections** which are dependent on whether the Council considers applications are suitable under the standard or "fast track process". Illustrations, with guidelines, are provided at **Appendix 6** and **Appendix 7** respectively.

## 9. Decision processes

The process should be flexible and easy to understand for community groups. The extent and detail of the business case required may vary with the type of assets/services being transferred. Regard will need to be given by the Council to any staff matters such as the Transfer of Undertakings (Protection of Employment) regulations (TUPE), redundancy and management of change issues. Any transfer is also expected to reduce a community groups dependency on Council revenue funding.

The Council's due diligence process should be proportionate to the scale and complexity of the proposal:

- All community groups will be subject to a **Business Diagnostic Assessment** (see Outline at **Appendix 8**) to provide the Council with assurance as regards the capabilities and capacity of a particular community group and that the directors / trustees of the group involved are fully aware of the duties and responsibilities that must be discharged. The Business Diagnostic Assessment will contain mandatory and discretionary recommendations (including compulsory training elements) to assist in the development of community groups and them becoming competent asset holders. The implementation of recommendations will dictate how quickly the transfer can be progressed.
- CAT expressions of interest, business / financial plans and associated funding applications of up to £50K are usually approved by the **CAT Steering Group**. Large or complex CATs may be referred to the **CAT**

**Advisory Panel** which consists of key public sector organisations in the area and will usually also require the approval of Cabinet particularly where associated funding to support projects is likely to exceed £50K.

- Property transactions will usually require approval under the Council's delegated powers scheme or be referred to the Cabinet.

The CAT officer shall submit the reports with assistance and advice from the Corporate Landlord, Legal Services, Human Resources and Finance, if required.

The CAT Steering Group chaired by the Head of Operations Community Services is responsible for assessing both Stage 1, Stage 2 and associated CAT funding applications and members will include senior officers from the key service directorates. Consultations will be made with the CAT Advisory Panel (complex transfers), Council Members and community groups as required.

The decision will reflect assessment of the detailed criteria outlined at Appendix 1 and other considerations such as:

- BCBC asset requirements - whether the asset required for future service delivery.
- Financial benefits to the Council.
- Whether any financial clawback from fund providers apply.
- Wider benefits to the Council and community.

Where appropriate any final decision rests with the Corporate Director Communities and the Section 151 Officer or by referral to the Cabinet. The Council reserves the right to reject any application but in so doing, shall provide feedback outlining the reasons. Applicants shall be encouraged to re-submit where those elements have been sufficiently addressed.

## 10. Property and legal considerations

CATs will need to deliver the best disposal option for the Council which will generally be by way of leases. Alternatively, a licence to occupy or management agreement may be more appropriate. Freehold transfer will only be considered in exceptional circumstances and require Cabinet approval.

The length of a lease offered will be determined on a case by case basis having regard to the property condition, circumstances of the project, strengths of the applicant, and sustainability of the business case. The maximum duration of a lease term presently available from the Council is 35 years unless specific external funding requires a longer term. As a guide, capital grant funding for improvements will usually require a minimum lease term of 10 years.. Should further funding be identified after the initial lease has been granted, negotiations for an extended lease period may be necessary depending on the funders conditions.



### Rent/market values

Community uses do not usually attract commercial revenues. Community groups are often dependent on grant funding and are generally unable to pay market rents/prices for property. By being aligned to Council priorities, the Council's 'return' is therefore based on the social, economic or environmental benefits. The Council, however, needs to justify and record any decision to transfer a property at an undervalue with reference to:

- A valuation of the property to identify any value being forgone.
- The 'General Disposal Consent (Wales) 2003' which enables local authorities to proceed with certain transfers at an undervalue
- State Aid provisions to ensure either none is given or to ensure that it is permitted and the Council is protected.

A **peppercorn** or discounted rent or any other disposal at below market value may well be justifiable but should not be assumed. A decision to grant concessionary terms needs to be justifiable and recorded by the Council's Corporate Landlord. Cabinet approval may be required depending on the circumstances. In determining the rent, consideration will be given to:

- Value of the property.
- The management and running costs of the property.
- Financial position of a community group.
- Extent of benefit to the Council in terms of revenue savings and/or service delivery.

The onus falls on the community group to demonstrate that concessionary terms are needed. This will best be provided by reference to their business plan or financial projections.

### Other lease terms/conditions

A lease or licence provides opportunities in terms of self-management and also brings increased health and safety and property statutory compliance responsibilities. A summary of the main indicative core terms to be considered for inclusion in a lease or licence is outlined in summary at **Appendix 9**.

### Energy procurement

It is likely that existing energy supplies in the longer term at a property are covered by the Council's central energy procurement contract. This bulk purchase of energy provides a favourable tariff for the Council and a new community group occupier may express a wish to remain on this contract to continue with the tariff. The Council, however, is ultimately liable under the contract for any payment default. The general position therefore should be for the community group to contract separately for its own energy supplies. It is also important that the community groups energy usage does not count for any carbon reduction commitments. Further information may be sought from the Council's Energy Contracts Manager.



### 11. Handover

During handover the Council will supply, wherever possible, a folder compiled by the Council's Corporate Landlord which will provide:

- Details of all statutory testing and servicing details.
- Fire risk assessment.
- Health and safety information & certificates.
- List of tests generally needed on buildings.
- List of contractors which the Council utilises and are prepared to provide similar services to community groups.
- Details of utility readings .

The Council has a Compliance Officer who will act as the key contact within Corporate Landlord to provide guidance to community groups on technical issues within buildings and to assist occupants to keep premises compliant.

A key priority for community groups is an understanding of and the ability to meet Health and Safety and statutory compliance requirements. Some useful website links are detailed below and support is available from Council Officers should there be any concerns or doubts about what is required regarding compliance.

<http://www.hse.gov.uk/voluntary/village-legal.htm>

<http://www.hse.gov.uk/voluntary/assets/docs/village-hall.pdf>

<http://www.hse.gov.uk/toolbox/fire.htm>

The Council will also supply all keys and any other information required to operate the premises safely.

The handover will take place with the nominated lead officer for the applicants together with the designated person dealing with statutory compliance (if they are different).

### 12. Ongoing Support and Statutory Compliance

The Corporate Landlord will also advise on and confirm any required landlord consent for any works, alterations or modifications proposed to the premises.

Applicants will be asked to identify a designated individual within the organisation who will have responsibility for the premises and necessary testing and servicing. This individual will be the key contact point for the Corporate Landlord. They will have responsibility for ensuring the premises remains safe and compliant in accordance with any statutory requirements and they will need to be aware of their role and responsibilities.

Applicants will also be asked to provide feedback to the Council on their project in relation to progress, milestones achieved, problems encountered and targets for the future. This would normally be expected on an annual basis but could be more regular if required. It would also be expected that applicants would consent to speak to other potential applicants with a similar project if required to supply advice and suggestions to help their application.

Any request for feedback or information from the Council would be expected to be provided within 21 days unless the request is of an urgent nature.

**Any future adaptation or improvement works, over and above routine maintenance works, to premises are likely to require landlord consent. You must speak to the Council before you commence any works. The Corporate Landlord will be able to advise on requirements including the need for any other potential consents – planning, building regulations etc.**

### 13. Community Asset Transfer Support and Contacts

The Council strongly advises that the application and business case is developed with support from a business adviser assigned under the CAT Business Support Contract.

Often community groups taking on a premises (building and/ or land) may require different support through the life of a project. This may start with initial support to establish an organisation through to helping groups develop businesses or establish trading arms, The CAT Business Support Contract is intended to support all stages of a CAT and not just for the initial take-over of premises. By having a one stop shop, applicants or occupiers can refer issues and suggestions to the CAT Officer and ensure they receive the most appropriate support at that time.

A list of resources and relevant links to advice on CAT is attached at **Appendix 10**.

All applicants will be required to identify who the key contact within their community group is for leading on the CAT process. This is to avoid confusion as to whom information and advice is being given to. For the Council the key point of contact is our CAT Officer who can be contacted by email: [Guy.Smith@bridgend.gov.uk](mailto:Guy.Smith@bridgend.gov.uk) or Telephone: (01656) 815323.

Applicants will also be asked to identify the person within each organisation who will have responsibility for ensuring that a premises (building and/ or land) remains compliant with any legal responsibilities and safe for people to use. This may be a different person to the key contact.

## Appendix 1 - Application Criteria

### a) The Applicant must be:

**A Community/Town Council or a Community Group, which satisfies the following criteria:**

- Legal entity that is incorporated and provides limited liability for the stakeholders involved. This would usually be in the form of a company, society, CIO (Charitable Incorporated Organisation) or CIC (Community Interest Company). It must enable the management/ownership of buildings and provision of services.
- Exist for community/social/environmental benefit.
- Non-profit distributing – any surpluses must be reinvested to further its community benefits/social aims.
- Demonstrate good governance through open and accountable processes, with appropriate financial and audit controls.
- Demonstrate engagement with the community.
- Demonstrate it has the skills and capacity within or available to effectively deliver its services and manage the asset.
- Holds adequate insurance and will be able to comply with statutory health and safety requirements to operate the asset/service.
- Provide services or engage in activities that deliver economic, environmental or social benefits to the community.
- Provide copies of the organisation's Annual Report and accounts if available.
- Strong links with the local community and directly benefit the people of the county borough.
- Benefit as wide and diverse a range of local people as possible and demonstrate an inclusive approach to all members of the community.
- Decision making process influenced by local community.

### b) The Asset

- A legal interest owned by the Council from which the organisation can demonstrate community benefit.
- The asset is in the freehold/leasehold ownership of the Council.
- Applications for multi-uses and co-location of services should be encouraged.

### c) Proposed Use

- There is both a need and demand for the proposed activities and consideration is given as to whether or not this is being satisfactorily addressed by another organisation.
- The proposed use will support the delivery of the Council's corporate priorities.
- The proposed use will maximise opportunities for income generation to ensure sustainability.

- The community group has established how much space it requires to deliver its proposals, and how they will make optimum use of the asset.
- The proposed use will deliver extensive and inclusive reach into the community and will be open to all.

### d) **Business Plan and Finance**

Community asset transfers considered to be suitable for “fast tracking” under the updated policy will only require income and expenditure projections for a minimum of a 5-year period to be provided to enable a community group to demonstrate an understanding of the associated costs of managing and demonstrating the sustainability of the asset.

However, a robust business plan clearly stating the operation and service provision and financial and organisational capacity of the organisation to deliver the proposed services/activities and manage the asset is critical to the success of any transfer is still required for large or complex projects particularly if the Council asset subject to transfer requires significant investment involving major refurbishment or new build.

## Appendix 2 – CAT Standard Process

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<p><b>STAGE 0</b> Informal pre-application discussion</p>	<p>Before submitting an Expression of Interest, applicants should discuss their proposals with the CAT Officer.</p>	N/A	N/A
<p><b>STAGE 1</b> Submit <b>formal Expression of Interest (EOI)</b> (Appendix 3) to CAT Officer</p> <p>The Council will provide any relevant asset information available</p>	<p>Outline business case in the form of the EOI to provide:</p> <ul style="list-style-type: none"> <li>• Details of the organisation</li> <li>• Governance arrangements</li> <li>• Proposed use of asset and benefits</li> <li>• Benefits to community, Community Group and Council</li> <li>• Support from community/partners</li> </ul> <p>If the application is supported, the Community Group will be invited to proceed to Stage 2. If the application is not supported a full explanation will be provided.</p>	<b>CAT Steering Group</b>	6 weeks from receipt of Expression of Interest
<p><b>STAGE 2</b> <b>Business Diagnostic &amp; Business Plan</b></p> <p>Support may be available under the Council's CAT Business Support contract (from our partners Wales Co-operative Centre and Coalfields Regeneration Trust)</p>	<p>Initial assessment of community group by Business Adviser in consultation with CAT Officer to determine capacity / capabilities and inform future needs under Business Support Contract.</p> <p>Report outlining areas requiring action ranked mandatory and discretionary. All mandatory requirements, e.g. attendance at specific training events (governance, duties and responsibilities of directors, etc.) must be completed prior to any transfer being agreed.</p> <p>Detailed Business Plans prepared by Community Group – (see illustration at Appendix 5):</p> <ul style="list-style-type: none"> <li>• Needs analysis and projected utilisation</li> <li>• Type of transfer sought and why</li> <li>• Planned outcomes and benefits and how they will be measured/monitored</li> <li>• Details of any proposed partnership/collaborative working</li> <li>• Track record for delivering service/managing property</li> <li>• Capacity to manage the asset</li> <li>• 5 year plans for revenue and capital funding – projected income and expenditure including costs of managing and operating the asset</li> <li>• Financial sustainability and forward planning</li> </ul>	<p>Business Diagnostic Assessment to be assessed by CAT Officer / CAT Steering Group</p> <p>Business plans to be assessed by Finance Department</p>	<p>Within 4 weeks from Stage 1 Approval</p> <p>Full business plan to be submitted within 12 weeks of Stage 1 approval if possible</p>

## Community Asset Transfer Policy

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<b>STAGE 3:</b> <b>Full assessment of CAT Proposal including Business Plan</b>	Report by CAT Officer to <b>CAT Steering Group</b> or <b>CAT Advisory Panel</b> (complex/larger cases) with a detailed assessment of: <ul style="list-style-type: none"> <li>• Benefits for community, the Community Group and how they relate to delivering Council priorities</li> <li>• Risks in relation to financial and organisational ability to manage the asset</li> <li>• Potential loss of capital receipt and existing income or other opportunity cost to the Council</li> <li>• Potential for on-going revenue savings for the Council</li> <li>• Proposed terms of transfer and any legal or other issues</li> <li>• Monitoring arrangements as required</li> </ul>	<b>CAT Steering Group and /or CAT Advisory Panel</b>	6 weeks from receipt of full Business Plan
<b>STAGE 4:</b> Property transaction approval and completion of agreement	Approval via Council Delegated Powers or by Cabinet.  Instruct Solicitors  Legal completion	<b>Corporate Director Communities in consultation with s. 151 Officer</b>  <b>Cabinet</b>  <b>Head of Legal and Regulatory Services</b>	8 weeks of Stage 3 approval

## Appendix 3 – CAT Fast Track Process

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<p><b>STAGE 0</b> Informal pre-application discussion</p>	<p>Before submitting an Expression of Interest, applicants are encouraged to discuss their proposals with the CAT Officer.</p>	N/A	N/A
<p><b>STAGE 1</b> Submit <b>formal Expression of Interest (EOI)</b> (Appendix 3) to CAT Officer</p> <p>The Council will provide any relevant asset information available</p>	<p>EOI to be completed and provide details of:</p> <ul style="list-style-type: none"> <li>• The organisation</li> <li>• Governance arrangements</li> <li>• Proposed use of asset and benefits</li> <li>• Benefits to community, Community Group and Council</li> <li>• Support from community/partners</li> </ul> <p>If the asset is available for transfer and the application is supported, the Community Group will be invited to proceed to Stage 2 and Stage 3. If the application is not supported a full explanation will be provided.</p>	<b>CAT Steering Group</b>	4 weeks from receipt of EOI
<p><b>STAGE 2</b> <b>Business Diagnostic &amp; Financial Projections</b></p> <p>Support may be available under the Council's CAT Business Support contract (from our partners Wales Co-operative Centre and Coalfields Regeneration Trust)</p>	<p>Initial assessment of community group by Business Adviser in consultation with CAT Officer to determine capacity / capabilities and inform future needs under Business Support Contract.</p> <p>Report outlining areas requiring action ranked mandatory and discretionary. All mandatory requirements, e.g. attendance at specific training events (governance, duties and responsibilities of directors, etc.) must be completed prior to any transfer being agreed.</p> <p>Financial projections for a minimum of 5 years (see illustration at Appendix 6) to be prepared by Community Group with assistance by Business Adviser (if required).</p>	<p><b>Business Diagnostic Assessment to be assessed by CAT Officer / CAT Steering Group</b></p> <p><b>Financial projections to be assessed by Finance Department and CAT Steering Group</b></p>	<p>Within 4 weeks from Stage 1 Approval</p> <p>Financial projections to be submitted within 6 weeks of Stage 1 approval if possible</p>

## Community Asset Transfer Policy

APPLICATION STAGE	REQUIREMENTS	DECISION MAKER	TARGET TIMESCALES
<p><b>STAGE 3:</b>  <b>Assessment of CAT Proposal</b> including any financial assistance, e.g. grants to support CAT</p>	<p>Report by CAT Officer to <b>CAT Steering Group</b> with an assessment of:</p> <ul style="list-style-type: none"> <li>• Benefits for community, the Community Group and how they relate to delivering Council priorities</li> <li>• Risks in relation to financial and organisational ability to manage the asset</li> <li>• Potential loss of capital receipt and existing income or other opportunity cost to the Council</li> <li>• Potential for on-going revenue savings for the Council</li> <li>• Proposed terms of transfer and any legal or other issues</li> <li>• Monitoring arrangements as required</li> </ul>	<p><b>CAT Steering Group</b></p>	<p>4 weeks from receipt of Financial Projections</p>
<p><b>STAGE 4:</b>  Property transaction approval and completion of agreement</p>	<p>Approval via Council Delegated Powers or by Cabinet.</p> <p>Instruct Solicitors</p> <p>Legal completion</p>	<p><b>Corporate Director Communities in consultation with s. 151 Officer</b></p> <p><b>Cabinet</b></p> <p><b>Head of Legal and Regulatory Services</b></p>	<p>8 weeks of Stage 3 approval</p>



## Appendix 4

### RISK BASED MODEL

		ORGANISATION				
		1	2	3	4	5
A S S E T	A					
	B					
	C					
	D					
	E					
<b>Organisation</b>						
Rating	Description					
1	Established group with acceptable historic accounts and evidence of the required funding for the venture Correctly constituted legal entity with relevant knowledge and skills Experience of managing a facility and understands the requirements and legal undertaking Has a good and active relationship with the relevant sports organisation etc Experience of delivering in the community Proposed project is feasible and good fit with community need.					
2	Established group with evidence of the required funding for the venture Correctly constituted legal entity with relevant knowledge and skills Some experience of managing a facility and understanding of the requirements and legal undertaking Working relationship with the relevant sports organisation etc Some experience of delivering in the community Proposed project is feasible and good fit with community need.					
3	Recently formed group with evidence of the required funding for the venture Correctly constituted legal entity with some knowledge and skills Limited experience of managing a facility but some understanding of the requirements and legal undertaking Working relationship with the relevant sports organisation etc Limited experience of delivering in the community Proposed project is feasible and good fit with community need.					
4	Newly formed group with some funding for the venture Correctly constituted legal entity with some knowledge and skills Limited experience of managing a facility and understand the requirements and legal undertaking Working relationship with the relevant sports organisation etc Limited or no experience of delivering in the community Some concerns of project feasibility and/or fit with community need.					
5	Newly formed group No historic accounts or funding Not correctly constituted legal entity Limited knowledge and skills Poor relationship with relevant sports organisation etc No experience of delivering in the community Questions over project feasibility / poor fit with community need					
<b>Asset - assumes building on site</b>						
Rating	Description	Likely Condition Grade				
A	Building in good condition - newly built or recent full refurbishment. Fully compliant. No management issues. No major expenditure anticipated during lease term other than usual planned maintenance. Condition Grade likely to be a Grade A with limited Priority 2 and 3 costs	Grade A				
B	Building in reasonable condition Fully compliant. No management issues. No major expenditure required other than usual planned maintenance. Condition Grade likely to be a Grade B with some Priority 1, 2 & 3 costs	Grade B				
C	Building in fair condition. No major issues affecting day to day running but may need significant expenditure during lease term. Condition Grade likely to be a Grade B or possible Grade C with significant Priority 1, 2 & 3 costs	Grade B/C				
D	Building in poor condition but complaint. Safe but life may be limited or significant expenditure required during standard lease term. HOT's to take into account expected remaining life if applicable. Condition Grade likely to be a Grade C with high Priority 1, 2 & 3 costs	Grade C				
E	Building in very poor condition. Not complaint and potentially unsafe. Closure (and demolition) to be considered or Major Refurbishment / New Build Required	Grade D				

**Key**

<b>Red</b>	A problem needs serious attention and action	<b>Amber</b>	Not complete, in progress, additional action required	<b>Green</b>	On track, in progress and complete to plan, no issues
		<b>Yellow</b>			

## Appendix 5 – Expression of Interest (EOI) Template

### Community Asset Transfer – Stage 1 Expression of Interest

Before submitting an application applicants are encouraged to discuss their options, suitability and the scope of community asset transfer with the CAT Officer. These informal discussions will help to prepare for the process of making a formal application for transfer.

The Council recognises that developing the business case and preparing an application for community asset transfer can be both time consuming and resource intensive for applicants. **Stage 1** of the application process has therefore been designed to assess whether any potential application will meet the Council’s suitability criteria. The Council will not be able to process the application unless all the information relevant to the asset transfer is received. It is simple to complete and should avoid spending time and valuable resources on an application that is unlikely to be approved. Applicants that meet the Council’s suitability criteria will be invited to complete a more detailed **Stage 2 application**.

#### 1. Please provide details of the organisation making the application

Name of Organisation:	
Address of Organisation	
Applicant Name:	
Position:	
Telephone Number:	
Email Address	
Date:	

#### 2. Type of organisation

What type of organisation are you e.g. registered charity?	Give charity number
Do you have a formal constitution, governance document or set of rules?	Give company registration number

#### 3. What is the structure and purpose of your voluntary or community organisation?

How many people are	Management Committee	
---------------------	----------------------	--

## Community Asset Transfer Policy

involved in your organisation?	Full Time Employees	
	Part Time Employees	
	Volunteers	
When was the organisation established?		
What is the purpose and main activities of your organisation?		
Does your organisation have experience of managing an asset? If yes please provide details  If you have projections of income and expenditure at this stage, give further details.		

**4. Please tell us about the asset (land or buildings) you are interested in?**

Name and address of asset	
If this is a speculative application please provide details of the type of asset and location required	
Type of transfer you are interested in.	

**5. Please tell us about the proposed use of the asset**  
(please continue on a separate sheet if required but no more than one side of A4)

What do you want the asset for?	
What benefits will this bring to the organisation, the local community and the Council?	

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**6. Please tell us about any partners, collaborators and stakeholders**

If you are proposing any arrangements with public sector or other third sector partners please provide details	Please enclose a letter of support from any other joint user
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**7. Give details as to how your proposals link with the Council's priorities**

See paragraphs 4 and 6.2	
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**Please return the completed form to:**

**Community Asset Transfer Officer  
Communities Directorate  
Bridgend County Borough Council  
Civic Offices  
Angel Street  
Bridgend  
CF31 4WB**

**Telephone: (01656) 815323**

**Email: [Guy.Smith@bridgend.gov.uk](mailto:Guy.Smith@bridgend.gov.uk)**

## Appendix 6 - Detailed Business Plan Illustration

### Executive summary

#### 1. Our project

- About ANOther Community Organisation
- Our values and the mission of our organisation
- The aims and objectives of our community project

#### 2. The market

- About our community
- Existing & target markets
- Results of community consultations
- Knowledge of other existing community services & facilities
- Opportunities to build partnerships

#### 3. Business growth and development

- A review of our organisation (SWOT Analysis)
- Our business development strategy
  - Phase 1 – Project design (Year 0)
  - Phase 2 – Centre development (Years 1 - 3)
  - Phase 3 – Centre expansion (Years 4 & 5)

#### 4. Centre management

- Our management team/committee – skills/capabilities
- Staffing and the role of community volunteers
- Development of community activities
- Service delivery & programming
- Policies & procedures
- Day-to-day operations

#### 5. Centre development

- Current facilities
- Potential opportunities for refurbishment & expansion

#### 6. Marketing plan

- Building our profile
- Promoting our services

#### 7. Financial plan (property asset)

- Five year income & expenditure (cashflow projection)- see Appendix 4. Provide evidence to support projections and state assumptions
- Income generation (sales forecasts)

- Fundraising strategy

## **8. Risk analysis**

- Risk log
- Plan for minimising risks

### **Appendices:**

**Appendix 1: Community Consultation and Engagement Plan**

**Appendix 2: Desk top survey of other community facilities**

**Appendix 3: SWOT Analysis of ANOther Community Organisation**

## Appendix 7 – Financial Projections Illustration

Note:	Income	Phase 1	Phase 2	Yr 2	Yr 3	Phase 3	
		Current	Yr 1			Yr 4	Yr 5
1	Local Authority 'start-up' grant						
2	Other grant aid						
3	Rent & room hire						
	Large Hall						
	Small Hall						
	Multi Use Games Area (MUGA)						
4	Other income						
	Vending Machines						
	Café & Shop Sales						
	Other						
5	Volunteer time in kind						
6	Own fundraising						
	<b>Total</b>	£	£	£	£	£	£
	<b>Expenditure</b>	<b>Current</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>
7	Staff salaries & on-costs						
	Centre Manager						
	Caretaker						
	Cleaner(s)						
	Volunteer time in kind						
8	Staff & volunteer training & dev't						
9	Caretaking / cleaning costs						
	Cleaning materials						
	Refuse collection						
	Security						
10	Utilities						
	Water						
	Electricity						
	Gas						
11	Rates						
12	Repairs and maintenance						
13	Transport & travel						
14	Centre Supplies						
	Tools & materials						
	Equipment hire						
	Office furniture & IT						
	Medical, clothing & PPE						
	Telephones						
	Internet						
15	Centre promotion						
	Printing & publicity material						
	Advertising						
16	Vending machine rental & supplies						
17	Insurances & professional fees						
	Property insurance						
	Public liability insurance						
	Performing rights soc. fees						
	Accountancy fees						
	Legal fees						
	Architects fees						
	Consultancy fees						
18	Other - sundries & miscellaneous						
	<b>Total</b>	£	£	£	£	£	£
		<b>Surplus (deficit)</b>	£	£	£	£	£
					<b>Accumulated reserves</b>		£

## Appendix 8 - Business Diagnostic Assessment Outline

Due diligence of the group and its business case commences where the CAT Officer / Business Adviser will work with the community group to undertake a Business Diagnostic Assessment of the following:

- a) **Capacity of the organisation** – will review their governance, legal structure, powers within their constitution as an organisation identifying if the proposed project is in line with the directors / trustees responsibility and capability. The group will also be asked to provide key policies and procedures such as Equality policy, Safeguarding policy, Environmental policy, financial management procedures, insurance etc. Where areas for development are identified groups will be signposted to organisations such as Wales Co-op, Coalfields Regeneration Trust and BAVO for additional support and training, which can include support with Business plans, funding, and governance. A level of common sense and relativity is being adopted when appraising applications to ensure that the process does not become a barrier or restriction to enable groups to progress forward and support will be provided where possible.
- b) **Skills and capacity of the group** – groups will be asked for pen profiles of its directors / trustees and a brief outline of what skills and experience they will bring to the organisation. Groups will be encouraged to develop role descriptions and a structure to understand how the facility will be managed, procedures surrounding this and outline how conflict will be managed. Additionally some groups (especially where there is 1 leader or an ageing committee) will be asked to develop a succession plan. Community groups / sports clubs will be asked to undertake a skills audit of their committees and implement training or mentoring in areas where there are skills deficits/gaps.
- c) **Business and financial case** – The group is presently expected to submit a 5 year business and financial plan for review. This will identify how viable the scheme is and gives the case officer the opportunity to challenge and question some of the assumptions made to inform cash flow projections. The CAT Officer will present the case to CAT Steering Group and / or CAT Advisory Group (complex transfers).

Going forward it is suggested that the CAT Officer / Business Adviser will complete an application assessment matrix which scores an organisation on the following criteria:

- i. Applicant organisations capacity – skills of committee, how it's governed and what processes and procedures are in place to ensure good practice is adopted
- ii. The business case and proposal for the asset
- iii. Community and partnership impact – looking at needs analysis
- iv. Suitability of the asset
- v. Financial case and assumptions
- vi. Capacity to manage the asset (operational)

The Business Diagnostic will also result in (where required) mandatory and discretionary recommendations (including compulsory training elements) to assist the development of community groups and them becoming competent asset holders.



### Appendix 9 - Sample Lease/ Licence Terms

**Term** – the length of the lease or licence will be dependent on the circumstances and funding stream. 20-30 years is generally suitable for a community group to obtain capital funding. Note however that Big Lottery Fund's CAT programme requires minimum 99 year lease. Transitional tenure arrangements may be required until a community group is able to proceed on a longer basis. In such cases a short term licence, management agreement or lease up to 2-3 years may suffice.

**Rent** – a concessionary or peppercorn rent or licence fee depending on the asset and applicant's financial circumstances see Guidance above.

**Repairs** – the community group will usually be responsible for all repairs and maintenance and compliance with health and safety law. Variations to this will be considered on their merits.

**Running costs** - the community group will be responsible for all running costs of the asset.

**Assignment** – will not be permitted in view of any concessionary terms granted. The right to hire space will be given provided no exclusive rights are given to users.

**Insurance** – for both long term and short term leases, the Council will insure and recharge the premium to the tenant. All tenants should insure for contents and public liability.

**Use** – use of the premises will be restricted in line with the community aims of the community group.

**Application of income** – all income must be reinvested by the community group in the running of the facility. The Council reserves the right to review the rent if income is not applied in this way.

**Insolvency** – if the event that the the community group becomes insolvent, the Council will have the right to determine the lease/licence/ management agreement..

**Professional costs** – each party to bear their own costs incurred in the lease/licence/management agreement process.

**Other** – the lease/ licence/management agreement will contain such other terms as are usually contained in such documents as required by the Council's Head of Legal Services.

**PLEASE NOTE** that the above lease/licence/management agreement terms are indicative core terms only. Additional terms may be relevant given the specific nature of the individual property asset. In addition, a set of detailed Heads of Terms will be issued to the community group once its application for the asset transfer has been approved by the Council.

## Appendix 10 - List of Resources and Contacts

### Community Asset Transfer Resources

Community Asset Transfers in Wales – A Best Practice Guide - Welsh Government  
<http://gov.wales/topics/people-and-communities/communities/community-asset-transfer/best-practice-guide/>

Development Trust Association Wales – Asset Development Portal  
<http://assetsportal.dtawales.org.uk/resources/>

Locality  
<http://locality.org.uk/>

Planning Aid Wales  
<http://www.planningaidwales.org.uk/>

My Community Space  
<http://www.mycommunityspace.org.uk/>

### Support Organisations - General

Bridgend Association of Voluntary Organisations (BAVO)  
<https://www.bavo.org.uk/>  
(01656) 810400

Coalfields Regeneration Trust  
<https://www.coalfields-regen.org.uk/>  
(01443) 404455

The Wales Co-operative Centre  
[www.walescooperative.org](http://www.walescooperative.org)  
(02920) 807103

Wales Council for Voluntary Action  
<http://www.wcva.org.uk/home>  
[0800 2888329](tel:08002888329)

### Support Organisations – Specific

FAW Trust  
[www.welshfootballtrust.org.uk](http://www.welshfootballtrust.org.uk)  
Laura Easton - [leaston@fawtrust.cymru](mailto:leaston@fawtrust.cymru) - (01633) 282 911

Welsh Rugby Union  
<https://www.wru.co.uk/>  
John Howells – [jhowells@wru.wales](mailto:jhowells@wru.wales) - 07786255397

Cricket Wales  
<http://www.cricketwales.org.uk/>  
Mark White - [Mark.white@cricketwales.org.uk](mailto:Mark.white@cricketwales.org.uk) - 07890693719

Community Asset Transfer Priority 1 Asset List

Town & Community Council / Ward	UPRN	CAT Priority 1 Assets		Description	Whole/Part	Existing Users	PROPOSED AGREEMENT			Comments
		Name	Address				MA / Licence to Occupancy	Short Term (1-7 yrs)	Long Term (up to 35 years)	
Maesteg Town Council - Caerau	10033	Noddfa Community Centre	34 Caerau Road, Caerau, CF34 0PB	Community Centre	Whole	Community Association	✓	✓	✓	
	10041	Caerau Welfare Park*	Prothero Street, Caerau	Changing pavilion; football pitch; outdoor bowling green; car park & playground,	Whole	3 x sports clubs	✓	✓	✓	Request for CAT of bowling green received.
	10040	Caerau Athletic Club*	Humphrey's Terrace, Caerau, CF34 0SG	Changing pavilion & 1 x football pitch	Whole	1 x sports club	✓	✓	✓	
	10029	Caerau Community Centre & Amenity Land to the North	Woodland Terrace, Caerau, CF34 0SR	Community Centre	Whole	Caerau Development Trust	*	✓	✓	Community Centre already subject to Licence to Occupy
	10043	Hermon Road/Metcalf Street Playing Field & Pavilion*	Hermon Road, Maesteg	Changing pavilion & 1x football pitch with adjacent children's playground	Whole	3 x sports clubs	✓	✓	✓	
Maesteg Town Council - Maesteg West	10047	Maesteg Welfare Park Bowls Pavilion & Green*	Neath Road, Maesteg	Bowling pavilion & 1 x outdoor bowling green	Whole	1 x sports club	✓	✓	✓	
	10051	Tudor Park Playing Fields	Bryn Celn, Cwmfelin	No pavilion. 1 x football pitch	Whole	1 x sports club	✓	✓	✓	Former club-house including changing rooms and car park subject to existing lease
Maesteg Town Council - Maesteg East	10042	Garth Park Pavilion & Playing Fields*	Bridgend Road, Garth, Maesteg	Changing pavilion, 2 x rugby pitches, 1 x cricket ground	Whole	3 x sports club & 1 x non-sport group	✓	✓	✓	Bowling green excluded due to BCBC title. Also title issue with land on which pavilion is built.
	10050	South Parade Pavilion & Playing Fields*	South Parade, Maesteg	Changing pavilion, 1 x football & 1 x rugby pitch	Whole	5 x sports clubs	✓	✓	✓	Fields in Trust status
Llangynwyd Middle Community Council	10045	Llangynwyd Pavilion & Playing Fields	Heo Maesteg, Llangynwyd	Changing pavilion, 1 x football & 1 x dual use rugby/football pitch	Whole	2 x sports clubs	✓	✓	✓	
Garw Valley Community Council - Pontycymer	20019	Blaengarw Cricket Pavilion	Garreg Side, Blaengarw	Pavilion and 1 x cricket ground	Whole	1 x sports club	✓	✓	✓	Pavilion currently closed. Potential demolition
	20021	Cwm Garw Pavilion & Playing Fields*	Garreg Side, Blaengarw	Pavilion and 1 x football pitch	Whole	1 x sports club	✓	✓	✓	
	20024	Pwll y Garn Pavilion & Playing Fields*	Gwendoline Street, Blaengarw	1 x football pitch. Existing pavilions to be demolished	Whole	None	✓	✓	✓	Pavilion to be demolished
	20020	Blandy Park Pavilion & Playing Fields*	Oxford Street, Pontycymer	Changing pavilion & 1 x football pitch	Whole	1 x sports club	✓	✓	✓	Pavilion likely to be demolished - funding obtained
Garw Valley Community Council - Pontycymer	20022	Lawrence Park Pavilion & Playing Fields	Gwaunbant, Pontycymer	Changing pavilion, 1 x rugby pitch & 1 x former football pitch	Whole	1 x sports club	✓	✓	✓	Part subject to CAT application - former football field
	20064	Waunbant Bowling Green*	Federation Lane, Pontycymer	Outdoor bowling green and store	Whole	1 x sports club	✓	✓	✓	Pavilion subject to existing CAT
	20064	Waunbant Tennis Pavilion*	Federation Lane, Pontycymer	Pavilion only	Whole	1 x sports club	✓	✓	✓	Tennis courts subject to existing CAT
Garw Valley Community Council - Llangeinor	20023	Llangeinor Pavilion & Playing Fields*	Bettws Road, Llangeinor	Changing pavilion, 1 x football pitch & 1 x Scancis mini pitch	Part	2 x sports clubs	✓	✓	✓	Part of site subject to existing CAT
Garw Valley Community Council - Bettws	20001	Bettws Pavilion & Playing Fields*	Heol Richard Price, Bettws	Changing pavilion, 2 x football pitches & all weather training area.	Part	3 x sports clubs	✓	✓	✓	Funding obtained for old section of pavilion to be demolished
Ogmore Valley Community Council - Nantymoel	30028	Nantymoel RFC*	Gwendoline Street, Price Town, Nantymoel	Changing pavilion & 1 x rugby pitch	Whole	2 x sports clubs	✓	✓	✓	
	30030	Waun Lwyd Bowling Green	Rhes Y Waun Fach, Price Town, Nantymoel	1 x outdoor bowling green	Whole	1 x sports club	✓	✓	✓	Community / Bowls Pavilion subject to existing CAT
Ogmore Valley Community Council - Ogmore Vale	30066	Caedu Park	Park Avenue, Ogmore Vale	Bowling pavilion, 1 x outdoor bowling green & 2 x tennis courts	Whole	1 x sports club	✓	✓	✓	Courts not in use
	30029	Ogmore Vale RFC (Pavilion & Playing Fields)	Bridge Street, Ogmore Vale	Changing pavilion & 1 x rugby pitch	Whole	1 x sports club	✓	✓	✓	
	30025	Aberfelds Pavilion & Playing Fields*	Aber Road, Pricetown	Changing pavilion, 2 x football pitches & 1 x rugby pitch	Whole	3 x sports club	✓	✓	✓	
	30027	Lewistown Pavilion & Playing Fields*	Blackmill Road, Lewistown	Changing pavilion & 1 x football pitch	Whole	None. Historically used by 2 x sports clubs	✓	✓	✓	Pavilion currently closed. Title issue with land on which pavilion built.
Ogmore Valley Community Council - Blackmill	30026	Evanstown Welfare Park*	Heol-Y-Parc, Evanstown, Giffach Goch	Changing/bowls pavilion, bowling green & 1 x rugby pitch	Whole	3 x sports clubs	✓	✓	✓	
St Brides Minor Community Council - Bryncoch	40113	Sarn Lifelong Learning Centre	Merfield Close, Sarn, CF32 9SW	Multl use building including community centre, day centre & library	Part	Multl use	✓	✓	✓	Only area utilised by community association. Remaining areas of building excluded from any CAT
Ynysawdre Community Council - Ynysawdre	40018	Ynysawdre Community Centre	Bryn Road, Tondy	Community Centre	Whole	Community Association	✓	✓	✓	
	40028	Pandy Park Pavilion & Playing Fields*	Terfyn Ynysawdre, Ynysawdre	Changing pavilion, 1 x football pitches & 2 x rugby pitch	Whole	3 x sports clubs	✓	✓	✓	Possible S106 implications
Llangynwyd Lower Community Council	40027	Coytrahen Playing Fields*	A4063 Maesteg Road Tondy To Cildaudo Road, Goetre-Hen	Playing field only - not currently used for formal sports use	Whole	None	✓	✓	✓	
Coity Higher Community Council - Pendre	50020	Litchard Cross Playing Fields	Heol West Plas, Coity	2 x football pitches (no pavilion) with adjacent playground (UPRN 50031)	Whole	3 x sports clubs	✓	✓	✓	
	50021	Great Western Avenue Pavilion & Playing Fields*	Great Western Avenue, Bridgend	Changing pavilion & 1 x football pitch	Whole	2 x sports clubs	✓	✓	✓	
Brackla Community Council - Brackla	50001	Brackla Playing Fields*	Whitethorn Drive to Channel View	No pavilion, 1 x football pitch & 1 x rugby pitch	Whole	3 x sports clubs	✓	*	*	Dual use arrangements with school during school hours.
Coychurch Lower Community Council	50020	Coychurch Pavilion & Playing Fields	B4181 Coychurch Roundabout to Heol Simonston	Changing pavilion & 1 x football pitch	Whole	None - historically used by 4 x sports club	✓	✓	*	Pavilion currently closed - not economic to bring back into use
Laleston Community Council	60060	Bryntirion Playing Fields	Mount Pleasant, Bryntirion	2 x football pitches	Whole	1 x sports clubs	✓	✓	✓	Land on which Scout Hall is located is subject to existing lease
	60161	Bryntirion & Laleston Community Centre*	Mount Pleasant, Bryntirion	Community Centre located within playing field site	Whole	Community Council	✓	✓	✓	
Bridgend Town Council - Oldcastle		Newbridge Fields Athletic Track	Newbridge Fields off Park Court Road, Bridgend	Athletic Track	Whole	1 x sports club	✓	✓	✓	
Cefn Cribbwr Community Council - Cefn Cribbwr	70017	Cefn Cribbwr Community Centre	Cefn Road, Cefn Cribbwr	Community Centre	Whole	Community Association	✓	✓	✓	
	70022	Cae Gof Pavilion & Playing Fields	Cefn Road, Cefn Cribbwr	Changing pavilion, bowls pavilion, 1 x football pitch, 2 x rugby pitches, 1 x dual use pitch, 1 x outdoor bowling green & 4 x tennis courts	Whole	3 x sports club	✓	✓	✓	Part of site subject to existing CAT
Pyle Community Council - Pyle	70023	Croft Goch Pavilion & Playing Fields*	Pisga Street, Kenfig Hill	Changing pavilion, 1 x football pitch & 1 x rugby pitch	Whole	2 x sports clubs	✓	✓	✓	
Cornelly Community Council - Cornelly	70025	North Cornelly Pavilion & Playing Fields	Meadow Street, North Cornelly	Changing pavilion, 2 x football pitches & 1 x rugby pitch	Whole	4 x sports clubs	✓	✓	*	
Porthcawl Town Council - Rest Bay	80030	Locks Lane Pavilion & Playing Fields*	Locks Lane, Porthcawl	Changing pavilion, 4 x football pitches & 1 x cricket ground	Whole	3 x sports clubs	✓	✓	✓	Part of site subject to historic CAT
	80033	Rest Bay Pavilion & playing Fields*	West Drive, Porthcawl	Changing pavilion, 2 x football pitches & 1 x rugby pitch	Whole	4 x sports clubs	✓	✓	*	

Town & Community Council / Ward	UPRN	CAT Priority 1 Assets		Description	Whole/Part	Existing Users	PROPOSED AGREEMENT			Comments
		Name	Address				MA / Licence to Occupancy	Short Term (1-7 yrs)	Long Term (up to 35 years)	
Porthcawl Town Council - Porthcawl Central East	80028	Griffin Park Pavilion & Bowls greens*	Eastern Promenade, Porthcawl	Bowls Pavilion, 3 x outdoor bowling greens, 2 x tennis courts & putting course	Whole	2 x sports clubs	✓	*	*	Tennis courts & possibly southern most bowling green required for highways works associated with Phase 2 regeneration. Potential title issues as freehold of part vested in Town Council not BCBC. TUPE considerations.
	80075	Griffin Park Community Centre*	New Road, Porthcawl	Community Centre	Whole	Community Association	✓	✓	✓	
Coychurch Higher Community Council - Penprysg	90012	Heol-y-Cyw Pavillon & Playing Fields*	High Street, Heol-Y- Cyw	Changing pavilion, 2 x rugby pitches & kickabout area (former tennis courts)	Whole	1 x sports club	✓	✓	✓	
Pencoed Town Council - Felindre	90013	Pencoed Recreational Grounds Pavilion*	Felindre Road, Pencoed	Changing pavilion only	Whole	None - historically used by 4 x sports clubs & 3 x non sports groups	✓	✓	✓	Pavilion currently closed. Bowls Pavilion & Green; MUGA & Skate Park all subject to exists CAT's.
	90013	Pencoed Recreational Grounds Playing Fields*	Felindre Road, Pencoed	Playing fields only - 1 x football pitch & 1 x rugby pitch	Whole	4 x sports clubs	✓	✓	*	
Pencoed Town Council - Hendre	90014	Woodlands Park Pavilion*	Llwyn Gwern, Pencoed	Changing pavilion, 2 x football pitches, 2 x rugby pitches & 1 x mult use pitch	Whole	4 x sports clubs & 3 x non sports groups	✓	✓	✓	

\* Asset either already subject to a lease or presently subject to CAT discussions

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE CHIEF EXECUTIVE

#### DYING TO WORK CAMPAIGN

##### 1. Purpose of report

- 1.1 The purpose of the report is to seek approval for Bridgend County Borough Council to sign the TUC's Dying to Work Charter.

##### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority:
- 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 Dying to Work campaign would like to see terminal illness recognised as a 'protected characteristic' so that an employee with a terminal illness would be entitled to a 'protected period' where they could not be dismissed as a result of their condition. In the absence of legislation, the TUC are encouraging employers to make a commitment towards this campaign by signing the Dying to Work Charter and agreeing not to dismiss any employee diagnosed with a terminal condition.
- 3.2 It is important to note that Council employees who have a terminal illness are treated with dignity and respect and their individual wishes are of paramount importance. Managers and HR officers always support employees (and their families) to achieve their choice of outcome regarding continued employment.
- 3.3 During the discussions with trade union colleagues in relation to this Charter this supportive position has been acknowledged.

##### 4. Current situation/proposal

- 4.1 In order to meet the requirements of the charter, the council will agree to commit to the following:
- 4.1.1 **Review sick pay and sickness absence procedures and include a specific statement that no employee with a terminal diagnosis will be dismissed because of their condition.**  
Employees' entitlements to sickness pay are in accordance with National Conditions. The council has an Absence Management policy and managers' guidelines that have been agreed by the Trade Unions. When these are reviewed,

reference will be added to confirm: the council's commitment to support employees and their families when diagnosed with a terminal condition; that employees wishes will be taken fully into account.

**4.1.2 Ensure that an Employee Assistance Programme is in place that has the capacity and competency to provide support to any employee with a terminal illness, including access to counselling and financial advice.**

The Council has this in place via a confidential advice, information and counselling service provided independently by Care First.

**4.1.3 Provide training to line managers and all HR staff on dealing with terminal illness, including how to discuss future plans with any employee who has a diagnosis of a terminal illness, and on what adaptations to work arrangements that may be necessary.**

The Managing Absence Workshop for managers, includes guidance on dealing with more challenging and sensitive situations including terminal illness. This is in addition to the direct support provided to managers by HR officers when dealing with employees with a terminal illness on a case by case basis, as each will be different.

**4.1.4 Adopt the Dying to Work Charter and notify all employees that they have made the commitments contained in it.**

Should Cabinet agree the recommendation in this report, the Charter will be signed and publicised in accordance with the TUC requirements.

4.2 Signing the Dying to Work Charter will not mean any change to current practice.

**5. Effect upon policy framework and procedure rules**

5.1 None.

**6. Equality Impact Assessment**

6.1 An initial screening has been undertaken which suggests that a full EIA is not required.

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

7.1 The Dying to Work Charter contributes to the well-being goals for a healthier Wales and a more equal Wales. The five ways of working have been considered as follows:

- Long term – this will show employees that the council supports their short and longer term needs (in the context of a diagnosis) should they wish to continue working during a terminal prognosis.
- Prevention – there are processes in place to support employees with a terminal illness as part of our wider managing absence arrangements, however, being a formal partner and signing up to the campaign shows employees the importance we place on their well-being.
- Integration – the Council will encourage partners of the Public Services Board to sign up to this campaign

- Collaboration – the Dying to Work Campaign does not need any external collaboration to be implemented, worked with trade unions, members officers to develop the response to the charter principles
- Involvement – the views of members of the public have informed the development of the charter and individual views taken into account when they decide how to spend their final months.

## **8. Financial implications**

8.1 There are no financial implications.

## **9. Recommendation**

9.1 It is recommended that Cabinet agree to sign up to the Dying to Work Charter.

Mark Shephard  
Chief Executive  
3 July 2019

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE INTERIM HEAD OF FINANCE

#### BUDGET MONITORING 2019-20 – QUARTER 1 REVENUE FORECAST

##### 1.0 Purpose of this report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's revenue financial position as at 30th June 2019 and virements over £100,000 which need approval by Council as required by the Council's Financial Procedure Rules.

##### 2.0 Connections to Corporate Improvement Objectives / Other Corporate Priorities

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

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

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

##### 3.0 Background

- 3.1 On 20th February 2019, Council approved a net revenue budget of £270.809 million for 2019-20, along with a capital programme for the year of £36.157 million. Council also approved a new Capital Strategy, 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. Given the importance of this, and the level of investment the Council makes in capital schemes, from 2019-20 onwards a separate quarterly report to Cabinet will be provided on capital expenditure, including monitoring of spend, and performance indicators, to provide more detailed information on schemes and how the Council spends its capital funding. This report will therefore focus specifically on the revenue budget.

3.2 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

#### 4.0 Current Situation / Proposal

##### 4.1 Summary financial position at 30th June 2019

4.1.1 The Council's net revenue budget and projected outturn for 2019-20 is shown in Table 1 below.

**Table 1- Comparison of budget against projected outturn at 30th June 2019**

Directorate/Budget Area	Original Budget 2019-20 £'000	Revised Budget 2019-20 £'000	Projected Outturn Q1 2019-20 £'000	Projected Over / (Under) Spend 2019-20 £'000	Projected Over / (Under) Spend Q1 2018-19 £'000
<b>Directorate</b>					
Education and Family Support	116,208	113,858	114,406	548	(168)
Social Services and Wellbeing Communities	70,834	70,916	71,190	274	2,006
Chief Executive's	25,331	25,511	26,070	559	75
	18,609	18,579	17,961	(618)	(1,621)
<b>Total Directorate Budgets</b>	<b>230,982</b>	<b>228,864</b>	<b>229,627</b>	<b>763</b>	<b>292</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,430	7,329	7,329	0	0
Levies	7,376	7,134	7,134	0	16
Apprenticeship Levy	700	700	620	(80)	(98)
Council Tax Reduction Scheme	14,854	14,854	14,692	(162)	(486)
Insurance Premiums	1,588	1,588	1,331	(257)	0
Repairs & Maintenance	870	870	870	0	0
Pension Related Costs	430	430	430	0	(826)
Other Corporate Budgets	6,579	9,040	9,040	0	(107)
<b>Total Council Wide Budgets</b>	<b>39,827</b>	<b>41,945</b>	<b>41,446</b>	<b>(499)</b>	<b>(1,501)</b>
<b>Total</b>	<b>270,809</b>	<b>270,809</b>	<b>271,073</b>	<b>264</b>	<b>(1,209)</b>

4.1.2 The overall projected position at 30th June 2019 is a net over spend of £264,000, comprising £763,000 net over spend on directorates and £499,000 net under spend on corporate budgets. A detailed analysis of the more significant projected under and over spends is set out in section 4.3.

4.1.3 Since the Medium Term Financial Strategy (MTFS) was approved in February, Welsh Government has advised Local Authorities that additional grant funding has now been made available during 2019-20 to meet the increased cost of teachers' pensions and fire service pensions, both of which were funded in full

through the MTFs, along with additional grant funding of £343,701 towards teachers' pay increases. The actual allocation for teachers' pensions is £2,006,096, which will enable us to release funding that was previously allocated for this purpose, for 2019-20 at least. In respect of the South Wales Fire and Rescue Authority, this means that the levy will now be reduced by £272,405, compared to the original budgeted provision. In the absence of any further information from Welsh Government on the recurrence of this funding in future years, the total funding released from these allocations of £2.622 million is available to meet the costs of one-off schemes, capital or revenue, in this financial year. Cabinet has proposed that the majority of this funding is used to undertake capital works as part of an 'Investing in Communities Fund', the details and criteria for which are to be determined. This proposal will be included in the next capital report to Council. The balance of funding will be held for unknown pay awards later in the year, including teachers' pay from September 2019.

- 4.1.4 There have been a number of budget virements and technical adjustments between budgets since the MTFs was approved by Council in February 2019. The budget position is reported on the assumption that these virements will be approved. The main virements and technical adjustments are outlined below:

#### Budget Virements

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding out of the Schools budget following the announcement by Welsh Government of additional grant funding to meet the additional pension costs and teachers' pay increases in 2019-20. This funding has been returned to corporate budgets until such time as a decision is made on how it is to be utilised.	-£2,349,797
Increase in Coroner's contribution as a result of increased Pathologist fees, Forensic/Toxicology fees, undertaker fees, salaries and rent.	£30,100

#### Technical Adjustments

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding out of the Fire Service budget due to budget pressure no longer being required following the announcement by Welsh Government that additional funding has been allocated to Fire and Rescue Authorities to meet the additional pension costs in 2019-20. This funding has been returned to corporate budgets.	-£272,405
Transfer of funding for prudential borrowing from corporate capital financing budgets to Communities directorate in line with the capital programme.	£100,878
Transfer of staff from Business Support (Chief Executive's) to the Communities Directorate	£87,549

- 4.1.5 There have been other technical adjustments for agreed inflationary increases, and recurrent funding for meeting Welsh Language Standards.
- 4.1.6 When the budget for 2019-20 was set, directorates were provided with funding for known pay and price inflation. The remaining provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases e.g. for energy. We are currently in the process of gathering information about increased energy prices for 2019-20, and will amend budgets accordingly during the year.
- 4.1.7 Given the large scale reductions on Council wide budgets in previous years, and the significant pay and price pressures already placed on these budgets in 2019-20, coupled with the still unknown pay increase for teachers from September 2019, there is a risk that there may not be sufficient funding available within these budgets for any unexpected major price inflation increases. Inflation rates remain fairly steady (CPI was 1.9% in February 2019 and was 2% in May 2019), but, with the uncertainty around Brexit and possible financial implications arising from that, the budget will need to be monitored closely during the remainder of the year.
- 4.1.8 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 £7.621 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 4.1.9 In February 2019 Council approved the Medium Term Financial Strategy for 2019-20 to 2022-23. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to around £35.2 million over the next four years. Against that background it is essential that expenditure is kept within the overall approved budget and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead.
- 4.1.10 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2019-20. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules. Similarly, consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Finally, outstanding prudential borrowing will be repaid, where possible, to reduce future capital financing charges. However, a decision will not be made until towards the end of the financial year when the overall outturn position is more definite.

## 4.2 Monitoring of Budget Reduction Proposals

### Prior Year Budget Reductions

- 4.2.1 A report was presented to Cabinet on 18th June 2019 on Financial Performance 2018-19. In the report it was highlighted that, for 2016-17 to 2018-19, there were £2.342 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £1.519 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2019-20 financial year, and to identify mitigating action that will be undertaken to achieve them. A summary of the latest position is attached as Appendix 1 with a summary per directorate provided in Table 2.
- 4.2.2 The Social Services and Wellbeing Directorate has developed a Future Service Delivery Plan, which was presented to Corporate Overview and Scrutiny Committee in March 2018, and which outlines the Directorate's response to the financial challenge facing them, not least setting out the planned actions to be undertaken in order to meet the shortfall. This will be monitored continuously throughout 2019-20.

**Table 2 – Outstanding Prior Year Budget Reductions**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Family Support	222	20	202
Social Services and Wellbeing	918	673	245
Communities	1,202	1,102	100
<b>TOTAL</b>	<b>2,342</b>	<b>1,795</b>	<b>547</b>

- 4.2.3 Table 2 shows that of the £2.342 million outstanding reductions, £1.795 million is likely to be achieved in 2019-20 leaving a shortfall of £547,000. Proposals still not likely to be achieved include:

- Learner Transport Policy and Transport Route efficiencies (£127,000) due to delays in assessments of safe routes.
- Review of Special Schools Home to School Transport (£75,000) as currently out to mini-tender.
- Permitting Scheme for Road Works (£100,000) due to delays in approval process with Welsh Government.

The balance mainly relates to proposals set out in the Social Services and Wellbeing Service Delivery Plan that are profiled over two to three years.

4.2.4 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 12 states that “Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency will be maintained”. A Budget Reduction Contingency was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. During the financial year, the Head of Finance will consider applications from Directorates to the MTFS Budget Reduction Contingency Reserve to mitigate some of the shortfalls.

### **Budget Reductions 2019-20**

4.2.5 The budget approved for 2019-20 included budget reduction proposals totalling £7.621 million, which is broken down in Appendix 2 and summarised in Table 3 below. The current position is a projected shortfall on the savings target of £1.433 million, or 19% of the overall reduction target.

**Table 3 – Monitoring of Budget Reductions 2019-20**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Family Support	596	529	67
Schools	0	0	0
Social Services and Wellbeing	1,235	957	278
Communities	1,938	930	1,008
Chief Executive's	1,464	1,384	80
Council Wide Budgets	2,388	2,388	0
<b>TOTAL</b>	<b>7,621</b>	<b>6,188</b>	<b>1,433</b>

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

- EFS1 - Phased Implementation of Learner Transport Policy (£67,000)
- SSW23 – Further savings from library and cultural facilities (£60,000)
- SSW25 – Review of complex care accommodation across learning disabilities services (£150,000)
- COM52 – Reduction to the budget for the MREC (£1,300,000)

4.2.7 Appendix 2 identifies the projected amount of saving against these proposals in detail and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Head of Finance will also consider applications from directorates to the MTFS Budget Reduction Contingency Reserve to mitigate some of the shortfalls.

4.2.8 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from the MTFS Budget Reduction Contingency will be made as part of the overall review of earmarked reserves during Quarter 2.

### 4.3 Commentary on the financial position as at 30th June 2019

A summary of the financial position for each main service area is attached as Appendix 3 to this report and comments on the most significant variances are provided below. Any draw down from earmarked reserves will be undertaken for the quarter 2 monitoring report. Actions are being taken by those directorates currently reporting a projected over spend to try to resolve issues that led to the current position or alternatively to identify offsetting savings in other areas of the service.

#### 4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2019-20 is £113.858 million. The Directorate (excluding Schools) contains savings targets of £596,000 for 2019-20. Current projections indicate an over spend of £548,000 at year end. The main variances are:

<b>EDUCATION &amp; FAMILY SUPPORT DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Health and Safety	384	314	(70)	-18.2%
Home to School Transport	5,145	5,906	761	14.8%
Inclusion	2,496	2,755	259	10.4%
Catering Services	939	864	(75)	-8.0%
Integrated Working	1,486	1,422	(64)	-4.3%
Strategic Management	1,494	1,365	(129)	-8.6%
Emotional Health & Behaviour	1,644	1,573	(71)	-4.3%

#### Schools' Delegated Budgets

The schools' delegated budget is reported as balanced as any under or over spend is automatically carried forward into the new financial year before being considered by the Director of Education and Family Support in line with the 'Guidance on Managing School Surplus Balances'. Total school balances increased by £254,000 during 2018-19, up to £614,000 at year end. However, without last minute additional funding from Welsh Government and the Central South Consortium, the overall schools balance would have been a negative figure, -£349,000. For 2019-20 currently there are 24 primary schools and 3 secondary schools (46% of all schools) that are projecting a deficit balance at year end. In total the Quarter 1 projections indicate an overall deficit balance for school delegated budgets of £1.129 million at year end.

## **Central Education and Family Support Budgets**

### Health and Safety

- The under spend of £70,000 relates to current staff vacancies within the service. The service area are currently going through a recruitment process to fill these vacancies.

### Home to School Transport

- There is a projected over spend of £761,000 on Home to School Transport. There is still significant pressure on the Home to School Transport budget. Although a significant budget reduction of £1.794 million and budget pressure of £427,000 has been applied to the learner transport budget to support the MTFS since 2014-15, the change of policy approved by Cabinet in September 2015 has not delivered significant enough savings to support this large budget reduction. As well as an increase in eligible learners, there is also significant pressure on transport providers with many not tendering for smaller contracts as they do not consider them to be profitable. Limited competition is increasing the costs associated with some contracts, especially where specialist vehicles are required – e.g. those will tail lifts. The requirement for specialist transport provision for pupils with additional learning needs (ALN) is increasing costs in general.
- A report is also being considered by Cabinet on the 23<sup>rd</sup> July 2019 to approve a 12 week public consultation on a number of policy proposals to effect additional savings. This is proposed to start in September 2019.

### Inclusion

- The over spend of £259,000 primarily relates to the shortfall in recoupment income (£162,000) – there are currently 23 out of county placements at Heronsbridge School and Ysgol Bryn Castell compared with 30 in the Summer Term 2018.

### Catering Services

- The under spend of £75,000 has arisen as a result of a 2.86% increase in primary school meal take up compared with when the budgets were set at the start of the financial year. Take up of school meals will require close in-year monitoring.

### Integrated Working

- The under spend of £64,000 relates to current staff vacancies within the service. The vacant posts are expected to be filled in-year.

### Strategic Management

- The under spend of £129,000 is as a result of a review of non-staffing budgets across the directorate, which are being held to mitigate over spends across other directorate service areas. These will be considered as part of future years' MTFS savings.

### Emotional Health & Behaviour

- The under spend of £71,000 is a combination of current staff vacancies, increased use of Ty Lidiard (provision of education to children who are not able to attend school because they are in hospital) by other Local Authorities and the increased level of clawback from schools for the Education outside of school



(EOTAS) provision, i.e recoupment of the pupil funding from the respective schools whilst they are receiving EOTAS.

#### 4.3.2 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2019-20 is £70.916 million. The Directorate budget contains savings targets of £1,235 million for 2019-20. Current projections indicate an over spend of £274,000 at year end. The main variances are:

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Older People Residential Care	8,632	8,515	(117)	-1.4%
Care at Home for Older People	8,513	8,660	147	1.7%
Equipment and Adaptations	858	977	119	13.9%
Assessment and Care Management	5,022	4,729	(293)	-5.8%
Care at Home for Learning Disabilities	9,368	9,763	395	4.2%
Learning Disabilities Day Opportunities	2,780	2,913	133	4.8%
Mental Health Residential Care	1,412	1,308	(104)	-7.4%
Looked After Children	11,557	11,690	133	1.2%

##### Older People Residential Care

- There is a projected under spend of £117,000 mainly due to joint health funding being more than originally anticipated and forecast staff savings within the new extra care schemes as recruitment continues.

##### Care at Home for Older People

- Care at home includes domiciliary care services, local authority homecare services and the provision of direct payments. The over spend of £147,000 is a combination of an over spend on the Direct Payments budget due to an increase in the number of cases offset by an under spend on the homecare budget primarily due to staffing vacancies due to a delay in implementing a staffing restructure.

##### Equipment and Adaptations

- There is a projected over spend of £119,000 as a result of increased usage of aids and equipment, along with servicing costs. These costs are seen as a preventative measure to keep service users out of long term care, and therefore reduce pressure on other service area budgets.

##### Assessment and Care Management (ACMT)

- There is a projected under spend of £293,000 on all assessment and care management budgets across the directorate. The directorate manages its staff vacancies stringently in order to achieve cost savings in-year.

##### Care at Home for People with Learning Disabilities

- There is a projected over spend of £395,000 mainly due to the complexity of needs and number of service users receiving direct payments or receiving domiciliary care within a home setting or supported accommodation.

### Learning Disabilities Day Opportunities

- There is a projected over spend of £133,000 mainly due to the cost of external day service provision. These costs are considerably less than 'one to one' care provision and this therefore reduces pressure on other service areas within the directorate.

### Mental Health Residential Care

- A projected under spend of £104,000 is based on current placements. Forecasted health contributions to these placements are built in to the forecast under spend.

### Looked After Children (LAC)

- There is a projected over spend of £133,000 on LAC at Quarter 1. This only represents 1.2% of the overall budget for LAC which is favourable when it is considered that the budget has been reduced by around £1 million over the last four years.
- The over spend is partly as a result of the implementation of a new model for residential services which has taken some time to establish due to the need for significant research, consultation and options appraisals, and the slower than anticipated safe reduction of looked after children. Project plans for both of these areas are now in place and the required work has gathered momentum, with significant capital work taking place in 2019-20. The plan to place more children into in-house foster placements is now implemented and it is anticipated savings will continue to be realised.
- The average number of LAC this financial year is 379 compared with an average of 376 in 2018-19. This can fluctuate month to month and will require ongoing monitoring in-year.
- The average number of independent fostering placements (IFAs) this financial year is 60 compared to 61 in 2018-19. This can fluctuate month to month and again will require ongoing monitoring in-year.
- The budget is closely monitored to ensure that the current over spend is reduced and that the budget for 2019-20 is effectively managed.

### 4.3.3 Communities Directorate

The net budget for the Directorate for 2019-20 is £25.511 million. The Directorate budget contains savings targets of £1.938 million for 2019-20. The current projection is an anticipated over spend of £559,000. The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Waste Disposal	3,325	3,675	350	10.5%
Waste Collection	4,923	5,383	460	9.3%
Highways Services (DSO)	2,756	2,606	(150)	-5.4%
Fleet Services	27	205	178	659.3%
Engineering Services	49	(101)	(150)	-306.1%
Corporate Director - Communities	146	76	(70)	-47.9%

### Waste Disposal and Collection

- There is a combined over spend on the Waste Collection and Waste Disposal budget of £810,000. There has been an ongoing procurement exercise with Neath Port Talbot County Borough Council (NPTCBC) to originally secure a new operator for the facility. Total MTFs Budget Reductions against the Waste budget of £200,000 in 2017-18 and £1,300,000 in 2019-20 were predicated on achieving a price in the region of £135 per tonne from this exercise. NPTCBC will now be running the MREC facility in-house, and whilst savings have been made in 2019-20 they are not at the level to achieve the MTFs savings and discussions are continuing with NPTCBC to continue to negotiate further improvements.

### Highways Services

- There is a projected under spend of £150,000 within Highways Services (DSO). This is primarily due to members of staff working on and hence charging their time to the ongoing SALIX capital scheme to enable the replacement of street lighting to new energy efficient LED units.

### Fleet Services

- Fleet is showing a projected over spend of £178,000. The service has undergone a review and the factors contributing to the over spend have been identified, including the charge out rate being too low to cover costs incurred. In line with a Corporate Management Board (CMB) recommendation, the service area has engaged in a review of productivity before being able to confirm a change to the charge out rate. A report back to CMB will be presented in July. At the start of 2019, technicians moved onto a differing working pattern at the start of 2019, to improve productivity. This was alongside a management restructure remodel, that was finalised in April 2019, and has seen a refocusing on workshop management and scheduling to address the over spend. Further costs saving measures have been undertaken such as improved procurement (e.g. reduced spend on tyres) and the fitting of speed limiters to vehicles to reduce fuel costs.

### Engineering Services

- There is a projected under spend across the service of £150,000 due to a projected increase in the level of fee earning jobs (balance of EU/non EU funded projects and the differing chargeable rates allowed) based on income earned to date compared with 2018-19 outturn.

### Corporate Director - Communities

- There is a projected under spend of £76,000 mainly as a result of staff vacancy management whilst the new senior management structure is being populated.

#### 4.3.4 Chief Executive's

The net budget for the Directorate for 2019-20 is £18.579 million. The Directorate budget contains savings targets of £1.464 million for 2019-20. Current projections anticipate an under spend against this budget of £618,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Supporting People	95	3	(92)	-96.8%
Housing Benefits – Admin	829	720	(109)	-13.1%
Housing Options & Homelessness	721	644	(77)	-10.7%
HR and Organisational Development	1,622	1,524	(98)	-6.0%
ICT	3,504	3,431	(73)	-2.1%
Legal	1,834	1,738	(96)	-5.2%
Communication & Engagement	1,598	1,454	(144)	-9.0%

##### Supporting People

- The under spend of £92,000 on Supporting People has mainly arisen from staffing vacancies. Housing is currently undergoing restructures which could result in this forecast changing through the year.

##### Housing Benefits - Admin

- There is an under spend of £109,000 in respect of the administration of housing benefit arising mainly from staffing vacancies, but also changes in staffing hours and additional annual leave purchases. Vacancies will be closely managed through the year.

##### Housing Options & Homelessness

- The under spend of £77,000 is mainly due to staffing vacancies and additional annual leave purchases. Housing is currently undergoing restructures which could result in this forecast changing through the year.

##### HR & Organisational Development

- The under spend of £98,000 mainly relates to staffing vacancies and changes in staffing hours. Vacancies will be managed throughout the year and could be subject to MTFs savings in 2020-21.

##### ICT

- The under spend of £73,000 is mainly due to staffing vacancies, additional annual leave purchases and a projected under spend on training budgets. Vacancies will be managed throughout the year and could be subject to MTFs savings in 2020-21.

##### Legal

- The under spend of £96,000 is mainly due to staffing vacancies and additional annual leave purchases. Vacancies will be managed throughout the year and could be subject to MTFs savings in 2020-21.

### Communication & Engagement

- The under spend of £144,000 mainly relates to staff vacancy management. Vacancies will be managed throughout the year and could be subject to MTFS savings in 2020-21.

#### 4.3.5 **Council Wide budgets**

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget for 2019-20 is £41.945 million. The Directorate budget contains savings targets of £2.388 million for 2019-20. The projected outturn is £41.446 million, resulting in a projected under spend of £499,000. The main variances are detailed below:

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Council Tax Reduction Scheme	14,854	14,692	(162)	-1.1%
Insurance Premiums	1,587	1,330	(257)	-16.2%
Apprenticeship Levy	700	620	(80)	-11.4%

#### Council Tax Reduction Scheme

- There is a projected under spend of £162,000 on the Council Tax Reduction Scheme based on spend to date and comparison against 2018-19 outturn. This is a demand led budget and take-up is difficult to predict. The Welsh Government is working with local authorities and third sector organisations to make people more aware of the range of support available to help people pay their council tax bills, and this could impact on take-up in 2019-20. This budget will therefore require close monitoring during 2019-20.

#### Insurance Premiums

- The projected under spend of £257,000 is mainly as a result of the reduction in the premium for property insurance in 2019-20 following a retendering exercise. This budget heading will be considered as part of future years' MTFS savings.

#### Apprenticeship Levy

- The under spend of £80,000 is based on the monthly charges to date and comparison against the 2018-19 outturn.

As indicated in 4.1.3, funding of £2.622 million has been returned to the central pay and price budget. Cabinet has proposed that the majority of this funding is used to undertake capital works as part of an 'Investing in Communities Fund', the details and criteria for which are to be determined, with the balance of funding being held for unknown pay awards later in the year. At this point in the financial year, it is prudent to assume that this and all other Council wide budgets will be fully spent by the year end.

## **5.0 Effect upon Policy Framework & Procedure Rules**

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

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

## **6.0 Equalities Impact Assessment**

6.1 There are no implications in this report.

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

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

## **8.0 Financial implications**

8.1 These are reflected in the body of the report.

## **9.0 Recommendations**

9.1 Cabinet is requested to:

- note the projected revenue position for 2019-20
- recommend that Council approve the virements over £100,000 as outlined in paragraph 4.1.4.

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**July 2019**

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**Background documents:** Individual Directorate Monitoring Reports  
MTFS Report to Council – 20 February 2019

## PRIOR YEAR BUDGET REDUCTIONS CARRIED FORWARD INTO 2019-20

Ref.	Budget Reduction Proposal		Original Reduction and RAG £000	Revised RAG £000	Total amount of saving likely to be achieved by 19-20 £000	Reason why not achievable	Proposed Action in 2019-20 to achieve
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## RAG STATUS KEY

<b>RED</b>	Not likely to be achieved <b>at all</b> in this financial year or less than 25%.
<b>AMBER</b>	Reduction not likely to be achieved in full in financial year but greater than 25%
<b>GREEN</b>	Reduction likely to be achieved in full

**EDUCATION & FAMILY SUPPORT**

EFS1 (2017-18)	Phased implementation of Learner Transport Policy regarding statutory distances for free travel.		20		0	Delays to the assessments of safe routes have meant the policy can not be implemented. It will be implemented incrementally as routes are assessed. Red RAG status given overspend on HTST in 2018-19 and continuing overspend in 2019-20 projections.	Cabinet is being requested to approve a 12 week public consultation on a number of policy proposals to effect additional savings. This is proposed to start in September 2019.
EFS2 (2017-18)	School transport route efficiencies.		40		0	Delays to the assessments of safe routes have meant the policy can not be implemented. It will be implemented incrementally as routes are assessed. Red RAG status given overspend on HTST in 2018-19 and continuing overspend in 2019-20 projections.	An external review of BCBC's transport arrangements is currently out to mini-tender. This will report in Autumn term 2019-2020. It is hoped this review will support changes to the current transport arrangements with a view to making the identified efficiency savings.
EFS1 (2018-19)	Phased implementation of Learner Transport Policy regarding statutory distances for free travel.		67		0	Delays to the assessments of safe routes have meant the policy can not be implemented. It will be implemented incrementally as routes are assessed. Red RAG status given overspend on HTST in 2018-19 and continuing overspend in 2019-20 projections.	Cabinet is being requested to approve a 12 week public consultation on a number of policy proposals to effect additional savings. This consultation is proposed to start in September 2019.
EFS14	Traded Services Schools brochure		20		20	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20

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Ref.	Budget Reduction Proposal		Original Reduction and RAG £000	Revised RAG £000	Total amount of saving likely to be achieved by 19-20 £000	Reason why not achievable	Proposed Action in 2019-20 to achieve
EFS27	Review arrangements for Special Schools Home to School Transport with a view to achieving efficiency savings		75		0	Retendering special school transport is unlikely to make the full saving due to additional in-year pressures on the Special School HTST budget.	An external review of BCBC's transport arrangements is currently out to mini-tender. This will report in Autumn term 2019-2020. It is hoped this review will support changes to the current transport arrangements with a view to making the identified efficiency savings. Furthermore, Cabinet is being requested to approve a 12 week public consultation on a number of policy proposals to effect additional savings. This is proposed to start in September 2019.
<b>Total Education &amp; Family Support Directorate</b>			<b>222</b>		<b>20</b>		
<b><u>SOCIAL SERVICES &amp; WELLBEING</u></b>							
SSW001	Management and admin review		203		203	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
SSW004	Review of LD supported living accommodation		78		78	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
SSW009	Remodel children's residential services		245		155	The savings proposal has been profiled over three years.	Remodelling will continue into 2019-20. £155k savings has been forecast for 2019-20
SSW010	Increase in-house fostering provision		392		237	The savings proposal has been profiled over two years.	The fostering project will continue into 2019-20 with savings of £237k forecast
<b>Total Social Services &amp; Wellbeing Directorate</b>			<b>918</b>		<b>673</b>		
<b><u>COMMUNITIES</u></b>							
COM1	Public conveniences - Reductions to the budget for Public Toilet provision		100		100	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
COM18 2017-18	Reductions to the budget for the Materials Recovery and Energy Centre (MREC) Introduction in 17-18 of savings achieved through the current procurement being undertaken with Neath Port Talbot CBC for the provision of new operator arrangements for the MREC facility at Crumlyn Burrows.		200		200	Savings have been made in 2019-20 - they are at the level to achieve the prior year MTFS savings but not the 2019-20 savings target.	No action required. Full saving should be achieved in 2019-20



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Ref.	Budget Reduction Proposal		Original Reduction and RAG £000	Revised RAG £000	Total amount of saving likely to be achieved by 19-20 £000	Reason why not achievable	Proposed Action in 2019-20 to achieve
COM19 2017-18	Permitting Scheme road works net of existing income of £95,000		100		0	Timeline not in the direct control of BCBC officers as the business case is going through multiple steps in an approval process with WG. However ultimately a positive response is expected, and this is being lead by the group manager to ensure it is followed through.	Ongoing communication with WG to progress the business case. However, the responsible highways network budget area is committed to stay within budget irrespective of the delivery of the scheme.
COM27	Review of Subsidised Bus Services		188		188	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
COM31	To rationalise the core office estate - Secure tenant for Raven's Court and move staff into the Civic Offices, in order to generate a rental income and save on running costs		114		114	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
COM40	Implementation of Corporate Landlord		500		500	No reason why this saving should not be achieved in full in 2019-20.	No action required. Full saving should be achieved in 2019-20
<b>Total Communities Directorate</b>			<b>1,202</b>		<b>1,102</b>		
<b>GRAND TOTAL OUTSTANDING REDUCTIONS</b>			<b>2,342</b>		<b>1,795</b>		
<b>REDUCTIONS SHORTFALL</b>					<b>547</b>		

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**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
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**EDUCATION & FAMILY SUPPORT**  
**CENTRAL EDUCATION & FAMILY SUPPORT**

EFS1	Phased implementation of Learner Transport Policy regarding statutory distances for free travel	<ul style="list-style-type: none"> <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>	67	0	Delays to the assessments of safe routes have meant the policy can not be implemented. It will be implemented incrementally as routes are assessed. Red RAG status given overspend on HTST in 2018-19 and continuing overspend in 2019-20 projections.
EFS19	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.	41	41	Full saving should be achieved in 2019-20
EFS35	Reduction to contribution to the Central South Consortium (CSC) of 5%	This would need to be agreed with other partners within the Consortium.	30	30	Full saving should be achieved in 2019-20
EFS36	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.	70	70	Full saving should be achieved in 2019-20
EFS37	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.	110	110	Full saving should be achieved in 2019-20
EFS38	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.	77	77	Full saving should be achieved in 2019-20

**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
EFS39	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).	65	65	Full saving should be achieved in 2019-20
EFS40	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.	100	100	Full saving should be achieved in 2019-20
EFS45	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	36	Full saving should be achieved in 2019-20
	<b>Total Education and Family Support</b>		<b>596</b>	<b>529</b>	

**SOCIAL SERVICES & WELLBEING**

SSW17/A SC18	Development of Extra Care Housing	Project is now in its final stages. All consultation has been completed. No adverse impact identified.	330	330	Full saving should be achieved in 2019-20
SSW19	Further review of HALO partnership contract.	Previous negotiations have proved successful. No adverse impact identified.	80	80	Full saving should be achieved in 2019-20
SSW21	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.	70	70	Full saving should be achieved in 2019-20
SSW22	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	0	Unable to achieve savings in 2019/20 due to consultation timetable. Anticipated savings will be delivered in 2020/21.
SSW23	Review charging for telecare services	New charges will be introduced together with an increase in other current charges.	150	150	Full saving should be achieved in 2019-20
SSW24	Staffing reconfiguration across SSWB Directorate	Reconfiguration of staff will require staff consultation.	345	277	Restructures were not completed by April 2019, therefore only part year savings achievable. Full savings will be achieved by April 2020.

**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
SSW25	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.	150	0	Unable to identify any likely savings at Quarter 1. Complex care is currently under review.
SSW26	Remodelling day service provision for older people and learning disability services	Full review of services which could mean alternative service provision required to meet assessed need.	50	50	Full saving should be achieved in 2019-20
<b>Total Social Services &amp; Wellbeing Directorate</b>			<b>1,235</b>	<b>957</b>	

**COMMUNITIES**

COM4	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.	10	0	The level of service need is currently in excess of the available budget, hence full saving will not be achieved in 2019-20
COM20	Highways Dept Management Structural Savings Target	Loss of experienced, competent and qualified managers to deliver statutory functions. Reduced resilience for response to highway issues.	100	50	Restructures were not completed by April 2019, therefore only part year savings achievable. Full savings will be achieved by April 2020.
COM26	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.	5	5	Full saving should be achieved in 2019-20

**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
COM42	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.	69	35	Will not be achieved in full due to ongoing consultation on Parks & Playing Fields
COM43	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.	10	10	Full saving should be achieved in 2019-20
COM44	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.	45	20	Due to resources in delivering other transport projects this saving proposal has been delayed. A range of measures to meet the proposed saving are currently being considered, however the current assessment of the options identifies a high risk that they may not meet the level of saving required.
COM46	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.	148	86	Due to requirements for consultation, reporting and challenge, the 12 week notice period was not issued until the beginning of June which will mean a cessation of service at the end of August 19 (7 month saving)
COM47	Public Transport - efficiencies achieved under the Public Transportation budget	Reduced support available for wider Transportation budgets - e.g. works at Bridgend Bus Station.	24	24	Full saving should be achieved in 2019-20
COM49	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.	30	30	Full saving should be achieved in 2019-20



**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
COM50	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.	10	10	Full saving should be achieved in 2019-20
COM52	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.	1,300	500	There has been an ongoing procurement exercise with Neath Port Talbot County Borough Council (NPTCBC) to originally secure a new operator for the facility. Total MTFS Budget Reductions against the Waste budget of £200,000 in 2017-18 and £1,300,000 in 2019-20 were predicated on achieving a price in the region of £135 per tonne from this exercise. NPTCBC will now be running the MREC facility in-house, and whilst savings have been made in 2019-20 they are not at the level to achieve the MTFS savings and discussions are continuing with NPTCBC to continue to negotiate further improvements.
COM53	Communities Management Restructure	Loss of experienced, competent and qualified managers to deliver statutory functions.	135	135	Full saving should be achieved in 2019-20
COM55	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.	25	5	Most service users pay prior to the 1st April, hence full benefit of increase in charge will not be seen until 20-21
COM56	Increase charge for collection of 3 bulky waste items from £15.50 to £20.		10	10	Full saving should be achieved in 2019-20
COM59	Reduction to the opening hours of the Community Recycling Centres by 1 hour, per day.		17	10	Change to the opening hours commenced June 2019, hence full year saving not achievable.
<b>Total Communities Directorate</b>			<b>1,938</b>	<b>930</b>	

**CHIEF EXECUTIVE'S**

**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
CEX1	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.	111	111	Full saving should be achieved in 2019-20
CEX2	Remove members' Community Action Fund	This will require approval from members following review of current scheme.	285	285	Full saving should be achieved in 2019-20
CEX3	Review of Business Support functions across the directorate	Reconfiguration of the service required, may result in slower response times and restructure.	250	200	Restructures were not completed by April 2019, therefore only part year savings achievable. Full savings will be achieved by April 2020.
CEX4	Review of homelessness prevention budgets and allocation of related grants	There will be a reliance on grant funding and limited core funding available	235	235	Full saving should be achieved in 2019-20
CEX5	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	100	100	Full saving should be achieved in 2019-20
CEX6	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 an ad hoc basis	200	200	Full saving should be achieved in 2019-20
CEX7	Review of non staff related ICT budgets including software	Minimal impact anticipated.	80	80	Full saving should be achieved in 2019-20
CEX8	Directorate leadership restructuring	Will reduce senior management capacity, and require some backfilling and review of functions.	100	100	Full saving should be achieved in 2019-20
CEX9	Review structures across customer contact, communications & marketing, housing and performance	Vacant posts would be frozen / deleted.	73	73	Full saving should be achieved in 2019-20
CEX10	Review CCTV function with aim to create efficiencies	Potentially could impact on community safety	30	0	The specific proposal is unlikely to be achieved in 2019-20. However, alternative savings should be possible within the service with minimal impact.
	<b>Total Chief Executive's Directorate</b>		<b>1,464</b>	<b>1,384</b>	



**MONITORING OF 2019-20 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2019-20 £'000	Value Likely to be Achieved 2019-20 £'000	Reason why not likely to be achievable
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**CORPORATE / COUNCIL WIDE**

CWD6	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.	1,975	1,975	Full saving should be achieved in 2019-20
CWD7	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	200	Full saving should be achieved in 2019-20
CWD8	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	213	Full saving should be achieved in 2019-20
<b>Total Corporate / Council Wide</b>			<b>2,388</b>	<b>2,388</b>	

<b>GRAND TOTAL REDUCTIONS</b>	<b>7,621</b>	<b>6,188</b>
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**TOTAL BUDGET REDUCTION REQUIREMENT**

**7,621      7,621**

<b>REDUCTION SHORTFALL</b>	<b>0</b>	<b>1,433</b>
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<b>3,024</b>	<b>4,935</b>
<b>2,703</b>	<b>999</b>
<b>1,894</b>	<b>1,687</b>
<b>7,621</b>	<b>7,621</b>

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BRIDGEND COUNTY BOROUGH COUNCIL	Budget 2019-20			Projected Outturn	Projected Variance Over/(under) budget	% Variance
	Expenditure Budget	Income Budget	Net Budget			
	£000	£000	£000			
				£000	£000	
<b>EDUCATION AND FAMILY SUPPORT</b>						
School Delegated Budgets	114,006	(21,302)	92,704	92,704	(0)	0.0%
Learning	10,779	(3,931)	6,848	6,973	125	1.8%
Strategic Partnerships & Comm	24,844	(10,922)	13,922	14,415	493	3.5%
Health and Safety	386	(2)	384	314	(70)	-18.1%
<b>TOTAL EDUCATION AND FAMILY SUPPORT</b>	<b>150,015</b>	<b>(36,157)</b>	<b>113,858</b>	<b>114,406</b>	<b>548</b>	<b>0.5%</b>
<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>						
Adult Social Care	62,514	(15,549)	46,965	47,164	199	0.4%
Sport, Play and Active Wellbeing	5,893	(793)	5,100	5,075	(25)	-0.5%
Safeguarding & Family Support	19,765	(914)	18,851	18,951	100	0.5%
<b>TOTAL SOCIAL SERVICES AND WELLBEING</b>	<b>88,172</b>	<b>(17,256)</b>	<b>70,916</b>	<b>71,190</b>	<b>274</b>	<b>0.4%</b>
<b>COMMUNITIES DIRECTORATE</b>						
Regeneration & Development	4,543	(1,879)	2,664	2,641	(23)	-0.9%
Street Scene	32,709	(13,106)	19,603	20,244	641	3.3%
Director - Communities	146	-	146	76	(70)	-47.9%
Corporate Landlord	23,536	(20,438)	3,098	3,109	11	0.4%
<b>TOTAL COMMUNITIES</b>	<b>60,934</b>	<b>(35,423)</b>	<b>25,511</b>	<b>26,070</b>	<b>559</b>	<b>2.2%</b>
<b>CHIEF EXECUTIVE'S</b>						
Chief Executive	511	-	511	513	2	0.4%
Finance	54,414	(50,716)	3,698	3,621	(77)	-2.1%
HR/OD	1,928	(306)	1,622	1,524	(98)	-6.0%
Partnerships	2,646	(622)	2,024	1,838	(186)	-9.2%
Legal, Democratic & Regulatory	6,363	(1,260)	5,103	4,930	(173)	-3.4%
Elections	150	(11)	139	158	19	13.7%
ICT	4,723	(1,219)	3,504	3,431	(73)	-2.1%
Housing & Homelessness	6,825	(5,668)	1,157	1,057	(100)	-8.6%
Business Support	933	(112)	821	889	68	8.3%
<b>TOTAL CHIEF EXECUTIVE'S</b>	<b>78,493</b>	<b>(59,914)</b>	<b>18,579</b>	<b>17,961</b>	<b>(618)</b>	<b>-3.3%</b>
<b>TOTAL DIRECTORATE BUDGETS</b>	<b>377,614</b>	<b>(148,750)</b>	<b>228,864</b>	<b>229,627</b>	<b>763</b>	<b>0.3%</b>
Council Wide Budgets	42,892	(947)	41,945	41,446	(499)	-1.2%
<b>NET BRIDGEND CBC</b>	<b>420,506</b>	<b>(149,697)</b>	<b>270,809</b>	<b>271,073</b>	<b>264</b>	<b>0.1%</b>

NB: Differences due to rounding of £000's

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

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

#### CAPITAL PROGRAMME UPDATE - QUARTER 1 2019-20

##### 1. Purpose of Report

1.1 The purpose of this report is to:-

- comply with the requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance 2018
- provide an update of the Capital Programme from 1 April to 30 June 2019 (**Appendix A**)
- seek agreement from Cabinet to present a report to Council for approval for a revised capital programme for 2019-20 to 2028-29 (**Appendix B**)
- note the projected Prudential and Other Indicators for 2019-20 (**Appendix C**)

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

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

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

2.2 Capital investment in the Council's assets is a key factor in meeting the Council's Priorities as set out in the Council's Corporate Plan.

### **3. Background**

- 3.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.
- 3.2 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
  - Welsh Government (WG) revised Guidance on Local Authority Investments
- 3.3 In December 2017, CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities. The revised 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 are required 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.
- 3.4 The objectives of the Code are to ensure, within a clear framework, that the capital investment plans are affordable, prudent and sustainable. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of Indicators that must be set and monitored each year.
- 3.5 In previous financial years, the monitoring of capital expenditure has been included within the Financial Performance Quarterly Monitoring Reports to Cabinet. The monitoring of the Prudential Indicators has been included within the Treasury Management Quarterly Monitoring Reports to Cabinet. With the development of the Capital Strategy 2019-20, it is sensible to link the monitoring of both the Capital Programme and the Capital Strategy and therefore the Prudential Indicators into one report. The intention of this is to strengthen the links between the two. For the period 1 April to 30 June 2019 this report covers the following areas:-
- Capital Programme 2019-20 Monitoring
  - Capital Programme 2019-20 Onwards
  - Prudential and Other Indicators Monitoring
  - Capital Strategy Monitoring
- 3.6 On 20<sup>th</sup> February 2019, Council approved a capital programme covering the period 2019-20 to 2028-29 as part of the Medium Term Financial Strategy (MTFS). Since then, there have been schemes that have slipped from 2018-19 and additional schemes requiring approval as a result of additional sources of funding.

#### 4. Current Situation

##### **Capital Programme 2019-20 Monitoring**

- 4.1 This section of the report provides Members with an update on the Council's capital programme for 2019-20 since the budget was originally approved by Council and incorporates budgets brought forward from 2018-19 and any new schemes and grant approvals. The revised programme for 2019-20 currently totals £54.471 million, of which £36.665 million is met from BCBC resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £17.806 million coming from external resources. Table 1 below shows the capital programme for each Directorate from the February 2019 approved Council position to quarter 1 :-

**Table 1 – Capital Programme per Directorate 2019-20**

<b>Directorate</b>	<b>Approved Council 20 Feb 2019 £'000</b>	<b>Slippage Brought forward from 2018-19 £'000</b>	<b>Slippage to 2020-21 £'000</b>	<b>New Approvals £'000</b>	<b>Revised Budget 2019-20 £'000</b>
Education & Family Support	1,192	2,526	0	1,738	5,456
Social Services and Well-being	600	659	0	0	1,259
Communities	31,095	4,606	-400	8,360	43,661
Chief Executive's	3,270	495	0	330	4,095
<b>Total</b>	<b>36,157</b>	<b>8,286</b>	<b>-400</b>	<b>10,428</b>	<b>54,471</b>

- 4.2 Table 2 below summarises the current funding assumptions for the capital programme for 2019-20. The capital resources are managed to ensure that maximum financial benefit for the Council is achieved. This may include the realignment of funding to maximise government grants.

**Table 2 – Capital Programme 2019-20 Resources**

<b>CAPITAL RESOURCES</b>	<b>BCBC £'000</b>	<b>External £'000</b>	<b>Total £'000</b>
Capital Receipts	17,025		17,025
Grants		15,969	15,969
Earmarked Reserves	7,883		7,883
Unsupported Borrowing	4,811		4,811
Supported Borrowing	3,938		3,938
Other Loans	917		917
Revenue Contributions	2,091		2,091
Other Contributions		1,837	1,837
<b>TOTAL</b>	<b>36,665</b>	<b>17,806</b>	<b>54,471</b>

4.3 **Appendix A** provides details of the individual schemes within the capital programme, showing the budget available in 2019-20 compared to the projected spend. Commentary is provided detailing any issues associated with these projects. £8.286 million of funding was slipped forward into 2019-20 for schemes not completed in 2018-19, as outlined in the report to Cabinet on Financial Performance 2018-19 in June 2019 and included:-

- £508,000 in respect of the Extra Care facility at Maesteg following delays due to drainage issues;
- £535,000 in respect of the Cardiff Capital Region City Deal as no additional capital projects were approved during the year (although there was further spend in respect of the Compound Semiconductor scheme);
- Porthcawl Resort Investment Focus (PRIF) where £661,000 of grant has been re-profiled into 2019-20;
- £1.015 million of funding for minor capital works which, due to capacity issues during the implementation of the Corporate Landlord model, have not been able to be completed;
- £790,000 in respect of retentions on 21st Century Band A Schemes that were finalised during 2018-19, including Garw Valley South and Brynmenyn Primary provision.

4.4 There is one scheme currently identified that will be slipped into 2020-21 and this is £400,000 for Heol Mostyn Junction - further details are provided in



paragraph 4.7 below. There has also been a re-profiling of Maesteg Town Hall as below :-

#### Maesteg Town Hall

In January 2018, a report to Cabinet outlined the anticipated project cost would be circa £5-6 million inclusive of fees and professional services. Due to the age and listed status of the building, several surveys have been carried out over the last 18 months to de-risk the project as much as possible. This has resulted in the need for additional works (such as asbestos and structural) and subsequent recommendations, along with general design progression, such as an increased lift specification to accommodate the end use of the building, a partial fit out of the Café, Studio Bar, Servery and Kitchen and increase in ventilation requirements. This has resulted in a total project cost now of circa £6.3 million. RIBA stage 4 detailed / technical design will be completing early September. At this stage BCBC will receive an updated cost plan with final tender returns for the project - until this information has been received the cost is subject to change.

The funding package has also been progressed during the time to ensure that no additional burden is placed on the Council's Capital Programme. Confirmation was received recently from the National Lottery Heritage Fund for a contribution of £774,900, of which £701,460 is allocated for the capital works. Decision on the ERDF-Building for the future £2,859,999 funding is due to be received imminently. Officers are working closely with Awen who have also confirmed some of their funding, both internally and in the form of grant, such as for Community Facilities. Applications for further grant funding from CADW have been submitted and discussions are progressing at speed with other potential funders such as Valleys Task Force and Museums, Archives and Libraries Division (MALD).

- 4.5 In addition, there have been a number of new externally funded schemes approved, which have been incorporated into the capital programme, including:

#### Welsh Medium Childcare Provision

A report was presented to Cabinet in November 2018 advising that a grant of £2.6 million had been made available to develop Welsh medium childcare provision. This funding was built into the capital programme as part of the MTFs. We have now received the breakdown of funding over each of the four schemes, and the profile of spend, so this has been allocated in the programme.

#### Schools Maintenance Grant and ICT Grant

Due to the late notification in 2018-19 from Welsh Government of additional funding of £1.817 million from Welsh Government for Schools Maintenance Grant, this has been carried forward into 2019-20 in an earmarked reserve. An update will be presented at the half year monitoring report of the allocation of this funding. New funding of £81,000 from the Welsh Local Government Association has been received for ICT equipment within schools.

### Transport Grant and Highways Refurbishment Grant

Confirmation has now been received from Welsh Government of the schemes approved for Transport Grant. These include the Local Transport Fund of £1.140 million, the Active Transport Fund of £1.615 million and Safe Routes in Communities £461,000. In addition to the Highways Refurbishment Grant of £803,000 received late in 2018-19 which has been carried forward into 2019-20, there has been an additional allocation to it of £796,672 for 2019-20. The allocation of these monies to priority schemes is taking place and a further update will be presented at the half year monitoring report.

### Coychurch Crematorium

In March 2019, the Coychurch Crematorium Committee approved a programme of works totalling £1.008 million. The major elements of this include the Flower Court Extension and Site Lighting. Further details can be found with the Reports to that Committee.

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

### **Capital Programme 2019-20 Onwards**

- 4.7 There are a number of new schemes, funded by the Council, to be included in the capital programme since the programme was approved in February:

#### **Data Centre – Chief Executive’s Directorate**

BCBC ICT Service Unit currently house the primary authority data centre at Sunnyside House. Sunnyside House is a leased building until June 2021, and under the Rationalising the Estate Programme Board it has been agreed that the lease will not be renewed. The data centre is the heart of the ICT service and all ICT services that are provided to staff. An options appraisal was carried out to determine the most appropriate location for a new data centre, and the chosen option was a refurbishment of the computer rooms in Raven’s Court. The total capital cost of new datacentre building refurbishment works is £330,000, which includes the cost of:

- a generator and resilient uninterruptible power supply (UPS) system,
- datacentre network equipment,
- fire suppression system, air conditioning, and
- expansion of the Storage Area Network

The costs will be met from an earmarked reserve which was previously established for the relocation of the data centre.

### **Heol Mostyn Junction, Pyle**

In the MTFS 2018-19 to 2021-22 Council agreed a capital budget of £400,000 for road safety works. This funding is to be used for the junction improvements required for the waste management site in Pyle, to increase the capacity of the junction and improve pedestrian safety for vehicles turning into the estate. The total estimated cost of the works is £600,000 and the balance of £200,000 will be met from an earmarked reserve set aside at the end of 2018-19 to meet the full costs of this scheme. The works are programmed to commence in April 2020 with completion by August 2020.

### **Evergreen Hall**

An opportunity has emerged to 'buy out' the remaining leasehold period of 18 years for the Evergreen Hall, for a sum of £39,900 from the trustees representing the Evergreen Hall users. This is a valuation made by the District Valuer on behalf of the two parties, and is subject to formal agreement at their scheduled committee meeting on 16<sup>th</sup> July. From the Council's point of view this represents an opportunity to secure an area of the Civic Offices building for future use. It is proposed that an options appraisal is carried out by the Council to determine the preferred use of the space, after which a further capital bid for refurbishment costs will be necessary. Securing this part of the building for future use is consistent with the Council's strategy of rationalising its office estate and, wherever possible, centralising its office accommodation in the Civic Offices and Ravenscourt. This will be particularly pertinent when the lease on the Sunnyside House building ends in 2021. It will also ease any potential congestion and parking issues in and around the access road to the underground car park of the Civic Offices when the Registrars facility moves into the building later this calendar year. The cost will be met from an earmarked reserve that has been set aside. There is the potential that the Council's offer could be reduced if the premises are found not to be in good condition, and we are currently arranging a survey.

### **Investing in Communities**

The quarter 1 budget monitoring report to Cabinet in July 2019 outlines the revenue funding released as a result of late notification of one-off grant funding from Welsh Government towards teachers' and firefighters' pay and pensions. Cabinet has proposed that an 'Investing in Communities Fund' be established with £2 million of this funding to support the capital minor works programme, by enabling more capital improvement works to be undertaken on Council assets in our local communities. The criteria for allocating this funding will be determined in due course, but all allocations will require approval from Corporate Management Board.

Council are requested to approve these for inclusion within the Capital Programme in accordance with the Constitution.

- 4.8 In March 2019 Council approved a change to the funding envelope for Band B of the School Modernisation Programme and for this to be incorporated into the capital programme. The previous funding option meant that all 5 schemes in

the Band B programme would be funded through capital grants, with capital match funding provided by the Council. The revised funding option agreed by Council in March 2019 (option 3) means that 2 primary school schemes will now be funded through the Mutual Investment Model (MIM) which is primarily a revenue funded scheme, with revenue funded match funding provided by the Council. Consequently the capital programme has been amended to reflect this reduced capital commitment to the Band B programme. The revenue implications of this change in funding will be picked up as a revenue budget pressure as part of a future Medium Term Financial Strategy.

- 4.9 There are a number of other schemes within the Capital Programme that are awaiting confirmation of external funding over the summer period. Once approval is known, it may also result in some schemes needing re-profiling. The Capital Programme has not been updated at this time for these schemes and further reports will be brought to Cabinet and Council in the Autumn for approval.

A Revised Capital Programme is included as **Appendix B**.

#### **Prudential and Other Indicators 2019-20 Monitoring**

- 4.10 In February 2019, Council approved the Capital Strategy for 2019-20, which included the Prudential Indicators 2019-20 to 2021-22 together with some local indicators. This follows the publication of the revised Prudential Code for Capital Finance in Local Authorities (the Prudential Code), which placed a new requirement on Local Authorities to determine a Capital Strategy, for approval 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.
- 4.11 The Capital Strategy is intended to give an 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. To this end, a number of prudential indicators were included, and approved by Council. In line with the requirements of the Prudential Code, the Chief Finance Officer is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement specified.
- 4.12 The Prudential Code requires the Council to set and report on a number of Prudential Indicators and states that:-

“The Chief Finance Officer (CFO) is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement specified. The CFO will need to establish a measurement and reporting process that highlights significant deviations from expectations”.

In February 2019, Council approved the revised Financial Procedure Rules, determining Cabinet as the body to receive the monitoring report on the Capital

Strategy and Prudential Indicators. **Appendix C** details the actual indicators for 2018-19, the estimated indicators for 2019-20 set out in the Council's Capital Strategy and the projected indicators for 2019-20 based on the revised Capital Programme. These show that the Council is operating in line with the approved limits.

### **Capital Strategy Monitoring**

- 4.13 The Capital Strategy also requires the monitoring of non-treasury management investments and other long term liabilities. 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 total value of Investment Properties was £4.635 million at 31 March 2019.
- 4.14 The Council previously approved £1 million within the capital programme for the purchase of investment assets 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 within the capital programme 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, in which case it would need to review the criteria and investment strategy but this would be on a risk based approach.
- 4.15 The Council has a number of Other Long Term Liabilities which are included within the Capital Strategy. These include the following:-

#### 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 which is £17 million at 31 March 2019. This is a 25 year agreement which will end during the 2033-34 financial year.

#### Llynfi Valley Loan

The Council received a loan from the Welsh Government Central Capital Retained Fund for regeneration works within the Llynfi Valley in March 2014. Capital works have not yet commenced. Officers are currently in discussion with Welsh Government on this Loan, which is due to be repaid by the end of the financial year, about some possible options including the extension of the Loan into 2020-21.

#### Salix Loan

During the first quarter of 2019-20, the Council has received a £374,000 loan from Welsh Government Energy Efficiency Loans Programme. This was equivalent to the capital spend in 2018-19 for Street Lighting up to the end of February 2019. A further loan will be received in this financial year to cover the

2019-20 capital expenditure. The Loan will be repaid from revenue budget savings for energy efficiency.

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

- 5.1 As required by Financial Procedure Rule 3.5.3 within the Council's Constitution, "The Chief Finance Officer shall report quarterly to Cabinet an update on the Capital Strategy and the Prudential Indicators."

## **6. Equality Impact Assessment**

- 6.1 Projects within the capital programme 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 well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report. Specifically the development of a 10 year capital programme, which reflects the Council's affordability in terms of capital receipts and borrowing, supports the principle of sustainability over the long term.

## **8. Financial Implications**

- 8.1 The financial implications are outlined in the body of the report. Any capital receipts released as a result of schemes being removed from the capital programme will be re-allocated to other schemes already included within the programme, but funded from external borrowing, to reduce potential borrowing costs and therefore reduce the pressure on the revenue budget.

## **9. Recommendation**

- 9.1 It is recommended that Cabinet:

- note the Council's capital programme for the period 1 April 2019 to 30 June 2019 (**Appendix A**);
- agrees that the revised Capital Programme (**Appendix B**) be submitted to Council for approval
- note the projected Prudential and Other Indicators for 2019-20 (**Appendix C**).

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**1 July 2019**

**Contact Officer:** Nigel Smith  
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CF31 4AP

**Background documents:**

Capital Strategy 2019-20– Report to Council 20-02-19

Medium Term Financial Strategy 2019-20 onwards – Report to Council 20-02-19

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**Bridgend County Borough Council**  
CAPITAL MONITORING REPORT

APPENDIX A

<u>Main Scheme</u>	Whole Scheme Budget*	Budget 19-20 (Council 20.02.19)	2018-19 Slippage b/f	New Approvals	Virement	Slippage to 2020-21	Revised Budget 2019-20	Total Exp to date	Projected Spend	Over / (Under) spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Education &amp; Family Support</b>										
<b><u>Learning</u></b>										
21ST CENTURY SCHOOLS BAND B	51,916	410	-	(90)	-	-	320	-	320	-
PENYFAI PRIMARY	7,239	-	356	-	-	-	356	-	356	-
WELSH MEDIUM CHILDCARE PROVISION	-	180	-	(180)	-	-	-	-	-	-
BRYNMENYN PRIMARY	8,500	-	234	-	-	-	234	-	234	-
GATEWAY TO THE VALLEYS SECONDARY SCHOOL	39,757	-	140	-	-	-	140	-	140	-
COITY PRIMARY SCHOOL	8,560	-	46	-	-	-	46	-	46	-
GARW VALLEY SOUTH PRIMARY PROVISION	10,808	-	326	-	-	-	326	(236)	326	-
PENCOED PRIMARY	10,834	-	100	-	-	-	100	(155)	100	-
GARW VALLEY PRIMARY HIGHWAYS	400	-	130	-	-	-	130	-	130	-
PENCOED PRIMARY SCHOOL HIGHWAYS WORKS	400	-	65	-	-	-	65	(6)	65	-
BRYNMENYN SCHOOL HIGHWAYS WORK	807	-	70	-	-	-	70	(10)	70	-
OGMORE COMPREHENSIVE	4,120	-	37	-	-	-	37	1	37	-
CWMFELIN PRIMARY	235	-	204	-	-	-	204	51	204	-
REDUCTION OF INFANT CLASS SIZES	740	542	-	-	-	-	542	5	542	-
CROESTY PRIMARY SCHOOL	-	-	-	-	-	-	-	7	-	-
SCHOOL MODERNISATION RETENTIONS	475	-	241	-	-	-	241	-	241	-
HERONSBRIDGE SCHOOL	300	-	50	-	-	-	50	1	50	-
SCHOOLS TRAFFIC SAFETY	500	-	177	-	-	-	177	(9)	177	-
MAESTEG COMP HIGHWAYS	500	-	88	-	-	-	88	-	88	-
EDUCATION S106 SCHEMES	-	-	42	-	-	-	42	-	42	-
COMPLEX & MEDICAL NEEDS SCHOOLS	675	60	220	-	-	-	280	(1)	280	-
SCHOOL'S CAPITAL MAINTENANCE GRANT	1,817	-	-	1,817	-	-	1,817	-	1,817	-
WELSH MEDIUM CHILDCARE PROVISION - BETTWS	650	-	-	55	-	-	55	-	55	-
WELSH MEDIUM CHILDCARE PROVISION - BRIDGEND	650	-	-	55	-	-	55	-	55	-
WLGA - ADDITIONAL FUNDING FOR ICT -SCHOOLS	81	-	-	81	-	-	81	-	81	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>TOTAL Learning</b>	149,964	1,192	2,526	1,738	-	-	5,456	(352)	5,456	-
<b>TOTAL Education &amp; Family Support</b>	149,964	1,192	2,526	1,738	0	0	5,456	(352)	5,456	0
<b><u>Social Services and Wellbeing</u></b>										
BAKERS WAY MINOR WORKS	-	-	-	-	-	-	-	3	-	-
GLAN YR AFON CARE HOME	98	-	51	-	-	-	51	-	51	-
HARWOOD HOUSE	286	-	-	-	-	-	-	1	-	-
ELECTRONIC SCHEDULING SYSTEM	-	-	-	-	-	-	-	(37)	-	-
ARCH WELLBEING CENTRE	500	100	100	-	-	-	200	-	200	-
CHILDREN'S RESIDENTIAL HUB	600	500	-	-	-	-	500	-	500	-
EXTRA CARE FACILITIES	3,000	-	508	-	-	-	508	(382)	508	-
<b>TOTAL Social Services &amp; Wellbeing</b>	4,484	600	659	-	-	-	1,259	(415)	1,259	-
<b><u>Communities</u></b>										
<b><u>Street Scene</u></b>										
PARKS PAVILIONS	1,011	1,011	-	-	-	-	1,011	92	1,011	-
CITY DEAL	45,581	2,479	535	(419)	-	-	2,595	-	2,595	-
PORTHCAWL TOWN SEA DEFENCE	3,301	-	149	-	-	-	149	(33)	149	-

<u>Main Scheme</u>	Whole Scheme Budget*	Budget 19-20 (Council 20.02.19)	2018-19 Slippage b/f	New Approvals	Virement	Slippage to 2020-21	Revised Budget 2019-20	Total Exp to date	Projected Spend	Over / (Under) spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EASTERN PROMENADE PORTHCAWL	407	-	149	-	-	-	149	-	149	-
CORNELLY CEMETERY EXTENSION	314	314	-	-	-	-	314	-	314	-
COYCHURCH CREMATORIUM	776	-	-	1,008	-	-	1,008	-	1,008	-
PORTHCAWL CEMETERY EXTENSION	216	216	-	-	-	-	216	-	216	-
REMEDIAL MEASURES - CAR PARKS	215	-	152	-	-	-	152	-	152	-
STREET LIGHTING ENERGY SALIX	2,500	1,100	-	(183)	-	-	917	31	917	-
SAFE ROUTES TO SCHOOL	243	-	-	243	-	-	243	(71)	243	-
ROAD SAFETY SCHEMES	55	-	55	-	-	-	55	4	55	-
HIGHWAYS STRUCTURAL WORKS	200	200	(13)	-	-	-	187	(4)	187	-
CARRIAGEWAY CAPITAL WORKS	250	250	(61)	-	-	-	189	(56)	189	-
ACTIVE TRAVEL- PENCOED TECHNOLOGY PARK	898	-	-	898	-	-	898	-	898	-
ACTIVE TRAVEL - BRIDGEND TO BRACKLA	717	-	-	717	-	-	717	-	717	-
LOCAL TRANSPORT FUND - BUS CORRIDORS	150	-	-	150	-	-	150	-	150	-
LOCAL TRANSPORT FUND - PENPRYSG ROAD BRIDGE	240	-	-	240	-	-	240	-	240	-
LOCAL TRANSPORT FUND - BRIDGEND TO COYCHURCH	750	-	-	750	-	-	750	-	750	-
SAFE ROUTES - COITY HIGHER	218	-	-	218	-	-	218	-	218	-
ROAD SAFETY IMPROVEMENTS - HEOL MOSTYN	600	400	-	-	-	(400)	-	(4)	-	-
HIGHWAYS REFURBISHMENT GRANT	1,600	-	-	1,600	-	-	1,600	-	1,600	-
CARRIAGEWAY & FOOTWAYS RENEWAL	5,704	2,400	32	-	-	-	2,432	(187)	2,432	-
NATIONAL CYCLE NETWORK PHASE 2	-	-	-	-	-	-	-	(17)	-	-
REPLACEMENT OF STREET LIGHTING	608	250	44	-	-	-	294	15	294	-
BRIDGE STRENGTHENING A4061	2,450	2,000	34	-	-	-	2,034	58	2,034	-
COMMUNITIES MINOR WORKS	200	-	49	-	-	-	49	-	49	-
RIVER PROTECTION MEASURES	203	150	-	-	-	-	150	1	150	-
RETAINING WALL REPLACEMENT BETTWS	175	-	11	-	-	-	11	(2)	11	-
RESIDENTS PARKING BRIDGEND TOWN CENTRE	130	-	128	-	-	-	128	-	128	-
FLEET VEHICLES	2,140	1,872	32	-	-	-	1,904	-	1,904	-
RELOCATE RECYCLING CENTRE	1,328	1,322	-	-	-	-	1,322	-	1,322	-
<b>TOTAL Streetscene</b>	<b>73,180</b>	<b>13,964</b>	<b>1,296</b>	<b>5,222</b>	<b>-</b>	<b>(400)</b>	<b>20,082</b>	<b>(173)</b>	<b>20,082</b>	<b>-</b>
<b>Regeneration &amp; Development</b>										
BRIDGEND BUSINESS SUPPORT NETWORK	60	60	36	-	-	-	96	2	96	-
PORTHCAWL RESORT INVESTMENT FOCUS	2,924	484	661	-	-	-	1,145	104	1,145	-
EU CONVERGANCE SRF BUDGET	607	607	100	-	-	-	707	-	707	-
PURCHASE OF SALT LAKE CAR PARK	-	-	64	-	-	-	64	1	64	-
LLYNFI DEVELOPMENT SITE	2,400	2,246	-	-	-	-	2,246	-	2,246	-
PORTHCAWL RESTBAY WATERSIDE CYCLE	-	-	-	-	-	-	-	-	-	-
BRIDGEND HEAT SCHEME	250	100	-	-	-	-	100	-	100	-
MAESTEG TOWN HALL CULTURAL HUB	5,168	357	42	1,098	-	-	1,497	-	1,497	-
TOWN & COMMUNITY COUNCIL FUND	328	50	278	-	-	-	328	30	328	-
NANTYMOEL COMMUNITY FACILITIES	-	-	-	-	-	-	-	(12)	-	-
BRIDGEND TOWNSCAPE HERITAGE	-	-	-	-	-	-	-	(15)	-	-
PORTHCAWL THI	1,073	215	176	-	-	-	391	(9)	391	-
<b>TOTAL Regeneration &amp; Development</b>	<b>12,810</b>	<b>4,119</b>	<b>1,357</b>	<b>1,098</b>	<b>-</b>	<b>-</b>	<b>6,574</b>	<b>101</b>	<b>6,574</b>	<b>-</b>
<b>Corporate Landlord</b>										
CAPITAL ASSET MANAGEMENT FUND	1,500	1,500	-	-	-	-	1,500	-	1,500	-
INVESTING IN COMMUNITIES	2,000	-	-	2,000	-	-	2,000	-	2,000	-
CORPORATE LANDLORD ENERGY EFFICIENCY SAVINGS	1,300	635	-	-	-	-	635	-	635	-
ENTERPRISE HUB INNOVATION CENTRE	3,612	658	228	-	-	-	886	78	886	-

Main Scheme	Whole Scheme Budget*	Budget 19-20 (Council 20.02.19)	2018-19 Slippage b/f	New Approvals	Virement	Slippage to 2020-21	Revised Budget 2019-20	Total Exp to date	Projected Spend	Over / (Under) spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RELOCATION OF REGISTRARS	275	245	26	-	-	-	271	-	271	-
DDA WORKS	-	-	-	-	-	-	-	-	-	-
MINOR WORKS	2,845	1,830	1,015	-	-	-	2,845	-	2,845	-
BRYNCETHIN DEPOT FACILITIES	4,316	-	192	-	-	-	192	3	192	-
NON OPERATIONAL ASSETS	480	-	480	-	-	-	480	-	480	-
WATERTON DEPOT UPGRADE	8,144	8,144	-	-	-	-	8,144	-	8,144	-
CIVIC OFFICE ENVELOPE	2,545	-	12	-	-	-	12	-	12	-
EVERGREEN HALL	40	-	-	40	-	-	40	-	40	-
MINOR WORKS BOILERS	-	-	-	-	-	-	-	(9)	-	-
<b>Total Corporate Landlord</b>	<b>27,057</b>	<b>13,012</b>	<b>1,953</b>	<b>2,040</b>	<b>-</b>	<b>-</b>	<b>17,005</b>	<b>72</b>	<b>17,005</b>	<b>-</b>
<b>TOTAL Communities</b>	<b>113,047</b>	<b>31,095</b>	<b>4,606</b>	<b>8,360</b>	<b>0</b>	<b>(400)</b>	<b>43,661</b>	<b>0</b>	<b>43,661</b>	<b>0</b>
CORPORATE CAPITAL FUND	2,000	200	-	-	-	-	200	-	200	-
<b>Housing/Homelessness</b>										
BRYNMENYN HOMELESSNESS UNIT	120	-	39	-	-	-	39	-	39	-
MANDATORY DFG RELATED EXPENDITURE	2,493	2,450	43	-	-	-	2,493	204	2,493	-
TARGET HARDENING GRANTS	-	-	-	-	-	-	-	4	-	-
HOUSING RENEWAL AREA	101	100	1	-	-	-	101	-	101	-
COMFORT SAFE & SECURITY GRANTS	-	-	-	-	-	-	-	12	-	-
EMERGENCY REPAIR LIFETIME GRANT	-	-	-	-	-	-	-	(2)	-	-
<b>TOTAL Housing/Homelessness</b>	<b>2,714</b>	<b>2,550</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,633</b>	<b>218</b>	<b>2,633</b>	<b>-</b>
<b>ICT</b>										
ICT LAPTOP REPLACEMENT	327	-	13	-	-	-	13	-	13	-
DIGITAL MEETING SPACES	129	-	99	-	-	-	99	-	99	-
DATA CENTRE	330	-	-	330	-	-	330	-	330	-
ICT INFRA SUPPORT	300	-	300	-	-	-	300	-	300	-
DIGITAL TRANSFORMATION	1,000	520	-	-	-	-	520	-	520	-
<b>TOTAL ICT</b>	<b>2,086</b>	<b>520</b>	<b>412</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>1,262</b>	<b>-</b>	<b>1,262</b>	<b>-</b>
<b>TOTAL Chief Executive</b>	<b>4,800</b>	<b>3,270</b>	<b>495</b>	<b>330</b>	<b>0</b>	<b>0</b>	<b>4,095</b>	<b>218</b>	<b>4,095</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>272,295</b>	<b>36,157</b>	<b>8,286</b>	<b>10,428</b>	<b>-</b>	<b>(400)</b>	<b>54,471</b>	<b>(549)</b>	<b>54,471</b>	<b>-</b>

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	Council 20 Feb 2019 £'000	2018-19 Slippage b/f £'000	2019-2020				FUTURE YEARS										CUMULATIVE
			New Approvals £'000	Vire £'000	Slippage £'000	Revised 2019-20 £'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	Total 2019 - 2029 £'000	
<b>Education &amp; Family Support</b>																	
Pen Y Fai Primary School	-	356	-	-	-	356	-	-	-	-	-	-	-	-	-	-	356
Coleg Cymunedol y Dderwen Comprehensive School	-	140	-	-	-	140	-	-	-	-	-	-	-	-	-	-	140
Coety/Parc Derwen Primary School	-	46	-	-	-	46	-	-	-	-	-	-	-	-	-	-	46
Additional Learning Needs	-	37	-	-	-	37	-	-	-	-	-	-	-	-	-	-	37
Garw Valley South Primary Provision	-	326	-	-	-	326	-	-	-	-	-	-	-	-	-	-	326
Garw Valley Primary Highways Works	-	130	-	-	-	130	-	-	-	-	-	-	-	-	-	-	130
Pencoed Primary School	-	100	-	-	-	100	-	-	-	-	-	-	-	-	-	-	100
Pencoed School Highways Works	-	65	-	-	-	65	-	-	-	-	-	-	-	-	-	-	65
Brynmenyn Primary School	-	234	-	-	-	234	-	-	-	-	-	-	-	-	-	-	234
Brynmenyn Primary Highways Works	-	70	-	-	-	70	-	-	-	-	-	-	-	-	-	-	70
21st Century Schools Band B	410	-	(90)	-	-	320	923	3,566	14,148	18,162	9,321	2,046	330	-	-	-	48,816
Highways Schemes Band B Schools	-	-	-	-	-	-	500	2,600	-	-	-	-	-	-	-	-	3,100
Heronbridge Special School	-	50	-	-	-	50	-	-	-	-	-	-	-	-	-	-	50
Cwmfelin Primary	-	204	-	-	-	204	-	-	-	-	-	-	-	-	-	-	204
Welsh Medium Childcare Provision	180	-	(180)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School's Capital Maintenance Grant	-	-	1,817	-	-	1,817	-	-	-	-	-	-	-	-	-	-	1,817
Welsh Medium Childcare Provision - Bettws	-	-	55	-	-	55	97	498	-	-	-	-	-	-	-	-	650
Welsh Medium Childcare Provision - Bridgend	-	-	55	-	-	55	98	497	-	-	-	-	-	-	-	-	650
Welsh Medium Childcare Provision - Porthcawl	-	-	-	-	-	-	55	97	498	-	-	-	-	-	-	-	650
Welsh Medium Childcare Provision - Ogmere	-	-	-	-	-	-	55	98	497	-	-	-	-	-	-	-	650
WLGA - Additional funding for ICT in Schools	-	-	81	-	-	81	-	-	-	-	-	-	-	-	-	-	81
Reduction of Infant Class Sizes	542	-	-	-	-	542	198	-	-	-	-	-	-	-	-	-	740
Schools Modernisation Retentions	-	241	-	-	-	241	-	-	-	-	-	-	-	-	-	-	241
Maesteg Comprehensive School Highways Improvements	-	88	-	-	-	88	-	-	-	-	-	-	-	-	-	-	88
Schools Traffic Safety	-	177	-	-	-	177	-	-	-	-	-	-	-	-	-	-	177
Education S106 Schemes	-	42	-	-	-	42	-	-	-	-	-	-	-	-	-	-	42
Complex and Medical Needs Works in Schools	60	220	-	-	-	280	-	-	-	-	-	-	-	-	-	-	280
<b>Total Education and Family Support</b>	<b>1,192</b>	<b>2,526</b>	<b>1,738</b>	<b>-</b>	<b>-</b>	<b>5,456</b>	<b>1,926</b>	<b>7,356</b>	<b>15,143</b>	<b>18,162</b>	<b>9,321</b>	<b>2,046</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,740</b>
<b>Social Services and Well-being</b>																	
<b>Adult Social Care</b>																	
Extra Care Facilities	-	508	-	-	-	508	-	-	-	-	-	-	-	-	-	-	508
Social Services Care Act	-	51	-	-	-	51	-	-	-	-	-	-	-	-	-	-	51
ARCH - Healthy Living and Wellbeing Centre	100	100	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Children's Residential Accommodation Hub - Newbridge House	500	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	500
<b>Total Social Services and Well-being</b>	<b>600</b>	<b>659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259</b>
<b>Communities</b>																	
<b>Street Scene</b>																	
Town Beach Revetment Sea Defence, Porthcawl	-	149	-	-	-	149	-	-	-	-	-	-	-	-	-	-	149
Eastern Promenade, Porthcawl	-	149	-	-	-	149	-	-	-	-	-	-	-	-	-	-	149
Highways Structural Works	200	(13)	-	-	-	187	200	200	200	200	200	200	200	200	200	200	1,987
Carriageway Capital Works	250	(61)	-	-	-	189	250	250	250	250	250	250	250	250	250	250	2,439
Highways Refurbishment Grant	-	-	1,600	-	-	1,600	-	-	-	-	-	-	-	-	-	-	1,600
Replacement of Street Lighting Columns/ River Bridge Protection Measures	400	44	-	-	-	444	400	400	400	400	400	400	400	400	400	400	4,044
Road Safety	-	55	-	-	-	55	-	-	-	-	-	-	-	-	-	-	55
Fleet Vehicles	1,872	32	-	-	-	1,904	-	-	-	-	-	-	-	-	-	-	1,904
Re-locate Household Waste Recycling Centre - West	1,322	-	-	-	-	1,322	-	-	-	-	-	-	-	-	-	-	1,322
Parks/Pavilions/Community Centres CAT	1,000	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000
Aber Playing Fields	11	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	11
Bridge Strengthening - A4061 Ogmere Valley	2,000	34	-	-	-	2,034	-	-	-	-	-	-	-	-	-	-	2,034
Communities Minor Works	-	49	-	-	-	49	-	-	-	-	-	-	-	-	-	-	49
Residents Parking Bridgend Town Centre	-	128	-	-	-	128	-	-	-	-	-	-	-	-	-	-	128
Remedial Measures - Car Parks	-	152	-	-	-	152	-	-	-	-	-	-	-	-	-	-	152

	Council 20 Feb 2019 £'000	2018-19 Slippage b/f £'000	2019-2020				FUTURE YEARS										CUMULATIVE
			New Approvals £'000	Vire £'000	Slippage £'000	Revised 2019-20 £'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	Total 2019 - 2029 £'000	
Transport Grant Scheme - Safe Routes to School	-	-	243	-	-	243	-	-	-	-	-	-	-	-	-	-	243
Road Safety Improvements - Heol Mostyn	400	-	-	-	(400)	-	600	-	-	-	-	-	-	-	-	-	600
Active Travel- Pencoed Technology Park	-	-	898	-	-	898	-	-	-	-	-	-	-	-	-	-	898
Active Travel - Bridgend to Brackla	-	-	717	-	-	717	-	-	-	-	-	-	-	-	-	-	717
Local Transport Fund - Bus Corridors	-	-	150	-	-	150	-	-	-	-	-	-	-	-	-	-	150
Local Transport Fund - Penprysg Road Bridge	-	-	240	-	-	240	-	-	-	-	-	-	-	-	-	-	240
Local Transport Fund - Bridgend to Coychurch	-	-	750	-	-	750	-	-	-	-	-	-	-	-	-	-	750
Safe Routes - Coity Higher	-	-	218	-	-	218	-	-	-	-	-	-	-	-	-	-	218
Coychurch Crematorium Works	-	-	1,008	-	-	1,008	-	-	-	-	-	-	-	-	-	-	1,008
Retaining Wall Replacement, Bettws	-	11	-	-	-	11	-	-	-	-	-	-	-	-	-	-	11
City Deal	2,479	535	(419)	-	-	2,595	2,957	4,055	4,310	6,029	6,043	7,567	7,570	762	246	-	42,134
Carriageway Resurfacing & Renewal of Footways	2,400	32	-	-	-	2,432	1,704	-	-	-	-	-	-	-	-	-	4,136
Extension to Cornelly Cemetery	314	-	-	-	-	314	-	-	-	-	-	-	-	-	-	-	314
Extension to Porthcawl Cemetery	216	-	-	-	-	216	-	-	-	-	-	-	-	-	-	-	216
Street Lighting Energy Efficiency	1,100	-	(183)	-	-	917	1,100	-	-	-	-	-	-	-	-	-	2,017
<b>Regeneration &amp; Development</b>																	
Porthcawl Resort Investment Focus	484	661	-	15	-	1,160	72	-	-	-	-	-	-	-	-	-	1,232
Porthcawl Regeneration	-	-	-	-	-	-	2,543	-	-	-	-	-	-	-	-	-	2,543
Special Regeneration Funding	607	100	-	-	-	707	565	-	-	-	-	-	-	-	-	-	1,272
Porthcawl Townscape Heritage Initiative	215	176	-	(15)	-	376	-	-	-	-	-	-	-	-	-	-	376
Business Support Framework	60	36	-	-	-	96	60	-	-	-	-	-	-	-	-	-	156
Llynfi Valley Development Programme	2,246	-	-	-	-	2,246	-	-	-	-	-	-	-	-	-	-	2,246
Purchase of Land at Salt Lake Car Park, Porthcawl	-	64	-	-	-	64	-	-	-	-	-	-	-	-	-	-	64
Maesteg Town Hall Cultural Hub	357	42	1,098	-	-	1,497	4,360	416	-	-	-	-	-	-	-	-	6,273
Smart System and Heat Programme	100	-	-	-	-	100	100	50	-	-	-	-	-	-	-	-	250
Community Projects	50	278	-	-	-	328	50	50	50	50	50	50	50	50	50	50	778
<b>Corporate Landlord</b>																	
Corporate Landlord - Energy Savings Strategy	635	-	-	-	-	635	665	-	-	-	-	-	-	-	-	-	1,300
Investing in Communities	-	-	2,000	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000
Evergreen Hall	-	-	40	-	-	40	-	-	-	-	-	-	-	-	-	-	40
Enterprise Hub - Innovation Centre	658	228	-	-	-	886	2,452	42	45	-	-	-	-	-	-	-	3,425
Minor Works	1,830	1,015	-	-	-	2,845	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	-	-	11,885
Civic Offices External Envelope	-	12	-	-	-	12	-	-	-	-	-	-	-	-	-	-	12
Relocation of Depot Facilities	-	192	-	-	-	192	-	-	-	-	-	-	-	-	-	-	192
Waterton Depot Upgrade	8,144	-	-	-	-	8,144	-	-	-	-	-	-	-	-	-	-	8,144
Relocation of Registrars	245	26	-	-	-	271	-	-	-	-	-	-	-	-	-	-	271
Non-Operational Assets	-	480	-	-	-	480	-	-	-	-	-	-	-	-	-	-	480
Capital Asset Management Fund	1,500	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	1,500
<b>Total Communities</b>	<b>31,095</b>	<b>4,606</b>	<b>8,360</b>	<b>-</b>	<b>(400)</b>	<b>43,661</b>	<b>19,208</b>	<b>6,593</b>	<b>6,385</b>	<b>8,059</b>	<b>8,073</b>	<b>9,597</b>	<b>9,600</b>	<b>2,792</b>	<b>1,146</b>	<b>-</b>	<b>115,114</b>
<b>Chief Executive's</b>																	
Corporate Capital Fund	200	-	-	-	-	200	200	200	200	200	200	200	200	200	200	200	2,000
<b>ICT</b>																	
Investment in ICT	-	300	-	-	-	300	-	-	-	-	-	-	-	-	-	-	300
Digital Transformation	520	-	-	-	-	520	-	-	-	-	-	-	-	-	-	-	520
ICT Laptop Replacement (Life Expired)	-	13	-	-	-	13	-	-	-	-	-	-	-	-	-	-	13
Data Centre	-	-	330	-	-	330	-	-	-	-	-	-	-	-	-	-	330
Digital Meeting Spaces	-	99	-	-	-	99	-	-	-	-	-	-	-	-	-	-	99
<b>Housing / Homelessness</b>																	
Housing Renewal / Empty Properties	100	1	-	-	-	101	100	100	100	100	100	100	100	100	100	100	1,001
Disabled Facilities Grants	2,450	43	-	-	-	2,493	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	20,043
Brynmenyn Homelessness Unit	-	39	-	-	-	39	-	-	-	-	-	-	-	-	-	-	39
<b>Total Chief Executive's</b>	<b>3,270</b>	<b>495</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>4,095</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>2,250</b>	<b>24,345</b>
Unallocated	-	-	-	-	-	-	-	-	-	-	-	477	1,725	2,055	3,185	-	7,442
<b>Total Expenditure</b>	<b>36,157</b>	<b>8,286</b>	<b>10,428</b>	<b>-</b>	<b>(400)</b>	<b>54,471</b>	<b>23,384</b>	<b>16,199</b>	<b>23,778</b>	<b>28,471</b>	<b>19,644</b>	<b>14,370</b>	<b>13,905</b>	<b>7,097</b>	<b>6,581</b>	<b>-</b>	<b>207,900</b>

	Council 20 Feb 2019 £'000	2018-19 Slippage b/f £'000	2019-2020				FUTURE YEARS										CUMULATIVE
			New Approvals £'000	Vire £'000	Slippage £'000	Revised 2019-20 £'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	Total 2019 - 2029 £'000	
<b>Expected Capital Resources</b>																	
<b>General Capital Funding</b>																	
General Capital Funding - General Capital Grant	3,727	-	-	-	-	3,727	3,284	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	26,187
General Capital Funding - Supported Borrowing	3,938	-	-	-	-	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	39,380
Capital Receipts - Schools	-	654	-	-	-	654	-	-	-	-	-	-	-	-	-	-	654
Capital Receipts - General	9,615	4,329	66	2,761	(400)	16,371	4,130	-	-	-	-	-	-	-	-	-	20,501
Earmarked Reserves	5,322	2,272	1,688	(1,399)	-	7,883	2,052	2,904	2,296	3,185	1,082	1,375	1,375	-	-	-	22,152
Revenue Contribution	41	-	2,000	50	-	2,091	49	-	-	-	-	-	-	-	-	-	2,140
Prudential Borrowing (Directorate Funded)	4,676	32	(1,999)	-	-	2,709	1,209	-	-	-	-	-	-	-	-	-	3,918
Prudential Borrowing (Corporately Funded)	3,514	-	-	(1,412)	-	2,102	-	2,300	874	4,220	727	-	-	-	-	-	10,223
SALIX Interest Free Loan - Welsh Government	1,100	-	(183)	-	-	917	1,100	-	-	-	-	-	-	-	-	-	2,017
Llynfi Development Site Loan - Welsh Government	2,246	-	-	-	-	2,246	-	-	-	-	-	-	-	-	-	-	2,246
<b>Sub-Total General Capital Funding</b>	<b>34,179</b>	<b>7,287</b>	<b>1,572</b>	<b>-</b>	<b>(400)</b>	<b>42,638</b>	<b>15,762</b>	<b>11,539</b>	<b>9,505</b>	<b>13,740</b>	<b>8,144</b>	<b>7,710</b>	<b>7,710</b>	<b>6,335</b>	<b>6,335</b>		<b>129,418</b>
<b>External Funding Approvals</b>																	
WG - Highways Grant	-	-	1,600	-	-	1,600	-	-	-	-	-	-	-	-	-	-	1,600
WG - Other	-	-	100	-	-	100	430	81	-	-	-	-	-	-	-	-	611
WG - 21st Century Schools	-	-	-	-	-	-	-	-	9,683	9,784	6,539	468	-	-	-	-	26,474
WG - Safe Routes in Communities	-	-	461	-	-	461	-	-	-	-	-	-	-	-	-	-	461
WG - Porthcawl Revetment	-	112	-	-	-	112	-	-	-	-	-	-	-	-	-	-	112
WG - Eastern Promenade	-	111	-	-	-	111	-	-	-	-	-	-	-	-	-	-	111
WG - Welsh Medium Capital Grant	180	-	(70)	-	-	110	305	1,190	995	-	-	-	-	-	-	-	2,600
WG - Infant Class Size Grant	542	-	-	-	-	542	198	-	-	-	-	-	-	-	-	-	740
Westminster	-	-	1,989	-	-	1,989	1,988	3,128	3,128	4,504	4,505	5,722	5,713	-	-	-	30,677
CSC Foundry Repayment	-	-	-	-	-	-	113	175	430	443	456	470	482	762	246	-	3,577
S106	49	232	-	-	-	281	-	-	-	-	-	-	-	-	-	-	281
Transport Grant	-	-	2,755	-	-	2,755	-	-	-	-	-	-	-	-	-	-	2,755
National Lottery Heritage Fund (NLHF)	105	85	351	-	-	541	350	-	-	-	-	-	-	-	-	-	891
EU	1,102	359	214	-	-	1,675	3,988	36	37	-	-	-	-	-	-	-	5,736
Other	-	100	1,456	-	-	1,556	250	50	-	-	-	-	-	-	-	-	1,856
<b>Sub-Total External Funding Approvals</b>	<b>1,978</b>	<b>999</b>	<b>8,856</b>	<b>-</b>	<b>-</b>	<b>11,833</b>	<b>7,622</b>	<b>4,660</b>	<b>14,273</b>	<b>14,731</b>	<b>11,500</b>	<b>6,660</b>	<b>6,195</b>	<b>762</b>	<b>246</b>		<b>78,482</b>
<b>Total Funding Available</b>	<b>36,157</b>	<b>8,286</b>	<b>10,428</b>	<b>-</b>	<b>(400)</b>	<b>54,471</b>	<b>23,384</b>	<b>16,199</b>	<b>23,778</b>	<b>28,471</b>	<b>19,644</b>	<b>14,370</b>	<b>13,905</b>	<b>7,097</b>	<b>6,581</b>		<b>207,900</b>
<b>Funding Shortfall/Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>

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## PRUDENTIAL AND OTHER INDICATORS 2019-20

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's Prudential Code for Capital Finance in Local Authorities. Table 1 shows the 2018-19 actual capital expenditure, summarised over Council Fund services and Investment Properties, the capital programme approved by Council on 20 February 2019 and the latest projection for the current financial year which has incorporated slippage of schemes from 2018-19 together with any new grants and contributions or changes in the profile of funding.

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
Council Fund services	27.614	35.677	53.991
Investment Properties	-	0.480	0.480
<b>TOTAL</b>	<b>27.614</b>	<b>36.157</b>	<b>54.471</b>

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 has been projected in Table 2 and is as follows:

Table 2: Capital financing

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
External sources	12.407	9.950	17.806
Own resources	9.045	14.978	26.999
Net Financing Requirement	6.162	11.229	9.666
<b>TOTAL</b>	<b>27.614</b>	<b>36.157</b>	<b>54.471</b>

The net financing requirement has fallen compared to the estimate on the Capital Strategy as a result of the reduction in anticipated level of Prudential Borrowing within 2019-20. This will reduce the revenue burden on the Council within this financial year as the net financing requirement is only a temporary source of finance, since loans and leases must be repaid. This is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision (MRP). As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. The total of these are shown in Table 3 below:-

Table 3: Replacement of debt finance

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
Minimum Revenue Provision (MRP)	2.858	2.885	2.885
Additional Voluntary Revenue Provision	1.459	1.995	1.989
<b>Total MRP &amp; VRP</b>	<b>4.317</b>	<b>4.880</b>	<b>4.874</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.641</b>	<b>0.690</b>	0.690
<b>Total Own Resources</b>	<b>4.958</b>	<b>5.570</b>	<b>5.564</b>

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. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows based on the movement on capital expenditure at quarter 1:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
<b>Capital Financing Requirement (CFR)</b>			
Opening CFR adjusted excluding PFI & other liabilities	153.240	154.811	155.084
Opening PFI CFR	17.640	17.000	17.000
Opening Innovation Centre	-	-	-
Opening Coychurch Crematorium	-	-	-
<b>Total Opening CFR</b>	<b>170.880</b>	<b>171.811</b>	<b>172.084</b>
Movement in CFR excluding PFI & other liabilities	1.845	6.349	4.792
Movement in PFI CFR	(0.641)	(0.690)	(0.690)
Movement in Innovation Centre CFR	-	-	-
Movement in Coychurch Crematorium	-	-	-
<b>Total Movement in CFR</b>	<b>1.204</b>	<b>5.659</b>	<b>4.102</b>
<b>Closing CFR</b>	<b>172.084</b>	<b>177.470</b>	<b>176.184</b>
<b>Movement in CFR represented by :-</b>			
Net Financing Need for Year (Table 2 Above)	6.162	11.229	9.666
Minimum and Voluntary Revenue Provisions	(4.317)	(4.880)	(4.874)
MRP on PFI and Other Long Term Leases (Table 3 above)	(0.641)	(0.690)	(0.690)
<b>Total Movement</b>	<b>1.204</b>	<b>5.659</b>	<b>4.102</b>

The Capital Financing Requirement has fallen since the Capital Strategy was presented to Council in February. This is as a result of the finalisation of the year end position for 2018-19 where additional grants were received to replace loan financing, together with a fall in the Net Financing Requirement for 2019-20 as stated in Table 2 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. This is known as Internal Borrowing. Projected levels of the Council's total outstanding debt, which comprises borrowing, PFI and Other Long Term Liabilities, are shown in Table 5 below compared with the Capital Financing Requirement:-

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

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
Debt (incl. PFI & leases)	114.750	<b>130.758</b>	<b>115.199</b>
Capital Financing Requirement	172.084	<b>177.470</b>	<b>176.184</b>

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.

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 below shows these two limits and as the current projection for debt is £115.199 million above, it is below the Operational Boundary.

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

	2018-19 Actual £m	2019-20 Estimate (Council Feb '19) £m	2019-20 Projection £m
Authorised limit – borrowing	140.000	<b>170.000</b>	
Authorised limit – other long term liabilities	30.000	<b>30.000</b>	
<b>Authorised Limit Total</b>	<b>170.000</b>	<b>200.000</b>	
Operational boundary – borrowing	105.000	<b>115.000</b>	
Operational boundary – other long term liabilities	25.000	<b>20.000</b>	
<b>Operational Boundary Limit Total</b>	<b>130.000</b>	<b>135.000</b>	
<b>Total Borrowing and Long Term Liabilities</b>	<b>114.750</b>	<b>130.758</b>	<b>115.199</b>

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 7: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2018-19 Actual £m</b>	<b>2019-20 Estimate (Council Feb '19) £m</b>	<b>2019-20 Projection £m</b>
Capital Financing Central	6.451	6.741	6.509
Other Financing costs	3.406	3.941	3.936
<b>TOTAL FINANCING COSTS</b>	<b>9.857</b>	<b>10.682</b>	<b>10.445</b>
Proportion of net revenue stream	3.71%	3.94%	3.86%

Table 7 above shows that in 2018-19, 3.71% of our net revenue income was spent paying back the costs of capital expenditure. This is less than in 2017-18, which was 4.72%, due to the change in the MRP policy during the financial year where the charge for Supported Borrowing is now on a straight-line basis over forty five years rather than on a 4% reducing balance basis. The projection for 2019-20 is that the proportion of net revenue income spent paying back the cost of capital has risen to 3.86% but this is lower than when the Capital Strategy was taken to Council due to the reduction in Prudential Borrowing for 2019-20.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

### REPORT OF THE INTERIM HEAD OF FINANCE

#### GRANTS FINANCIAL MANAGEMENT POLICY

##### 1. Purpose of this report

- 1.1 The purpose of this report is to seek Cabinet approval of the Grants Financial Management Policy (Appendix A).

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

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

1. **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 Grants Financial Management Policy puts in place processes to ensure the appropriate use of grant funding to support the Council in the delivery of its services. It also puts in place processes to ensure that any grant funding received complies with audit requirements, and seeks to ensure integration with other policies and processes.

##### 3. Background

- 3.1 The Council has in place a Grants Policy as approved by Cabinet in March 2016. However, as a result of changes in the organisational structure, the number and type of grants being received and the disbandment of Programme Management Board (PMB), the Policy required updating.

- 3.2 Grant funding can assist in the delivery of Corporate Priorities through providing funding to support new initiatives and ongoing activities. Therefore it is important to have a Policy that does not hinder the process of applying for grants, but ensures that it allows sufficient financial scrutiny of applications.

##### 4. Current Situation / Proposal

- 4.1 The Grants Financial Management Policy, attached as **Appendix A**, has been updated to reflect recommendations from Wales Audit Office (WAO) Reports, including their Certification of Grants Report which is presented to Audit Committee on an annual basis. The Policy includes revised references to structures within the Council and improved links to other policies such as the Project Management Toolkit, Welsh Language Policy and European Funding Guidance. It has been reviewed by

key staff within Directorates and Corporate Management Board has approved the attached version.

- 4.2 The purpose of the Policy is to set out the procedures for officers to ensure the effective and appropriate use is made of grant funding that is available to, and secured by, the Council, whether as a recipient or supplier of such funding. As reported in the Statement of Accounts for 2018-19 (unaudited), excluding Housing Benefit and General Capital Grant from Welsh Government, the Council received £55.374 million in grant funding. Ensuring that proper financial management arrangements are in place will minimise the risk of any potential loss of grant to the Council by ensuring robust governance arrangements are in place.
- 4.3 Part of the governance arrangements noted above include having in place authorised finance signatories to formally accept any offer of grant. A schedule of these signatories is attached at **Appendix B**.

## **5. Effect upon Policy Framework & Procedure Rules**

- 5.1 This report is to approve an updated Grants Financial Management Policy.

## **6. Equalities Impact Assessment**

- 6.1 There are no equality implications arising from this report.

## **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. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8. Financial implications**

- 8.1 The financial implications are outlined within the main body of the report and associated Appendix A.

## **9. Recommendations**

- 9.1 Cabinet is recommended to approve the Grants Financial Management Policy (Appendix A) and the list of authorised signatories (Appendix B).

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**June 2019**

**Contact Officer:** Nigel Smith  
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Bridgend  
CF31 4AP

**Background documents:** Grants Policy – March 2016  
WAO Certification of Grants Report – January 2019  
Statement of Accounts 2018-19 - unaudited

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## GRANTS FINANCIAL MANAGEMENT POLICY

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Policy and Guidance



Effective: July 2019

# APPENDIX A

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## Purpose

The benefits of securing grant and external funding (herein referred to simply as 'grants') for the Council and its citizens can be significant and enable activities to take place that might not otherwise proceed. Similarly, the award of funding by the Council demonstrates the Council's commitment to support individuals and other organisations, which are instrumental in enabling it to achieve its corporate improvement priorities.

The **purpose** of this Policy is not to provide guidance on project management or any statutory regulations. There is already in place a Project Management Toolkit that anyone managing a project, including that funded via grants, should be using to deliver their project which is available via BCBC intranet ([here](#)). Further guidance can be sought from the Regional Funding Team (RFT).

The **purpose** of this Policy is to set out the procedures for ensuring effective and appropriate use is made of grant funding available to, and secured by, the Council, be it as a recipient and/or supplier of grant funding. It also sets out the financial management requirements for grant funding that must be followed in order to ensure it can stand up to any rigorous audit process. Whilst not all grants are audited, a significant number are and any grant can be audited at the request of the funding body.

It is recognised that the process for applying and awarding of grant funding can differ significantly between various funding sources, but this should not preclude the following of this policy in relation to the financial approval process.

## Scope

Grants can be defined as any money that the Council secures which is extra to its annual allocation from the Welsh Government and that would normally be available to it through council tax, fees and charges. This extra funding could be by itself or in partnership. These resources might be secured through competitive bidding or be subject to annual allocations.

This Policy and the associated process apply to officers who are involved in:

- bidding for funding, including Expressions of Interest
- financial management of grant-funded projects
- preparing claims for grant or similar funding streams
- dealing with financial project closure, interim and final audits
- onward allocation/award of grant funding to individuals or organisations outside of the local authority.

## Strategic Objectives

It is essential that all external funding is clearly linked to one or more of the Council's approved **priorities** or **well-being objectives**. These Priorities are intended to improve the quality of life of people in the county while significantly changing the nature of the Council:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens' needs.

This does not mean that they necessarily are included in service plans, as funding may be awarded after service plans have been approved. However any grant should align to the Council's priorities. It should be noted that 'opportunistic bids' for funding can often result in predetermined aims not being achieved because staff and other resources are diverted to objectives which are not corporate and are not priorities. Therefore 'opportunistic bids' are to be avoided unless they align to the Council's priorities.

### Role of Grants Co-ordination Officer

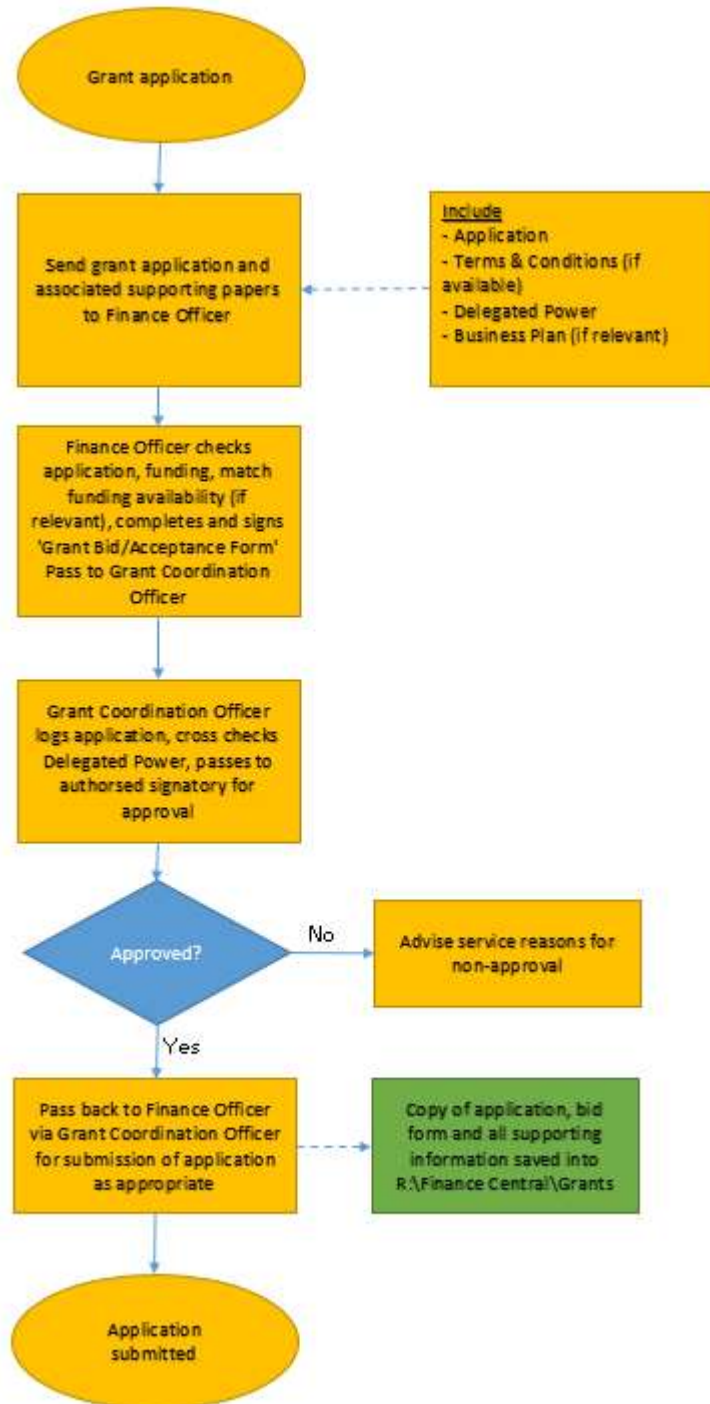
The Grants Co-ordination Officer provides the first point of contact for

- co-ordination of grant application, offer letter and claims approvals
- initial point of contact and ongoing liaison between funding bodies, external audit (Wales Audit Office) and the Council
- dealing with any audit queries insofar as practicable, and liaising with finance and other colleagues as necessary to ensure the successful audit process
- initial point of contact for advice and guidance in relation to grant processes and grant procedure rules
- review of systems and processes within the Grant Procedures to ensure compliance with changing legislation and external audit requirements
- ensuring that the Council has a complete record of all grants applied for and approved, and that income is correctly recorded on the financial ledger
- ensuring that all grants comply with this policy, by liaising and verifying information with finance and service colleagues as necessary
- completion of monthly and annual grant analysis for ongoing review and inclusion in the statutory annual Statement of Accounts

Whilst responsibility for the accurate completion of grant applications and claims rests with the Directorate, the role provides a key check to ensure the Council has in place a robust process in relation to the financial management of grants, and to minimise the risk of any audit qualification and potential clawback of grant by funding bodies.

## Section 1 - Submitting a funding application

Once a project has been defined, costs calculated and funding identified, the following process must be followed:





**Please allow 2 working days for financial checks to be completed. Failure to do so may result in the submission deadline being missed or the application not being approved.**  
**Funding applications must not be submitted without Financial Approval.**

Once you have completed the application form, had it signed by your Director or designated officer if necessary, you need to send the following to your Finance representative:

- ✓ Original signed application form
- ✓ Signed Delegated power
- ✓ Grant terms & Conditions
- ✓ Grant scheme Guidance Notes (these can be emailed or hyperlink sent)
- ✓ Any supporting information to the bid (eg Business Case)
- ✓ Detailed costings/workings to support the financial request

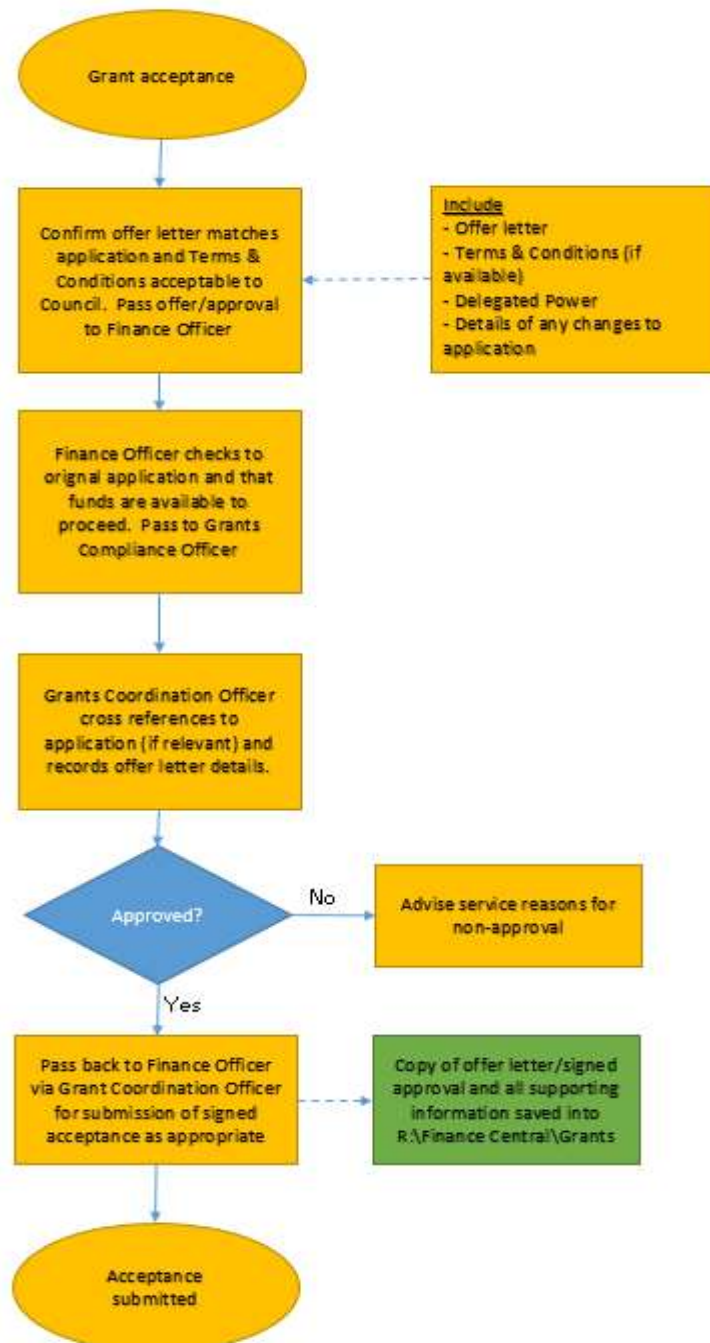
Finance Officers need to carry out checks and complete the '**GRANT BID/ACCEPTANCE FORM**', which confirms key financial data and that financial checks have been completed. Once this is done the application, supporting information and this form must be passed to the Grants Co-ordination Officer who will arrange for the necessary Finance authorisation. This is set out below:

## Section 2 - Grant Acceptance

Any successful applications for grant funding must be formally accepted. **All acceptances must be authorised and signed by the Chief Finance Officer (or nominated officer) prior to formal acceptance of the grant in addition** to any Directorate signatory if required.

The funding body will normally issue a formal approval/offer letter showing the award of funding. This will either be accompanied by the Terms and Conditions or itself will set out any conditions that relate to the award and payment of grant.

The process once a grant offer has been received is set out below:



*In the rare incidence of funding being awarded with no application then you will need to secure a delegated power to accept the award and financial checks will need to be carried out before the grant can be accepted.*

If there has been any change in the financial profile from the original application, you need to submit a revised profile to Finance and any impact on Council Funds must be assessed. This may mean that the project is no longer viable in which case the offer would have to be rejected. However, you should discuss this first with your Finance Officer.



**Please allow 2 working days for Finance approval**



## Section 3 – Grant claims

### 3.1 What constitutes a grant claim?

In simple terms - **any** claims made to an external body for funding. This will not always be in the format of a grant claim form, but must always be treated as such and these procedures followed.

#### Examples of grant claims:

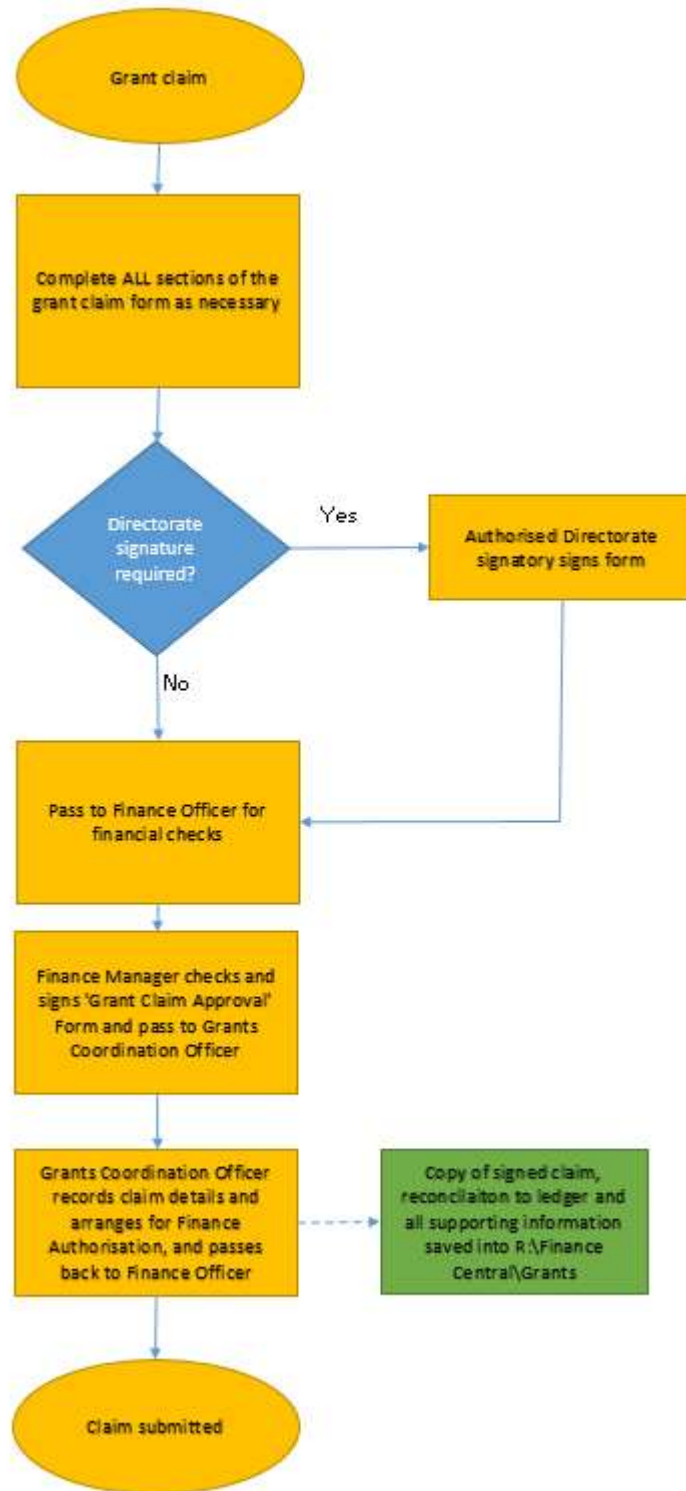
- Traditional grant claim forms
- On-line claims
- Invoices raised for grant funds
- Invoices for services via 'Sell to Wales'\*
- Claims to lead authorities for collaborative projects.

\* To comply with Contract Procedure Rules delivery of services under a grant scheme may require tendering. When tendering for these services you are still effectively applying for grant funding, and this policy must be adhered to. The level of evidence and audit trails required remains.

### 3.2 Completion of claims

A 'Responsible Officer' must be identified for each grant, who is responsible for the grant and ensuring that this policy is applied. They are responsible for ensuring that claims for grant are made in accordance with the Terms and Conditions of the grant, as laid out in the grant approval letter. The actual completion of the claims may be undertaken by another member of the team, but there must be an overall responsible officer for each grant. Finance officers will assist in this process if needed, to ensure that the financial aspects of the claim reconciles to the finance ledger.

The grant claim process is outlined below:



The officer responsible for the completion of the claim must ensure that all of the following information is included on the claim (and available for audit):

#### Grant claim check-list

- Claim must include all eligible expenditure per Terms & Conditions of the grant.
- Most funding sources require expenditure to have been defrayed\* before it can be claimed.
- Expenditure **must** be supported by entries on the financial ledger.
- There must be clear working papers to support the claim.
- Any non-financial elements of the claim (e.g. outputs) **must** be supported by evidence.
- Claims must be submitted within deadlines.

\* Defrayed means physically paid. i.e. monies have left the Council's bank account evidenced by bank statements and not just reflected on the ledger. Seek finance guidance if unsure. This applies to ALL European Funded projects and many other funding bodies.

### 3.3 Grant claim form

All grant claim forms must be certified by the Chief Financial Officer or representative. In order to obtain this certification, a **Grant Claim Approval Form** (available via the intranet) must be completed and signed by the responsible Finance Manager, once the following financial checks have been completed. All documentation is then forwarded to the Grants Co-ordinator to obtain the necessary certification.

As a minimum the following financial checks are required:

- Does the claim add up?
- Are all sections of the claim completed?
- Is there a clear audit trail to the financial ledger grant code(s)?
- Is the claim supported by a reconciliation to the ledger, identifying eligible and ineligible expenditure?
- Where more than 1 signature is required on the claim, has it been signed by the relevant Directorate responsible officer (NB if only 1 signature is required this **MUST** be the Chief Finance Officer or their representative)?
- Is source documentation in place to support all entries in the ledger?
- Has the expenditure been defrayed (where required – but ALL European grants require this)?



**Some grants require the same signatory on the claims as signed the original approval – check each grant terms and conditions carefully!**

A copy of the signed claim form must be retained, and Finance Managers are required to ensure that a copy (scanned pdf) is saved to the central grants folder on the Finance shared drive.

Project Managers should also keep a copy of the final grant claim for their records.

A record is kept of all grant applications and approvals, and amounts claimed and received. This information is used to populate statutory returns including the 'Whole of Government Accounts' return completed annually. It is also used to support the annual audit and to ensure that appropriate authorisations and processes have been followed to meet audit requirements.

## Section 4 - Project delivery

### 4.1 Project delivery

Securing funding for the Council has huge benefits for both the Council and the Community, enabling activities to be undertaken that would otherwise not be possible. However, it is essential to remember that funding is given for a particular purpose – ie to deliver outcomes. This *may* be include (as examples):

- Purchasing a specific item of equipment
- Providing training to a number of individuals
- Delivering x no. NVQ level 3 qualification
- Building a community resource or a school
- Providing community resources

It may be that the above will be delivered by a 3<sup>rd</sup> party rather than the Council, but the requirement to evidence the outcomes is essential.

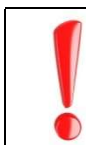
Delivering these outcomes is essential to the funding and you have to evidence that these have been achieved. For capital projects this is generally straightforward – the building or piece of equipment exists and is required to be entered on the Council's Asset Register, but for revenue projects this is often more complicated to evidence and in some cases can be very difficult to demonstrate that the funding has achieved the purpose for which it was given, especially where delivery is by a 3<sup>rd</sup> party. Having robust monitoring procedures in place is especially important in these circumstances.

Officers therefore need to ensure they can not only demonstrate that the activities have been undertaken, but also that the auditable evidence is provided to prove that this is the case. There may be many ways in which to provide the evidence, and it will be necessary to consider the most suitable for each particular project.

The Terms and Conditions of the grant (or grant letter itself) will normally set out the requirements in relation to deliverables evidence required. These must be followed to ensure the requirements are met.

Should it not be possible to sufficiently evidence achievement of the project purpose the funder has the right to recover some, or all, of the funding allocated. This is particularly so for European funding, where there is significant scrutiny of project deliverables. Separate guidance is available in relation to European Funding via the Welsh Government website [here](#).

## Section 5 – Record keeping and monitoring



**Having a detailed and accurate audit trail is critical to minimising the risk of grant being clawed back by the funding body. Maintaining full supporting evidence of all items of expenditure/income and project outcomes is fundamental.**

### 5.1 The Responsible Officer's role

The Responsible Officer's role is to ensure that the project is delivered in accordance with BCBC's Grant Management Policy, the individual Terms and Conditions of the grant, the Project Management Toolkit and the European Grant Procedures (where applicable). For larger projects a specific Project Manager may be appointed, for many other grants the responsibility for the grant will be part of the day-to-day remit of the Responsible Officer. Further guidance on Project Management and the Project Manager's role can be found in section 11.6 of the [Project Management Toolkit](#) (available via the intranet). However, in relation to grants their role extends to include ensuring that the funding is spent in accordance to the terms and conditions of the grant; that all necessary approvals are obtained, and all records are maintained as set out in this Policy.

### 5.2 Records/monitoring

It is the responsibility of the Responsible Officer to ensure that all necessary records are compliant with the terms and conditions of the grant (such as **original** invoices and performance evidence) and are kept for the duration of the project and until final audit clearance has been obtained. This can often be some years subsequent to the end of the project/funding period. The Responsible Officer needs to ensure that arrangements are in place to maintain these records where any staff changes are likely.

The level of record keeping for grants should not be underestimated. Full audit trails are required for all funding sources, and especially those that are subject to grant claims and audit. Not all grants are audited, but for those that are audit scrutiny is very detailed, and specific reference is made to any grant conditions (via 'Certification Instructions' – the auditor's task list!). Further clarification of the role of audit is included later in this document.


In terms of records the grant's Terms and Conditions as well as funding and programme guidance should set out the required records but the following should be considered as the MINIMUM requirements:

- Grant funding programme/invitation to bid for funding/general programme documents and guidance – it is important to refer to the grant funding body's website for an exhaustive list of the grant funding programme and eligible expenditure
- Internal approval evidence – delegated powers, Cabinet Minutes, Corporate Management Board minute
- Grants process evidence – financial approval forms (see 'Grant Management Forms' section)
- Financial forecast
- Correctly authorised and signed application form (where an electronic submission is permitted, copy of the submission email and the application as submitted)
- Offer letter
- Signed approval letter/confirmation (signed by Chief Finance Officer or delegated officer)

- Funding terms and conditions
- Confirmation of any and all match funding – be that internal or 3<sup>rd</sup> party
- Copies of all remittances and evidence of receipt of grant funding
- Copies of all approved grant claims (quarterly/6-monthly/annually)
- FULL ledger audit trail of amounts claimed for EACH claim\*
- Reconciliation of ledger to claim, showing where relevant amounts are excluded from claim and reasons why
- Explanations of any variances from approved allocations
- Evidence of approval of virements between various cost headings
- Breakdown and evidence of eligible/ineligible expenditure
- Evidence of decisions made during the project eg project meeting notes
- Copies of all correspondence with funding body
- Evidence of match funding actually provided
- Invoices – preferably original, but as a minimum certified copies\*\*
- Evidence that payments have actually been defrayed – i.e. that payment has left the Council's bank account
- Pay details\*\*\*

\* Some claims are based on a proportion of the total grant. In these instances ledger extracts are still required to evidence that monies are being spent, but they will not necessarily tally to the claim amount. FULL audit trails will be needed for the final claim

\*\* You need to liaise with either your Business Support Team or the Central Payments Team in Finance (see useful contacts) to obtain copies.

	<p><b>Many funds and particularly European grant-aided projects require timesheets to evidence the amount of officer time spent on a project – especially where it is less than 100% of their time. Factor this administrative time demand into the requirements of the project/ funding requirements</b></p>
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\*\*\* These are held on the Trent payroll system, which for non-European grants will usually be sufficient. Note however that auditors will want to see evidence of staff costs and payments for the grant. For European Grants copies will need to be requested from HR/Finance Teams and maintained on the grant files.

Where receipt of grant is dependent on outcomes or outputs, robust evidence based monitoring systems must be put in place by the Responsible Officer to prevent any clawback of grant.

### 5.3 Electronic records

Whilst under certain circumstances, some grant funding bodies will accept electronic records as evidence of expenditure, **BCBC requires that original hard copies of all evidence are retained for any grant Funded project. Please note the document retention timescales, particularly in relation to European Funded schemes.** The Regeneration Funding Team can provide more guidance if needed.

### 5.4 Record retention

It is the responsibility of the sponsoring Directorate to maintain records for the minimum specified period as set out by the funding body. In most instances this is a minimum of 7 years, but in many instances this can be 10 years or more. If unsure please check with the Grants Co-ordination Officer.

Complete project files including original invoices must be kept securely until a final audit certificate has been awarded. Retention times will vary depending on the grant body, but **no records should be destroyed unless confirmation has been received from the Grants Co-ordinator or Regeneration Funding Team that this is appropriate.**

#### **Record retention requirements**

- VAT – Current financial year plus 6 years
- European projects – original invoices recommended 15 years plus
- All other projects – until final audit certificate is awarded and for at least 6 financial years plus the year in which the expenditure was incurred

#### **Specific records retention for European Funded Projects**

In the case of European projects, a central European Records Archive has been established in the Civic Offices. This archive is managed by the **Regeneration Funding Team** and they should be contacted once a project is approved in order to set up standardised archiving systems and to make arrangements for record storage once the project is completed. All records relating to the delivery of the project have to be stored in the dedicated European Projects archive once the project is complete. This can be for up to 15 years after the start of the project. Documents should not be destroyed until the necessary instruction is issued from Wales European Funding Office. Failure to comply with these requirements can and will result in clawback of grant funding and financial detriment to the Council.

#### **5.5 Project closure**

At the end of each project, the project must be closed in accordance with the specific Terms and Conditions of the grant. In all instances it is necessary to ensure that all grant information is collated and kept for the duration set out in the grant Terms and Conditions.

## Section 6 - Revenue and Capital Grants

Whether grants are revenue or capital needs to be agreed at the outset, as there are different implications of each, including how each is accounted for. Whilst in most cases it will be obvious, there are some grey areas. If you are unsure please contact your Finance Officer for guidance.

### Revenue Grants

- All funding allocations or applications and approvals must be authorised by a Chief Officer<sup>1</sup>. However this function can be delegated to senior officers within their Directorate who are sufficiently knowledgeable to exercise such powers<sup>2</sup>.
- Reference needs to be made to the relevant Directorate Delegated Powers but in most cases this will fall to the Head of Service.
- All grant applications or approvals must be supported by a signed Delegated Power **before** the application/acceptance is submitted to Finance.
- Finance Managers will check the application for both financial propriety and that all appropriate authorisations are in place and must sign to confirm this
- Finance Managers will pass all the paperwork to the Grants Co-ordination Officer who will arrange the Chief Finance Officer approval.

### Capital Grants

Directors must satisfy themselves that the building/activity for which Capital grant funding is being sought will be maintained in line with the purpose of the grant for the minimum stipulated period. In many cases this may be for a minimum of 10 years. Failure to do so can result in clawback of the grant either in full or in tapered amounts. **Ongoing revenue costs must also be factored into any decision**, as these need to be met from existing resources. This could include building running and maintenance costs.

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<sup>1</sup> Scheme of Delegation – Scheme B2 Para 1.2 – functions not subject to call in

<sup>2</sup> General Powers of Chief Officers paragraph 3 – Scheme of Delegation



## Section 7 – Costing projects



Make sure all relevant costs have been considered and included where eligible. Where additional costs will be incurred but are not eligible to be funded, you need to ensure you have sufficient funding from elsewhere (other funding, Council budget) to meet these costs. General areas to include are:

- staff costs (direct project staff *and* support/administrative staff)
- include National Insurance and Pension costs
- recruitment and training
- redundancy costs if the funding is time-limited
- publicity (essential in European funded projects)
- accommodation (often not eligible, but there may be additional costs that could be claimed)
- travel and subsistence
- IT and project specific equipment. NB IT recharges are generally not eligible
- supplies and services – stationery, room hire for example
- audit costs
- onward grants to partners and 3<sup>rd</sup> parties
- other management and administration (where eligible)

NOTE: European funded schemes may be able to use a set percentage of direct costs as overheads depending on the funding source of either 15% or 40%. This is known as the Simplified Cost Model and is intended to reduce the amount of paperwork and transaction checking for smaller administrative expenditure (such as mobile phones, printing and so forth). Specific guidance is available either via the WEFO website, the Regeneration Funding Team or your Finance Officer.

For capital schemes make sure you include:

- fees – design, planning, specialist advisors
- contract costs – building costs\*
- ancillaries eg mechanical/electrical installations
- audit costs
- project management costs
- any additional internal costs

\* NOTE: most grants do not allow contingency costs but you should allow sufficient building costs to cover any unexpected and unforeseen costs.



## Section 8 - Awarding of grants to 3<sup>rd</sup> parties

Grants may be awarded to 3<sup>rd</sup> parties from the Council's core funding or from a grant received by the Council. The requirements are the same irrespective of the source of funding.

The ability to make grants will depend on the availability of funds to the Council, the conditions of any external funding it receives, and decisions regarding its Medium Term Financial Strategy (MTFS). Any grant applications by 3<sup>rd</sup> parties must be fully completed and assessed against a set of criteria agreed by the funding Directorate in advance of any invitation of applications. The purpose of this policy is to set out the financial requirements when awarding grants to 3<sup>rd</sup> parties.

### 8.1 Setting grant criteria

When awarding grants to a 3<sup>rd</sup> party for specific activities it is recommended that the following requirements are taken into account when setting the grant terms and conditions:

- The criteria must state the maximum amount of funding available, and whether or not there is a matched funding element required.
- Details of how grant funding will be paid to the 3<sup>rd</sup> party – will a claim form be used or will the 3<sup>rd</sup> party submit an invoice
- Any VAT implications – transfer of grant is not normally subject to VAT, but provision of services may be (although not all services are subject to VAT). Guidance should be sought from Finance. Irrecoverable VAT can often be claimed from grant funding, but you need to check the grant provider's terms and conditions to see if this is the case.
- The applicant must provide a copy of the organisation's constitution.
- The applicant must provide copies of the most recent set of accounts / bank statements.
- The applicant must provide copies of public / employee / buildings insurance certificates, where appropriate.
- All successful applicants must provide receipts and supporting documents after the money has been spent.
- Grant applications cannot be made retrospectively.
- The grant must only be used for the purpose for which it was awarded, unless written approval has been received from the Council for a change in use.
- The Council has the right to reclaim the grant if it has not been used for the purpose specified on the application form, or revised purpose following subsequent agreement.
- Any unspent monies must be returned to the Council.
- In the case of grants awarded for projects for which additional grant funding is to be sought to enable the project to proceed, the funding approved will only be available when all other funding is secured / in place.
- On-going commitments to award grants in future years will not be made. A fresh application will be required each year.
- The criteria must state that any on-going revenue costs arising from one-off funding is the sole responsibility of the applicant.

### 8.2 Records


3<sup>rd</sup> party recipients need to maintain detailed records of expenditure incurred to support any claims they make on the grant to BCBC. 3<sup>rd</sup> parties are also required to provide information to the Council to support both the grant claim and audit requirements. This may well include sensitive information such as payroll and invoices, and appropriate steps needed to be put in place to safeguard this information and to provide assurance to the 3<sup>rd</sup> party that this is the case.

Such requirements can be covered in the offer letter or as an appendix of terms and conditions. However when an organisation and/or a significant amount of money is involved over a period of time, then a suitable legal agreement between the parties may be deemed necessary in order to provide the Council the assurance that all terms and conditions of the grant have been met.

It is the Project Manager's responsibility to ensure that monies spent by 3<sup>rd</sup> parties comply with the terms and conditions of the grant funding and are spent on eligible activities and expenditure. It is also the project manager's responsibility to ensure that the 3<sup>rd</sup> party has, and will provide, full audit trails of activity and expenditure to support any monies claimed and paid over.

Where contracts have been awarded to 3<sup>rd</sup> parties for an element of service delivery, the Council has to demonstrate that proper procurement processes have been followed. It is not sufficient to simply allocate grant funding to a single 3<sup>rd</sup> party. Doing so will breach procurement rules and result in clawback of grant.

In awarding funding to a 3<sup>rd</sup> party it must be made clear from the outset that these requirements need to be met before funding is agreed. Formal arrangements (via a signed agreement) must be in place before any funding is passed over to the 3<sup>rd</sup> party.

	<p><b>3<sup>rd</sup> party recipients of grant funding must also demonstrate full audit trails and provide these to the Council to support audit requirements. Make sure 3<sup>rd</sup> parties know that this is required and is a <u>condition of funding before</u> funding is paid to them</b></p>
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The above does not apply to the purchase of normal goods and services, where standard procurement rules are applied.

### 8.3 Welsh Language

The Welsh Language Commissioner has issued specific guidelines in relation to grants awarded to any person [or organisation] for specific activities. It requires that:

- the Welsh language is treated no less favourably than the English language within that activity; and
- the Welsh language is promoted and facilitated in the context of that activity.

Directorates should establish clear procedures that will ensure that the Council's Welsh Language principles are followed when grants are awarded. The Council's Welsh Language Policy can be found via the [intranet](#) and its principles must be applied in relation to grants made to 3<sup>rd</sup> parties.

## Section 9 – Audit requirements

### 9.1 The requirement for an audit certificate

Grant-paying bodies may require a certificate from an independent auditor to provide assurance that the Council has appropriately used the grant funding that it has received. In the majority of cases this is required at both the end of each financial year and at the completion of the grant/project.

In some instances the Regional Internal Audit Shared Service is required to provide an opinion on the use of the grant and provide assurance that the terms and conditions of the grant have been complied with. In these instances the responsibilities of the Responsible Officer and Finance Manager are the same as with externally funded projects with regard to audit requirements.

The level of detail that auditors require for grants is significant. There is no allowance for errors on grants and as a result they need to be accurate and reconcile exactly to the finance ledger and comply fully with all the Terms and Conditions of each grant. Note that often pre-application grant invitations and guidance notes will set out what is eligible activity and costs that can be included, which needs to be followed in conjunction to specific grant terms and conditions. By signing up to the grant you are also signing up to these requirements.

### 9.2 Finance responsibilities

Finance Managers are responsible for ensuring that all relevant documentation is available for auditors when the annual and final claims are submitted for audit. A detailed checklist for Finance Managers is set out below. The Grants Co-ordination Officer will ensure that everything is completed and will act as the initial contact for Audit. Much of the audit information can be provided electronically and the Grants Co-ordinator will ensure that Finance Managers have saved all the relevant information to the central Grants folder on a regular basis.

The following 'checklist' must be used to ensure that all relevant information is available. The list will be passed to the auditors along with the claim.

Additional information can and will be requested during the audit to provide the necessary assurance to the auditors of compliance to existing procedures and protocols.

Finance checklist for documents to be saved:

- ✓ Grant invitation/guidance notes
- ✓ Delegated power/Cabinet minute approving grant application
- ✓ Authorised (signed) application form and all supporting information
- ✓ Internal grant application authorisation form
- ✓ Grant offer letter, including all Terms and Conditions
- ✓ Authorised (signed) grant acceptance form
- ✓ Grant variation letters/approvals (and acceptances if necessary)
- ✓ Grant claim(s)
- ✓ Reconciliation of the amounts claimed to the finance ledger
- ✓ Reconciliation of eligible and ineligible items
- ✓ FULL ledger extracts identifying individual lines to fully support the grant claim(s)
- ✓ Grant claim submission authorisation form (s)
- ✓ Remittance advices\*

- ✓ Correspondence with the funding body (as appropriate – but certainly where financial clarification has been sought)
- ✓ Any other relevant supporting documentation (eg scanned invoices/payroll evidence)

Note: supporting information may be available for a period of time via existing systems, eg Trent for payroll, however you must consider the duration that this will be available for. Where it is for European grants you must obtain copies of all supporting information for each claim and save these to the central folder.

\* Welsh Government remittance advices will be copied by Finance staff and saved into the central grants folder.

Invoices paid within the Central Payments Team are retained in Finance for approximately 3 months, after which time they are archived electronically and paper copies shredded. Paper copies need to be requested within 2 weeks of sending for payment. For invoices that are not paid within the Finance Team but are paid within Directorates, Project Managers will need to put in place procedures to ensure invoices are retained for the required period of the grant terms and are easily retrievable. Where originals are required it is recommended that the department keep the original with the grant files (in particular European grants) and send a copy for payment certified as follows:

'I certify that this is a true copy of the original invoice, and the original is retained with the grant file which is stored [*insert location*]

The copy must be signed and dated.

The following checklist must support annual and final claims to ensure that the minimum necessary information is available for audit:

<b>Audit Information Checklist</b>			
<b>Project Name:</b>			
<b>Funding Body:</b>			
<b>Project Manager:</b>			
<b>Department:</b>			
<b>Document Required</b>	<b>On File</b>	<b>Ref</b>	<b>Signed Off</b>
Claim submitted to Audit		<b>A</b>	
Contact Details for Grant Queries		<b>B</b>	
Copy of Grant Offer Letter, signed Acceptance and Terms & Conditions plus any agreed Variations to approval		<b>C</b>	
Copy of Delegated Powers/Cabinet Meeting minute accepting grant approval. Explanation required for non-receipt of Delegated Powers		<b>D</b>	
Full reconciliation from Finance Ledger to Grant Claim and Grant Approval, identifying items excluded from claim and reconciliation to claim/approval budget headings		<b>E</b>	
Copies of all grant remittances with CoA details		<b>F</b>	
Any other relevant supporting information/ documentation (eg tender details, contract let details etc)		<b>G</b>	

## **Section 10 – Clawback**

If this Policy is followed it is anticipated that the risk of clawback will be minimised. However clawback of grant can occur where the terms and conditions of the grant have not been complied with, or where ineligible expenditure has been included, or where the outcomes or targets of the project have not been delivered. It may also occur where funding has been received towards land or buildings (such as land reclamation grant) and the land or building is then sold, changed (including change of use), or even demolished. Clawback will place financial pressures on the Council and may also have a reputational impact for future grant funding.

### **10.1 Notification**

Should clawback of any amount of grant paid be necessary, at any time due to factors described in the particular grant conditions, then the Grants Co-ordinator should be informed immediately.

### **10.2 Financial implications**

Reduction of revenue grant will reduce the income in the relevant Directorate and reduction in capital grant will have capital financing repercussions. Directorates will be expected to make good any loss of grant from their budgets. Any loss of grant places financial pressures on the Council and any significant clawback will need to be reported as part of quarterly financial monitoring reports to management and/or Cabinet.

## Section 11 – Audit Recommendations

### 11.1 Audit Report

The External Auditors (currently the Wales Audit Office) provide BCBC with an annual statement of performance in relation to their grants audit. This will identify any weaknesses and/or shortcomings in the grant claims and grant monitoring processes, and will identify recommendations for improvement on an individual grant level as well as more generally. It is essential that these recommendations are followed up and amendments implemented as necessary and in a timely manner.

The outcome of the External Audit of grant claims is reported to Audit Committee each year, including any recommendations made. It is therefore imperative that any recommendations are followed up and dealt with appropriately. The Grants Co-ordinator will take a lead role in liaising with relevant officers to put in place actions and responses to recommendations, and provide updates to the Chief Finance Officer as to progress on a regular basis. This may involve liaison with Internal Audit and funding bodies as necessary.

Following the above an update report will be presented to Audit Committee identifying the management actions taken to respond to any External Audit recommendations raised. It is therefore imperative that actions are followed up and implemented as necessary.

### 11.2 Lessons Learnt

As part of the audit process a number of recommendations will be made to improve BCBC grant claim processes. This has a number of beneficial impacts including ensuring maximum grant is drawn down, minimising audit time on the grant and as a consequence reducing the audit fee to the Council. A record of 'common' issues will be developed and included in this document as a 'checklist' of what to check before submitting a grant claim/file for audit. There is already a checklist included at section 10.2 which provides the minimum necessary file contents for audit purposes which must be adhered to. Audit fees will increase if proper documentation is not available to support the grant, which will have an impact on Council resources.

### 11.3 Key audit findings

Some of the key findings from recent grant audits include the following:

- Claims not adding up correctly
- Lack of clear audit trail from grant to ledger
- Ineligible items claimed under grant
- Claiming more expenditure under a specific heading than has been approved
- Lack of evidence of agreement from funding body to vire between cost headings
- Claiming ineligible overhead costs
- Inaccurate apportionment of staff costs between projects and/or non-project activity
- Lack of evidence of staff time spent on projects (where apportioned)
- Lack of supporting evidence for allocation of grant funding to 3<sup>rd</sup> parties – ie lack of tender process, not formal approval to issue grant
- Lack of evidence of expenditure by 3<sup>rd</sup> party grant recipients – no audit trails
- No robust verification of 3<sup>rd</sup> party activity
- Items of expenditure not reserved to the correct financial year



- Grant funding programme from grant funding body not being referred to on an annual basis or when new staff join the project

It is therefore essential that you consider the above and ensure that appropriate controls and processes are in place to avoid these types of issues arising on grants that you manage. The more issues that arise during a grant audit results in an increase of an auditor's time and an increased audit fee.

## Section 12 – Useful contacts

Contact	Tel no (last 4 digits internal extn)
Chief Finance Officer – s151 Officer	01656 64 3302
Group Manager – Chief Accountant	01656 64 3605
Group Manager – Financial Planning & Budget Management	01656 64 3604
Finance Manager – Financial Control & Closing	01656 64 3359
Finance Manager – Social Services & Wellbeing, Operational & Partnership Services (OAPS), and Chief Executives & Finance	01656 64 2201
Finance Manager – Education & Family Support and Communities	01656 64 3303
Capital Accountant	01656 64 3608
Grant Coordinator	01656 64 3623

## Section 13 - Useful information links

Grant Management Policy and forms:

<http://www.bridgend.net/finance/Pages/Grants-procedures.aspx>

The following forms are available via the intranet:

<http://www.bridgend.net/finance/Pages/Grants-procedures.aspx>

Grant Bid/Acceptance  
Grant Claim approval  
Submission to Audit - checklist

Delegated Power Form (via this link)

<http://www.bridgend.net/democracy/Pages/Schemes-of-Delegated-Functions.aspx>

Project Management Toolkit:

<http://www.bridgend.net/coe/Pages/Project%20management%20toolkit%20home%20page.aspx>

Procurement Contract Procedure Rules: can be found via Bridgend A-Z – ‘P’:

<http://www.bridgend.net/a-z/Pages/p.aspx>

Audit Committee reports: <http://parliament/ielistmeetings.aspx?CId=132&Year=0>

Wales Audit Office Good Practice Guide: Grants Management:

<http://www.wao.gov.uk/good-practice/finance/grants-management>

## Section 14 – Glossary of terms

Clawback	Retrieving money already paid out. In relation to grants it is the recovery of grant money's paid to the Council, or by the Council to a 3 <sup>rd</sup> party.
External Funding	Any funds received from an external source which is used to deliver a specific project or projects by the Council and for which a grant claim (in whatever form) will be made.
Grant Bid	An application form / Expression of Interest / Business Case or report used to request funding from an external source e.g. Welsh Government, WEFO, and authorised by a nominated signatory.
Grant Approval	Formal confirmation of an award of grant from the external source.
Grant Acceptance	The Council's formal acceptance of the award and the terms and conditions of the grant, authorised by a nominated signatory.
Grant Claim	A form or report used to claim external funding for expenditure identified as eligible under the terms and conditions of the grant.
Delegated Power	A form (available via the intranet) which records the performance of a Cabinet or Council function which has been allocated to specific officers under the Council's Scheme of Delegation
Chief Financial Officer	The Head of Finance or nominated deputies, currently the Group Manager – Chief Accountant and Group Manager – Financial Planning and Budget Management.
Finance Manager	The relevant Directorate Finance Manager attached to the project.
Grants Co-ordination Officer	Officer within the Finance Section responsible for the financial co-ordination of all externally funded projects within the Council.
Project Manager	The officer responsible for the completion of the bid, the management of the project and the submission of the grant claims.
Matched Funding	Public or private sector finance put forward as a contribution to gross project costs is defined as matching/matched funding or co-funding, European funds are designed to fill the funding gap for a project when all other possible sources of finance have been exhausted. A wide range of public organisations and voluntary agencies are designated as eligible for grant purposes.
Project Management Toolkit	The Council's Programme & Project Management Toolkit explains how programmes and projects are managed in the Council.
Project Initiation Document (PID)	A logical document which brings together all the key information needed to start the project on a sound basis and to convey that information to all concerned with the project.

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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr  
Cwrt y Cigfrain  
Lon y Bragdy  
PEN-Y-BONT AR OGWR  
CF31 4AP

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



Bridgend County Borough Council  
Raven's Court  
Brewery Lane  
BRIDGEND  
CF31 4AP

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

### Authorised Finance Signatory List

The following Finance Officers have the approval to sign on the behalf of Bridgend County Borough Council.

Gill Lewis  
Interim Section 151 Officer  
Head of Finance

Deborah Exton  
Deputy Head of Finance

Nigel Smith  
Group Manager  
Chief Accountant

Joanne Norman  
Group Manager  
Financial Planning &  
Budget Management

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Gill Lewis  
Interim  
Head of Finance

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

#### REPORT OF THE CORPORATE DIRECTOR – EDUCATION AND FAMILY SUPPORT

##### WELSH-MEDIUM CHILDCARE – BETTWS AND OGMORE VALLEY

### 1. Purpose of report

#### 1.1 This report

- details the outcome of the options appraisal process for the delivery of Welsh-medium childcare provision in the Bettws and Ogmores Valley areas, and

seeks approval to proceed with the options for delivery of childcare provision, as recommended by the School Modernisation Strategic Programme Board (the Board).

### 2. Connection to corporate improvement objectives/other corporate priorities

#### 2.1 This report relates to the following Corporate Improvement Plan priorities:

- **Supporting a successful economy** - 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.
- **Helping people to be more self-reliant** – we will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
- **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 In November 2018, the authority secured £2.6 million of Welsh Government (WG) Capital Grant for the development of Welsh-medium childcare provision in four geographical areas of the county borough. The purpose of the grant was to support WG national policy, 'Cymraeg 2050, a million Welsh speakers'.

3.2 The four areas identified for investment were Bettws, Ogmores Valley, Porthcawl and Bridgend Town. Schemes would be delivered incrementally, with Bettws and Ogmores Valley projects being scheduled for completion first

in order to support pupil admission to the relocated Ysgol Gynradd Gymraeg (YGG) Calon Y Cymoedd at Bettws.

#### **4. Current situation**

- 4.1 A Welsh-medium steering group, comprising of officers and key stakeholders was established in order to help inform each project, develop business plans and aid the future sustainability of provision post construction.
- 4.2 The role of the steering group is to support the development and delivery of the Welsh-medium childcare capital programme. The group, through consultation and collaboration, offer a cohesive approach to the provision of effective and sustainable community buildings, with a focus on increasing opportunities for children and the wider community. The group work together to support the programme which will promote the Welsh language within the county borough.
- 4.3 Officers commenced work by identifying buildings and sites within the areas that are within Council ownership.
- 4.4 A project team was formed consisting of technical, childcare and school modernisation officers, plus representatives of the steering group. The team conducted site visits, and subsequently scored each site using a scoring matrix.

#### **4.5 Bettws**

The sites identified for development of the provision within the village included:

- Option 1 - Bettws playing fields – new build
  - Option 2 - School site – new build
  - Option 3 - Trem y Mor and adjacent land at Glynteg – new build
  - Option 4 - Bettws Life Centre - adaptation
  - Option 5 - Valleys to Coast (V2C) land – new build
  - Option 6 - Bettws Boys and Girls Club – adaptation
  - Option 7 - The bunkhouse - adaptation
- 4.6 Following an initial appraisal, it was determined that Option 1, the Bettws playing field site, should not be taken forward for further investigation. This decision was taken due to the location of the field and potential implications with the loss of play provision for the area. The school site, Option 2, was also discounted due to insufficient land available.
- 4.7 Option 3, new build on land adjacent to Trem y Mor. This option was joint highest in the scoring exercise (score = 117). The land is within the ownership of BCBC and a new-build would provide a fit-for-purpose childcare facility. However, it is located on the outskirts of Bettws and it was thought that the other options provided a better location adjacent to the new Welsh-medium school.



- 4.8 Option 4, adaptation at Bettws Life Centre (score = 73). This option involved adaptation/remodel of the existing building. However, there were a number of activities running each day and sole use of any space for the full week was not possible. The building would also have been difficult to adapt for childcare use.
- 4.9 Option 5, new build on land adjacent to the surgery (Valleys to Coast (V2C) owned). This option was joint highest in the scoring exercise (score = 117). The land is within the ownership of V2C and negotiations would have been required with them to acquire the land. The new build would provide a fit-for-purpose childcare facility. However, it is located on the outskirts of Bettws and it was thought that the other options provided a better location adjacent to the new Welsh-medium school.
- 4.10 Option 6, adaptation of the Bettws Boys and Girls Club (score = 82). This option involved extensive adaptations to the existing provision. Adapting the building, which is in poor condition and is in a state of disrepair, was considered problematic. However, the site was identified as being in a good location within the village.
- 4.11 Option 7, adaptation of the bunkhouse building (score = 90.5). This option involved the adaptation of the bunkhouse to provide an adequate childcare space with ancillary areas. This would have been problematic and costly due to the existing layout, which was set out in 'dormitory' style with a small kitchen area in the centre.
- 4.12 The following table sets out the results of the appraisal in order of the highest score:

<b>Site</b>	<b>Score</b>
Option 3 New build on unused BCBC owned land adjacent to the council's Trem y Mor administrative offices, Bettws Road, Bettws	117
Option 5 New build on land next to the surgery (V2C owned)	117
Option 7 Adaptation of the currently unused bunkhouse building adjacent to the Bettws Boys and Girls Club (currently leased to NSA Afan)	90.5
Option 6 Adaptation of the Bettws Boys and Girls Club	82
Option 4 Adaptation at Bettws Life Centre	73

- 4.13 Although adaptation to the Bettws Boys and Girls Club did not score the highest from a technical development perspective (due to the condition of the building), the site was considered a good location due to its proximity to other key buildings in the area. A survey was undertaken of the Bettws Boys and Girls Club building. Based on its poor condition, technical officers of the

authority recommended it for demolition. It was therefore discounted as an option for adaptation.

- 4.14 Officers were advised that NSA Afan wished to relinquish the lease on the site, which incorporates the Boys and Girls Club building and the adjacent bunkhouse. The Boys and Girls Club of Wales confirmed that they would be interested in taking on the lease for the bunkhouse, including a charge that had been placed on the building by The Big Lottery.
- 4.15 It was considered that if the Boys and Girls Club building was demolished and the new childcare provision built on the site, together with the use of the other buildings in the area, it would present an opportunity to develop a Welsh 'hub'. This strategy would support the vision for the wider Welsh-medium stakeholder group. The demolition of the Boys and Girls Club and the redevelopment of the site by building new childcare provision therefore became a further option (revised Option 6).
- 4.16 The revised Option 6 scored 107.5, which is less than the other 'new build' options (due to the additional works required for the demolition of the existing building). Although the two 'new build' options on alternative sites scored higher, advice received from the local member (who had met with the community to gather their views) was that they would not welcome another new stand-alone building in Bettws when there are vacant community buildings in the village.
- 4.17 Notwithstanding the proposed development of the site, NSA Afan have handed back the lease to the Council. Legal and property officers are currently undertaking the legal process to surrender the overall lease from NSA Afan and re-grant the bunkhouse section of the site to the Boys and Girls Club of Wales and return the Bettws Boys and Girls Club building to the Council.
- 4.18 The outcome of the options appraisal was reported to the School Modernisation Strategic Programme Board. The Board supports the development of a new build on the Bettws Boys and Girls Club site (revised Option 6), as this was the only site where the 'hub' approach could be achieved. The Board also agreed:
- to meet the associated legal costs in respect of the lease from BCBC revenue budgets;
  - for technical officers to commence surveys on the Bettws Boys and Girls Club building, to inform the demolition process, subject to legal and property approvals; and
  - to meet the cost of demolition of the building from the grant.

#### 4.19 **Ogmore Valley**

The sites/buildings initially identified in the Ogmore Valley area included:

- Option 1 - Nantymoel Boys and Girls Club – new build

- Option 2 - Isfryn Industrial Estate – new build
  - Option 3 - Former Nantymoel Infants School site – new build
  - Option 4 - Ogmore Valley Life Centre – adaptation and extension
  - Option 5 - Former Aber Infants School site – new build
  - Option 6 - Land at former Bryant OAP Centre – new build
  - Option 7 - Ogmore Vale Fire Station – new build
- 4.20 The team conducted site visits, and then subsequently scored each site using the scoring matrix.
- 4.21 Option 1, developing land adjacent to the Nantymoel Boys and Girls Club scored the highest ( score = 109) and was favoured by the Welsh-medium steering group; a ‘hub’ approach to support the development of the Welsh language could be achieved at that location, given the proximity of the adjacent Boys and Girls Club building to the development site. Access to the site is good. The site’s potential for complaint generation or objection is assessed as minimal and the site scored highly in terms of its Impact of Wellbeing and Future Generations Act aggregate score. The site is located in the north of the Ogmore Valley.
- 4.22 Option 2, Isfryn Industrial Estate, Blackmill (score =108.5). The site is good in terms of its location for serving the Ogmore Valley. The site topography is relatively good with only a nominal slope; therefore, expensive retaining walls should not be required. Access to the site and the highway drop-off is good. Good parking would be achievable and active travel could be developed with some works required. Due to its close proximity to a Flying Start provision at Blackmill, the site has potential for complaint generation or objection. Locating Welsh-medium childcare at the site may have the potential to impact on other childcare businesses (new provision opening in Bryncethin may be impacted).
- 4.23 Option 3, the former Nantymoel Infants School site (score = 103). The site has significant issues in relation to on-site and off-site costs of development ie level issues, requirement for retaining walls and costs associated with DDA compliance.
- 4.24 Option 5, the former Aber Infants School site (score = 67.5). The site has significant issues relating to the highway; very poor access, parking and active travel opportunities. Site levels are very poor, DDA achievability would be extremely difficult and in addition, the site has ecology issues which would make development problematic (bats are present on site).
- 4.25 Options 4, Ogmore Valley Life Centre and Option 6, land at former Bryant OAP Centre, Nantymoel were discounted due to the sites being located in a flood plain.
- 4.26 Option 7, Ogmore Vale Fire Station was discounted as it is an active site.
- 4.27 The following table sets out the results of the appraisal in order of the highest score:

<b>Site</b>	<b>Score</b>
Option 1 Nantymoel Boys and Girls Club (New build childcare on land adjacent)	109
Option 2 Isfryn Industrial Estate, Blackmill	108.5
Option 3 Former Nantymoel Infants School site	103
Option 5 Former Aber Infants School site	67.5
Option 4 Ogmores Valley Life Centre (Adaptation)	Discounted (flood plain)
Option 6 Land at former Bryant OAP Centre, Nantymoel	Discounted (flood plain)
Option 7 Ogmores Vale Fire Station	Discounted (active site)

4.28 In order to keep the building central within the valley and enable the whole community to engage, additional sites in the Ogmores Vale area were also sought. A search of properties (both commercial and residential) currently advertised for sale in the area was subsequently undertaken however, no suitable properties were available.

4.29 Option 4, the Ogmores Valley Life Centre, was re-visited and re-scored and Option 8, the former Ogmores Vale Nursery School site, was considered in addition to other key properties within Ogmores Vale. The outcome of the second evaluation is detailed in the following table:

<b>Site</b>	<b>Score</b>
Option 8 Former Ogmores Vale Nursery School site	95.5
Option 9 Petrol station site, Ogmores Vale	94
Option 10 Bethania Chapel, Ogmores Vale	Discounted (insufficient site size)
Option 4 Ogmores Valley Life Centre (Revisit/re-score)	Remains discounted (flood plain)

4.30 Option 4, Ogmores Valley Life Centre, is of insufficient size without building an extension (not possible due to a flood plain issue).

4.31 Option 8, the former Ogmores Vale Nursery School site (score = 95.5). The Council do not own the land; it acts as a charitable trustee. The Council acting as trustee, could approach the Charity Commission for permission to sell the site as trustees to the Council. There is no guarantee that the Charity Commissioner would agree to the same. However, if permission was given there would be a cost to the Council and the land would be subject to an independent valuation.

- 4.32 Option 9, the petrol station site (score = 94). The site privately owned, (without knowing the condition of the petrol tanks or if any ground contamination exists, the estimated current value provided by Corporate Landlord is £32.5k - £87.5k).
- 4.33 Option 10, Bethania Chapel in Ogmores Vale was discounted due to the site being insufficient in size.
- 4.34 The outcome of the options appraisal was reported to the School Modernisation Strategic Programme Board. The Board supports Option 1, the development of a new build on land adjacent to Nantymoel Boys and Girls Club, due to the added value that the location presents in terms of the adjacent building and in turn, the creation of a Welsh hub to support an increase in the Welsh language and assist in delivering the Cymraeg 2050 target.

## **5. Effect upon policy framework and procedure rules**

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

## **6. Equality Impact Assessment**

- 6.1 An Equality Impact Assessment initial screening has been carried out for both projects. The assessments confirm that there would be a positive impact on the Welsh language provision currently available in the areas.

## **7. Wellbeing and Future Generations Act (2015)**

The Well-being of Future Generations (Wales) Act 2015 Assessment provides a comprehensive summary of the outcomes expected from the implementation of the service. The required assessment template has been completed and a summary of the implications from the assessment relating to the five ways of working is outlined below:

Long-term	This project will meet both short and long-term planning with regard to both the number of childcare places available in the borough, alongside increasing Welsh-medium provision and focussed Welsh language benefits for the communities identified.
Prevention	It will reduce the impact of long-term demands on the level of childcare in relation to information on the Bridgend local authority Childcare Sufficiency Assessment (CSA).  The project also has at its aim the ability to increase Welsh speakers and the number of children entering Welsh language education.
Integration	The project will deliver social, economic and cultural outcomes, as it will be a community asset.

Collaboration	The project development and planning phase is being supported by a steering group, where stakeholders with vested interests both internal to Bridgend County Borough Council and external, are members.
Involvement	The stakeholders involved in the steering group reflect both childcare and Welsh language organisations. The schemes will deliver beyond the key focus of childcare and education with other services planned, focused on sustainability, community benefit and wellbeing of citizens.

## **8. Financial implications**

- 8.1 The £2.6 million capital allocation equates to £650k per project, which covers costs associated with the design and construction of the building. No capital contribution is required from the Council as the build cost is 100% funded by WG.
- 8.2 Further feasibility work will be required in order to determine the specific costs associated with the development of each site. WG has approved in principle that the costs associated with the demolition of the Bettws Boys and Girls Club, can be met from the grant. WG has also indicated that should the costs exceed the available budget on one project, there may be an opportunity to re-profile, as long as the costs are kept within the overall funding envelope. If costs exceed available budget, a further report will be presented to Council.
- 8.3 WG has not made revenue funding available for the ongoing running cost of the buildings, so all associated costs eg energy, cleaning etc for the settings will have to be borne by the end user. It is therefore critical for the steering group to work together to ensure the future sustainability of the buildings. If the facility were to become financially unsustainable, it should be noted that the physical asset belongs to BCBC and consequently the authority would be responsible for any ongoing revenue associated with its ownership (eg potential boarding up costs, ongoing insurances etc).
- 8.4 Loose furniture, equipment and ICT will also have to be provided by the end user.

## **9. Recommendations**

- 9.1 Cabinet is asked to consider the outcome of the option appraisals for both sites.
- 9.2 Determine whether to proceed with the Bettws area, revised Option 6, as recommended by the Board and develop the new childcare provision on the site of the existing Bettws Boys and Girls Club building (as detailed in paragraph 4.18 of this report).

- 9.3 Determine whether to proceed with the Ogmore Valley area, Option 1, as recommended by the Board and develop the new childcare provision on the site adjacent to Nantymoel Boys and Girls Club.

**Lindsay Harvey**  
**Corporate Director - Education and Family Support**

**Contact Officer:** Nicola Echanis  
Head of Education and Early Help

**Telephone:** (01656) 642611

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**Background documents**

Cabinet Report (18 December 2018): "WELSH-MEDIUM CAPITAL GRANT"

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

Equalities Impact Assessments

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

#### REPORT BY THE CORPORATE DIRECTOR OF EDUCATION AND FAMILY SUPPORT

#### LEARNER TRAVEL EFFICIENCIES

##### 1. Purpose of report

1.1 The purpose of this report is to seek Cabinet approval to begin a public consultation on proposed changes to the local authority's Home to School/College Transport Policy.

##### 2. Connection to Corporate Improvement Objectives/other corporate priorities

2.1 The report links to the following improvement priorities in the Corporate Plan:

- **Supporting a successful economy** - 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.
- **Helping people to be more self-reliant** – we will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
- **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 local authority has a statutory duty under the Learner Travel (Wales) Measure 2008 to make suitable transport arrangements to facilitate the attendance of children each day at the relevant places where they receive their education or training. This is primarily achieved via the contracting of transport services from the private sector. Eligibility for pupils to be in receipt of free home-to-school transport is governed by the local authority's Home to School/College Transport Policy.

3.2 In September 2015 Cabinet determined changes to the local authority's Home to School/College Transport Policy in order to meet the Medium-Term Financial Strategy (MTFS) savings identified from 2016-2017 to 2019-2020. The policy change was implemented in September 2016. However, initial savings were predicated on a full implementation of a change to statutory distances of 2 miles for primary school-age children from the current 1.5 miles and 3 miles for secondary school-age children (including post-16 learners) from the current 2 miles. No change was proposed to nursery-age children eligibility of 1.5 miles. On implementing the

policy change, Cabinet determined to protect the entitlement of all pupils currently benefitting from home-to-school transport at the former distances until they moved schools or moved from one phase of education to another. Furthermore, protection was provided for siblings of children already in receipt at the former distances.

- 3.3 Cabinet was not minded to remove the discretionary arrangements for post-16 learners, who would therefore continue to benefit from home-to-school/college transport at the three mile distance.
- 3.4 The 'in-receipt' and the 'sibling rule' entitlement has meant that, year-on-year, the number of pupils the policy change applies to, is relatively small. However, parents have challenged this inequity and have been critical of its intention, especially as children without siblings would be disadvantaged.
- 3.5 At the same time as the Cabinet decision in September 2015, the local authority was assessing the impact of the newly released Learner Travel Statutory Provision and Operational Guidance June 2014. The guidance identifies that local authorities must:
- assess the travel needs of learners in their authority area;
  - provide free home-to-school transport for learners of compulsory school age attending primary school who live two miles or further from their nearest suitable school;
  - provide free home-to-school transport for learners of compulsory school age attending secondary school who live three miles or further from their nearest suitable school;
  - assess and meet the needs of 'looked after' children in their authority area;
  - promote access to Welsh-medium education; and
  - promote sustainable modes of travel.
- 3.6 The new Statutory Provision and Operational Guidance included two additional areas for consideration:
- the need to fully engage/consult with learners when considering the safety of routes; and
  - the need to consider the opinion of learners in relation to social danger.
- 3.7 Following the publication of this guidance, it became clear that the changes to the local authority's new Home to School/College Transport Policy approved by Cabinet in September 2015 were being challenged. On the loss of entitlement, many parents challenged the availability of walked routes to school on the basis of their safety.
- 3.8 Many parents contested the inequity in the new policy's sibling rule, primarily the impact on pupils beginning reception year and year seven, who did not have a sibling in the school and who would be impacted more than any other child. The default position from these parents was to challenge the safety of the walked route their child would have to take to school.
- 3.9 Without adequate assurances that routes considered as available by the local authority had followed the procedure outlined in the aforementioned statutory guidance, the local authority would not be able to implement its policy decision made in September 2015.

- 3.10 Therefore, in August 2017, the local authority agreed to progress assessments of walking routes in accordance with the Learner Travel Operational Guidance to identify all safe walking routes to schools.
- 3.11 The physical assessments have been progressed by an independent consultant. Physical assessments were undertaken before routes were deemed available, taken into consideration the statutory provisions contained within the Learner Travel Statutory Provision and Operational Guidance June 2014. An officer of the local authority was appointed to progress statutory consultations with schools, learners and parents.
- 3.12 As the policy change approved by Cabinet in September 2015 has not been fully implemented due to the challenges over available walking routes, this has limited the local authority's ability to make any meaningful financial savings associated with the new policy. It is important to now consider addressing the inequity in the current Home to School/College Transport Policy through consideration of further policy changes.
- 3.13 With this in mind, it is important that Cabinet consider the impact of a further potential change of policy on the delivery of transport services by independent providers.

#### 4. Current situation/proposal

- 4.1 Table 1 below, identifies the MTFs savings and budget growth made against the learner transport budget since 2014-2015.

**Table 1 MTFs savings and budget growth 2014-2015 to 2019-2020**

<b>MTFS savings</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>TOTAL</b>
Retender learner transport contracts	250	400	100				750
Rationalise Special Education Needs transport	200	100	150				450
School transport route efficiencies		200	200	40			440
Phased implementation of Learner Transport Policy regarding statutory distances for free travel				20	67	67	154

<b>TOTAL</b>	<b>450</b>	<b>700</b>	<b>450</b>	<b>60</b>	<b>67</b>	<b>67</b>	<b>1,794</b>
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<b>MTFS growth</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>TOTAL</b>
Increasing costs associated with home-to-school transport, including demand for pupils with additional learning needs and demographic growth						427	427
Transport costs for the Welsh Government Junior Apprenticeship Programme						42	42
Increase in costs of learner transport due to re-tender exercise that took place in 2017-2018					81		81
<b>TOTAL</b>					<b>81</b>	<b>469</b>	<b>550</b>

- 4.2 Although there have been significant savings without fully implementing the policy change approved by Cabinet in September 2015, changes in demographics and demand have meant that additional budget growth has been necessary to support the learner transport budget. However, the budget growth confirmed for 2019-2020 does not fully address the 2018-2019 overspend budget position of £1.1m. In order to achieve a balanced budget moving forward, it is recommended that consideration be given to the implementation of additional savings associated with the learner transport budget via a policy change.
- 4.3 Cabinet previously approved a full 12-week public consultation on proposed amendments to the local authority's Home to School/College Transport Policy in September 2014 (background document refers). The outcome of this consultation reported in September 2015.
- 4.4 It is therefore proposed that a new full 12-week consultation for further amendments to the local authority's Home to School/College Transport Policy be considered by

Cabinet to commence in September 2019. Such a consultation should take into consideration the following legislative context.

### **Statutory responsibility to consult**

- 4.5 Section 6 of the Learner Travel (Wales) Measure 2008 gives local authorities the power to make any arrangement they think fit to facilitate the travel of learners to and from a place where they receive education or training. The power applies in relation to a learner living or studying in the authority's area.
- 4.6 If a local authority chooses to make use of the section 6 power to provide discretionary transport arrangements, the local authority also has the power to remove this provision at a later date. In doing this, the authority should follow the correct procedures for withdrawal of transport provision in line with relevant policies and protocols.

### **Conformity with national and local guidance**

- 4.7 In January 2014, the Children's Commissioner for Wales wrote to Bridgend County Borough Council to encourage pupil engagement on policy proposals, so that they are fully able to exercise their Article 12 right as outlined in The United Nations Convention on the Rights of the Child (UNCRC).
- 4.8 Article 12 identifies that children have the right to say what they think should happen and have their opinions taken into account. The convention encourages adults to listen to the opinions of children and involve them in decision-making process. However, the convention recognises that the level of a child's participation in decisions must be appropriate to the child's level of maturity. Children's ability to form and express their opinions develops with age and therefore it is considered important that support from schools is important, to articulate the proposals to pupils in a way that they would understand.

### **Conformity with Bridgend County Borough Council's consultation and engagement guidelines**

- 4.9 The local authority's own consultation and engagement toolkit which was adopted in August 2014 provided a framework from which we developed our approach to consultation. An opportunity to respond to the survey and engage with the Council on how the public could share their views, is only delivered within the reasonable usage of the resources available. Community engagement events that will need to be arranged to support the consultation will need to be attended by senior managers, giving the opportunity for all interested parties the opportunity to engage. All documentation will need to be written in clear English, with Welsh language versions available together with other alternatives available on request including large print, braille. A letter outlining the consultation and inviting views on the proposals will be sent to every parent of every child attending all schools in Bridgend. A survey will be made available electronically, will be available at libraries, and the survey will also receive promotional support via the use of local newspapers and social media (ie Facebook and Twitter).

### **Conformity with the National Principles for Public Engagement in Wales**

- 4.10 The views of parents since changes to the local authority's Home to School/College Transport Policy were approved in September 2015, have presented opportunities for the public to influence policy in providing feedback on the current policy.
- 4.11 There will be opportunity for the public to engage with officers at the planned public engagement sessions. Pupils will be encouraged to respond to the consultation with support from schools explaining how important their contribution will be to the consultation exercise, and that they could influence any decision in respect of the policy.
- 4.12 There will be engagement with a number of organisations including all Bridgend schools, including school councils, Bridgend College, councillors, regional AMs, local MPs, the First Minister, town and community councils, neighbouring councils, Estyn, school governing bodies, headteachers and all Public Service Board members, including South Wales Police. Furthermore, there will be engagement with Parents for Welsh Medium Education (RhAG), the Archdiocese of Cardiff, the Diocese of Llandaff, the Church in Wales and Roman Catholic Church.
- 4.13 The consultation will be jargon free, appropriate and understandable across a wide range of audiences. Information will be made available in a variety of formats and bilingually. Irrelevant information will not be presented, merely that pertinent to the proposals.
- 4.14 There will be a full range of opportunities to engage, in particular the public engagement events.
- 4.15 It is not proposed that prescriptive public meetings be held as these are often unhelpful as they do not allow for parity of engagement. The open format of the proposed engagement events is planned to help participating members of the public to understand our proposals. This proposal is based on experience, given that many attendees at public meetings do not always have an opportunity to engage fully or feel able to ask questions.
- 4.16 These engagement events will focus on obtaining the views of the public on specific issues, but on improving the general understanding of our proposals and their possible impact for individuals and communities.

### **Conformity with the National Children and Young People's Participation Standards for Wales**

- 4.17 There are seven national standards that organisations working with children and young people should aim to meet so that children and young people have a good experience of participation. These standards promote the participation of children and young people in making decisions, planning and reviewing any action that will affect them.
- 4.18 The seven standards and how we meet the requirements of each one in respect of consultation approach are as follows:

**Information** - which is easy for children and young people to understand

We will ask children and young people to take part in the consultation and we will make the information presented easy for them to understand. We will send out

information in a variety of forms as identified earlier. We will talk to children and young people from school councils and Bridgend Youth Forum.

**It's Your Choice** - enough information and time to make an informed choice

We will ensure that through the consultation children and young people know what they are being asked to engage in.

**No Discrimination** - every child and young person has the same chance to participate

We will ensure that all young people from all backgrounds will be able to access relevant information and that it will be appropriately presented. We will treat children and young people with equal status as adults, especially in this particular scenario as the policy proposal impacts upon them as individuals.

**Respect** - Your opinion will be taken seriously

We will request children and young people's views on what is proposed. We will record what children and young people say and we will ensure that there are a variety of channels of communication and opportunities available, so that children and young people can provide their views on the proposals.

**You get something out of it** - You will enjoy the experience

In our consultation meetings we will welcome, value and respect the attendance and engagement by children and young people and respond to each question and query independently.

**Feedback** - You will find out what difference your opinion has made

The consultation report will be published following the consultation.

**Improving how we work** - Adults will ask you how they can improve how they work

We will incorporate lessons learned from our engagement with young people to ensure there are opportunities for the voices of our young people continue to be heard in respect of future proposals.

### **Conformity with Bridgend County Children and Young Person's Charter**

4.19 The Charter is based on the United Nations Convention on the Rights of the Child (UNCRC) to promote and safeguard the rights and interests of all children and young people within Bridgend County. A full Equalities Impact Assessment (EIA) will accompany the consultation report that will be provided to Cabinet following any proposed consultation exercise. This will contain a summary of all 42 articles in the UNCRC although some are more relevant than others. There is no expectation in respect of the Charter that the entire convention and its relevance to the policy under review are fully understood.

4.20 The Council through consideration of this charter, works to the principle of 'Best interest'. However, this does not mean that any negative decision would

automatically be overridden, although it does require the local authority to examine how a decision has been justified and how the local authority would mitigate against the impact (in the same way as any other protected group).

### **Conformity with Paragraph 12 of the Children and Families (Wales) Measure 2010**

4.21 Paragraph 12 of the Children and Families (Wales) Measure 2010 states that a local authority must make such arrangements as it considers suitable to promote and facilitate participation by children in decisions of the authority which might affect them.

4.22 There will be a number of opportunities, in particular through community engagement, to ensure participation by pupils.

### **Considering the effects of the policy proposal on the Welsh language**

4.23 The Welsh Language (Wales) Measure 2011 makes provision about promoting and facilitating the use of the Welsh language and treating the Welsh language no less favourably than the English language.

4.24 The Welsh Language Measure also makes provision about standards relating to the Welsh language.

4.25 The Measure provides that the local authority, in its proposals to change a policy, considers one or more of the following:

- (a) What effects, if any, (whether positive or adverse) the policy decision would have on opportunities for other persons to use the Welsh language, or treating the Welsh language no less favourably than the English language;
- (b) How the decision could be made so that the decision has positive effects, or increased positive effects, on opportunities for other persons to use the Welsh language, or treating the Welsh language no less favourably than the English language; and
- (c) How the decision could be made so that the decision does not have adverse effects, or has decreased adverse effects, on opportunities for other persons to use the Welsh language, or treating the Welsh language no less favourably than the English language.

4.26 The local authority will consider and identify all the possible effects the policy proposal may have on opportunities for persons to use the Welsh language, or treating the Welsh language no less favourably than the English language.

4.27 Therefore, the local authority will consider relevant evidence, in order to understand the likely or actual effect of the policy decision on the Welsh language

### **Proposals**

4.28 The local authority's current Home to School/College Transport Policy includes significant discretionary arrangements. These discretionary arrangements are unsustainable and due to the significant number of potential variations as a result of the previous Cabinet decision, the administration and legal challenge over eligibility has meant that there is significant inequity inherent in the policy and much of the



intention behind the original policy change ie to reduce the overall cost of learner transport, could not be implemented. Many of these variations were identified for Cabinet following the outcome of the consultation on the local authority's Home to School/College Transport Policy reported to Cabinet on 5 September 2015.

- 4.29 Although significant budget reduction of £1.794m have been applied to the learner transport budget to support the MTFs, the change of policy approved by Cabinet in September 2015 has not delivered significant enough savings to support this large budget reduction. Therefore, it is now recommended that Cabinet consider revisiting the following discretionary elements of the local authority's Home to School/College Transport Policy to both support the current projected over spend of £761,000 as at Quarter 1 2019-2020, to support the ongoing MTFs process and to help address the ongoing pressure against the learner transport budget from increasing statutory eligibility.
- 4.30 In proposing a new public consultation, the main aim will be public engagement, in particular, pupils and their immediate families, to attempt to ascertain their views and what might be the impact on them if the proposed changes to the local authority's Home to School/College Transport Policy were implemented.
- 4.31 Table 2 below identifies the proposals being put forward for consideration that demonstrate a potential savings.

**Table 2 Approximate savings for learner transport**

<b>Proposal</b>	<b>Potential Saving</b>
Removal of escorts from all taxis and minibuses (excluding those transporting pupils with special education need) of less than eight passengers	£35k
Withdrawal of transport for all learners benefitting from an identified and available (safe) routes to school in line with statutory distances of 2 miles for primary age pupils and 3 miles for secondary age pupils.	£200k
Removal of all transport for nursery pupils	£40k
Removal of all post-16 transport	£500k
<b>Total</b>	<b>£775k</b>

**Removal of escorts from vehicles less than eight passengers**

- 4.32 There is no statutory responsibility for the local authority to provide escorts on its school transport services. Escorts are employed by transport operators to ensure children board and alight vehicles safely and to inform the driver of any inappropriate behaviour. They are unable to intervene in any behavioural issue. On smaller vehicles, their role is considered limited, as the driver of the vehicle has generally, good overall awareness and control.

**Withdrawal of transport for all learners benefitting from an identified and available (safe) routes to school in line with statutory distances of two miles for primary school-age pupils and three miles for secondary school-age pupils.**

- 4.33 Following the completion of the assessments of the physical environment and consultation with schools, pupils, parents and statutory consultees (eg South Wales Police), the Authority is now satisfied that it has identified all the safe walking routes to schools in accordance with the code'. The local authority's current Home to School/College Transport Policy states that, "As routes are reviewed, provision may be withdrawn where for example, identified hazards have been mitigated against. This will then be classed as an identified and available safe walking route. Parents will be given at least one term advance notice of the withdrawal of transport and any withdrawal will normally be implemented to coincide with the start of an academic year."
- 4.34 This policy proposal will allow the local authority to withdraw routes for any pupils under two miles for primary pupils and under three miles for secondary pupils regardless of prior eligibility or the aforementioned 'sibling protection' or 'in receipt' rules.
- 4.35 For pupils attending English-medium schools, free home-to-school transport would be provided to the nearest suitable (catchment) school. For pupils wishing to benefit from Welsh-medium education, free home-to-school transport would apply to the nearest Welsh-medium school within Bridgend County Borough. Similarly, for pupils wishing to benefit from a faith-based education, free home-to-school transport would be provided to the nearest faith school within the county borough of Bridgend.

#### **Removal of 'sibling' and 'in-receipt' protection for pupils**

- 4.36 This policy proposal will remove the inequity caused by the implementation of both the 'in-receipt' and 'sibling protection' elements of the current policy, (as detailed in paragraph 3.2).

#### **Removal of reference to specific examples of discretionary transport**

- 4.37 As well as the duty to provide transport to some pupils, a local authority has discretionary powers to provide home to school transport for other learners. A local authority does not have to use their discretionary powers to provide free or assisted travel. The current policy gives specific examples of the circumstances where discretionary transport might be considered. It has been found that by giving specific examples this has become a ground for challenge by parents who believe that they are automatically entitled to discretionary transport if they fall within any of the grounds. This proposal will mean that specific examples of the special circumstances where the local authority will provide discretionary transport provided to pupils, will be removed from the local authority's Home to School/College Transport Policy. Typically, applications are received for a range of medical conditions, anxiety-related issues, emergency situations where a family may be fleeing domestic violence or living in hostels.
- 4.38 Although the local authority does not maintain a list of circumstances which support the provision of discretionary transport, it has been found that by giving examples provided in the current policy, limits the local authority's ability to consider applications in these categories.

#### **Removal of all transport for nursery pupils**

4.39 Home-to-school transport for nursery pupils is non-statutory. The local authority provides this by discretion. Observations by officers of nursery pupils travelling on buses has identified significant health and safety risks principally associated with the age of the pupils.

### **Removal of all post-16 transport**

4.40 There is no statutory duty to provide free transport for post-16 learners to school or college. Pupils attending sixth forms in secondary schools benefit from transport from home-to-school under the same distance criteria as pupils of statutory school age ie those living more than three miles from home to the nearest suitable (catchment) school receive free home-to-school transport. Similarly, those attending further education colleges receive free home-to-college transport to the closest college offering the course of their choice, if they live over three miles from home-to-college. Sixth form pupils utilise the school buses provided for eligible pupils of statutory school age, while college learners are provided with free bus passes to make use of the public service vehicles provided by First Cymru.

### **5. Effect upon policy framework and procedure rules**

5.1 There is no impact on the local authority's policy framework or procedure rules.

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

6.1 An initial Equality Impact Assessment (EIA) screening has been undertaken and a full EIA will be provided when the outcomes of the proposed consultation are reported to Cabinet.

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

7.1 A Well-being of Future Generations (Wales) Act 2015 assessment has been completed. A summary of the implications from the assessment relating to the five ways of working is as follows:

Long-term	Ongoing reliance on the local authority to provide free home-to-school transport where this is not supported by national policy will have a significant impact on the ability of the local authority to support and sustain other critical services long-term. National government policy supports active travel and the reduction in the reliance on private and public transport. Benefits include the reduction in emissions, less dependence on fossil fuels and improvements to health and wellbeing.
Prevention	The proposal to remove discretionary transport is not taken lightly. However, there are current tensions in respect of the inequity in the current policy. The proposal, therefore, is for a public consultation to address the inequity in the local authority's Home to School/College Transport Policy and to ensure that further budget efficiencies.

- Integration** The local authority has a strategic role in facilitating the attendance of pupils to school where they are eligible for free home-to-school transport or where it is provided under the discretion of the local authority.
- Collaboration** The local authority works closely with schools and pupils to ensure that the needs of learners are taken into consideration in the identification and delivery of transport services.
- Involvement** The local authority intends to involve all sectors of society in consulting on its proposals. This will involve sufficient time and resources to fully identify, understand and respond to the issues identified for individuals and their communities.

## 8. Financial implications

8.1 Table 3 below summarises the financial implications associated with the recommendations contained in this report.

**Table 3 Financial implications of the proposals**

<b>Financial Summary</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
Budget overspend	-£1.1m		
Budget growth		£469k	
Removal of escorts from all taxis and minibuses (excluding those transporting pupils with special education need) of less than eight passengers			£35k
Withdrawal of transport for all learners benefitting from an identified and available (safe) routes to school in line with statutory distances of 2 miles for primary age pupils and 3 miles for secondary age pupils.			£200k
Removal of all transport for nursery pupils			£40k
Removal of all post-16 transport			£500k
<b>Total</b>	<b>-£1.1m</b>	<b>£469k</b>	<b>£775k</b>

## 9. Recommendations

9.1 Cabinet is recommended to approve a 12-week consultation on the following proposals:

- removal of escorts from all taxis and minibuses (excluding those transporting pupils with special education need) of less than 8 passengers;
- withdrawal of transport for all learners benefitting from an identified and available (safe) routes to school in line with statutory distances of 2 miles for primary school-age pupils and 3 miles for secondary school-age pupils;
- removal of 'sibling' and 'in receipt' protection for pupils;

- removal from the local authority's Home to School/College Transport Policy of specific examples of the special circumstances where the local authority will provide discretionary transport;
- removal of all transport for nursery pupils; and
- removal of all post-16 transport.

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**Background documents**

Report to Cabinet, 5 September 2015, Learner Travel Policy

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

#### REPORT OF THE CORPORATE DIRECTOR SOCIAL SERVICES & WELLBEING

#### PROPOSED CHANGES TO LIBRARY SERVICES IN BRIDGEND

##### **1. Purpose of Report**

- 1.1 The purpose of this report is to present to Cabinet proposals for the relocation of the Library service from the Tŷ'r Ardd premises and also the need to plan for the longer term in regard to mobile Library services.
- 1.2 The report also seeks approval from Cabinet to develop new approaches to sustain the provision of Library services including co-location opportunities as identified within the medium term financial strategy.

##### **2. Connection to Corporate Improvement Plan / Other Corporate Priority**

- 2.1 This report assists in the achievement of the following corporate priority/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 has a statutory duty to provide a 'comprehensive and efficient' Library service for the benefit of all residents in the County Borough.

##### **3. Background**

- 3.1 The provision of public Library services in the United Kingdom was made a statutory service for Local Government as a result of the Public Libraries and Museums Act (1964). The legislation requires Local Authorities to provide a 'comprehensive and efficient Library service for persons desiring to make use thereof'.
- 3.2 The responsibility for overseeing the terms of the 1964 Act and how it is applied within Wales currently rests with the Deputy Minister for Culture, Sport and Tourism,

who has a duty under Section 1 of the Act 'to superintend and promote the improvement of the public Library services provided by Local Authorities and to secure the proper discharge by Local Authorities of the functions in relation to libraries conferred upon them as Library authorities by or under the 1964 Act'.

- 3.3 On 1<sup>st</sup> October 2015, BCBC transferred the operational management of a large range of cultural services, including the Library service, to the Awen Cultural Trust. The statutory duty to provide the Library service and report on its performance remains with the Council; however, Awen, under the terms of the management agreement, provides the Council with the information required on performance to satisfy itself that the service is meeting the desired outcomes.
- 3.4 Since 2015 the partnership with Awen has delivered financial savings to the Council whilst maintaining or enhancing related services and attracting external investment for capital improvements and revenue programmes. The management fee as part of the contract with Awen is negotiated in 3 year cycles with the current cycle running from 2019 – 2022.
- 3.5 The current Medium Term Financial Strategy (MTFS) identifies further savings from Library and cultural facilities and related services, including reviewing the number of facilities (libraries, community centres) and also reductions in services or opening hours. Whilst some of the £150,000 savings identified between 2019 – 2021 have been found, there remains a shortfall of £70,000 that needs to be identified.

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

##### **4.1 Service Related Proposals**

- 4.1.1 There are a number of imminent decisions that are required to be made to sustain an efficient and effective approach to Library services operation.
- 4.1.2 In 2018, the Cabinet report on the capital programme identified the planned closure of the Tŷ'r Ardd building at Sunnyside to release a capital receipt with the Registrars services being relocated to the Civic Offices site. The Council's agreement with Awen, established in 2015, identified the potential need to make alternative provision for services operated at Tŷ'r Ardd.
- 4.1.3 Previously, in 2011, the Council relocated the Local and Family History Library resources, formerly located at the Coed Parc site, to Tŷ'r Ardd and these facilities and services will be displaced following the disposal of the site, requiring a decision on their future to be made.
- 4.1.4 Awen identify that Tŷ'r Ardd attracts approximately 6,000 visits per annum and based on Library users who joined at Tŷ'r Ardd, circa 70% are local residents. There were 3,500 bookings for ICT sessions at the site in 2018. Although a dedicated Local and Family History Library is not a requirement for the statutory Library service, the above data indicates the public value of the service.
- 4.1.5 Initially, there would need to be an interim relocation of the service to a facility that is capable of accommodating the quantity of books, newspapers,



periodicals, maps, microfiches and other materials inclusive of access to ICT equipment and at no additional cost to Awen.

4.1.6 Through discussion with Awen and a review of existing Library spaces that Awen occupies, the only suitable and cost effective location would be at the “Y Llynfi Library” at Maesteg Sports Centre. The facilities at “Y Llynfi” would have sufficient space to support an interim service offer and an ICT suite is also in existence. It would also be the most cost effective interim solution as it would not incur additional facility costs and would allow Awen to further contribute to targeted financial efficiencies. Following the redevelopment of Maesteg Town Hall, the local and family history service is planned to be co-located within the new facilities created to support longer term sustainability of library and cultural services. The Maesteg Town Hall project has been supported by the Heritage Lottery Fund.

## 4.2 **Mobile Library Services**

4.2.1 The mobile Library service is also valued by many local people but there are challenges and opportunities to be considered to support the longer term sustainability of mobile Library services.

4.2.2 Awen currently operate two approaches to mobile Library service provision including the large mobile Library vehicle and the ‘Booklink’ service for the housebound.

4.2.3 The Booklink service utilises a smaller vehicle supporting 282 customers with visits every 5 weeks.

4.2.4 The large mobile Library operates 10 routes and supports 361 individuals every 3 weeks (currently 7 of the 140 stops service nurseries, pre-school groups and Flying Start with approximately 73 participants).

4.2.5 The mobile Library service is important to overall performance of the Library service with circa 40,000 book issues per annum in total.

4.2.6 The current larger mobile Library vehicle is 11 years old and experiencing periodic failures with a replacement vehicle of similar specification anticipated to cost in the region of £120,000.

4.2.7 Awen have identified that there is a crossover of users between Library services and opportunities for a more flexible and innovative approach (11% of mobile Library users also use Library buildings whilst over two thirds of mobile Library users are over 60, suggesting potential eligibility for the Booklink service).

4.2.8 The proposal from Awen is that they can increase the number and range of beneficiaries of mobile Library services with a more flexible approach and smaller vehicles as opposed to the Council investing in the larger less flexible vehicle. This would be at Awen’s cost as opposed to the BCBC capital programme.

- 4.2.9 The proposal would see a standardised 5 week timetable established as per the current Booklink scheme with existing mobile Library users transferred to the new service.
- 4.2.10 This approach would minimise duplication of services and maintain support for vulnerable groups but also expand the reach of the service by working with Health Visitors and young families, schools, care homes, day centres, childcare settings and hospitals. This model could support the aspiration for every child in Wales being entitled to a free 'Bookstart' pack before they are 12 months old (and again at 27 months) in Wales, developing lifelong readers from an early age.
- 4.2.11 The Cabinet report of January 2018 had identified the need for a review of options for the mobile Library service to be progressed and the proposal demonstrates improved flexibility, cost effectiveness and sustainability.

### **4.3 Delivering Further Efficiencies**

- 4.3.1 As part of the MTFs, the Council has identified the need to further reduce the management fee payable to Awen by £150,000 between 2019 and 2021 based on reviewing the number of libraries and also reductions in services or opening hours.
- 4.3.2 The approach of co-location of Library services alongside other wellbeing facilities is aligned to the corporate business plan objective of developing a next generation of wellbeing hubs. The Healthy Living and Cultural Trust partnerships established with GLL/Halo and Awen are supporting large numbers of vulnerable people as part of the prevention approach as an alternative to managed care and the infrastructure of hub facilities has long term importance to a strategic prevention approach.
- 4.3.3 There are existing examples of where a co-located approach to services has been cost effective including the Library facilities at Bridgend Life Centre, Maesteg Sport Centre, Garw Valley Centre and Ogmere Valley Life Centre, where partnership working with Halo Leisure has been established. The 2017/18 Welsh Public Library Standards report ranks Bridgend as the best performing Local Authority in terms of Library opening hours and is ranked seventh in terms of active borrowers per capita. However, the strategic reduction of investment into Library resources is also identified as a future risk.
- 4.3.4 There is current work in progress regarding the co-location of Library facilities within the redevelopment of Maesteg Town Hall that will improve cost effectiveness for the Council and similarly a feasibility study of opportunities in Porthcawl for co-location but these projects will not deliver new facilities or savings in the short term.
- 4.3.5 It will be for BCBC and Awen to identify any further opportunities for co-location of services but also to provide Cabinet with further information on the scale of costs and savings that might apply to the reduction in the number of libraries or hours of availability of services run on the Council's behalf by Awen. Again, the potential need to compensate Awen for any

detriment that materialises or to repay grant investment applied to specific facilities may impact on levels of savings that can be delivered.

4.3.6 It should be noted that the management fee negotiations with Awen is based on 3 year cycles and the Council would benefit from identifying its affordability level for services in subsequent years as opposed to annual incremental efficiencies.

## **5. Effect upon Policy Framework & Procedure Rules**

5.1 There are no effects upon policy framework and procedure rules.

## **6. Equality Impact Assessment**

6.1 An equality impact screening has been conducted in relation to the need to plan for alternative provision to the Tŷ'r Ardd site based on the intention to dispose of the asset .There is no requirement for an Equalities Impact Assessment in relation to the disposal of Council property.

6.2 The equality impact assessment screening has been conducted on the interim provision of Local and Family History services at Y Llynfi, Maesteg and subsequent relocation of these services to the new Maesteg Town Hall site when development works have been completed. A full equalities impact assessment will be conducted in regard to the longer term provision of library services at Maesteg Town Hall. The EIA screening recognises that the proposal is to retain and sustain a local and family history service within the County Borough and that risks are mitigated by retaining this service in a suitable and sustainable location. The interim relocation period for the local and family history service would allow a full EIA to be conducted within 3 years. .

6.3 An equality impact assessment screening has also been conducted on the proposed change in approach to mobile Library services and found to standardise the level of support with the potential to expand the reach to other equalities groups. The screening identifies no detriment to people accessing the Book Link service which would generally support older adults and people with disabilities or poor mobility issues. Although the frequency of visits by the traditional mobile library service would reduce slightly this would not necessarily equate to a reduction in service (i.e. the resources issued to customers). The screening also identifies the potential to support a broader range of groups and organisations including those with a protected characteristic. A full equalities impact assessment would be conducted following 12 months of operation.

6.4 Whilst no equality impact assessment has been conducted on the potential reduction in the number of Library facilities or opening hours, it is anticipated that full consultation may be required based on the statutory duty relating to Library services should such issues materialise.

## **7. Wellbeing of Future Generations (Wales) Act 2015 Implications**

7.1 The implementation of the duties and responsibilities under the Social Services and Wellbeing (Wales) Act 2014 (SSWBA) supports the promotion of two of the seven goals of the Wellbeing of Future Generations (Wales) Act 2015 within the County

Borough of Bridgend. By promoting an environment that maximises people's physical and mental wellbeing and by supporting children, young people, adults and their carers and families to fulfil their potential no matter what their circumstances, the wellbeing goals of a healthier and more equal Bridgend and Wales are supported.

- 7.2 The Wellbeing of Future Generations (Wales) Act 2015 provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how the Authority should work to deliver wellbeing outcomes for people.
- 7.3 The Future Generations Commissioner for Wales has identified the importance of ensuring continued free access to libraries and museums to support local communities to access the variety of cultural opportunities and activities on offer to them in these spaces. Awen have recently announced the removal of Library fines to support the building of better relationships with service users.
- 7.4 In the 'Art of the Possible' (2019) the Commissioners' office identifies that libraries are now acting as community hubs, hosting choirs, family activities, computer classes and social events. They identify the opportunities that exist to implement simple changes such as encouraging staff to make use of their free Library card and providing accessible information on what libraries offer.
- 7.5 The Council has established a long term, 20 year, partnership agreement with AWEN that targets population outcomes that are consistent with the Wellbeing of Future Generations (Wales) Act 2015. The model of co-locating libraries and cultural services is consistent with the five ways of working identified within the Act, particularly integration and collaboration. The proposal relating to the disposal of Tŷ'r Ardd represents a long term and sustainable future for the local and family history service as an integrated part of the broader library service.
- 7.6 The proposed remodelling of mobile library services recognises the broader needs of all people with a protected characteristic that could more consistently be supported by mobile library services. The Council's Strategic Equalities Plan identifies the importance of providing fair and equal access to all members of the community to leisure and cultural services. This proposal contributes to the aspirations for a More Equal Wales and a Wales of Vibrant Culture and Welsh Language.

## **8. Financial Implications**

- 8.1 The partnership with Awen has delivered the targeted £625,000 of efficiencies within the first three years of the contract equating to 17% of the original budget.
- 8.2 In addition, by integrating the management of Wood B / B Leaf facilities into the contract, a further £120,000 of efficiencies became deliverable by the Social Services and Wellbeing Directorate.
- 8.3 Between 2015 and 2019, the Council has benefitted from a fixed management fee for services delivered by Awen with no inflationary uplift provided (which would have equated to £164,000) further contributing to the reduction of costs to Council for operating library services.

8.4 Beyond the above, the proposals in this report identify the additional £150,000 of management fee reductions that will be applied to Awen between 2019 – 2021 and also longer term financial challenges faced by the Council.

8.5 There may be specific costs for BCBC relating to the relocation of services currently operated at Tŷ'r Ardd inclusive of storage charges that will need to be identified. These costs will need to be supported by Council which might include a contingency funding application.

## **9. Recommendation**

9.1 Cabinet is requested to:

- Approve BCBC and Awen taking forward the interim relocation of the Local and Family History service to Y Llynfi, Maesteg based on the need to vacate the Tŷ'r Ardd building following its disposal.
- Approve the medium term relocation of the Local and Family History service to Maesteg Town Hall as a more appropriate and sustainable venue following completion of the significant capital investment works
- Approve BCBC and Awen to progress the proposed approach to mobile Library services based on the improved flexibility and support that could be achieved and recognising that the proposal sustains mobile library services. The proposed mobile service also removes any potential capital investment required from the Council. The service would be subject to review within a 12 month period.
- Approve BCBC and Awen to review the indicative costs and potential efficiencies of co-locating additional Library or other services related to the Awen partnership but also to identify the potential implications of a reduction of facilities and opening hours. Any proposals will be subject to a further report.

**Susan Cooper**  
**Corporate Director Social Services & Wellbeing**

**Date: July 2019**

**Contact Officer: Andrew Thomas**

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**Background documents - None**



## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

#### REPORT OF THE HEAD OF LEGAL AND REGULATORY SERVICES

#### FORWARD WORK PROGRAMME

##### 1. Purpose of Report .

- 1.1 The purpose of this report is to seek Cabinet approval for items to be included on the Forward Work Programme for the period 1 October 2019 to 31 January 2020.

##### 2. Connection to Corporate Improvement Objectives.

- 2.1 The active engagement with the public regarding key decisions of the Authority contributes to all 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 Constitution of the Council explains that the Forward Work Programme will be prepared by the Monitoring Officer to cover a period of four months except when ordinary elections of councillors occur, in which case the forward work programme will cover the period up to the date of the elections.

- 3.2 The Forward Work Programme will contain matters which the Cabinet, Overview and Scrutiny Committees and full Council are likely to consider. It will contain information on:

- (a) the timetable for considering the Budget and any plans, policies or strategies forming part of the Policy Framework and requiring Council approval, and which body is to consider them;
- (b) the timetable for considering any plans, policies or strategies which are the responsibility of the Cabinet;

- (c) any individual matters on which the Cabinet intends to consult in advance of taking a decision, and the timetable for consultation and decision;
- (d) the work programme of the Overview and Scrutiny Committees, to the extent that it is known.

3.3 The Forward Work Programme will be published at least 14 days before the start of the period covered. The Authority is required to publish once a year a notice in at least one newspaper circulating in the area, stating that a forward work programme will be published and giving the publication dates for that year.

#### **4. Current situation / proposal.**

4.1 The proposed Forward Work Programmes are described below:

- Cabinet 1 October 2019 to 31 January 2020 - **Appendix 1**
- Council 1 October 2019 to 31 January 2020 - **Appendix 2**
- Overview and Scrutiny - **Appendix 3**

4.2 Following consideration by Cabinet, the Forward Work Programme will be published on 16 September 2019.

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

5.1 There are no implications relating to the Policy Framework and Procedure Rules

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

6.1 There are no negative equality implications arising from this report.

#### **7. Financial Implications.**

7.1 There will be a translation cost of approximately £60 for each quarterly update of the Forward Work programme when it is published on the Bridgend County Borough Council Website. These will be met from within existing budgets.

#### **8. Wellbeing of Future Generations (Wales) Act 2015**

8.1 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 well-being goals/objectives as a result of this report.

#### **9. Recommendation.**

9.1 Cabinet is recommended to:

- Approve the Cabinet Forward Work Programme for the period 1 October 2019 to 31 January 2020 at Appendix 1;
- Note the Council and Scrutiny Forward Work Programmes as shown at Appendix 2 and 3 respectively.



**Kelly Watson**  
**Head of Legal and Regulatory Services**  
10 July 2019

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**Background documents:** None

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## CABINET FORWARD WORK PROGRAMME - 1 OCTOBER 2019 TO 31 JANUARY 2020

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Item	Title of Report	Cabinet	Contact Officer
(a)	(b)	(c)	(d)
1.	<b>Empty Properties Strategy</b>	22 Oct 2019	<b>Mark Shephard, Chief Executive</b> Tel: 01656 643380 mark.shephard@bridgend.gov.uk
2.	<b>Budget Monitoring 2019-20 - Quarter 2 Revenue Forecast</b>	22 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
3.	<b>Capital Programme Update - Quarter 2 2019-20</b>	22 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
4.	<b>2018/19 Annual Report</b>	22 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
5.	<b>Treasury Management - Half Year Report 2019-20</b>	22 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
6.	<b>Draft Medium Term Financial Strategy 2020-21 to 2023-24</b>	19 Nov 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
7.	<b>Outcome of the Consultation 'Shaping Bridgend's Future'</b>	17 Dec 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>

Item	Title and Description of Report	Cabinet	Contact Officer
(a)	(b)	(c)	(d)
			gill.lewis@bridgend.gov.uk
8.	<b>Medium Term Financial Strategy 2020-21 to 2022-23 and Draft Budget Consultation Process</b>	21 Jan 2020	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b> gill.lewis@bridgend.gov.uk
9.	<b>Revenue Budget Monitoring 2019-20 Quarter 3 Revenue Forecast</b>	21 Jan 2020	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b> gill.lewis@bridgend.gov.uk
10.	<b>Treasury Management - Quarter 3 2019-20</b>	21 Jan 2020	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b> gill.lewis@bridgend.gov.uk
11.	<b>Capital Programme Update - Quarter 3 2019-20</b>	21 Jan 2020	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b> gill.lewis@bridgend.gov.uk

## COUNCIL FORWARD WORK PROGRAMME - 1 OCTOBER 2019 TO 31 JANUARY 2020

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Item	Title of Report	Council	Contact Officer
(a)	(b)	(c)	(d)
1.	<b>Capital Programme Update - Quarter 2 2019-20</b>	23 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
2.	<b>2018/19 Annual Report</b>	23 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
3.	<b>Treasury Management - Half Year Report 2019-20</b>	23 Oct 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk
4.	<b>Council Tax Base 2020-21</b>	20 Nov 2019	<b>Gill Lewis, Interim Head of Finance and Section 151 Officer</b>  gill.lewis@bridgend.gov.uk

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## OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME - 1 OCTOBER 2019 TO 31 JANUARY 2020

Date	Title of Report	Scrutiny Committee	Contact Officer
9 Oct	<b>Plasnewydd Primary School</b>	Subject Overview and Scrutiny Committee 1	Lindsay Harvey, Corporate Director Education and Family Support Tel: 01656 642612 lindsay.harvey@bridgend.gov.uk
10 Oct	<b>Prevention and Wellbeing approaches including daytime opportunities</b>	Subject Overview and Scrutiny Committee 2	Susan Cooper, Corporate Director - Social Services & Wellbeing Tel: 01656 642251 susan.cooper@bridgend.gov.uk
2 Dec	<b>Remodeling Children's Residential services</b>	Subject Overview and Scrutiny Committee 1	Susan Cooper, Corporate Director - Social Services & Wellbeing Tel: 01656 642251 susan.cooper@bridgend.gov.uk
13 Jan	<b>Capital Strategy 2020-21 Onwards</b>	Corporate Overview and Scrutiny Committee	Gill Lewis, Interim Head of Finance and Section 151 Officer gill.lewis@bridgend.gov.uk
13 Jan	<b>Quarter 2 Performance Report 2019-20</b>	Corporate Overview and Scrutiny Committee	Gill Lewis, Interim Head of Finance and Section 151 Officer gill.lewis@bridgend.gov.uk

Date	Title and Description of Report	Scrutiny Committee	Contact Officer
13 Jan	<b>Corporate Plan 2019-2023 Reviewed for 2020-21</b>	Corporate Overview and Scrutiny Committee	Gill Lewis, Interim Head of Finance and Section 151 Officer gill.lewis@bridgend.gov.uk



## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 JULY 2019

#### REPORT OF THE HEAD OF LEGAL AND REGULATORY SERVICES

##### INFORMATION REPORTS FOR NOTING

##### 1. Purpose of Report

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

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

- 2.1 The report relates to the Corporate Priority 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 At a previous meeting of Cabinet, it was resolved to approve a revised procedure for the presentation to Cabinet of Information Reports for noting.

##### 4. Current situation / proposal

##### 4.1 Information Reports

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

<u>Title</u>	<u>Date published</u>
Treasury Management – Quarter 1 2019-20	17 July 2019

##### 4.2 Availability of Documents

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

##### 5. Effect upon Policy Framework and Procedure Rules

- 5.1 This procedure has been adopted within the procedure rules of the Constitution.

##### 6. Equality Impact Assessment

- 6.1 There are no negative equality implications arising from this report.

## **7. Wellbeing 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 well-being goals/objectives as a result of this report.

## **8. Financial Implications.**

8.1 There are no financial implications regarding this report.

## **9. Recommendation.**

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

**K Watson**  
**Head of Legal and Regulatory Services**  
**16 July 2019**

**Contact Officer:** Mark Anthony Galvin  
**Senior Democratic Services Officer - Committees**  
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**Background documents:** Report referred to in Paragraph 4.1 of this report.

**BRIDGEND COUNTY BOROUGH COUNCIL**

**INFORMATION REPORT TO CABINET**

**23 JULY 2019**

**REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER**

**TREASURY MANAGEMENT – QUARTER 1 2019-20**

**1. Purpose of the Report**

1.1 The purpose of this report is to:-

- Comply with the requirement of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice' (the Code) to produce interim Treasury Management reports;
- Report on the projected Treasury Management Indicators for 2019-20.

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

2.1 This report assists in the achievement of the following corporate priority:

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

**3. Background**

3.1 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.

3.2 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. 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 report. 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.

- 3.3 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 definition of investments in the revised 2017 CIPFA Code now covers all the financial assets of the Council as well as other non-financial assets which the Authority holds primarily for financial return. The Council's Capital Strategy 2019-20, complying with CIPFA's requirement includes the Prudential Indicators which in previous years were included in the TMS, along with details regarding the Council's non-treasury investments.
- 3.4 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 and were approved together by Council on 22 February 2019.
- 3.5 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:-
- advice and guidance on relevant policies, strategies and reports
  - advice on investment decisions
  - notification of credit ratings and changes
  - other information on credit quality
  - advice on debt management decisions
  - accounting advice
  - reports on treasury performance
  - forecasts of interest rates
  - training courses

## **4. Current Situation**

### **4.1 Economic Context**

- 4.1.1 The interest rate views incorporated in the Council's TMS 2019-20, were based upon officers' views supported by a forecast from Arlingclose. When the TMS 2019-20 was prepared in January 2019, 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, Arlingclose's central case scenario was

forecasting one 0.25% rise in the Bank Rate during 2019-20 to take official UK interest rates to 1.00% by December 2019.

4.1.2 The resignation of Theresa May has created greater uncertainty with regards to Brexit. It is unlikely the UK will be able to negotiate a different withdrawal deal before the deadline and Arlingclose believe that policymakers are unlikely to raise Bank rate unless there is some certainty to the withdrawal agreement. The Bank Rate started the financial year at 0.75% and the current forecast is that the Bank Rate will remain at this level beyond the end of the financial year end.

## 4.2 External Debt and Investment Position

4.2.1 On the 30 June 2019, the Council held £96.87 million of external long term borrowing and £41.30 million of investments. The external debt and investment position for 1 April to 30 June 2019 is shown below in Table 1; more detail is provided in section 4.3 the Borrowing Strategy and Outturn and section 4.4 the Investment Strategy and Outturn.

**Table 1: Council's external debt and investment position 1 April to 30 June 2019**

	<b>Principal as at 01-04-19 £m</b>	<b>Average Rate 01-04-19 %</b>	<b>Principal as at 30-06-19 £m</b>	<b>Average Rate 30-06-19 %</b>
<b>External Long Term Borrowing:</b>				
Public Works Loan Board	77.62	4.70	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65	19.25	4.65
<b>Total External Long Term Borrowing</b>	<b>96.87</b>	<b>4.69</b>	<b>96.87</b>	<b>4.69</b>
<b>Other Long Term Liabilities (LTL)</b>				
Private Finance Initiative (PFI)*	17.00		16.83	
Other LTL	0.88		1.22	
<b>Total Other Long Term Liabilities</b>	<b>17.88</b>		<b>18.05</b>	
<b>Total Gross Long Term External Debt</b>	<b>114.75</b>		<b>114.92</b>	
<b>Treasury investments:</b>				
Banks	5.40	0.86	6.00	0.99
Building Societies	1.00	0.90	4.00	0.93
Local Authorities	21.00	0.96	26.00	0.96
Money Market Funds**	-	-	5.30	0.76
<b>Total treasury investments</b>	<b>27.40</b>	<b>0.94</b>	<b>41.30</b>	<b>0.93</b>
<b>Net Debt</b>	<b>87.35</b>		<b>73.62</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 14.75 years remaining term

\*\*the fund provides instant access

4.2.2 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.

- 4.2.3 The liability benchmark has been calculated and compares the Council's actual borrowing against an alternative strategy, showing the lowest risk level of borrowing. Table 2 below has been produced using estimates of capital spend and forecasts on usable reserves for the current financial year. The Capital Plans highlight that the Loans CFR, which is the Council's need to borrow to fund capital expenditure, is increasing due to the capital programme as highlighted in paragraph 4.2.2 above. The Loans CFR ignores cash balances and maybe too high if the authority benefits from long term positive cash flows which this Council does benefit from. The benchmark assumes 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. It shows a liability benchmark of £108 million at the end of the financial year. The Council will have debt above or below this amount, which will leave it with excess cash or a borrowing need respectively. The Council feels it is prudent to maintain an under-borrowed position.

**Table 2: Liability benchmark**

	<b>2018-19 Actual</b>	<b>2019-20 Estimate</b>	<b>2019-20 Projection</b>
	<b>£m</b>	<b>TMS 2019-20 £m</b>	<b>£m</b>
Loans CFR	155	161	162
Less: Usable reserves	-77	-55	-58
Working capital	-5	-	-6
Plus: Minimum investments	10	10	10
<b>Liability Benchmark</b>	<b>83</b>	<b>116</b>	<b>108</b>

### 4.3 Borrowing Strategy and Outturn

4.3.1 At the 30 June 2019, the Council held £96.87 million of long term loans as part of its strategy for funding previous years' capital programmes. The TMS 2019-20 forecast that the Council would need to borrow £16 million in 2019-20. It is now forecast that there will be no long term borrowing requirement in 2019-20 as this has been revised due to additional grants being received in the last quarter of 2018-19 and a change in the capital programme for 2019-20. More detail is provided in the Capital Strategy 2019-20 and the Capital Monitoring report.

4.3.2 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

4.3.3 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.

4.3.4 The Council's primary objective for the management of its debt is to ensure its long term affordability. The majority of its loans have therefore been borrowed from the Public Works Loan Board (PWLB) at long term fixed rates of interest

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.

4.3.5 The last time the Council took long term borrowing was £5 million from the PWLB in March 2012 and as detailed above, the current forecast is that there will be no requirement for new long term borrowing in 2019-20. 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. Market conditions have meant that there has been no loan rescheduling so far this year however, in conjunction with Arlingclose, the loan portfolio will continue to be reviewed for any potential savings as a result of any loan rescheduling.

4.3.6 The £19.25 million in Table 1 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. The lender did not exercise their option on 22 July 2019 and the next trigger point is 22 January 2020 and again the lender is unlikely to exercise their option in the current low interest rate environment, however, an element of refinancing risk remains. The Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. The current average interest rate for these LOBO's is 4.65% compared to the PWLB Loans average interest rate of 4.70%.

4.3.7 The Treasury Management indicator shown in Table 3 below is for the **Maturity Structure of Borrowing** and 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 set out in the TMS 2019-20 and the projection for 2019-20 is:

**Table 3: Treasury Management Indicator Maturity Structure of Borrowing 2019-20**

Refinancing rate risk indicator Maturity structure of borrowing 2019-20	TMS 2019-20 Upper limit %	TMS 2019-20 Lower limit %	Projection 31-3-20 %
Under 12 months	50	0	19.87
12 months and within 24 months	25	0	-
24 months and within 5 years	25	0	-
5 years and within 10 years	40	0	13.91



10 years and within 20 years	50	0	23.49
20 years and above	60	25	42.73

The 19.87% shown in Table 3 above relates to the £19.25 million LOBO loans which may be re-scheduled in advance of their maturity date of 2054, as detailed in paragraph 4.3.6. The Code requires the maturity of LOBO loans to be shown as the earliest date on which the lender can require payment, i.e. the option/call dates in 2019-20 so the maturity date is actually uncertain but is shown in the “Under 12 months” category as per the Code.

#### 4.4 Investment Strategy and Outturn

4.4.1 Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income.

The major objectives during 2019-20 are:-

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

4.4.2 The Annual Investment Strategy incorporated in the Council’s TMS 2019-20 includes the credit ratings defined for each category of investments and the liquidity of investments. 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 minimum credit criteria and investment limits specified in the Investment Strategy. 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 in the Investment Strategy.

4.4.3 The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and as shown in Table 1 above the balance on investments at 30 June 2019 was £41.30 million. Table 4 below details these investments by counterparty type. The average investment rate in the period 1 April to 30 June 2019 was 0.91% (average Bank Rate of 0.75%) and was 0.93% at 30 June 2019 (Bank Rate of 0.75%).

**Table 4: Investments Profile 1 April to 30 June 2019**

Investment Counterparty Category	Balance 01 April 2019 (A) £m	Investments Raised (B) £m	Investments Repaid (C) £m	Balance 30 June 2019 (A+B-C) £m	Investment Income Received** Apr - June 2019 £'000	Average Original Duration of the Investment Days	Weighted Average Investment Balance Apr - June 2019 £m	Weighted Average Interest Rate Apr-June 2019 %
Government DMO	-	13.50	13.50	-	0.36	2	0.43	0.50
Local Authorities	21.00	18.00	13.00	<b>26.00</b>	9.03	350	24.67	0.96
Banks (Fixed Maturity)	4.00	2.00	4.00	<b>2.00</b>	23.43	213	3.74	1.01
Building Societies	1.00	4.00	1.00	<b>4.00</b>	2.07	115	3.27	0.92
Banks Instant Access/Notice Period Account *	1.40	19.85	17.25	<b>4.00</b>	4.18	n/a	3.85	0.97
Money Market Fund (Instant Access)*	-	41.95	36.65	<b>5.30</b>	18.41	n/a	12.06	0.76
<b>Total/Average</b>	<b>27.40</b>	<b>99.30</b>	<b>85.40</b>	<b>41.30</b>	<b>57.48</b>	<b>170</b>	<b>48.02</b>	<b>0.91</b>

\* An average duration is not shown as there is no original duration as instant access or notice period and money is added and withdrawn to/from these accounts as required by cash-flow

\*\* Received in the Council's bank account not interest earned

4.4.4 The Treasury Management indicator shown below in Table 5 is for **Principal Sums Invested for periods longer than a year**. 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 limit on the long term principal sum invested to final maturities beyond the period end set out in the TMS 2019-20 and the projection for 2019-20 is:

**Table 5: Treasury Management Indicator Principal Sums Invested for periods longer than a year**

Price risk indicator	TMS 2019-20 £m	Projection 31-3-20 £m
Limit on principal invested beyond financial year end	15	6

All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from Arlingclose will be sought as necessary.

4.4.5 There are four long term investments (original duration of 12 months or more) outstanding at 30 June 2019 totalling £9 million with Local Authorities shown in table 3 below. £5 million maturing in 2019-20 and £4 million maturing in 2020-

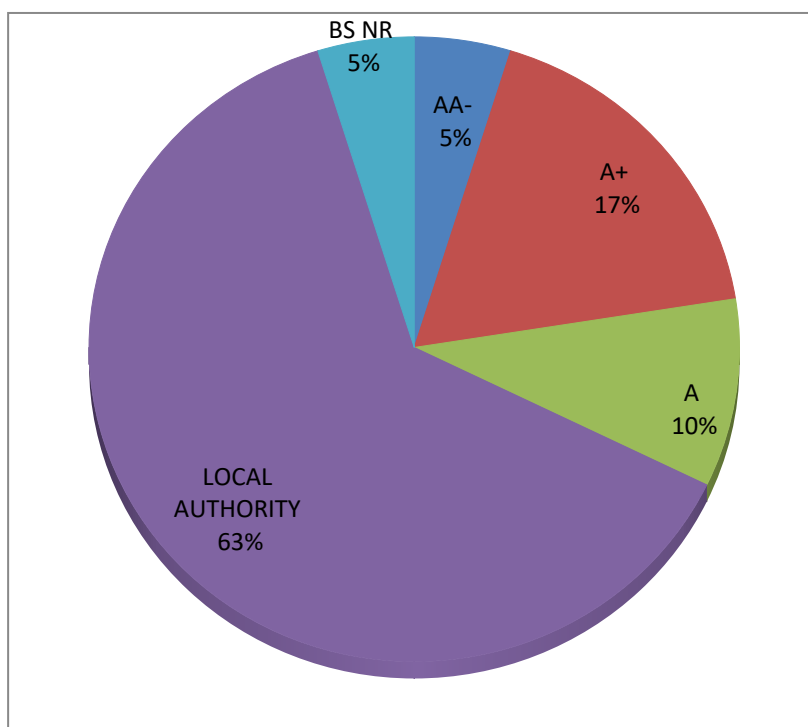
21. All other investments at 30 June 2019 were short term deposits including MMFs, instant access and notice accounts. Table 6 below details these investments by counterparty type based on the remaining maturity period as at 30 June 2019:

**Table 6: Investments Outstanding Maturity Profile 30 June 2019**

Counterparty Category	Instant Access £m	Deposits Maturing Within 1 Month £m	Deposits Maturing Within 2-3 Months £m	Deposits Maturing Within 4-12 Months £m	Deposits Maturing Within 1-2 Years £m	Total £m
Local Authorities	-	5.00	8.00	9.00	4.00	26.00
Banks	-	4.00	-	2.00	-	6.00
Building Societies		1.00	1.00	2.00		4.00
Money Market Fund	5.30	-	-	-	-	5.30
<b>Total</b>	<b>5.30</b>	<b>10.00</b>	<b>9.00</b>	<b>13.00</b>	<b>4.00</b>	<b>41.30</b>

4.4.6 Investment decisions are made by reference to the lowest published long-term credit rating from a selection of external rating agencies to ensure that this lies within the Council's 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. **Appendix 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. The Council defines high credit quality as organisations and securities 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.

4.4.7 The pie chart below summarises Table 6 by credit ratings and shows the £41.30 million investments at 30 June 2019 by percentage outstanding. Most Local Authorities do not have credit ratings and the £2 million invested with unrated building societies (shown as 'BS NR' below) were approved counterparties by Arlingclose whilst the remainder of the investments all had a credit rating of A or above.



#### 4.5 Interest Rate Exposures – Borrowing and Investments

4.5.1 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. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the Treasury Management indicator in Table 7 below to manage **Interest Rate Exposures**.

**Table 7: Treasury Management Indicator Interest Rate Exposures**

Interest rate risk indicator	Indicator £'000	Actual 30-6-19 £'000
One year revenue impact of a 1% rise in interest rates	(140)	(148)
One year revenue impact of a 1% fall in interest rates	315	329

4.5.2 This indicator has been set as an indicator (not a limit) 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.

4.5.3 The figures for the 1% fall in interest rates indicator is not the same figures as the 1% rise in interest rates (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.

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

5.1 As required by Financial Procedure Rule 20.3 within the Council's Constitution, all investments and borrowing transactions have been undertaken in accordance with the TMS 2019-20 as approved by Council with due regard to the requirements of the CIPFA's Code of Practice on Treasury Management in the Public Services.

## **6. Equality Impact Assessment**

6.1 There are no equality implications.

## **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. As the report is for information only and is retrospective in nature it is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial Implications**

8.1 The financial implications are reflected within the report.

## **9. Recommendation**

9.1 It is recommended that Cabinet:

- Note the Council's treasury management activities for the period 1 April 2019 to 30 June 2019;
- Note the projected Treasury Management Indicators for 2019-20 against the ones approved in the Treasury Management Strategy 2019-20.

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**3 July 2019**

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**Background documents:**  
Treasury Management Strategy 2019-20

## APPENDIX 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		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+	C	B1	Not Prime (NP)	B+	C
		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	

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