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

### Bridgend County Borough Council



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

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Annwyl Cyngorydd,

### **CABINET**

Cynhelir Cyfarfod Cabinet o bell trwy Microsoft Teams ar **Dydd Mawrth, 23 Chwefror 2021** am **14:30**.

### **AGENDA**

1. Ymddiheuriadau am absenoldeb  
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o fuddiant  
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.
3. Cymeradwyaeth Cofnodion 3 - 32  
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 19/01/2021
4. Cynllun Corfforaethol 2018-2023 Adolygwyd ar gyfer 2021-2022 33 - 78
5. Strategaeth Ariannol Tymor Canolig (SATC) 2021-22 i 2024-25 79 - 206
6. Strategaethau Rheoli'r Trysorlys a Gyfalaf 2021-22 ymlaen 207 - 270
7. Materion Brys  
I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â pharagraff 2.4 (e) o'r Rheolau Trefn y Cabinet yn y Cyfansoddiad.

Nodyn: Sylwch: Yn sgil yr angen i gadw pellter cymdeithasol, ni fydd y cyfarfod hwn yn cael ei gynnal yn ei leoliad arferol. Yn hytrach, bydd hwn yn gyfarfod rhithwir a bydd Aelodau a Swyddogion yn mynychu o bell. Bydd y cyfarfod yn cael ei recordio i'w ddarlledu ar wefan y Cyngor cyn gynted ag sy'n ymarferol ar ôl y cyfarfod. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) neu ffoniwch 01656 643147 / 643148.

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Yn ddiffuant

**K Watson**

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

**Dosbarthiad:**

Cynghowrwyr

HJ David

CE Smith

Cynghorwyr

HM Williams

D Patel

Cynghorwyr

RE Young

NA Burnett

CABINET - DYDD MAWRTH, 19 IONAWR 2021

COFNODION CYFARFOD Y CABINET A GYNHALIWYD YN O BELL TRWY MICROSOFT TEAMS DYDD MAWRTH, 19 IONAWR 2021, AM 14:30

Presennol

Y Cyngorydd HJ David – Cadeirydd

CE Smith  
NA Burnett

HM Williams

D Patel

RE Young

Swyddogion:

Claire Marchant	Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol a Lles
Janine Nightingale	Cyfarwyddwr Corfforaethol - Cymunedau
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Kelly Watson	Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio
Mark Shephard	Prif Weithredwr
Deborah Exton	Dirprwy Bennaeth Cyllid dros dro
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Lindsay Harvey	Cyfarwyddwr Corfforaethol – Addysg a Chymorth i Deuluoedd
Martin Morgans	Pennaeth Gwasanaeth - Perfformiad a Gwasanaethau Partneriaeth
Zak Shell	Pennaeth Gwasanaethau Cymdogaeth
Michael Pitman	Swyddog Gwasanaethau Democrataidd – Pwyllgorau
Fiona Blick	Rheolwr Grŵp y Gwasanaethau Eiddo
Nicola Bunston	Rheolwr Ymgynghori, Ymgysylltu a Chydraddoldeb
Lynne Berry	Rheolwr Grŵp Adfywio Tai a Chymuned
Philip O'Brien	Rheolwr Trawsnewid Digidol a Gwasanaethau Cwsmer

588. DATGANIADAU O FUDDIANT

Cyhoeddodd y Cyngorydd HJ David fuddiant niweidiol yn eitem 17 ar yr Agenda gan ei fod yn aelod ac yn Llywydd Clwb Athletau a Bowlio Cefn Cribwr. Gadawodd y Cyngorydd David y cyfarfod tra roedd yr eitem hon yn cael ei hystyried a chymerodd y Dirprwy Arweinydd yr awenau fel Cadeirydd yn ei absenoldeb, ar gyfer yr eitem hon yn unig.

589. CYMERADWYO COFNODION

PENDERFYNWYD:

Bod Cofnodion y cyfarfod Cabinet a gynhaliwyd ar 15 Rhagfyr 2020 yn cael eu cymeradwyo fel cofnod gwir a chywir.

590. CYD-BWYLLGORAU CORFFOREDIG

Cyflwynodd y Prif Weithredwr adroddiad, er mwyn rhoi diweddariad i'r Cabinet ynghylch Cyd-bwyllgorau Corfforedig, a oedd yn nodwedd annatod o'r Bil Llywodraeth Leol ac Etholiadau (Cymru).

Er mwyn rhoi gwybodaeth gefndir, eglurodd fod Bil Llywodraeth Leol ac Etholiadau (Cymru) wedi'i basio gan y Senedd ar 18 Tachwedd 2020 ac y bydd yn derbyn Cydsyniad Brenhinol ym mis Ionawr 2021. Mae'n ddarn sylweddol o ddeddfwriaeth yn ymwneud â diwygio etholiadol, cyfranogiad y cyhoedd, llywodraethu a pherfformiad a gweithio rhanbarthol.

Mae'r dull newydd fel y'i nodir yn y Bil, wedi'i gynllunio i fod yn ddull symlach, mwy hyblyg, wedi'i arwain gan y sector tuag at berfformiad, llywodraethu da a gwella. Y bwriad yw i Gyngorau fod yn rhagweithiol wrth ystyried sut y dylai prosesau a gweithdrefnau mewnol newid er mwyn galluogi cynllunio, cyflawni a gwneud penderfyniadau yn fwy effeithiol i ysgogi canlyniadau gwell.

Dyweddodd y Prif Weithredwr fod sefydlu Cyd-bwyllgorau Corfforedig (CBCau) yn nodwedd annatod o'r Bil, sy'n mynd trwy broses Pwyllgor y Senedd ar hyn o bryd. Mae'r Bil yn cyflwyno:

- Pwerau i gyngorau gychwyn sefydlu CBCau sy'n ymwneud ag unrhyw swyddogaethau;
- Pwerau i Weinidogion Cymru sefydlu CBCau sy'n cwmpasu pedair swyddogaeth lles economaidd, trafniadaeth, cynllunio strategol a gwella ysgolion.

Mae gan CBCau ran i'w chwarae o ran dod â chydlyniant i lywodraethu rhanbarthol, cryfhau democratiaeth leol ac atebolrwydd trwy integreiddio'r broses o wneud penderfyniadau. Cynigiwyd y byddai pedwar CBC rhanbarthol ledled Cymru yn cynnwys De Ddwyrain Cymru, De Orllewin Cymru, Canolbarth Cymru a Gogledd Cymru. Y syniad fyddai adeiladu lle bynnag y bo modd, ar y trefniadau rhanbarthol presennol.

Esboniodd adrannau nesaf yr adroddiad rai o'r egwyddorion o ran sut y byddai'r uchod yn cael ei gyflawni, gan gynnwys rhoi manylion ynghylch swyddogaethau penodol CBCau a sut y byddai'r rhain yn cael eu llywodraethu gan reoliadau sydd newydd eu cyflwyno ar gyfer Cyd-bwyllgorau.

Yn ôl y Prif Weithredwr, disgwylir y byddai Cabinet Prifddinas-Rhanbarth Caerdydd (CCRC) a'r strwythur staffio yn trawsnewid yn CBC De Ddwyrain Cymru. Mae'r CCRC yn Gyd-bwyllgor Cabinet sydd eisoes yn brofiadol a dyma'r man cychwyn sylfaenol ar gyfer strategaeth. Nodwedd allweddol dull y CCRC, oedd cryfder model Cabinet Rhanbarthol sydd ag Arweinwyr (yn cynnwys deg Arweinydd Blaenau Gwent; Pen-y-bont ar Ogwr; Caerffili; Caerdydd, Merthyr Tudful, Sir Fynwy, Casnewydd, Rhondda Cynon Taff; Torfaen; a Bro Morgannwg), yn dod at ei gilydd yn rheolaidd i wneud penderfyniadau er lles gorau'r rhanbarth.

Gorffennodd y Prif Weithredwr ei gyflwyniad, trwy ddweud bod adroddiad wedi'i gyflwyno i'r CCRC ar 7 Rhagfyr 2020, yn nodi egwyddorion arfaethedig dull CCRC mewn perthynas ag agenda'r CBCau a dangoswyd manylion o'r hyn oedd dan sylw ym mharagraff 4.7 o'r adroddiad.

Teimlai'r Arweinydd fod yr adroddiad yn garreg filltir allweddol, yn yr ystyr bod y Bil wedi derbyn Cydsyniad Brenhinol, gan felly ganiatáu i CBCau ddod yn rhan o'r ffordd y byddai gwasanaethau rhanbarthol yn cael eu hehangu a'u darparu yn y dyfodol, fel datblygiad pellach i'r gweithio ar y cyd sydd eisoes yn bodoli yn rhanbarthol.

Un o'r egwyddorion allweddol fyddai y byddai CBCau yn cynnwys Arweinwyr awdurdodau lleol (ymhlith aelodau eraill), a fyddai'n caniatáu i fandad democrataidd gael ei roi ar waith ar gyfer y dyfodol, yn ogystal â threfniadau Craffu effeithiol hefyd. Ychwanegodd ei fod yn cefnogi'r holl egwyddorion a amlinellwyd yn yr adroddiad, a fyddai'n gwella gweithio ar y cyd rhwng sefydliadau sydd wedi'u cynnwys yn y fenter, wrth symud ymlaen. Byddai cynllun trosglwyddo a fframwaith ar gyfer cytundebau cyfreithiol yn cael eu sefydlu er mwyn symud ymlaen gyda'r CBCau a oedd yn hanfodol. Fodd bynnag, pwysleisiodd y byddai gan hyn oblygiadau o ran cost.

Cyfeiriodd yr Aelod Cabinet - Llesiant a Chenedlaethau'r Dyfodol at baragraff 4.5 yr adroddiad, lle soniodd y byddai CBCau yn debygol o fod yn rhwym wrth ddeddfwriaeth



fel Deddf Cydraddoldeb 2010, Deddf yr Iaith Gymraeg a Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru). Roedd yn tybio y byddai'r rhain yn berthnasol yn awtomatig?

Cadarnhaodd y Prif Weithredwr ei fod yn llwyr ddisgwyl i hyn ddigwydd ac mae'n debyg bod y derminoleg hon wedi'i defnyddio, gan fod y rheoliadau ar hyn o bryd yng nghamau olaf y fformat drafft yn hytrach na'u bod wedi cael eu cymeradwyo'n llawn.

PENDERFYNWYD: Bod y Cabinet yn nodi a chymeradwyo'r adroddiad.

591. MONITRO CYLLIDEB 2020-21 - RHAGOLWG REFENIW CHWARTER 3

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad, a roddodd y wybodaeth ddiweddaraf i'r Cabinet am sefyllfa ariannol refeniw'r Cyngor ar 31 Rhagfyr 2020. Ceisiodd gymeradwyaeth ar gyfer trosglwyddiadau cyllidebol rhwng £100,000 a £500,000 fel sy'n ofynnol gan Reolau Gweithdrefnau Ariannol y Cyngor.

Dechreuodd ei chyflwyniad trwy atgoffa'r Cabinet fod y Cyngor, ar 26 Chwefror 2020, wedi cymeradwyo cyllideb refeniw net o £286.885 miliwn ar gyfer 2020-21. Fel rhan o'r Fframwaith Rheoli Perfformiad, mae rhagamcanion y gyllideb yn cael eu hadolygu'n rheolaidd a'u hadrodd i'r Cabinet bob chwarter. Mae'r gwaith o sicrhau gostyngiadau cytunedig yn y gyllideb hefyd yn cael ei adolygu a'i adrodd i'r Cabinet fel rhan o'r broses hon.

Roedd Tabl 1 yn yr adroddiad yn nodi cyllideb refeniw net y Cyngor a'r alldro amcanol ar gyfer 2020-21 ar 31 Rhagfyr 2020. Roedd hyn yn dangos tanwariant net o £691,000, yn cynnwys gorwariant net o £1.187m ar gyfarwyddiaethau a tanwariant net o £7.177m ar gyllidebau corfforaethol. Roedd adran nesaf yr adroddiad yn esbonio manylion yr hyn yr oedd y sefyllfa ragamcanol yn seiliedig arno, a rhoddodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid grynodeb o hyn er budd yr Aelodau.

Roedd rhan nesaf yr adroddiad yn amlinellu'r pwysau ariannol yr oedd y Cyngor wedi ei wynebu ers Covid-19 a'r amrywiol ffyrdd negyddol yr oedd hyn wedi effeithio ar sefyllfa ariannol yr Awdurdod. Byddai'r pwysau hwn hefyd yn parhau i'r dyfodol hyd y gellir rhagweld, ychwanegodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid.

Rhoddodd Tabl 2 yn yr adroddiad grynodeb o hawliadau gwariant Covid-19 hyd at fis Tachwedd 2020, tra rhoddodd Tabl 3 grynodeb o'r incwm a gollwyd o ganlyniad i'r pandemig hyd at Chwarter 2 2020-21, mewn perthynas ag Ysgolion a Chyfarwyddiaethau'r Cyngor.

Yna rhannodd yr adroddiad wybodaeth ar feysydd Trosglwyddiadau Cyllidebol/Addasiadau Technegol a chynigion Lleihau Cyllideb.

Mae Tabl 4 yn yr adroddiad yn nodi Gostyngiadau Cyllideb y Flwyddyn Flaenorol sydd heb eu cyflawni, a oedd yn dangos o'r gostyngiadau o £2.501m sydd heb eu cyflawni, ei bod yn debygol y byddai £1.792 miliwn yn cael ei gyflawni yn 2020-21, gan adael diffyg o £709k. Dangoswyd rhai o'r cynigion sy'n dal i fod yn annhebygol o gael eu cyflawni ym mharagraff 4.2.2 o'r adroddiad.

Amlinellodd paragraff 4.2.4 y cynigion i leihau'r gyllideb ar gyfer y flwyddyn ariannol hon, sef cyfanswm o £2.413m, wedi'u dadansoddi yn Atodiad 2 a'u crynhoi yn Nhabl 5 yn yr adroddiad. Y sefyllfa bresennol yw diffyg rhagamcanol ar y targed arbedion o £490k, neu 20.3% o'r gostyngiad cyffredinol yn y gyllideb.

Roedd crynodeb o'r sefyllfa ariannol ar gyfer pob prif faes gwasanaeth ynghlwm yn Atodiad 3, tra crynhowyd prif effaith Covid-19 ar y gyllideb, pe tybiwyd nad oedd cyllid pellach ar gael gan Lywodraeth Cymru, yn Nhabl 6 ym mharagraff. 4.3 o'r adroddiad.

Roedd paragraffau olaf yr adroddiad yn canolbwyntio ar faterion cyllidebol yn ôl Cyfarwyddiaeth (gan gynnwys ysgolion), cyllidebau ledled y Cyngor ac adolygiad o gronfeydd wrth gefn a glustnodwyd.

Diolchodd y Dirprwy Arweinydd i Swyddogion yn yr Adran Gyllid am eu rheolaeth ddarbodus o'r gyllideb mewn blwyddyn a oedd wedi bod yn anodd iawn lle'r oedd y Cyngor wedi wynebu pwysau ariannol digynsail. Estynnodd ei ddiolch i Lywodraeth Cymru am y cyllid yr oeddent wedi'i ddyrannu i CBSPAO yn ystod y cyfnod mwyaf heriol hwn, o gofio bod yr Awdurdod i bob pwrpas wedi cau ei swyddfeydd fis Mawrth diwethaf. Roedd yn falch hefyd bod y Cyngor wedi cyflwyno Cronfa Adferiad Covid-19.

Adleisiodd yr Arweinydd hyn ac ymdrechion parhaus staff i ddyrannu cyllid grant i filoedd o fusnesau ledled y Fwrdeistref Sirol, er mwyn iddynt oroesi'r pwysau ariannol sy'n dod yn sgil y pandemig. Fodd bynnag, rhybuddiodd nad oedd unrhyw sicrwydd y byddai'r lefelau cyllid a roddwyd yn ddiweddar yn cael eu cynnal wrth symud ymlaen. Roedd hyn yn dibynnu ar lefel y cyllid a fyddai'n parhau i gael ei ddarparu yn ystod y misoedd i ddod.

PENDERFYNWYD:

Bod y Cabinet:

- yn nodi'r sefyllfa refeniw a ragwelir ar gyfer 2020-21
- yn argymhell bod y Cyngor yn cymeradwyo'r trosglwyddiadau rhwng £100,000 a £500,000 fel yr amlinellir ym mharagraff 4.1.19 o'r adroddiad.

592. Y DIWEDDARAF AM Y RHAGLEN GYFALAF - CHWARTER 3 2020-21

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad, mewn perthynas â diweddariad am y Rhaglen Gyfalaf ar gyfer y cyfnod chwarter a grybwyllwyd uchod.

Atgoffodd yr Aelodau bod y Cyngor, ar 26 Chwefror 2020, wedi cymeradwyo rhaglen gyfalaf a oedd yn cwmpasu'r cyfnod 2020-21 i 2029-30 fel rhan o'r Strategaeth Ariannol Tymor Canolig (MTFS). Roedd y rhaglen gyfalaf wedi'i ddiweddarau a'i chymeradwyo ddiwethaf gan y Cyngor ar 21 Hydref 2020. Roedd yr adroddiad hwn yn rhoi diweddariad ar y meysydd canlynol:

- Rhaglen Gyfalaf 2020-21 diweddariad Chwarter 3;
- Rhaglen Gyfalaf 2020-21 ac Ymlaen;
- Darbodus a Dangosyddion Eraill;
- Monitro'r Strategaeth Gyfalaf

Gan droi at y Rhaglen Gyfalaf, cyfeiriodd y Prif Swyddog - Cyllid, Perfformiad a Newid, at baragraff 4.1 yr adroddiad. Roedd yr adran hon o'r adroddiad yn rhoi diweddariad i'r Aelodau ar raglen gyfalaf y Cyngor ar gyfer 2020-21 ers i'r gyllideb gael ei chymeradwyo ddiwethaf gan y Cyngor ac mae'n ymgorffori unrhyw gynlluniau a chymeradwyaethau grant newydd. Ar hyn o bryd cyfanswm y rhaglen ddiwygiedig ar gyfer 2020-21 yw £33.888 miliwn, y mae £17.960 miliwn ohono'n dod o adnoddau Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr (CBSPAO), gan gynnwys derbyniadau cyfalaf a chyfraniadau refeniw o gronfeydd wrth gefn wedi'u clustnodi, gyda'r £15.928 miliwn sy'n weddill yn dod o adnoddau allanol, gan gynnwys Grant Cyfalaf Cyffredinol.

Mae Tabl 1 yn yr adran hon o'r adroddiad yn dangos y rhaglen gyfalaf ar gyfer pob Cyfarwyddiaeth o'r man y cymeradwyodd y Cyngor yn Hydref 2020 (Chwarter 2) i chwarter 3.

Yna mae Tabl 2 yn crynhoi'r rhagdybiaethau cyllido cyfredol ar gyfer y rhaglen gyfalaf ar gyfer 2021-21. Rheolir yr adnoddau cyfalaf i sicrhau'r budd ariannol mwyaf posibl i'r Cyngor. Gall hyn gynnwys ail-alinio cyllid i gynyddu grantiau'r llywodraeth i'r eithaf, esboniodd.

Yna cyfeiriodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid at Atodiad A yr adroddiad, sy'n rhoi manylion y cynlluniau unigol yn y rhaglen gyfalaf, gan ddangos y gyllideb sydd ar gael yn 2020-21 o'i chymharu â'r gwariant a ragwelir.

Mae nifer o gynlluniau eisoes wedi'u nodi fel rhai sy'n gofyn am lithriad o ran y gyllideb i'r blynnyddoedd i ddod, yn enwedig ers i'r pandemig ddod i'r amlwg. Yn chwarter 3 cyfanswm y llithriad y gofynnwyd amdano oedd £14.536 miliwn. Amlinellwyd manylion y cynlluniau hyn ym mharagraff 4.4 o'r adroddiad.

Dywedodd, ers yr adroddiad cyfalaf diwethaf ym mis Hydref 2020, bod nifer o gynlluniau newydd a ariannwyd yn allanol wedi'u cymeradwyo a rhai a ariannwyd yn fewnol, a oedd wedi'u hymgorffori yn y rhaglen gyfalaf. Mae'r rhain wedi'u cynnwys ar dudalennau 63/65 o'r adroddiad, gyda Rhaglen Gyfalaf Ddiwygiedig wedi'i chynnwys yn Atodiad B (i'r adroddiad).

Ym mis Chwefror 2020, cymeradwyodd y Cyngor y Strategaeth Gyfalaf ar gyfer 2020-21, a oedd yn cynnwys y Dangosyddion Darbodus 2020-21 i 2022-23, ynghyd â rhai dangosyddion lleol.

Mae Atodiad C i'r adroddiad yn manylu ar y dangosyddion gwirioneddol ar gyfer 2019-20, y dangosyddion amcangyfrifedig ar gyfer 2020-21 a nodir yn Strategaeth Gyfalaf y Cyngor a'r dangosyddion rhagamcanol ar gyfer 2020-21 yn seiliedig ar y Rhaglen Gyfalaf ddiwygiedig. Mae'r rhain yn dangos fod y Cyngor yn gweithredu yn unol â'r terfynau cymeradwy.

I orffen, rhoddodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, naratif byr ar Strategaeth Gyfalaf y Cyngor.

Cadarnhaodd y Dirprwy Arweinydd fod pandemig Covid-19 wedi cael effaith niweidiol a sylweddol iawn ar Raglen Gyfalaf y Cyngor a bod hyn wedi bod y tu hwnt i reolaeth yr Awdurdod.

Dywedodd ei fod yn hapus i weld cyllid yn cael ei ddyfarnu gan LIC ar gyfer Canolfan Berwyn a golchfeydd Cwm Ogwr, a fyddai'n mynd tuag at wella cyfleusterau awyr agored yn yr ardal. Croesawyd hyn gan drigolion Cwm Ogwr.

Yn yr un modd, roedd yr Arweinydd yn croesawu cyllid ar gyfer gwella diogelwch ffyrdd ar gyffordd Heol Mostyn, Pyle, a fyddai'n cynorthwyo modurwyr sy'n teithio yn y cyffiniau. Roedd yn gobeithio y byddai modd dwyn ymlaen yr arian hwn a'i ddefnyddio yn y flwyddyn ariannol nesaf.

Ychwanegodd yr Aelod Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar fod gwir angen y cyllid ar gyfer datblygiad Trem-y-Mor ac os caiff ei wireddu, byddai'n manteisio ar y gwaith partneriaeth a ddatblygwyd gyda'r Awdurdod Iechyd a'r cyllid ICF a dderbyniwyd hyd yma, a oedd wedi cynorthwyo yn natblygiad y tîm Gofal Integredig yn Nhrem-y-Mor.

PENDERFYNWYD:

Bod y Cabinet:

- Yn nodi rhaglen gyfalaf y Cyngor ar gyfer 2020-21 am y cyfnod hyd at 31 Rhagfyr 2020 (Atodiad A i'r adroddiad);
- Yn cytuno y dylid cyflwyno'r Rhaglen Gyfalaf ddiwygiedig (Atodiad B) i'r Cyngor i'w chymeradwyo;
- Yn nodi'r Dangosyddion Darbodus ac Eraill rhagamcanol ar gyfer 2020-21 (Atodiad C i'r adroddiad).

593. CANLYNIAD YR YMGYNGHORIAD 'PAROD AT Y DYFODOL'

Cyflwynodd y Rheolwr Ymgynghori, Ymgysylltu a Chydraddoldeb adroddiad, a'i bwrpas oedd hysbysu'r Cabinet o ganlyniad yr ymgynghoriad 'Parod at y Dyfodol' 2020 a ofynnodd i ddinasyddion rannu eu barn ar sut y dylai'r Cyngor lunio ei wasanaethau yn eu barn nhw wrth symud ymlaen, fel rhan o'i strategaeth 'Ailgychwyn, Adfer ac Adnewyddu', mewn ymateb i bandemig Covid-19. Y bwriad oedd deall sut roedd y cyhoedd yn teimlo y gallai'r Cyngor edrych a sut y gallai ddarparu gwasanaethau cynaliadwy ac effeithiol am y 5 i 10 mlynedd nesaf.

Esboniodd fod yr ymgynghoriad 'Parod at y Dyfodol' 2020 yn ceisio cael barn ar gyfeiriad y Cyngor yn y dyfodol yn dilyn pandemig Covid-19. Byddai dyraniad adnoddau ariannol yn pennu gallu'r Awdurdod i gyflawni ei amcanion llesiant.

Yn dilyn sawl blwyddyn o ostyngiadau mewn cyllid gan lywodraeth ganolog, a phwysau ariannol parhaus, ynghyd â mynd i'r afael ag adferiad ôl-Covid-19, mae pob Cyngor ledled y wlad yn parhau i newid y ffordd y maent yn gweithio a'r gwasanaethau y maent yn eu darparu, fel bod sefydliadau yn gallu ymdopi gyda llai. Mae Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr (CBSPAO) wedi gwneud gostyngiadau o £22 miliwn o'i gyllideb dros y pedair blynedd diwethaf (2017-18 i 2020-21), gyda disgwyliad y bydd gostyngiadau pellach sylweddol yn ofynnol dros y pedair blynedd nesaf.

Cynhaliwyd ymarfer ymgynghori cyhoeddus dros gyfnod o wyth wythnos rhwng 19 Hydref 2020 a 13 Rhagfyr 2020. Gofynnwyd i'r ymatebwyr rannu eu barn ar ystod o feysydd gan gynnwys:

- Ymateb i bandemig COVID-19;
- Busnes a'r economi;
- Iechyd a llesiant;
- Mynediad cwsmeriaid i swyddfeydd Dinesig;
- Digiddeiddio;
- Lefelau Treth Gyngor;
- Y dyfodol.

Esboniodd y Rheolwr Ymgynghori, Ymgysylltu a Chydraddoldeb, er mwyn casglu barn pobl ifanc, bod y tîm ymgynghori wedi mynychu cyfarfod Cyngor Ieuenctid Pen-y-bont ar 24 Tachwedd 2020. Cymerodd y Cyngor Ieuenctid ran mewn trafodaethau ynghylch rhai o'r cwestiynau allweddol yn yr ymgynghoriad ac fe'i hanogwyd i gwblhau'r ymgynghoriad llawn ar-lein.

Nod yr ymgynghoriad hefyd oedd cyrraedd y rhanddeiliaid allweddol canlynol, y cyhoedd/preswylwyr, aelodau Panel y Dinasyddion, aelodau etholedig, gweithwyr CBSPAO, busnesau Pen-y-bont ar Ogwr, cynghorau tref a chymuned, llywodraethwyr ysgolion, aelodau Fforwm Cydlyniant Cymunedol a Chydraddoldeb Pen-y-bont ar Ogwr (BCCEF), grwpiau diddordeb/cymunedol lleol, Cymdeithas Sefydliadau Gwirfoddol Pen-

y-bont ar Ogwr (BAVO), Coleg Pen-y-bont ar Ogwr, partneriaid, ysgolion uwchradd (gan gynnwys penaethiaid) a'r cyfryngau yn lleol.

Yn ogystal â chynnwys cyfryngau cymdeithasol cyffredinol, crëwyd pedwar arolwg barn ar Twitter a gynhyrchodd 122 pleidlais i gwestiynau allweddol yn yr arolwg ymgynghori ar y gyllideb, ychwanegodd.

Roedd yr Adroddiad Ymgynghori ynghlwm yn Atodiad A i'r adroddiad eglurhaol ac yn nodi'n fanwl y safbwyntiau a fynegwyd gan y rhai a gymerodd ran yn hyn.

At ei gilydd, mae'r cyngor wedi derbyn 1,831 rhyngweithiad sef cyfuniad o gwblhau arolygon, ymgysylltu mewn amrywiol gyfarfodydd, ymgysylltu â'r cyfryngau cymdeithasol a thrwy Banel Dinasyddion yr awdurdod. Oherwydd effaith Covid-19, mae hwn yn ostyngiad o 5,606 (75%) ar y 7,437 rhyngweithiad o'r llynedd. Derbyniwyd cyfanswm o 1,421 o ymatebion i'r arolwg, sy'n ostyngiad o 58% ar y nifer o arolygon a gwblhawyd y llynedd.

Yna amlinellodd y Rheolwr Ymgynghori, Ymgysylltu a Chydraddoldeb er budd yr Aelodau, rai o'r prif ffigurau a themâu a gododd o'r ymgynghoriad. Roedd y rhain yn ymwneud yn bennaf â:

- Ymateb i'r pandemig;
- Busnes a'r economi;
- Iechyd a llesiant;
- Mynediad cwsmeriaid i Swyddfeydd Dinesig;
- Digiddeiddio;
- Lefelau Treth Gyngor;
- Nodau'r Cyngor i'r dyfodol

Diolchodd yr Arweinydd i'r Rheolwr Ymgynghori, Ymgysylltu a Chydraddoldeb am y gwaith caled yr oedd wedi'i wneud mewn perthynas â manylion yr adroddiad ac roedd yn falch iawn o glywed bod awdurdodau lleol eraill wedi defnyddio Ymgynghoriad 'Parod at y Dyfodol' CBSPAO eleni fel model o 'arfer da.'

Adleisiodd y Dirprwy Arweinydd ei ddiolch am yr hyn a deimlai a oedd wedi bod yn Ymgynghoriad diddorol iawn o ran rhai o'i ganlyniadau. Roedd wedi bod yn ddiddorol nodi, nad oedd mwy o etholwyr nag yr oedd yn credu, wedi methu'r ffaith bod Swyddfeydd Dinesig ar gau o ganlyniad i'r pandemig a bod 6 o bob 10 ymatebydd wedi cadarnhau y byddent yn defnyddio gwasanaethau ar-lein y Cyngor wrth symud ymlaen. Roedd yn falch hefyd gweld nifer y tanysgrifwyr ar gyfer y gwasanaeth 'Go Delivery'.

Er bod yr Aelod Cabinet - Lles a Chenedlaethau'r Dyfodol yn nodi bod y nifer a ymatebodd i'r Ymgynghoriad wedi gostwng 75% o'i gymharu â'r llynedd, yn wyneb yr ymgysylltiad cynyddol blaenorol a welwyd o flwyddyn i flwyddyn cyn hyn, roedd hi'n dal i deimlo bod yr ymateb wedi bod yn dda iawn o ystyried Covid-19, ac wedi rhagori ar y disgwyliadau.

Gorffennodd yr Arweinydd y drafodaeth ar yr eitem trwy ychwanegu ei fod yn teimlo ei bod yn bwysig adeiladu ar ymgynghori wyneb yn wyneb yn y dyfodol hefyd, h.y. ar-lein yn yr hinsawdd sydd ohoni, er mwyn datblygu elfennau pellach o'r broses Ymgynghori.

**PENDERFYNWYD:**

Nododd y Cabinet ganlyniad yr ymgynghoriad gyda phartion â diddordeb fel y manylir yn yr adroddiad ymgynghori sydd ynghlwm yn Atodiad A i'r adroddiad.

594. STRATEGAETH ARIANNOL TYMOR CANOLIG 2021-22 I 2024-25

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad, a'i bwrpas oedd cyflwyno'r Strategaeth Ariannol Tymor Canolig drafft 2021-22 i 2024-25 i'r Cabinet, sy'n nodi blaenoriaethau gwariant y Cyngor, amcanion buddsoddi allweddol a meysydd y gyllideb sydd wedi'u targedu ar gyfer arbedion angenrheidiol. Mae'r strategaeth yn cynnwys rhagolwg ariannol ar gyfer 2021-2025 a chyllideb refeniw ddrafft fanwl ar gyfer 2021-22.

Dywedodd fod yr adroddiadau chwarterol i'r Cabinet ar y sefyllfa refeniw ar gyfer 2020-21 wedi amlinellu'n fanwl effaith y pwysau cost ychwanegol a'r golled incwm a wynebier gan y Cyngor trwy gydol y flwyddyn o ganlyniad i'r pandemig. Mae Llywodraeth Cymru wedi chwarae rhan sylweddol wrth liniaru mwyafrif y colledion hyn trwy eu gwahanol ffrydiau cyllido, yn fwyaf arbennig Cronfa Caledi Covid-19.

Fodd bynnag, mae angen i'r Cabinet a'r Cyngor nawr ystyried effaith tymor hwy'r pandemig a sut y bydd yn siapio'r Cyngor fel rhan o'i Raglen Adferiad.

Roedd effaith y pandemig wedi effeithio ar y lefelau incwm y byddai'r Cyngor wedi'u cael fel rheol, felly roedd gosod cyllideb gytbwys ar gyfer 2021-22 hyd yn oed yn fwy heriol na'r arfer, yn enwedig yn dilyn 10 mlynedd o arbedion cyllidebol sylweddol ers cyni.

Dros y 10 mlynedd diwethaf, roedd yr Awdurdod wedi gwneud dros £65m o ostyngiadau yn y gyllideb, fel y dangosir ym mharagraff 4.1.1 o'r adroddiad. Roedd hyn bron i 25% o gyllideb bresennol y Cyngor.

O ran treth y cyngor, mae'r gyfran o hyn sy'n ofynnol i gydbwysu cyllideb y Cyngor wedi cynyddu'n gyson dros y blynyddoedd diwethaf ac ar hyn o bryd mae'n ariannu bron i 30% o'r gyllideb.

Yna cyfeiriodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid at baragraffau 4.1.2 i 4.1.7 o'r adroddiad, meysydd gwasanaeth y Cyngor lle amlinellwyd cyfleoedd i arbed arian; mae Panel Ymchwil a Gwerthuso Cyllideb y Cyngor (BREP) wedi archwilio'r cynigion arbedion hyn yn ystod y flwyddyn, yn ogystal â Phwyllgorau Trosolwg a Chraffu.

Bydd barn y cyrff hyn yn cael ei chyflwyno i'r Cabinet yn ei gyfarfod ddechrau mis Chwefror, cyn i'r Cabinet wedyn argymhell y Gyllideb i'r Cyngor yn ddiweddarach ym mis Chwefror 2021.

Mae Strategaeth Ariannol Tymor Canolig (MTFS) y Cyngor wedi'i gosod yng nghydestun cynlluniau gwariant economaidd a chyhoeddus y DU, blaenoriaethau a rhaglen ddeddfwriaethol Llywodraeth Cymru. Mae'r MTFS yn cynnwys:

- Yr egwyddorion a fydd yn llywodraethu'r strategaeth a rhagolwg ariannol 4 blynedd;
- Y rhaglen Gyfalaf ar gyfer 2020-21 i 2030-31, wedi'i chysylltu â meysydd blaenoriaeth ar gyfer buddsoddiad cyfalaf a'r Strategaeth Gyfalaf;
- Yr Aseiad Risg Corfforaethol, a fydd yn cael ei ddiweddarau a'i gynnwys yn y MTFS terfynol (ym mis Chwefror 2021).

Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, fod Cynghorau wedi derbyn eu setliadau dros dro gan Lywodraeth Cymru ar 22 Rhagfyr 2020. Y prif ffigur yw cynnydd cyffredinol, ar ôl addasu ar gyfer trosglwyddiadau, o 3.8%, ledled Cymru ac, ar gyfer Pen-y-bont ar Ogwr, cynnydd o 4.3% mewn Cyllid Allanol Cyfun (AEF), neu £9.064

miliwn. Er bod hyn yn well na'r disgwyl, byddai angen rheoli cyllid yn ddarbodus ac yn llwyddiannus wrth symud ymlaen.

Yna rhoddodd wybod am y sefyllfa o ran cyllid grant yr oedd y Cyngor wedi'i dderbyn, gan gynnwys y grantiau hynny a ddyfarnwyd o ganlyniad i'r pandemig.

Paragraff 4.7 o'r adroddiad, a chyfeiriodd wedyn at sefyllfa ariannol canol blwyddyn yr Awdurdod ar 31 Rhagfyr 2020.

Y sefyllfa gyffredinol ragamcanol ar 31 Rhagfyr 2020, oedd tanwariant net o £691,000, yn cynnwys £1.187 miliwn o or-wariant net ar gyfarwyddiaethau a thanwariant net o £7.177 miliwn ar gyllidebau corfforaethol, wedi'i wrthbwysu gan ddyraniad net i gronfeydd wrth gefn wedi'u clustnodi o £5.299 miliwn, gan gynnwys £2.5 miliwn i gefnogi buddsoddiad cyfalaf.

Roedd paragraff 4.8 yr adroddiad, yn rhoi manylion y MTFs am y cyfnod 2021-22 i 2024-25, tra bod paragraff 4.9 yn cynnwys manylion y 13 Egwyddor MTFs, a adolygwyd y llynedd.

O ran y Dreth Gyngor, mae Cyllideb Refeniw ddrafft 2021-22, a ddangosir yn Nhabl 6 yr adroddiad, yn rhagdybio cynnydd yn y Dreth Gyngor o 3.9%. Mae hyn yn is na'r cynnydd arfaethedig o 4.5% a gynhwyswyd yn MTFs 2020-21 i 2023-24 ym mis Chwefror 2020, oherwydd y setliad dros dro gwell na'r disgwyl ac o ganlyniad i'r ymatebion a gafwyd trwy'r ymgynghoriad ar y gyllideb.

Mae adran nesaf yr adroddiad yn cynnwys manylion Senarios MTFs ar gyfer ei chyfnod cyfredol o 2021-22 i 2024-25 o un flwyddyn i'r llall, gan gynnwys amcangyfrifon o'r Senario Gorau, Senario Mwyaf Tebygol a Senario Gwaethaf.

Dangosodd Tabl 4 ym mharagraff 4.13.1 yr adroddiad y sefyllfa bresennol o ran mynd i'r afael â'r gofyniad lleihau cyllideb mwyaf tebygol a ragwelir sef £22.095 miliwn.

Mae Tabl 5 yr adroddiad yn rhoi cynigion a nodwyd i leihau'r gyllideb ar gyfer y cyfnod 2021-22 i 2024-25.

Fel yr oedd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid eisoes wedi crybwyll yn ei chyflwyniad, roedd y MTFs wedi bod yn destun dadansoddiad sylweddol trwy broses trosolwg a chraffu'r Cyngor. Roedd hefyd wedi bod yn destun ymgynghori allanol gydag etholwyr CBSPAO fel rhan o ymgynghoriad 'Parod at y Dyfodol' y Cyngor.

Mae Tabl 6 yn yr adroddiad wedyn yn rhoi manylion y Gyllideb Refeniw Ddrafft 2021-22 ar gyfer CBSPAO ac yn seiliedig ar y gyllideb arfaethedig o £298.956m, byddai'r cynnydd yn y Dreth Gyngor ar gyfer y cyfnod hwn yn 3.9%, a oedd yn is na'r hyn a amcangyfrifwyd o'r blaen.

Yna rhoddodd paragraff 4.17 rai manylion ynghylch Cyflog, Prisiau a Demograffeg. Cadarnhaodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, mai amcangyfrifon oedd y rhain ar hyn o bryd, yn hytrach na manylion cywir.

Amlygwyd gwybodaeth mewn perthynas â Phwysau ar y Gyllideb ym mharagraff 4.19 o'r adroddiad, tra bod 4.20 yn nodi bod cynigion lleihau o £1.760m ar gyfer 2021-22 wedi'u nodi o gyllidebau gwasanaeth a chorfforaethol i sicrhau cyllideb gytbwys.

Mae Tabl 7 yn yr adroddiad yn dangos Cronfeydd Wrth Gefn y Cyngor, a rhannwyd gwybodaeth yn dilyn hynny gyda'r Aelodau mewn perthynas â'r Rhaglen Gyfalaf a'r

Strategaeth Ariannu Cyfalaf, fel yr eglurwyd yn fanylach mewn eitem gynharach ar yr agenda a ystyriwyd gan y Cabinet.

Mae Tabl 8 yn rhoi manylion y Dyraniadau Ariannu Cyfalaf Blyneddol ar gyfer 2020-21 a 2021-22 ac esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid yn fyr Dderbyniadau Cyfalaf a Darbodus (Benthyca Digymorth) y Cyngor.

Gorffennodd ei hadroddiad trwy gadarnhau, fel Swyddog Adran 151, bod gan yr Awdurdod, ddigon o adnoddau i gyflawni ei rôl fel sy'n ofynnol o dan A114 Deddf Llywodraeth Leol 1988.

Dywedodd y Dirprwy Arweinydd fod eleni wedi bod yn ddigynsail a chanmolodd y Swyddogion Cyllid felly am y gwaith paratoi a'r ymrwymiad a oedd wedi mynd i'r adroddiad gerbron yr Aelodau. Ychwanegodd fod yn rhaid i'r Cyngor baratoi ar gyfer dyfodol ansicr fodd bynnag, oherwydd y pandemig parhaus a'r pwysau y byddai hyn yn ei roi ar gyllideb y Cyngor wrth symud ymlaen.

Diolchodd hefyd i'r Panel Ymchwil a Gwerthuso Cyllideb (BREP) am eu mewnbyn i'r MTFs, a oedd wedi cynorthwyo'r Cabinet yn eu trafodaethau a'u penderfyniadau ar y Gyllideb. Teimlai fod hyn i gyd wedi arwain at gydbwysedd yng nghynigion yr adroddiad.

Byddai adroddiad MTFs nawr yn cael ei gyfeirio at Trosolwg a Chraffu lle byddai eu mewnbyn hwy hefyd yn cael ei groesawu. Pe bai hyblygrwydd digonol i fwrw ymlaen ag unrhyw gynigion a wnaed gan Aelodau Craffu ac o ganlyniad i hyn, gwneud unrhyw addasiadau i'r MTFs, yna byddai'r rhain yn cael rhywfaint o ystyriaeth. O ran adran Cyflog, Prisiau a Demograffeg yr adroddiad, cadarnhaodd y byddai'r Cabinet yn rhoi ymrwymiad i gyflog byw go iawn i weithwyr y Cyngor.

Adleisiodd Aelod y Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar y mater ynghylch y cyflog byw go iawn yr ymrwymwyd iddo ar gyfer darparwyr Gwasanaethau Cymdeithasol. Dywedodd fod Gofal Cymdeithasol i Oedolion a Phlant yn feysydd cyfnewidiol ac felly roedd angen rheoli'r gyllideb yn ofalus yn y meysydd gwasanaeth hyn. Ychwanegodd hefyd rai pryderon ynghylch effaith Covid hir ar unigolion, gan gynnwys y genhedlaeth iau, gan ychwanegu y gallai fod angen pecynnau i baratoi'r ffordd ar gyfer adferiad y cleifion hyn o'r agwedd hon ar y salwch, a fyddai'n golygu ymrwymiad ariannol.

Cydnabu'r Arweinydd faint y pwysau ariannol, yn enwedig y rhai o fewn gwasanaethau Gofal Cymdeithasol, a oedd wedi bod yn bwysau hanesyddol nid yn unig i CBSPAO, ond i awdurdodau lleol eraill hefyd. Byddai'r maes gwasanaeth cyllideb hwn yn cael ei fonitro'n agos wrth symud ymlaen, fel y byddai holl feysydd gwasanaeth eraill y Cyngor.

Adleisiodd y diolch a roddwyd gan y Dirprwy Arweinydd i Swyddogion Cyllid wrth baratoi adroddiad MTFs, yn ogystal ag Aelodau BREP, a oedd yn Banel Trawsbleidiol. Dywedodd ei fod yn edrych ymlaen at sylwadau'r Cyd-bwyllgorau Trosolwg a Chraffu ar y cynigion cyllidebol yn y ddau gyfarfod pwyllgor a fydd yn cael eu cynnal yn ddiweddarach yr wythnos hon.

**PENDERFYNWYD:**

Bod y Cabinet yn cyflwyno cyllideb flynyddol 2021-22 a datblygiad MTFs 2021-22 i 2024-25, fel y nodwyd yn yr adroddiad, at y Pwyllgorau Trosolwg a Chraffu ar gyfer ymgynghori, cyn cyflwyno fersiwn derfynol i'w chymeradwyo gan y Cyngor ym mis Chwefror 2021.

595. **GRANTIAU CYFLEUSTERAU I'R ANABL (DFG)**



Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad a oedd yn rhoi diweddariad i'r Cabinet ar y cynnig i ddatblygu a gweithredu model newydd o ddarparu gwasanaethau ar gyfer Grantiau Cyfleusterau i'r Anabl (DFG) a chymeradwyo hyn.

- Gweithredu model gweithio newydd a fydd yn gweld y Cyngor yn mewnloli swyddogaethau'r broses DFG ar gyfer plant ac oedolion
- Defnyddio'r gyllideb gyfalaf i gefnogi mewnloli'r Broses DFG
- Awdurdod dirprwyedig i ymrwmo i Gytundeb Cydweithio â Chyngor Bwrdeistref Sirol Castell-nedd Port Talbot am gyfnod o hyd at ddwy flynedd i ddarparu cefnogaeth wrth i fodel mewnlol Pen-y-bont ar Ogwr gael ei ddatblygu a'i sefydlu.

Esboniodd, yn dilyn Adroddiad Archwilio Cymru yn 2018, fod swyddogion wedi ymgymryd â gwaith sylweddol wrth adolygu darpariaeth y gwasanaeth DFG ym Mhen-y-bont ar Ogwr, gan ystyried yr argymhellion a wnaed.

Ychwanegodd fod ymweliadau â Chynghorau cyfagos yn cael eu cynnal i ddysgu o'u hadolygiadau a'r gwaith o ail-fodelu eu gwasanaethau DFG wedi hynny. Roedd Llywodraeth Cymru wedi tynnu sylw at un o'r awdurdodau fel enghraifft o arfer da. Roedd yr holl awdurdodau yn gweithredu gwasanaeth DFG mewnlol i oruchwylio'r cais o'r dechrau i'r diwedd.

Roedd y modelau ariannol ar draws Cynghorau yng Nghymru yn amrywio, fel a ganlyn:

- Mae rhai Cynghorau brigdorri'r gyllideb i dalu costau
- Mae rhai Awdurdodau eraill yn codi canran benodol o ffioedd yn amrywio o 10% i 15% o gostau gwaith
- Mae rhai awdurdodau yn codi ffi weinyddu hefyd yn ogystal â chanran benodol o'r ffioedd

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod cyllideb gyfalaf DFG Pen-y-bont ar hyn o bryd yn ariannu ffioedd gweinyddiaeth y Cyngor o £395 y cais ac, ar ben hynny, yn talu ffioedd i asiantau trydydd parti allanol a benodir yn unigol gan yr ymgeisydd. Ceir cefndir pellach yn adran 3 yr adroddiad.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod Dangosyddion Strategol Cenedlaethol yn cael eu defnyddio i fesur perfformiad awdurdodau lleol ar lefel genedlaethol. Dywedodd fod Pen-y-bont ar Ogwr yn yr 20fed safle yng Nghymru a chyflwynodd y tabl yn 4.2.

Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, gyda'r ymchwil a wnaed a chysylltu â Craffu ac Aelodau, fod Swyddogion wedi dod i'r casgliad bod angen newid y gwasanaeth. Felly, argymhellwyd sefydlu prosiect peilot i fewnoli'r gwasanaeth DFG. Darparwyd mwy o fanylion am y gwasanaeth a'i weithrediad ym mharagraff 4 yr adroddiad.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, er mwyn darparu'r capasiti angenrheidiol ar gyfer y prosiect, cynigiwyd y dylid llunio cytundeb cydweithredol gyda Chyngor Castell-nedd Port Talbot (CNPT). Esboniodd fod gan CNPT wasanaeth mewnlol a allai ddarparu'r capasiti ac y byddai'r ddau barti yn elwa trwy ddysgu ar y cyd a rhannu adnoddau. Esboniodd fod y risgiau a nodwyd o newid y

model darparu gwasanaeth wedi'u rhestru yn 4.15 yr adroddiad a rhestrwyd rheolaeth o'r risgiau hyn gan gynnwys y buddion i'r gwasanaeth, yn 4.16 o'r adroddiad.

Darparodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y goblygiadau ariannol fel y nodir yn adran 8 yr adroddiad. Dywedodd y byddai'r newid yn y gwasanaeth yn gost-ffeithiol a'i bod yn disgwyl arbedion pellach ac effeithlonrwydd i ddod i'r amlwg dros y blynyddoedd i ddod.

Diolchodd yr Aelod Cabinet - Llesiant a Chenedlaethau'r Dyfodol i'r Swyddogion a oedd yn rhan o'r adroddiad hwn. Mynegodd fod angen newid ym Mhen-y-bont ar Ogwr. Nodwyd gan Bwyllgor Trosolwg a Chraffu diweddar, bod yn rhaid i aelodau'r cyhoedd aros cryn dipyn o amser am arian grantiau neu i'w cartref gael ei addasu i weddu i'w hanghenion meddygol.

Ychwanegodd fod nifer o faterion wedi cael eu hamlygu yn yr adroddiad ac roedd yn falch gweld bod y rhain yn cael eu hystyried wrth ailfodelu'r gwasanaeth.

Croesawodd yr Aelod Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar yr adroddiad a chytuno â phwyntiau aelodau'r Cabinet ar natur fyrfyr y gwasanaeth. Esboniodd fod pob diwrnod y mae'n rhaid i berson aros i DFG neu addasiadau cartref gael eu gwneud yn ddiwrnod arall o ddioddef ac felly roedd yn wasanaeth yr oedd angen iddo fod yn gweithio'n effeithiol er mwyn darparu gwasanaeth mwy effeithlon a safonol.

Gofynnodd Aelod y Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar sut olwg fyddai ar lywodraethu'r gwasanaeth newydd a sut y byddai'n welliant ar yr hyn oedd ar waith ar hyn o bryd.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid ei bod wedi cymryd amser hir i gyrraedd y cam hwn oherwydd dad-wneud pob rhan o'r broses i sefydlu faint o amser a oedd yn ei gymryd i ddarparu gwasanaethau a'r hyn oedd ei angen er mwyn cyflawni gwelliannau. Ychwanegodd y byddai cael tîm prosiect o amgylch pob rhan o'r broses yn caniatáu dadansoddiad a chraffu priodol arno. Ychwanegodd Pennaeth y Gwasanaethau Partneriaeth, gyda pherfformiad isel y gwasanaeth yn y gorffennol, bod y ffocws wedi bod ar symud ymlaen, gwella ar yr amser gweithredu ar geisiadau ar gyfer pob unigolyn, yn ogystal â darparu mwy o DFG bob blwyddyn.

Gofynnodd yr Arweinydd pa asesiad a wnaed ar wasanaeth Cyngor CNPT a pha sicrwydd y gellir ei roi y gallai CBSPAO, wrth symud ymlaen, ddarparu gwasanaeth o ansawdd uchel i drigolion Pen-y-bont ar Ogwr.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod yr Awdurdod, ynghyd â'r DP, wedi edrych ar bob elfen o'r gwasanaeth a ddarparwyd gan Gyngor CNPT i weld pa feysydd yr oedd angen i ni eu gwella fwyaf, ac wrth symud ymlaen, y byddai BCBC yn edrych tuag at fanteisio ar yr arbenigedd o'r meysydd hyn yn ei wasanaeth yn y dyfodol.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn cymeradwyo mewnnoli'r gwasanaeth DFG;
- Yn cymeradwyo defnyddio'r gyllideb gyfalaf i gefnogi mewnnoli'r Broses DFG;
- Yn cymeradwyo ymrwymo i'r cytundeb cydweithredu â CNPT ac atal y rhannau perthnasol o reolau gweithdrefn contract y Cyngor mewn perthynas â'r gofynion sy'n ymwneud â chaffael y gwasanaeth DFG y bydd CNPT yn ei gyflawni;

Yn dirprwyo awdurdod i'r Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, i gymeradwyo telerau terfynol y cytundeb cydweithredu â CNPT ar ran y Cyngor ac i drefnu bod y cytundeb cydweithredu yn cael ei weithredu ar ran y Cyngor, yn ddarostyngedig i arfer yr awdurdod dirprwyedig hwnnw mewn ymgynghoriad â'r Prif Swyddog - Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

596. CONTRACT RHEOLI PLÂU

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad a roddodd y cefndir, y sefyllfa bresennol a'r opsiynau i bennu'r ffordd orau ymlaen o ran gwasanaeth rheoli plâu.

Esboniodd fod gan CBSPAO gontract ar waith ar hyn o bryd a oedd yn darparu gwasanaeth rhad ac am ddim ar gyfer rheoli plâu domestig, a oedd yn cynnwys llygod mawr, llygod, chwilod gwely a chwilod duon. Ar hyn o bryd dim ond am wasanaethau i gael gwared â chwain a gwenyn meirch y mae CBSPAO yn codi tâl.

Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod y contract cyfredol, a ddechreuodd yn 2017 ac a ddarperir gan y cwmni Rentokil, i fod i ddod i ben ym mis Ebrill 2021.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod y contract cyfredol ychydig yn amhoblogaidd gyda thrigolion fel y nodwyd mewn arolygon a gynhaliwyd. Esboniodd, pan alwyd y contractwr allan, eu bod yn anelu at gyrraedd o fewn 3 diwrnod. Roedd hyn wedi arwain at roi'r gorau i 40% o alwadau.

Darparodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid ffigurau yn ymwneud â'r Awdurdodau Lleol yng Nghymru a pha wasanaethau rheoli plâu a ddarparwyd ganddynt, gyda manylion y rhain i'w gweld ym mharagraff 3.4 o'r adroddiad.

Hefyd, darparodd ffigurau ar yr ymgynghoriad cyhoeddus a gynhaliwyd yn 2019 a gasglodd safbwyntiau ar gynigion i leihau cyllideb. Manylwyd ar y rhain ym mharagraff 3.5 yr adroddiad.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y bu mwy o geisiadau am ddarpariaeth rheoli plâu yn enwedig ers cyfnod clo cyntaf Covid-19 ar 23 Mawrth 2020. Roedd y rhain wedi cynyddu tua 47%, a bod hynny i'w ddisgwyl gyda mwy o breswylwyr yn gweithio gartref.

Darparodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid 3 opsiwn a amlinellwyd yn y tabl yn 4.6 yr adroddiad, a disgwylir y costau/arbedion canlynol:

Tâl adfer	Cost y Gwasanaeth.	Incwm Potential	Cost net i CBSPAO
Rhaniad cymesur 50/50	£95,000	£71,250	£23,750
Rhaniad o blaid taliadau consesiwn 80/20	£95,000	£57,000	£38,000

Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid yr argymhellwyd peidio â bwrw ymlaen ag opsiwn 3 gan fod hyn yn golygu'r gost uchaf i'r awdurdod ac y byddai angen ei ariannu o gyllideb graidd y Cyngor. Ychwanegodd fod Opsiwn 1 ac Opsiwn 2 yn golygu newid yn y ddarpariaeth gwasanaeth ac felly'n destun ymgynghoriad cyhoeddus, a fyddai'n cymryd 12 wythnos i'w gwblhau.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, er mwyn sicrhau parhad gwasanaeth yn y cyfamser, cynigiwyd y dylai'r Cabinet atal y rhannau perthnasol

o Reolau Gweithdrefn Contract y Cyngor sy'n gofyn am ymarfer caffael cystadleuol a chytuno i ymrwymo i gontract tymor byr o 6 mis gyda'r darparwr gwasanaeth rheoli plâu cyfredol Rentokil. Dywedodd fod y cynnig hwn yn torri gofynion Rheoliadau Contractau Cyhoeddus 2015 ac yn gofyn am gymeradwyaeth y Cabinet i roi Rheolau Gweithdrefn Contract y Cyngor o'r neilltu.

Esboniodd yr Aelod Cabinet - Llesiant a Chenedlaethau'r Dyfodol fod y gwasanaeth wedi'i glustnodi fel arbediad posib fel rhan o'r MTFs, ond roedd yn ymddangos ei fod yn wasanaeth poblogaidd yn gyffredinol er gwaethaf y pwynt a nodwyd ynghylch yr amser aros hi yn dilyn galwad.

Gofynnodd Aelod y Cabinet - Llesiant a Chenedlaethau'r Dyfodol a oedd opsiynau eraill ar gael a allai gynnwys elfennau o'r opsiynau a restrwyd. Esboniodd y gellid ystyried opsiwn a oedd yn cynnwys galwadau am ddim i lygod mawr yn unig, gan fod hyn yn cwmpasu'r mwyafrif o alwadau rheoli plâu.

Roedd yr Aelod y Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar yn rhannu safbwyntiau tebyg ag aelod y cabinet ac esboniodd ei bod yn ymddangos bod poblogaeth y llygod mawr wedi cynyddu yn ystod y misoedd diwethaf, yn enwedig gan fod bwytai wedi cau a bod eu ffynhonnell fwyd ynghanol trefi wedi lleihau. Dywedodd fod preswylwyr yn bryderus ynglŷn â rhoi gwybod am lygod mawr gan nad oeddent am gymryd perchnogaeth o'r broblem ac felly o bosibl yn gorfod codi tâl. Teimlai'r Aelod Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar y byddai hyn yn achosi problemau pellach ynghylch rhoi gwybod am broblem pe bai tâl am hyn.

Cytunodd yr Aelod Cabinet - Addysg ac Adfywio nad oedd yr opsiynau a restrir yn ymdrin â'r materion y mae aelodau'r cabinet a'r cyhoedd wedi'u hwynebu yn ogystal â'r ystyriaeth bosibl o opsiwn hybrid.

Gofynnodd y Dirprwy Arweinydd beth oedd cwmpas opsiwn 2 yn yr adroddiad. Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y gellid ymgynghori ymhellach â darparwyr yn ogystal ag Awdurdodau Lleol i benderfynu pa opsiynau eraill y gellid eu darparu.

Dywedodd yr Arweinydd fod materion pla weithiau yn ganlyniad i faterion iechyd amgylcheddol eraill. Cytunodd fod angen mwy o wybodaeth ar sut roedd Awdurdodau Lleol eraill yn delio â'r materion hyn a sut roedd y Gwasanaethau Rheoleiddio a Rennir yn cyflwyno'r gwasanaethau hyn i Gaerdydd a Bro Morgannwg.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn cytuno i archwilio llwybrau pellach gyda'r Gwasanaethau Rheoleiddio a Rennir (sy'n darparu cymorth rheoli plâu i Gynghorau Caerdydd a Bro Morgannwg) ar opsiynau amgen posibl eraill i'w dilyn o ran Rheoli Plâu i'r rhai a nodwyd yn yr adroddiad.
- Yn cymeradwyo atal y rhannau perthnasol o Reolau Gweithdrefn Contract y Cyngor mewn perthynas â'r gofyniad i ail-dendro ac awdurdodi'r Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid i ymrwymo i gontract tymor byr o 6 mis gyda'r darparwr gwasanaeth rheoli plâu presennol, Rentokil.

**597. CYNLLUN ADFYWIO GLANNAU PORTHCAWL: GWERTHU SAFLE'R STORFA FWYD**

Cyflwynodd y Cyfarwyddwr Corfforaethol Cymunedau adroddiad i roi'r wybodaeth ddiweddaraf i'r Cabinet ar farchnata safle'r siop fwyd yn ddiweddar (ar ran o faes parcio'r

Green a Salt Lake); a cheisiodd gymeradwyaeth i benodi a chael gwared ar y safle i'r cynigydd a ffafir, yn unol â'r penawdau telerau arfaethedig.

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau fod y safle wedi'i hysbysebu ar werth ar y farchnad agored gan EJ Hales, asiant penodedig y Cyngor.ym mis Medi 2020. Rhoddodd y Gofynion Gwneud Cynnig i'r Cabinet fel y'u rhestrir yn adran 4 yr adroddiad.

Amlinellodd y Cyfarwyddwr Corfforaethol Cymunedau y broses ddethol yn dilyn y cynigion. Dywedodd fod cyfanswm o 5 cynnig, 3 ohonynt yn methu â chydymffurfio gan nad oeddent yn cyd-fynd â'r briff datblygu cynllunio, a 2 gynnig a oedd yn cydymffurfio.

Roedd manylion y cynigion yn fasnachol sensitif ac maent felly'n ddiennw fel a ganlyn; fe'u graddiwyd yn nhrefn y cynigion o'r gwerth uchaf i'r isaf am y pris i'w dalu am y tir:

- Cynnig 1 : Ddim yn Cydymffurfio: nid oedd y cais yn cyd-fynd â'r Briff Datblygu Cynllunio
- Cynnig 2 : Yn cydymffurfio
- Cynnig 3 : Yn cydymffurfio
- Cynnig 4 : Ddim yn Cydymffurfio: nid oedd y cais yn cyd-fynd â'r Briff Datblygu Cynllunio
- Cynnig 5 : Ddim yn Cydymffurfio: nid oedd y cais yn cyd-fynd â'r Briff Datblygu Cynllunio

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau fod Cynnig 1, nad oedd yn cydymffurfio yn flaenorol, wedi dod yn ôl gyda chynigion pellach ers hynny. Yn anffodus, roedd yr ystyriaethau hyn yn dal i beidio â chydymffurfio. Cyflwynwyd cynnig 2 gan Aldi Stores Ltd ac felly dyma'r cynigydd a ffafir.

Ychwanegodd fod EJ Hales Ltd wedi ardystio bod y cais a ffafir yn eu barn hwy yn gynnig ariannol hynod ddeniadol ac o ran gwerth mae'n sicrhau'r ystyriaeth orau.

Pwysleisiodd y Cyfarwyddwr Corfforaethol Cymunedau mai'r cam yr oeddem yn edrych arno ar hyn o bryd oedd y cam gwaredu. Os byddai Aldi yn mynd ymlaen i brynu'r tir, byddai angen iddynt gyflwyno cais cynllunio ar gyfer hyn.

Croesawodd yr Aelod Cabinet - Addysg ac Adfywio yr adroddiad gan obeithio bod hwn yn garreg filltir yn adfywiad Porthcawl. Diolchodd i Aelodau Lleol Porthcawl am eu cefnogaeth barhaus gyda'r strategaeth a oedd wedi bod mewn grym ers sawl blwyddyn. Gofynnodd i'r Cyfarwyddwr Corfforaethol a oedd unrhyw waith dylunio neu ddelweddau o'r sut allai'r adeilad edrych fel bod gan drigolion Porthcawl syniad o'r hyn i'w ddisgwyl.

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau fod y brasluniau a gyflwynwyd yn fasnachol sensitif ar hyn o bryd gan ei fod yn ddyluniad pwrpasol. Roedd hyn nes i'r cynigydd llwyddiannus ddod yn berchennog y tir yn swyddogol. Esboniodd, unwaith y byddai Aldi wedi cyflwyno'r dyluniadau i gynllunio i'w hystyried, byddent yn hapus i'r dyluniadau gael eu rhannu â thrigolion ac i weithio gyda CBSPAO ar gyd-farchnata ac ymgynghori â thrigolion ynglŷn â hyn.

Croesawodd yr Aelod Cabinet - Gwasanaethau Cymdeithasol a Chymorth Cynnar yr adroddiad gan nodi ei bod yn gyffrous gweld y datblygiad hwn yn digwydd. Ychwanegodd fod trigolion Porthcawl wedi dangos eu cefnogaeth iddo ar gyfryngau cymdeithasol. Gofynnodd i'r Cyfarwyddwr Corfforaethol, yn ddarostyngedig i'r gweithdrefnau cynllunio ac ati, pryd yr oedd trigolion Porthcawl yn debygol o weld drysau'r siop newydd yn agor.

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau ei fod yn ddibynnol ar amserlen pob cam, ond gallem ddisgwyl gweld y cais cynllunio yn cael ei gyflwyno cyn pen 6 mis, pe bai'r Cabinet yn cymeradwyo'r adroddiad, ac yna'n datblygu i ddechrau cyn pen 6 mis ar ôl cymeradwyo cais cynllunio. Fodd bynnag, roedd Aldi yn awyddus i ddechrau datblygu cyn gynted â phosibl.

Esboniodd yr Aelod Cabinet - Cymunedau ei bod yn bwysig bod y datblygiad hwn yn sefyll fel ychwanegiad i ganol tref Porthcawl, yn hytrach nag yn ei erbyn. Gofynnodd pa lefel o integreiddio fyddai ganddo â chanol y dref ar hyn o bryd.

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau fod cynlluniau ar gyfer adeiladu cysylltiadau teithio egnïol yn ogystal â llwybrau troed i ganiatáu i'r datblygiad newydd gysylltu'n dda â chanol y dref.

Ychwanegodd mai'r nod yn ychwanegol at hyn, gyda datblygiadau ym Mhorthcawl yn y dyfodol, oedd agor y llwybrau a'r ffyrdd hyn i ddarparu cyswllt teithio sefydlog rhwng yr holl ddatblygiadau.

Gofynnodd yr Arweinydd i'r cynigydd llwyddiannus sicrhau datblygiad o safon uchel fel y byddai'r porth hanfodol i ganol y dref a'r promenâd yn cael ei wella'n llawn. Gofynnodd i'r Cyfarwyddwr Corfforaethol a oedd hyn wedi'i gyflawni.

Cadarnhaodd y Cyfarwyddwr Corfforaethol Cymunedau fod y cynlluniau cyfredol yn addawol. Roeddent yn bwriadu defnyddio deunyddiau lleol a phwrpasol ar gyfer y datblygiad ynghyd â rhai nodweddion pensaernïol, gan gynnwys manau agored i'r cyhoedd. Roedd eu cynlluniau hefyd yn amddiffyn rhai o'r golygfeydd allweddol wrth yrru tuag at y môr.

Gofynnodd yr Arweinydd a oedd cynlluniau pellach ar waith i ddatblygu seilwaith cyfan Porthcawl yn dilyn y datblygiad hwn.

Esboniodd y Cyfarwyddwr Corfforaethol Cymunedau fod cynlluniau pellach ar waith i ddatblygu llwybrau teithio mwy egnïol ym Mhorthcawl a'r cyffiniau, datblygu'r meysydd parcio yn ogystal â chyswllt bws. Ychwanegodd fod hyn yn rhan o'r darlun ehangach o ran adfywio Porthcawl.

**PENDERFYNWYD**

Bod y Cabinet:

- Yn cymeradwyo gwaredu safle siop fwyd Porthcawl i Aldi Stores Ltd a gwneud y cytundeb ar gyfer prydlesu ar y telerau a amlinellir yn yr adroddiad hwn ac ar y cynnig pris gwerthu am y tir ac yn ddarostyngedig i'r pwynt bwled isod.
- Yn dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol - Cymunedau, mewn ymgynghoriad â'r Prif Swyddog - Gwasanaethau Cyfreithiol, AD a Rheoleiddio a'r Swyddog Adran 151, i gymeradwyo telerau'r cytundeb gwaredu a llunio'r cytundeb, gyda'r bwriad o'i gwblhau'n gyfreithiol y gwerthiant cyn gynted â phosibl.

**598. PARC RHANBARTHOL Y CYMOEDD, PORTH DARGANFOD PARC GWLEDIG BRYNGARW**

Cyflwynodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd adroddiad a roddodd y wybodaeth ddiweddaraf i'r Cabinet ar gyfle i gaffael cyllid pellach trwy Grant Cyfalaf Pyrrh Darganfod Parc Rhanbarthol y Cymoedd, 2019-2021, a cheisiodd gymeradwyaeth y Cabinet i dderbyn cynnig cyllid diwygiedig a

chytuno â'r partner cyflenwi Ymddiriedolaeth Ddiwylliannol Awen i gefnogi cyflwyno gweithgareddau fel rhan o Barc Rhanbarthol y Cymoedd ym Mharc Gwledig Bryngarw.

Darparodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd gefndir i barc rhanbarthol y cymoedd a'r cyllid a oedd ar gael gan Lywodraeth Cymru. Derbyniodd CBSPAO gynnig grant o £500,000 ar gyfer cyflwyno gweithgareddau ym Mharc Gwledig Bryngarw trwy Grant Cyfalaf Safleoedd Darganfod Parc Rhanbarthol y Cymoedd, 2019-2021. Ceir cefndir pellach yn adran 3 yr adroddiad.

Esboniodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd fod CBSPAO wedi ymrwmo i gytundeb cyfreithiol gydag Ymddiriedolaeth Ddiwylliannol Awen, ac yr aethpwyd atynt gydag ystod o gamau a fyddai yn ychwanegol at y camau y cytunwyd arnynt eisoes fel y'u rhestrir ym mharagraff 4 yr adroddiad.

Ychwanegodd fod y camau arfaethedig wedi cael eu cytuno wedi hynny gan Lywodraeth Cymru a bod cyfle yn bodoli i gael cyllid grant pellach o £147,000 i gefnogi'r gwaith cyflawni mewn partneriaeth ag Ymddiriedolaeth Ddiwylliannol Awen. Er mwyn cael gafael ar gyllid ychwanegol, roedd angen i CBSPAO lunio cytundeb grant diwygiedig gyda Llywodraeth Cymru. Gwahoddir Ymddiriedolaeth Ddiwylliannol Awen fel partner cyflenwi i wneud cytundebau diwygiedig priodol gyda CBSPAO.

Dywedodd na fyddai angen cyllid cyfatebol gan CBSPAO a chyfanswm y grant ar gyfer y camau ychwanegol ym Mharc Gwledig Bryngarw oedd £657,000.

Croesawodd yr Aelod Cabinet - Cymunedau yr adroddiad ac roedd yn ddiolchgar am yr arian grant ychwanegol gan Lywodraeth Cymru, yn enwedig gyda'r cynlluniau arfaethedig ar gyfer yr arian ychwanegol ynghylch ynni adnewyddadwy, a oedd yn gydlynol â strategaeth ynni adnewyddadwy 2030 CBSPAO.

Adleisiodd yr Arweinydd sylwadau Aelodau'r Cabinet ac roedd yn falch o weld buddsoddiad pellach mewn cyrchfan allweddol yn y cwm.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn derbyn y cyllid ychwanegol a'r cynnig grant diwygiedig o £647,000 ar gyfer cyflwyno gweithgareddau ym Mharc Gwledig Bryngarw trwy Grant Cyfalaf Safleoedd Darganfod Parc Rhanbarthol y Cymoedd, 2019-2021.
- Yn awdurdodi'r Cyfarwyddwr Corfforaethol, Cymunedau, mewn ymgynghoriad â'r Swyddog Adran 151 a Phennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio, i wneud cytundeb diwygiedig ar gyfer cyflwyno'r uchod ac unrhyw fân ddiwygiadau dilynol gyda Llywodraeth Cymru ac Ymddiriedolaeth Ddiwylliannol Awen.

**599. STRATEGAETH DATGARBONEIDDIO PEN-Y-BONT AR OGWR 2030, LLWYBR I GYNGOR CARBON NIWTRAL (NET-SERO)**

Cyflwynodd y Cyfarwyddwr Corfforaethol - Cymunedau adroddiad, a'i bwrpas oedd manylu ar y broses o ddatblygu Strategaeth Datgarboneiddio "Pen-y-bont ar Ogwr 2030". Byddai hyn yn ymateb pellach i Raglen Ymateb i'r Argyfwng Hinsawdd y Cyngor ac yn cyflwyno llwybr i Ben-y-bont Carbon Niwtral (a elwir hefyd yn Net-Sero) erbyn 2030, gan weithio gyda'r Bwrdd Gwasanaethau Cyhoeddus, cymunedau a busnes.

Esboniodd bod Llywodraeth Cymru (LIC) wedi datgan Argyfwng Hinsawdd ym mis Ebrill 2019 gan nodi ei blaenoriaethau i fynd i'r afael â newid i Gymru er mwyn magu cydnerthedd. Yn dilyn hyn, mae Llywodraeth Cymru bellach wedi ymrwmo i gyflawni sector cyhoeddus carbon niwtral erbyn 2030. Mae Pen-y-bont ar Ogwr yn cefnogi'r dull

hwn ac wedi cynnig ei fabwysiadu yng Nghynllun Corfforaethol CBSPAO 2021-22 wedi'i ddiweddarau.

Y meysydd ffocws ar gyfer datgarboneiddio yw ynni, trafndiaeth, adeiladau a mannau agored.

Aeth ymlaen trwy nodi bod allyriadau carbon yn fesuradwy yn yr hyn y mae'r Cyngor yn berchen arno ac yn ei brynu i gymunedau, er enghraifft, sut mae ynni'n cael ei brynu a'i ddefnyddio, adeiladau'n cael eu cynhesu a'u pweru, contractau trafndiaeth neu fflyd yn cael eu prynu. Roedd angen i bob corff cyhoeddus fynd i'r afael â dod yn Garbon Niwtral erbyn 2030, yn seiliedig ar fynd i'r afael â'r allyriadau cwmpas gwahanol, fel y dangosir ym mharagraff 3.5 yr adroddiad.

Parhaodd y Cyfarwyddwr Corfforaethol - Cymunedau trwy nodi, er mwyn cynnig meysydd blaenoriaeth a chanolbwyntio adnoddau, bod angen archwiliad carbon ar CBSPAO i ddeall yn llawn yr ôl troed carbon sy'n ymwneud â phob categori allyriadau o fewn y cwmpas, fel y dangosir ym mharagraff 3.5 (yr adroddiad).

O ran lle'r oedd CBSPAO erbyn hyn, roedd y Cyngor wedi datblygu ei Gynllun Ynni Clyfar yn 2019 gan gynnwys cyfres o brosiectau i fynd i'r afael â gwres datgarboneiddio, a gymeradwyodd y Cabinet ar 19 Chwefror 2019. Roedd hyn yn cynnwys Rhwydweithiau Gwres Rhanbarthol ym Mhen-y-bont ar Ogwr a Chaerau, (mae cynnydd penodol yr rhain yn destun adroddiadau ar wahân i'r Cabinet,) mesuryddion clyfar ac ennill trydaneiddio gwres.

Er mwyn cwrdd â'r amcan carbon niwtral/carbon net-sero erbyn 2030, roedd angen ehangu, cyflymu cynnydd a phrosiectau o fewn y Cynllun Ynni Clyfar a chryfhau'r prosesau sy'n llywodraethu hynny. Mae Tabl 1 yn yr adroddiad, yn nodi'r cynnydd a gyflawnwyd hyd yma o fewn pedwar maes ffocws blaenoriaeth LIC ar gyfer 2030.

Dyweddodd y Cyfarwyddwr Corfforaethol - Cymunedau, y byddai Bwrdd Rhaglen 2030 newydd ei ail-alinio yn gyfrifol am bob prosiect (a chytuno ar brosiectau ychwanegol), eu cwmpas, eu hyfywedd ac yn goruchwyllo'r proffiliau ariannol a risg. Bydd Bwrdd y Rhaglen yn cyfleu buddion y rhaglen i'r gymuned ehangach a hefyd yn egluro rôl y Cyngor ar gyfer pob un yn eglur.

Daeth yr adroddiad i ben, trwy amlinellu rhai canlyniadau allweddol arfaethedig, ar ffurf nodau ac amcanion y Strategaeth.

Croesawodd yr Aelod Cabinet - Cymunedau yr hyn a oedd yn adroddiad arloesol ac eang ei olwg, gyda rhai targedau heriol wedi'u cynnwys ynddo. Croesawodd y Strategaeth, a fyddai'n cael ei chyflwyno o ganlyniad i gyfarwyddeb gan Lywodraeth Cymru. Byddai uchelgeisiau'r Strategaeth pan gânt eu gwireddu yn cynorthwyo i leihau allyriadau carbon yn ein hadeiladau a'n cyfleusterau, ymhlith eraill. Roedd yn falch o weld y byddai'r Strategaeth hefyd yn cael ei chefnogi gan Gynllun Gweithredu.

Roedd yr Aelod Cabinet - Lles a Chenedlaethau'r Dyfodol yn hapus gyda'r adroddiad, a oedd yn allweddol i gefnogi agenda Amgylcheddol gynyddol gadarn y Cyngor.

Croesawodd yr Arweinydd yr adroddiad a'r targedau ynddo hefyd, a oedd yn heriol ac yn uchelgeisiol.

**PENDERFYNWYD:**

Bod y Cabinet :-

- Yn cymeradwyo datblygu strategaeth ddatgarboneiddio a chynllun gweithredu "Pen-y-bont ar Ogwr 2030" drafft ar gyfer ymgynghoriad cyhoeddus yn ystod haf



2021 ac yn nodi y bydd y strategaeth ddrafft hon a'r cynllun gweithredu yn cael eu hadrodd i gyfarfod cabinet yn y dyfodol cyn ymgynghori â'r cyhoedd.

- Yn cymeradwyo a dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol, Cymunedau sy'n ymgysylltu â Bwrdd Gwasanaethau Cyhoeddus Pen-y-bont ar Ogwr ar strategaeth ddatgarboneiddio ddrafft "Pen-y-bont ar Ogwr 2030" a chytuno ar naratif a methodoleg a rennir gyda'r Bwrdd Gwasanaethau Cyhoeddus ar gyfer yr agenda datgarboneiddio ar gyfer y Fwrdeistref.
- Yn cymeradwyo datblygu strwythur Llywodraethu Rhaglen wedi'i ail-alinio a phenodi'r Aelod Cabinet dros Gymunedau yn Gadeirydd Bwrdd Rhaglen 2030 fel y nodir yn adran 4.10 o'r adroddiad.

**600. PROSIECT RHWYDWAITH GWRES TREF PEN-Y-BONT AR OGWR**

Cyflwynodd y Cyfarwyddwr Corfforaethol - Cymunedau adroddiad, a'i bwrpas oedd diweddarau'r Cabinet ar y cynnydd a wnaed o ran datblygu Prosiect Rhwydwaith Gwres Tref Pen-y-bont ar Ogwr a sicrhau nifer o benderfyniadau allweddol ynghylch dilyniant y prosiect.

Esboniodd fod Prosiect Rhwydwaith Gwres Tref Pen-y-bont ar Ogwr wedi'i gynnwys fel prosiect yng Nghynllun Ynni Clyfar (SEP) CBSPAO (a gymeradwywyd gan y Cabinet yn Chwefror 2019). Mae'r Cynllun Ynni Clyfar yn manylu ar y prosiectau y bydd CBSPAO yn cymryd rhan ynddynt yn ystod y cyfnod 2019 - 2025. Mae hyn yn cynnig profi amrywiol dechnolegau, cynigion defnyddwyr a modelau busnes i ddarparu llwybr i ddatgarboneiddio Bwrdeistref Sirol Pen-y-bont ar Ogwr. Mae hefyd yn cyfrannu'n allweddol at strategaeth datgarboneiddio Llywodraeth Cymru (cyhoeddwyd Mawrth 2019) "Ffyniant i Bawb: Cymru Carbon Isel".

Parhaodd trwy nodi bod cais grant cyfalaf wedi'i wneud i Lywodraeth y DU trwy'r Rhaglen Buddsoddi Rhwydwaith Gwres (HNIP) ym mis Ebrill 2019 a chymeradwywyd hyn ym mis Rhagfyr 2019 ar gyfer buddsoddiad cyfalaf o £1,000,000 tuag at adeiladu'r rhwydwaith gwres a £241,000 ar gyfer gweithgareddau cyn-adeiladu.

Trwy gydol 2020, aethpwyd ymlaen â'r prosiect trwy greu model ariannol newydd, paratoi cais cynllunio ar gyfer y storfa thermol, datblygu trwydded amgylcheddol ar gyfer y ganolfan ynni a chreu pecyn tendro ar gyfer caffael contractiwr dylunio, adeiladu a chynnal (DBOM) i reoli'r gwaith o adeiladu a gweithredu'r rhwydwaith.

Mae prosiect DHN Tref Pen-y-bont ar Ogwr wedi cyrraedd cam tyngedfennol ac mae angen sawl penderfyniad carreg filltir hanfodol i sicrhau dilyniant yn unol â'r Rhag-amodau a nodwyd yn y Cynnig Cyllid Grant a ddarparwyd gan yr Adran Busnes, Ynni a Strategaeth Ddiwydiannol i CBSPAO fel rhan o'r Amodau grant HNIP.

Rhaid i hyn ddigwydd erbyn 19 Mawrth 2021 ac felly, mae'n hanfodol bod yn rhaid i'r caffael fod ar y gweill erbyn Mawrth 2021. Er mwyn cyflawni hyn, rhaid lansio'r hysbysiad caffael ym mis Chwefror 2021.

Yna, eglurodd y Cyfarwyddwr Corfforaethol - Cymunedau, y bydd achos busnes llawn yn cael ei baratoi ac y bydd yn amodol ar gymeradwyaeth y Cabinet cyn penodi unrhyw gontractwr. Yn ystod y broses gaffael bydd y Cyngor yn archwilio gwahanol opsiynau ac arloesedd o'r farchnad i'w hystyried yn yr achos busnes terfynol. Bydd manylion y Cyfrwng at Ddibenion Arbennig (SPV) sydd i'w sefydlu yn destun adroddiad pellach i'r Cabinet i'w gymeradwyo yn y dyfodol agos. Yn dilyn hyn, bydd y dogfennau tendro ar gyfer penodi'r DBOM yn cael eu rhyddhau, ond ni wneir unrhyw benodiad nes i'r Cyngor

gymeradwyo'r cynllun a swm y benthyciad ychwanegol fel rhan o'r Rhaglen Gyfalaf. Nodwyd manylion y tasgau unigol hyn ym mharagraff 4.4 o'r adroddiad ymlaen.

Yn unol â Chynllun Ynni Ardal Leol CBSPAO, sy'n nodi mai rhwydweithiau gwres yw'r opsiwn mwyaf technegol a manteisiol yn economaidd ar gyfer datgarboneiddio gwres yn Nhref Pen-y-bont ar Ogwr, mae'r Cyngor yn awyddus i ddatblygu Cam 2 o'r rhwydwaith gwres. Byddai Cam 2 yn brosiect mwy uchelgeisiol na Cham 1 a byddai ganddo'r potensial i gysylltu dau ysbty, pedair ysgol a chartref gofal yn ogystal â datblygiad newydd posib ynghanol tref Pen-y-bont ar Ogwr.

Gwnaeth y Cyngor gais am arian grant gan Lywodraeth y DU (Busnes, Ynni a Strategaeth Ddiwydiannol) trwy ei Uned Cyflenwi Rhwydwaith Gwres (HNDU) ym mis Mehefin 2020 am £132,150 i gyfrannu tuag at gost paratoi Achos Busnes Amlinellol ar gyfer Cam 2 y prosiect (£102,150) a chymorth adnoddau Rheoli Prosiect (£30,000).

Cymeradwyodd BEIS y cais am gyllid ym mis Medi 2020 ac mae pecyn tendro yn cael ei ddatblygu i gaffael yr ymgynghorwyr technegol, ariannol a chyfreithiol sydd eu hangen i baratoi'r achos busnes amlinellol ar gyfer Cam 2. Amcangyfrifwyd bod cost datblygu'r achos busnes amlinellol yn £150,000. Mae'r Cyngor yn darparu'r £47,850 sy'n weddill i baratoi'r achos busnes amlinellol. Bydd y £47,850 yn cael ei ariannu o gyllideb y Rhaglen Gwres (SEP) o fewn y Gronfa Adfywio Strategol.

O ran goblygiadau ariannol yr adroddiad, roedd Adroddiad y Cabinet ym mis Ebrill 2018, yn nodi cost cyfalaf Cam 1 Blwyddyn 1 fel £1.959 miliwn, cynyddodd hyn i £4.229m ym mis Ebrill 2019 pan gafodd model ariannol diwygiedig ei greu fel rhan o'r cais am grant i Lywodraeth y DU trwy'r Rhaglen Buddsoddi Rhwydwaith Gwres. Sbardunwyd y cynnydd yn bennaf trwy gynnwys y datblygiad Sunnyside newydd. Mae'r ffaith bod y datblygiad wedi tynnu'n ôl o'r cynllun wedi golygu bod gwariant cyfalaf Blwyddyn 1 yn £3.389 miliwn ar hyn o bryd. Mae'r costau o fewn y prosiect yn wahanol i'r rhai a gyflwynwyd yn yr achos busnes amlinellol gwreiddiol i'r Cabinet ym mis Ebrill 2018 a'r rhai a gyflwynwyd i'r Bwrdd Rheoli Corfforaethol ym mis Ebrill 2019 oherwydd nifer o ffactorau, yn fwyaf arbennig y ffaith bod datblygiad Sunnyside wedi tynnu'n ôl o'r prosiect, uwchraddiadau i'r newidydd sy'n ofynnol yng Nghanolfan Bywyd Pen-y-bont ar Ogwr, effeithiau chwyddiant a pharatoi ar gyfer cysylltiadau pellach y rhwydwaith yn y dyfodol. Amlinellwyd rhagor o wybodaeth am fanylion y costau ariannol ym mharagraffau 8 yr adroddiad.

Cyfeiriodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid yn fyr at gymhlethdodau'r adroddiad ynghylch y Cyngor yn gorfod diwygio ei Strategaeth Rheoli Trysorlys, er mwyn iddo fenthycio mwy na £1m i SPV ac er mwyn gwneud hynny, i fenthycia oddi wrth y Bwrdd Benthyciadau Gwaith Cyhoeddus (PWLb).

Ychwanegodd y byddai adroddiad pellach felly yn cael ei roi gerbron Cyngor y Gyllideb ym mis Chwefror er mwyn cyflawni hyn.

Dywedodd yr Aelod Cabinet - Cymunedau fod yr adroddiad hwn yn ymwneud yn uniongyrchol ag eitem flaenorol yr agenda h.y. Strategaeth Datgarboneiddio Pen-y-bont ar Ogwr 2030, a fyddai'n ceisio gwella'r defnydd o ynni a datgarboneiddio ynni yn adeiladau'r Cyngor. Byddai prosiect Pen-y-bont ar Ogwr yn cynnwys nifer o gyfnodau a chan fod y prosiect yn fenter newydd, pwysleisiodd y byddai'n dod gyda rhai heriau. Ychwanegodd hefyd, y byddai angen addasu rhai o weithdrefnau caffael y Cyngor, er mwyn darparu ar gyfer rhai o gynigion y prosiect.

Cadarnhaodd yr Arweinydd y bu paratoi a chynllunio enfawr ar gyfer y prosiect hwn gan ei fod yn gymhleth a'r cyntaf o'i fath ar gyfer Pen-y-bont ar Ogwr. Byddai'n croesawu adroddiadau cynnydd pellach wrth i'r prosiect esblygu.

PENDERFYNWYD:

Bod y Cabinet:

- Yn cymeradwyo'r gwaith o symud Prosiect Rhwydwaith Gwres Ardal Tref Pen-y-bont ar Ogwr yn ei flaen.
- Yn cytuno y dylid cyflwyno adroddiad i'r Cyngor i'w gymeradwyo i ddiwygio'r Rhaglen Gyfalaf ar gyfer cynnwys prosiect Rhwydwaith Gwres Ardal Tref Pen-y-bont ar Ogwr yn y Rhaglen Gyfalaf ac yn cytuno ar y benthyciad i'r SPV, yn amodol ar gymeradwyaeth i newidiadau i Strategaeth Rheoli'r Trysorlys.
- Yn nodi y bydd angen diwygio'r Strategaeth Rheoli Trysorlys i alluogi'r Cyngor i roi benthyciad o £1.821 miliwn i'r SPV, a bydd hyn yn cael ei adlewyrchu yn y Strategaeth Rheoli Trysorlys ddrafft 2021-22 a gyflwynir i'r Pwyllgor Archwilio ar 28 Ionawr 2021, ac i'r Cyngor i'w chymeradwyo ym mis Chwefror 2021.
- Yn cymeradwyo caffael a phenodi ymgynghorydd technegol/ariannol ac ymgynghorydd cyfreithiol i baratoi Achos Busnes Amlinellol ar gyfer Cam 2 Prosiect Rhwydwaith Gwres Tref Pen-y-bont ar Ogwr.
- Yn dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol Cymunedau i dendro am ymgynghorydd technegol/ariannol a'r Ymgynghorydd Cyfreithiol i baratoi Achos Busnes Amlinellol ar gyfer Cam 2 Prosiect Rhwydwaith Gwres Tref Pen-y-bont ar Ogwr a dyfarnu'r contractau i'r cynigwyr llwyddiannus, telerau cytundebol y contractau i'w cymeradwyo gan y Cyfarwyddwr Corfforaethol Cymunedau mewn ymgynghoriad â'r Prif Swyddog - Gwasanaethau Cyfreithiol, AD a Rheoleiddio.
- Yn atal y rhannau perthnasol o Reolau Gweithdrefn Contractau'r Cyngor sy'n ei gwneud yn ofynnol i gaffaeliadau gael eu cynnal o dan Reoliadau Contractau Cyhoeddus 2015 a chymeradwyo caffael contractwr Dylunio Adeiladu Gweithredu a Chynnal ar gyfer Rhwydwaith Gwres Ardal Pen-y-bont ar Ogwr trwy ddefnyddio'r weithdrefn a negodwyd gyda galwad ymlaen llaw am gystadleuaeth o dan Reoliadau Contractau Cyfleustodau 2016.
- Yn cymeradwyo bod Brodies LLP yn rhedeg gwaith caffael y Contractiwr Dylunio Adeiladu Gweithredu a Chynnal o dan y weithdrefn a negodwyd gyda galwad ymlaen llaw am gystadleuaeth o dan Reoliadau Contractau Cyfleustodau 2016 ar ran y Cyngor.
- Yn dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol Cymunedau i dendro'r contract ar gyfer y contractiwr Dylunio Adeiladu Gweithredu a Chynnal ar gyfer Rhwydwaith Gwres Ardal Pen-y-bont ar Ogwr, mewn ymgynghoriad â'r Prif Swyddog - Gwasanaethau Cyfreithiol, AD a Rheoleiddio o dan y weithdrefn a negodwyd gyda galwad ymlaen llaw am gystadleuaeth o dan y Rheoliadau Contractau Cyfleustodau. 2016 ac yn nodi y bydd adroddiad pellach yn cael ei gyflwyno i'r Cabinet ar ôl cwblhau'r gwaith o gaffael y contractiwr Dylunio Adeiladu Gweithredu a Chynnal ar gyfer gwneud penderfyniad ar gyfer dyfarnu'r contract ai peidio.
- Yn nodi y bydd adroddiad yn cael ei gyflwyno i'r Cabinet ym mis Chwefror 2021 ar greu'r Cyfrwng at Ddibenion Arbennig a fydd yn darparu'r mecanwaith cyflenwi masnachol ar gyfer y prosiect.

601. CYNLLUN GWRES CAERAU

Cyflwynodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd adroddiad, er mwyn rhoi diweddariad i'r Cabinet ar hynt prosiect Cynllun Gwres Caerau; ceisio awdurdod gan y Cabinet i gynnal arfarniad opsiynau o ddulliau cyflwyno amgen ac i'r Cabinet gytuno i dderbyn adroddiad pellach gyda chynnig ar yr opsiwn a ffefrir a ffordd ymlaen.

Fel rhywfaint o wybodaeth gefndir, cadarnhaodd fod Cynllun Gwres Caerau wedi'i sefydlu fel prosiect arloesol iawn a'i fod yn bwriadu tynnu gwres o ddŵr a gynhwysir

mewn hen weithfeydd pyllau glo dan ddŵr, i ddarparu adnodd ar gyfer eiddo yng Nghaerau.

Cyfeiriodd yr Aelodau at Dabl 1 ym mharagraff 3.5 yr adroddiad, a oedd yn dangos pyrth y penderfyniadau, gyda'u dyddiadau amcangyfrifedig gwreiddiol a diwygiedig. Dangosodd hefyd allbynnau'r prosiect a'r canlyniadau a fydd ar gael pe bai'r prosiect yn cael ei gau i lawr yn unrhyw un o'r gatiâu penderfynu.

O ran y sefyllfa bresennol, dywedodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd, fod rhai darnau allweddol o waith mewn perthynas â'r Cynllun wedi'u cwblhau yn ystod y 12 mis diwethaf. Amlinellwyd y rhain ym mharagraffau 4.2 i 4.5 yr adroddiad.

O ganlyniad i'r gwaith hwn ac yn unol â'r pyrth penderfyniadau ar gyfer y prosiect y manylir arnynt ym mharagraff 3.6 o'r adroddiad, cynigiwyd yn awr y dylid cynnal arfarniad opsiynau i bennu hyfywedd ac addasrwydd dulliau cyflwyno amgen. Byddai'r arfarniad opsiynau yn seiliedig ar y set o feini prawf a restrir ym mharagraff 4.7 ac mae'n cwmpasu'r opsiynau y manylir arnynt ym mharagraff 4.8 o'r adroddiad.

Dywedodd y byddai barn gytûn ar yr arfarniad opsiynau yn cael ei ddatblygu gan aelodau'r Bwrdd Rhaglen Ynni, tra bod y camau nesaf ar gyfer y prosiect yn cael eu cynnig fel a ganlyn:

- Cynnal yr arfarniad opsiynau;
- Cyflwyno canfyddiadau'r uchod i WEFO i'w hystyried;
- Cyflwyno adroddiad i'r Cabinet ar ganlyniad yr arfarniad opsiynau ar gyfer penderfyniad ar sut i symud ymlaen ac, os oes angen, adroddiad dilynol i'r Cyngor.

Byddai hyn yn cymryd tua 6 mis i gyd, ychwanegodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd.

Daeth yr adroddiad i ben trwy egluro'r goblygiadau ariannol sy'n deillio o argymhellion yr adroddiad.

Cadarnhaodd Aelod y Cabinet - Cymunedau ei bod yn bwysig nodi bod Prosiect Dŵr Mwyngloddiau Caerau yn brosiect arddangos, i'w sefydlu a dysgu ohono, a oedd wedi bod yn wir o ran y prosiect penodol hwnnw.

Er ei fod o'r farn ei bod yn siomedig na allai'r Cyngor edrych ar y Cynllun cyfredol yn ei gyfanrwydd fel y cynigiwyd yn wreiddiol, roedd yn falch o gadarnhau bod cynllun i gynnal elfen o brosiect Dŵr Mwyngloddiau o fewn lleoliad Caerau.

Roedd nifer o opsiynau i edrych arnynt fel rhan o'r Arfarniad a byddai'r rhain yn cael eu harchwilio'n ofalus yn unol â hynny, cadarnhaodd, yn unol â'r hyn a amlinellwyd yn yr adroddiad.

Ychwanegodd yr Arweinydd fod cryn dipyn o waith wedi'i wneud ar y Prosiect ac roedd hyn o werth wrth gwblhau Astudiaeth Ddichonoldeb, gan fod canlyniadau'r rhain ar brydiau, yn dangos bod angen dull gweithredu amgen neu adlinio'r prosiect penodol wrth symud ymlaen.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn nodi'r camau a gymerwyd gan swyddogion mewn perthynas â chyflawni'r prosiect ers yr adroddiad diwethaf i'r Cabinet.

- Yn cymeradwyo cynnal gwerthusiad opsiynau o fodolau cyflenwi amgen fel y manylir yn adrannau 4.7 a 4.8 o'r adroddiad.
- Yn dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol Cymunedau i gytuno ar delerau terfynol yr arfarniad opsiynau mewn ymgynghoriad â Bwrdd y Rhaglen Ynni.
- Yn nodi y derbynnir adroddiad pellach ar ôl i'r arfarniad opsiynau gael ei gwblhau gyda chynnig ar yr opsiwn a ffefrir a ffordd ymlaen a, pe bai angen, argymhell i'r Cyngor ddiweddariad i'r rhaglen Gyfalaf.

**602. CYNLLUN YNNI CLYFAR - PROSIECT EFFEITHLONRWYDD YNNI DOMESTIG**

Cyflwynodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd adroddiad, a'i bwrpas oedd cyflwyno i, a chadarnhau cymeradwyaeth y Cabinet ar gyfer cefnogaeth Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr i brosiect Llywodraeth Cymru i wella effeithlonrwydd ynni eiddo domestig ym Mwrdeistref Sirol Mhen-y-bont ar Ogwr.

Esboniodd fod Llywodraeth Cymru (LIC) wedi gweithredu 3 cham yn ei rhaglen effeithlonrwydd ynni domestig er 2009. Adroddwyd yn flaenorol i'r Cabinet am fanylion y camau hyn, gan gynnwys lefel buddsoddiad a buddion y cynlluniau, ym mis Ebrill 2019.

Bydd cam cyfredol y rhaglen, Cam 3, yn rhedeg rhwng 2018 - 2023 ac yn gobeithio buddsoddi £54m dros y cyfnod hwn mewn dros 6,000 o gartrefi mewn ardaloedd lle mae tlodi tanwydd yn gyffredin. Daw'r cyllid ar gyfer y rhaglen o ffynonellau ERDF, LIC a chwmnïau cyflenwi ynni trwy'r Rhwymedigaeth Cwmni Ynni (ECO). Prif ffocws y rhaglen yw lleihau tlodi tanwydd.

Esboniodd fod Llywodraeth Cymru bellach yn barod i lansio Rhaglen cam 3 ym Mhen-y-bont ar Ogwr. Fe'i cyflwynir gan Arbed am Byth, sef cwmni menter ar y cyd rhwng Everwarm a'r Ymddiriedolaeth Arbed Ynni. Byddai Arbed am Byth yn gweithio gyda CBSPAO, gan adeiladu ar y dull partneriaeth presennol i gyflawni'r Cynllun Ynni Clyfar, i nodi ardaloedd o dlodi tanwydd lle gallai'r rhaglen gael yr effaith fwyaf. Bydd Arbed am Byth, fel Rheolwr y Cynllun, yn rheoli'r rhaglen o'r dechrau i'r diwedd a bydd yn nodi ac yn datblygu'r cynlluniau trwy ddatblygu perthnasoedd lleol â rhanddeiliaid a chadwyni cyflenwi.

Hyd yn hyn, roedd Rheolwr y Cynllun wedi cynnal ymarfer mapio lefel uchel o ardaloedd posibl ym Mwrdeistref Sirol Pen-y-bont ar Ogwr, lle gallai Rhaglen Llywodraeth Cymru gael yr effaith fwyaf gan nodi dwy ardal (bydd angen trafodaeth bellach ar y rhain i gytuno ar ffiniau ac ardaloedd gwirioneddol i'w hystyried). Y ddwy ardal gychwynnol oedd Cwm Ogwr a Porthcawl (Dwyrain).

Byddai'r broses o gael gafael ar gymorth ar ôl penderfynu ar leoliad ardal, yn ei gwneud yn ofynnol i Reolwr y Cynllun gynnal asesiad o bob eiddo a dylunio pecyn o waith a allai wella effeithlonrwydd ynni'r cartref. Rhoddwyd enghreifftiau o'r mesurau a allai dderbyn cyllid trwy'r rhaglen ym mharagraff 4.4 o'r adroddiad.

Dywedodd y Rheolwr Grŵp - Economi, Adnoddau Naturiol a Chynaliadwyedd fod y capiau cyllido a sefydlwyd ar gyfer y rhaglen gan LIC wedi'u gosod fel a ganlyn:

- Hyd at £5,000 ar gyfer eiddo gradd E ar nwy
- Hyd at £8,000 ar gyfer eiddo gradd F & G ar nwy
- Hyd at 8,000 ar gyfer eiddo gradd E ddim ar nwy
- Hyd at £12,000 ar gyfer eiddo gradd F & G ddim ar nwy

Yn wahanol i gamau blaenorol y rhaglen hon, ni fyddai gofyn i CBSPAO baratoi cynigion, rheoli taliadau grant, caffael contractwyr ac ati. Llywodraeth Cymru fydd yn gwneud hyn. Bydd rôl CBSPAO yn cael ei lleihau'n sylweddol ac yn lle hynny ei rôl fydd:

- Cytuno ar yr ardal lle bydd y rhaglen yn cael ei chynnig.
- Anfon llythrau cychwynnol (wedi'u drafftio gan Arbed am Byth) gydag enwau preswylwyr arnynt yn eu gwahodd i gymryd rhan yn y rhaglen a mynychu digwyddiadau gwybodaeth.
- Darparu cefnogaeth mewn digwyddiadau ymgysylltu â'r gymuned.

Nododd yr Aelod Cabinet - Cymunedau nad oedd hon yn rhaglen CBSPAO ac roedd ganddo rai pryderon felly, bod yr Awdurdod â gofal am weinyddu hyn ac oherwydd hynny, byddai'r preswylwyr o'r farn mai prosiect a arweiniwyd gan CBSPAO ydoedd mewn gwirionedd. Ni fyddai gan CBSPAO reolaeth lawn ar y gwaith a fyddai'n cael ei wneud fel rhan o'r prosiect. Roedd felly'n teimlo y dylid cael mwy o wybodaeth am union rôl CBSPAO yn y Cynllun a sut roedd hyn yn effeithio ar ein cyfrifoldebau i etholwyr a oedd yn gymwys ar gyfer y gwaith a fyddai'n cael ei wneud ar eu heiddo.

Cefnogodd yr Aelod Cabinet - Llesiant a Chenedlaethau'r Dyfodol yr uchod, ond ychwanegodd y byddai'r Cynllun pe bai'n cael ei ddatblygu yn y pen draw, yn gwella effeithlonrwydd ynni mewn eiddo yr oedd angen hyn arno, yn enwedig mewn lleoliadau difreintiedig yn y cymoedd.

PENDERFYNWYD:

Mae'r Cabinet yn croesawu'r adroddiad ond cyn bwrw ymlaen ymhellach gofynnodd am gadarnhad ysgrifenedig gan Lywodraeth Cymru mewn perthynas â'r rolau a'r cyfrifoldebau mewn perthynas â chyflawni ac ôl-gwblhau.

603. CAEAU CHWARAE CAE GOF

Cyflwynodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol adroddiad, a'i bwrpas oedd ystyried yr achos busnes a baratowyd yn unol â dogfen Bolisi Trosglwyddo Asedau Cymunedol (CAT) y Cyngor i gefnogi prydlesu'r pafiliwn bowlenni, lawnt bowlïo, dau gae rygbi, a chyrtau tennis yng Nghaeau Chwarae Cae Gof i Glwb Athletau Cefn Cribwr (CCAC); ac asesu'r pecyn cyllido y gofynnodd CCAC amdano o dan Gronfa £1 miliwn CAT a Chronfa Rheoli Newid y Cyngor i weithredu cynigion i ailddatblygu'r pafiliwn bowlïo a gwelliannau draenio/cae a rheolaeth gyffredinol y lawnt bowlïo a dau gae rygbi yng Nghaeau Chwarae Cae Gof.

Dywedwyd wrth y Cabinet, o dan y protocol CAT diwygiedig, y gallai Grŵp Llywio CAT gymeradwyo ceisiadau cyllido hyd at £50k o'r Gronfa £1 miliwn CAT, a bod yn rhaid cyfeirio'r holl symiau sy'n fwy na'r trothwy hwn at y Cabinet i'w cymeradwyo, a gan fod CCAC wedi cyflwyno sawl cais, roedd angen i'r Cabinet ystyried y mater.

Cadarnhaodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol fod CCAC yn cynrychioli buddiannau'r adrannau rygbi a bowlenni ym Meysydd Chwarae Cae Gof a'u bod wedi cyflwyno mynegiant o ddiddordeb yn gyntaf yn y Prif Bafiliwn ar 12 Awst 2016 a gymeradwywyd gan Fwrdd Gwasanaethau Cysylltiedig Cymunedau Cryf y Cyngor ar 5 Hydref 2016. Ail-ymgysylltodd y Clwb â'r broses CAT ar 10 Ionawr 2019 pan aethpwyd ymlaen â thrafodaethau mwy ffurfiol a oedd hefyd yn cynnwys Cefn Cribwr FC. Arweiniodd hyn at fynegiant o ddiddordeb ar y cyd gan CCAC a Cefn Cribwr FC ar gyfer prydlesu Caeau Chwarae Cae Gof gan gynnwys y Prif Bafiliwn a gymeradwywyd mewn egwyddor gan Grŵp Llywio CAT ar 19 Rhagfyr 2019.

Fodd bynnag, ar ôl barnu nad oedd llawer o gynnydd yn cael ei wneud gyda Cefn Cribwr FC, penderfynodd adrannau rygbi a bowlïo CCAC ddatblygu CAT ar eu pennau eu hunain trwy gynnig cymryd prydles dros ran o Gaeau Chwarae Cae Gof, sef y Pafiliwn Bowlïo a'r Lawnt, 2 x cae rygbi a chyrtau tennis. Cytunwyd ar y cynnig diwygiedig mewn egwyddor gan Grŵp Llywio CAT ar 7 Rhagfyr 2020. O dan y trefniadau newydd mae

Cefn Cribwr FC wedi cadarnhau y byddent am gwblhau prydles ar wahân i'r Prif Bafiliwn a 2 x cae pêl-droed gyda thrafodaethau'n parhau ar hyn o bryd.

Roedd CCAC yn ceisio ymestyn y pafiliwn bowlio presennol i ddarparu ar gyfer anghenion rygbi, dyfarnwr, anabledd a chwaraeon benywaidd gyda Chaniatâd Amodol ar gyfer Cais Cynllunio P/20/624 /FUL yn cael ei gymeradwyo ar 4 Tachwedd 2020. Roedd y Clwb hefyd yn edrych i wella cyflwr y caeau rygbi sydd wedi bod yn destun arolwg cyflwr annibynnol gan Oolong Sports Pitch Consultancy ym mis Chwefror 2020 o dan gontract Cymorth Busnes CAT.

Dywedodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol fod CCAC wedi paratoi cynlluniau busnes ac ariannol manwl yn amlinellu eu cynigion i ailddatblygu'r Pafiliwn Bowlio a gwelliannau i'r caeau rygbi ac i roi sicrwydd ynghylch hyfywedd a chynaliadwyedd y prosiect. Adolygwyd y rhain gan yr Adran Gyllid a Grŵp Llywio CAT ac ystyriwyd eu bod yn dangos hyfywedd ariannol y prosiect.

Roedd CCAC hefyd wedi cyflwyno ceisiadau cyllid i'r Gronfa CAT a adolygwyd ochr yn ochr â'r cynlluniau busnes ac ariannol gan yr Adran Gyllid a'r Adran Barciau yn y lle cyntaf a chan Grŵp Llywio CAT.

Dangoswyd manylion hyn ar ffurf Tabl ym mharagraff 4.8 o'r adroddiad.

Roedd Syrfêwr Meintiau (Prosiectau Mawr) y Cyngor wedi adolygu'r gwaith adeiladu a gynhwyswyd o dan gynnis Gwaith Ymestyn a Gwaith Adferol y Pafiliwn Bowlio ac wedi penderfynu mai cyfanswm cost gwaith adeiladu oedd £154,441.55 a oedd yn cynnwys arian wrth gefn o £20,144.55 (neu 15%). Roedd CCAC wedi sicrhau, mewn egwyddor, gyfanswm o £40,000 o ddwy ffynhonnell allanol. Cyngor Cymuned Cefn Cribwr (£20,000) a Chronfa Etifeddiaeth Gymunedol Ford (£20,000) a oedd yn ychwanegol at £11,000 yr oedd y Clwb wedi'i glustnodi o'i gronfeydd ei hun tuag at y gost.

Defnyddiwyd yr arolygon cyflwr caeau annibynnol a gomisiynwyd o dan gontract Cymorth Busnes y Cyngor gan CCAC i lywio'r ceisiadau cyllido ar gyfer y gwelliannau i ddau gae rygbi (Cae A a Chae D) gyda dyfynbrisiau yn cefnogi'r cyllid y gofynnwyd amdano. Roedd y gwelliannau draenio a'r gwelliannau i'r caeau a nodwyd wedi cael eu hasesu gan y Rheolwr Gwasanaethau Mannau Gwyrdd a Phrofedigaeth o ran cynnwys technegol ac ystyriwyd eu bod yn rhesymol ar sail cymhariaeth o'r arolygon cyflwr cyfatebol. Roedd yr Adran Gyllid hefyd wedi adolygu'r ddau gais am gyllid ac wedi dod i'r casgliad na ellid ariannu gwaith a nodwyd a oedd yn gyfanswm o £20,688.45 (Cae A £9,043.20 a Chae D £11,645.25) ar gyfer gwelliannau draenio a gwelliannau i'r caeau o'r Gronfa CAT gan eu bod yn refferniw eu natur ac felly nid oeddynt yn gymwys i gael cyllid cyfalaf. Fodd bynnag, roedd cyllid refferniw o dan y Gronfa Rheoli Newid a neilltuwyd yn benodol ar gyfer gwelliannau draenio a gwelliannau i'r caeau y gellid ei defnyddio ar gyfer y rhan hon o'r prosiect.

Cadarnhaodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol fod CCAC hefyd wedi cyflwyno cais am gyllid i alluogi prynu offer cynnal a chadw caeau gwerth £8,580.67 a oedd yn ychwanegol at gyllid o £5,232.38 a ddarparwyd eisoes o dan y Gronfa CAT i alluogi prynu offer i gynnal a chadw'r lawn bowlio. Aseswyd y ceisiadau cyllid a'r offer a nodwyd gan yr adrannau Cyllid a Pharciau ac ystyriwyd eu bod yn rhesymol.

Estynnodd y Dirprwy Arweinydd ei ddiolch i'r Swyddog CAT am yr holl waith caled yr oedd wedi'i roi i'r adroddiad a'i ganlyniad ffafriol. Roedd yn teimlo fod gan y Cyngor raglen CAT hyblyg ac anogodd Glybiau a Chymdeithasau eraill i ddod ymlaen a dilyn ôl troed Clwb Athletau Cefn Cribwr trwy gymryd perchnogaeth o asedau yr oeddent yn eu defnyddio'n rheolaidd ac y cawsant fwynhad ohonynt.

Adleisiodd yr Aelod Cabinet - Cymunedau y diolch a estynnwyd i'r Swyddog CAT a weithiodd yn galed iawn ac a oedd yn hynod effeithiol yn ei rôl. Er bod y broses a ddilynwyd yn y caffaeliad hwn wedi bod yn gymhleth, dangosodd yr hyn y gellid ei gyflawni pan roddwyd y cynnig i Glybiau gymryd perchnogaeth o'u tynged eu hunain. Cymeradwyodd y Cynllun Busnes yn y Trosglwyddiad hwn a oedd yn cynnwys nifer wahanol o nodweddion fel rhan o'r cynigion CAT.

Estynnodd Aelod y Cabinet - Llesiant a Chenedlaethau'r Dyfodol ei diolch i Glwb Athletau Cefn Cribwr am eu hymdrechion i ddod ymlaen a chymryd cyfrifoldeb am y cyfleusterau sydd wedi'u cynnwys fel rhan o'r CAT.

**PENDERFYNWYD:**

Bod y Cabinet yn cymeradwyo:

- (1) Yr achos busnes (cynlluniau busnes ac ariannol) a gyflwynwyd gan CCAC i gefnogi prydlesu'r Pafiliwn Bowlio, lawnt bowlio, dau gae rygbi a chyrtau tenis ym Meysydd Chwarae Cae Gof trwy ddangos hyfywedd ariannol a chynaliadwyedd y prosiect yn glir.
- (2) Y ceisiadau cyllido cysylltiedig a gyflwynwyd gan CCAC o dan y cronfeydd CAT a Rheoli Newid a amlygwyd ym mharagraff 9.2 o'r adroddiad.

**604. CYNLLUN BYSIAU BRYS - TREFNIADAU CAM 2**

Cyflwynodd y Cyfarwyddwr Corfforaethol - Cymunedau yr adroddiad y bwriedwyd iddo nodi'r cyd-destun ehangach, y cefndir a'r rhesymau dros y Cynllun Bysiau Brys (BES) a cheisio cytundeb i Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr (CBSPAO) gytuno i egwyddorion cytundeb BES2 a sefydlu perthynas â'r awdurdod rhanbarthol arweiniol a'r llofnodydd sy'n sicrhau bod y cyllid brys parhaus yn cwrdd â blaenoriaethau CBSPAO ac yn cael ei gyflawni ar ran CBSPAO.

Esboniodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol fod pandemig Covid-19 wedi effeithio'n ddifrifol ar deithio ar fysiau. Roedd nifer y teithwyr wedi gostwng yn sylweddol, tra bod pellhau cymdeithasol a gofynion glanhau ychwanegol wedi rhoi beichiau a chostau ychwanegol ar weithredwyr.

Esboniodd bod Llywodraeth Cymru (LIC) ac awdurdodau lleol (ALI) wedi camu i'r adwy, i gefnogi'r sector gyda chymorth ariannol sylweddol. Hefyd, bu deialog barhaus, ragorol rhwng yr holl bartïon i drafod a chytuno ar drefniadau cymorth, ychwanegodd.

Parhaodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol, trwy gynghori bod y Gweinidog Economi a Thrafnidiaeth, wedi cyfarfod ag Arweinwyr pob un o'r 22 ALI, ynghyd â'i swyddogion, i amlinellu cyfeiriad teithio LIC. Mae manylion pellach wedi'u cynnwys yn Strategaeth Drafnidiaeth Cymru (WTS) sydd wedi bod yn destun ymgynghori. Yn fwy diweddar, cyfarfu'r Dirprwy Weinidog, Lee Waters AS, â'r holl Arweinwyr i drafod y WTS ond hefyd i annog ALLau i ymuno â Chynllun Bysiau Brys 2 (BES2). Hwn oedd y cam diweddaraf o gymorth ariannol i helpu gweithredwyr trwy gyfnod y pandemig.

Ochr yn ochr â hyn, camodd LIC i mewn i helpu gweithredwyr i ddelio â llai o incwm ar lwybrau a weithredir yn fasnachol a'r costau ychwanegol yr eir iddynt. I ddechrau, roedd LIC yn sicrhau bod £29m ar gael o Gronfa Caledi, a oedd yn gweithredu o Ebrill 2020 am dri mis. Crëwyd y gronfa hon o arian a fyddai fel arall wedi cael ei dalu trwy'r Grant Cynnal Gwasanaethau Bysiau (BSSG), ad-daliad Pris Siwrnai Consesiynol Gorfodol a chynllun 'Fy Ngherdyn Teithio'.



Yna cyflwynwyd y Cynllun Bysiau Brys ym mis Gorffennaf i ddarparu cefnogaeth barhaus. Daeth hyn yn hysbys fel 'BES 1' a pharhaodd i gynnal incwm gweithredwyr ar lefelau hanesyddol, yn seiliedig ar yr hyn a oedd yn cael ei dalu iddynt o dan gynlluniau grant blaenorol. Yn gyfnewid am y gefnogaeth ariannol hon, nododd LIC ei fod yn disgwyl i weithredwyr gyfrannu at ail-lunio gwasanaethau bysiau yng Nghymru, i gynnwys gwell rhwydweithiau rhanbarthol gyda mwy o integreiddio â gwasanaethau rheilffyrdd, system docynnu glyfar ac amserlennu.

Gan droi at y sefyllfa bresennol, dywedodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol, y bydd BES 2 yn parhau i fynd i'r afael â cholli refeniw o werthu tocynnau a'r costau ychwanegol sy'n gysylltiedig ag ymateb i'r pandemig. O dan BES 2 bydd cyllid LIC yn eistedd ochr yn ochr â chyllid awdurdodau lleol a ddarperir trwy'r Cynllun Teithio Rhatach a thrwy Grant Cymorth Refeniw, gyda'r Grant Cymorth Gwasanaethau Bws i wneud iawn am y diffyg.

Byddai LIC yn cyd-lofnodwr cytundeb BES 2 gyda gweithredwyr bysiau, ynghyd â Thrafnidiaeth Cymru. Mae hyn yn dal i gael ei drafod ar hyn o bryd a gall fod yn destun newidiadau cyn iddo gael ei gwblhau. Mae ALL yn cadw cyfrifoldebau cyfreithiol am wasanaethau bysiau ac felly'n parhau i fod yn ganolog i benderfyniadau ynghylch pa wasanaethau lleol sy'n derbyn y gefnogaeth hon. Byddai angen iddynt gytuno ag egwyddor y cytundeb a'r berthynas â'u Hawdurdod Arweiniol, wrth sicrhau bod y cyllid brys parhaus yn gyflawn eu blaenoriaethau ac yn cael ei gyflawni ar eu rhan.

Byddai hyn yn darparu'r sylfaen gyfreithiol i LIC wneud taliadau i'r gweithredwyr. Yn y modd hwn, gallai LIC ddefnyddio'i phwerau i gefnogi gweithredwyr, ond byddai'r cyllid ychwanegol yn torri terfynau de minimis ALL ar gyfer contractau dyfarnu uniongyrchol (manylion pellach yn y nodyn briffio yn Atodiad 1 a'r Cytundeb arfaethedig llawn yn Atodiad 2, i'r adroddiad). Byddai ALLau yn parhau i fod yn gyfrifol am y gwasanaethau hynny y maent ar hyn o bryd yn eu contractio'n uniongyrchol gyda gweithredwyr bysiau. Byddai angen i ALLau ystyried cynllunio ar gyfer hapddigwyddiadau, fel os nad yw'r cytundeb BES2 wedi'i lofnodi neu os yw lefel y cyllid ar gyfer BES2 yn cael ei ostwng yn ystod cyfnod y cytundeb.

Dangoswyd nodweddion allweddol BES 2 ym mharagraff 4.4 o'r adroddiad.

Gorffennodd y Pennaeth Gweithrediadau - Gwasanaethau Cymunedol ei gyflwyniad, trwy gynghori bod costau BES2 yn cael eu hariannu trwy LIC i Gyngor Sir Fynwy fel awdurdod arweiniol. Wrth ymuno â BES2, roedd awdurdodau lleol felly'n cytuno i gymorth ariannol gael ei ddarparu i'r sector bysiau.

Cadarnhaodd Aelod y Cabinet - Cymunedau ei fod yn hapus gyda'r adroddiad, y byddai ei ddarpariaethau yn caniatáu i gwmnïau bysiau gael gafael ar rai llwybrau cyllido.

Dywedodd yr Arweinydd ei fod hefyd yn cefnogi'r cyllid ar gyfer y diwydiant bysiau trwy fuddsoddiad arian parod gan Lywodraeth Cymru.

Ychwanegodd ei fod hefyd yn cefnogi'r dull gwasanaeth bysiau rhanbarthol a fabwysiadwyd ym Mhen-y-bont ar Ogwr, lle darparwyd gwasanaethau i/o'r Fwrdeistref Sirol i ardaloedd cyfagos, gan fod hyn yn sicrhau parhad cynllun trafndiaeth gyhoeddus effeithiol i ddefnyddwyr.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn cytuno ag egwyddorion cytundeb BES 2 (Atodiad 2 i'r adroddiad) i sicrhau cefnogaeth ariannol (amodol) i'r sector bysiau a dirprwyo awdurdod i'r Cyfarwyddwr Corfforaethol - Cymunedau i sefydlu perthynas gyda'r awdurdod

arweiniol rhanbarthol a'r llofnodydd, sy'n sicrhau bod y cyllid brys parhaus yn cwrdd â blaenoriaethau CBSPAO ac yn cael ei gyflawni ar ei ran.

- Yn derbyn adroddiad pellach ar gynigion diwygio bysiau sy'n ymwneud â rheoli gwasanaethau bysiau yng Nghymru yn y dyfodol maes o law.

**605. RHAGLEN MODERNEIDDIO YSGOLION - GORLLEWIN PEN-Y-BONT AR OGWR - CANIATÂD I YMGYNGHORI AR GYNNIG STATUDOL**

Cyflwynodd y Cyfarwyddwr Corfforaethol - Addysg a Chymorth i Deuluoedd adroddiad, a roddodd grynodedb i'r Cabinet o'r gwerthusiadau a gynhaliwyd ynghylch cynlluniau arfaethedig Moderneiddio Ysgolion ar gyfer ardal Gorllewin Pen-y-bont ar Ogwr, gan gynnwys rhai argymhellion allweddol mewn perthynas â'r eitem hon.

Cadarnhaodd fod y Cabinet ar 21 Ionawr 2020 wedi rhoi cymeradwyaeth i gynlluniau Pen-y-bont ar Ogwr gael eu dwyn ymlaen trwy'r trefniadau cyllido MIM. Y ffordd orau ymlaen ar gyfer cynllun Pen-y-bont ar Ogwr yw:

- yr opsiynau addysg a ffefrir ar gyfer darparu ysgol cyfrwng Saesneg â dau ddsbarth mynediad ar safle - sy'n addas ar gyfer Ysgolion Cynradd Afon y Felin a Corneli gyda'i gilydd) a;
- darparu ysgol cyfrwng Cymraeg â dau ddsbarth mynediad ar safle - sy'n addas ar gyfer Ysgol Y Ferch o'r 'Sgêr wedi'i hymestyn.

Penderfynwyd ar y safleoedd a ffefrir ar gyfer datblygu dichonoldeb yr ysgolion newydd gan y Cabinet gan mai Valleys to Coast (V2C) yw perchennog Ystâd Marlas a safle presennol Ysgol Y Ferch o'r Sgêr/Canolfan Plant Integredig Corneli/Ysgol Gynradd Corneli.

Mae swyddogion y Tîm Moderneiddio Ysgolion wedi cael cyfres o gyfarfodydd gyda V2C a LIC er mwyn symud ymlaen â chynllun MIM 'Band B' Gorllewin Pen-y-bont ar Ogwr ac i amlinellu rhaglen briodol (rhaglen grynodedb ddrafft yn Atodiad 1 i'r adroddiad y cyfeiriwyd ato).

Esboniodd fod un safle ar gyfer yr ysgolion newydd arfaethedig yn y Gorllewin wedi'i nodi fel tir ym Mhlas Morlais, sy'n eiddo i V2C. Roedd y trafodiad tir yn seiliedig ar fargen 'cyfnewid' gyda V2C, lle mae CBSPAO yn cyfnewid safle Ysgol Gynradd Afon-Y-Felin ar gyfer safle Plas Morlais V2C. Cytunwyd ar faterion tir gan y Cabinet a'r Cyngor ym mis Rhagfyr a'u cynnwys yn y rhaglen gyfalaf.

Cadarnhaodd y Cyfarwyddwr Corfforaethol - Addysg a Chymorth i Deuluoedd fod Penawdau Telerau mewn perthynas â'r cyfnewid tir sy'n ofynnol ar gyfer y cynllun wedi'u cytuno â V2C.

Roedd LIC wedi cadarnhau bod Cwmni Partneriaeth Addysg Cymru (CPAC) wedi'i sefydlu ym mis Medi 2020. O ganlyniad, roedd yr Awdurdod bellach yn gallu symud ymlaen i gyflawni prosiectau unigol trwy'r broses Cais am Brosiect Newydd, fel y nodwyd yn y Cytundeb Partneriaeth Strategol.

Yna eglurodd, ym mis Tachwedd 2020, bod LIC wedi cymeradwyo cyflwyniad Achos Amlinellol Strategol CBSPAO mewn perthynas â chynnig Gorllewin Pen-y-bont ar Ogwr.

Er mwyn symud y cynlluniau arfaethedig Band B Pen-y-bont ar Ogwr i gam 2 LIG MIM a cham cymeradwyo achosion busnes, roedd yn rhaid yn gyntaf fod wedi cwblhau prosesau statudol angenrheidiol y Cod Trefniadaeth Ysgol.

Er mwyn sicrhau newid o'r natur arfaethedig, nododd fod y Cod yn mynnu bod ymarfer ymgynghori â chorff llywodraethu ysgolion, staff, rhieni, disgyblion a phartïon â diddordeb yn cael ei gynnal.

Dywedodd y Cyfarwyddwr Corfforaethol - Addysg a Chymorth i Deuluoedd fod nifer o opsiynau ar gael o dan y Cod, o ran cyflawni'r trefnidaeth ysgol sy'n angenrheidiol ar gyfer cynlluniau 'Band B' Gorllewin Pen-y-bont ar Ogwr a bod y rhain wedi'u manylu (ar gyfer y cyfrwng Gymraeg a'r cyfrwng Saesneg) ym mharagraff 4.12 o'r adroddiad.

O ran y cynnig cyfrwng Cymraeg, nid oedd angen cau unrhyw ysgol (byddai modd ehangu Ysgol Y Ferch O'r Sgêr bresennol yn ffurfiol). O ran cyfrwng Saesneg, fodd bynnag, byddai un ysgol yn disodli dwy ysgol (gyda dau bennaeth).

Byddai adeilad y Ganolfan Plant Integredig (ICC) sydd wedi'i leoli ar safle Corneli ar hyn o bryd yn aros yn ei le o dan y cynnig 'fel y mae' ac o ganlyniad byddai wrth ymyl un o'r adeiladau ysgol newydd wedi cwblhau'r cynllun. Byddai gan yr adeiladau'r ddwy ysgol sydd newydd eu creu gyfleusterau cymunedol integredig. Rhagwelwyd felly ar hyn o bryd y byddai'r ddarpariaeth Dechrau'n Deg bresennol yn Ysgol Gynradd Afon y Felin yn trosglwyddo i adeilad yr ICC pe bai'r cynnig yn cael ei symud ymlaen.

Roedd llain galed ar y tir ym Mhlas Morlais (sy'n eiddo i V2C), a fyddai'n rhan o'r safle y mae'n ofynnol ei ddatblygu ar gyfer darparu adeilad newydd yr ysgol. Esboniwyd y byddai darpariaeth chwaraeon awyr agored hygyrch i'r gymuned yn cael ei chynnwys fel rhan o'r cynlluniau adeiladu newydd arfaethedig, a ddylai negyddu unrhyw anfantais sydd wedi'i chanfod sy'n gysylltiedig â datblygu'r safle.

Gorffennodd y Cyfarwyddwr Corfforaethol - Addysg a Chymorth i Deuluoedd ei adroddiad, trwy gyfeirio at y goblygiadau ariannol.

Dywedodd yr Aelod Cabinet - Addysg ac Adfywio fod yr adroddiad ar hyn o bryd ond yn cynnig ymgynghori ar y cynigion a gynhwysir ynddo a'i fod yn gobeithio i'r perwyl hwnnw, y byddai pawb sy'n rhan o'r ymgynghoriad yn cymryd rhan yn hyn.

Ychwanegodd pe bai cynigion yr adroddiad yn cael eu symud ymlaen, yna byddai hyn yn dod ag Ysgolion Modern yr 21ain Ganrif i Ogledd Corneli ar gyfer cyfrwng Saesneg a Chymraeg, ynghyd â chynnydd mewn mannau gwyrdd wrth drawsnewid safle tir llwyd a thai fforddiadwy ychwanegol.

Dywedodd yr Arweinydd fod yr adroddiad yn adlewyrchu ymrwymiad y Cyngor i ddarparu darpariaeth addysg o'r radd flaenaf yn ardal Corneli a'i fod yn gobeithio y byddai'r ymgynghoriad yn cael cefnogaeth sylweddol gan rai fel athrawon, disgyblion, rhieni a chyrrff llywodraethu'r ysgolion, o ran cefnogi dyheadau'r Awdurdod i ehangu lleoedd cyfrwng Cymraeg yn ardal orllewinol y Fwrdeistref Sirol.

**PENDERFYNWYD:**

Bod y Cabinet:

- Yn nodi'r gwerthusiadau a gynhaliwyd fel y'u mynegwyd yn yr adroddiad;
- Yn nodi'r dull a ffefrir i gyflawni'r trefnidaeth ysgol angenrheidiol, h.y. cau'r ddwy ysgol cyfrwng Saesneg (Ysgol Gynradd Corneli ac Ysgol Gynradd Afon y Felin) a sefydlu ysgol cyfrwng Saesneg â dau ddosbarth mynediad ynghyd ag ysgol feithrin cyfrwng Saesneg gyda 60 lle a mwy gyda Chanolfan Adnoddau Anghenion Dysgu Ychwanegol gyda 15 lle ar dir ym Mhlas Morlais (yn weithredol o fis Medi 2023) - ac i wneud newid rheoledig i'r ysgol Gymraeg (Ysgol Y Ferch O'r Sgêr) ar ffurf ei hengangu i

fod â dau ddsbarth mynediad ag ysgol feithrin cyfrwng Cymraeg gyda 60 lle a mwy ar safle presennol Ysgol Gynradd Corneli/Ysgol Y Ferch O'r Sgêr (yn weithredol o fis Medi 2024) a;

- Yn cymeradwyo cynnal ymgynghoriad ffurfiol ar gynnig Gorllewin Pen-y-bont ar Ogwr.

606. ADRODDIAD GWYBODAETH I'W NODI

Cyflwynodd y Prif Swyddog Gwasanaethau Cyfreithiol, AD a Rheoleiddio adroddiad, a oedd yn hysbysu'r Cabinet am Adroddiad Gwybodaeth i'w nodi (ynghlwm) a gyhoeddwyd ers ei gyfarfod diwethaf.

Dangoswyd manylion yr Adroddiad Gwybodaeth ym mharagraff 4.1 o'r adroddiad eglurhaol.

PENDERFYNWYD: Bod y Cabinet yn cydnabod cyhoeddi'r ddogfen a restrir yn yr adroddiad

607. EITEMAU BRYD

Dim.

608. GWAHARDD Y CYHOEDD

PENDERFYNWYD: O dan Adran 100A (4) o Ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, dylid gwahardd y cyhoedd o'r cyfarfod wrth ystyried yr eitem fusnes ganlynol gan ei bod yn cynnwys gwybodaeth eithriedig fel y'i diffinnir ym Mharagraff 14 o Ran 4 a/neu Baragraff 21 o Ran 5 o Atodlen 12A o'r Ddeddf.

Yn dilyn cymhwyso'r prawf budd y cyhoedd, penderfynwyd, yn unol â'r Ddeddf y cyfeiriwyd ati uchod, ystyried yr eitem ganlynol yn breifat, gyda'r cyhoedd wedi'u heithrio o'r cyfarfod, gan yr ystyriwyd yn yr holl amgylchiadau'n ymwneud â'r eitem, bod budd y cyhoedd mewn cynnal yr eithriad yn drech na budd y cyhoedd mewn datgelu'r wybodaeth, oherwydd bod y wybodaeth yn fasnachol sensitif ac mae'n ymwneud â busnes a materion ariannol y Cyngor a'r gwerthwyr arfaethedig.

609. CYMERADWYO COFNODION EITHRIEDIG

PENDERFYNWYD: Bod Cofnodion Eithriedig y cyfarfod Cabinet a gynhaliwyd ar 15 Rhagfyr 2020 yn cael eu cymeradwyo fel cofnod gwir a chywir.

Daeth y cyfarfod i ben am 18:45

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 FEBRUARY 2021

### REPORT OF THE CHIEF EXECUTIVE

#### CORPORATE PLAN 2018-2023 REVIEWED FOR 2021-22

#### 1. Purpose of report

- 1.1 To seek Cabinet endorsement of the Council's Corporate Plan 2018-2023 reviewed for 2021-22 (**Appendix A**) prior to submission to Council for approval.

#### 2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015:-**

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great 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 borough.
2. **Helping people and communities to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### 3. Background

- 3.1 The Corporate Plan 2018-2023, describes the Council's vision for Bridgend County Borough, our 3 well-being objectives and our organisational values and principles that underpin how we will work to deliver our priorities.
- 3.2 The Plan represents our contribution to achieving the 7 national well-being goals as set out in the Well-being of Future Generations (Wales) Act 2015 (WFGA) and our improvement objectives under the Local Government (Wales) Measure 2009 ("the Measure").
- 3.3 Under the WFGA, the Council is required to publish its Well-being Objectives by 31 March each year and to keep these under review. Under the Measure the Council has to set Annual Improvement Objectives and publish these as

soon as possible at the start of the financial year. Our Well-being Objectives are also our Improvement Objectives.

- 3.4 The Local Government and Elections (Wales) Bill received Royal Assent on 20 January 2021 in the Senedd and will place specific duties on Local Authorities. The latest draft guidance has been reviewed and the revised Corporate Plan for 2021-22 has taken into consideration this guidance, as the Local Government and Elections (Wales) Bill will see the repeal of the Local Government (Wales) Measure 2009 in 2021.

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

- 4.1 The Corporate Plan has been refreshed for 2021-22. This follows a corporate planning process with Corporate Directors / Heads of Service through each Directorate's departmental management team. The process was carried out between October 2020 and December 2020 to review progress, streamline the plan to focus on reviewing commitments and indicators and to further maximise our contribution to the national well-being goals, whilst recognising the current challenging environment.
- 4.2 As part of work undertaken to develop the Council's approach to recovery planning from Covid-19, the recommendations of the cross-party Recovery Panel set up with the aim of shaping, informing and advising Cabinet on the Council's recovery planning have been used to inform the review of the refreshed Corporate Plan for 2021-22.
- 4.3 Well-being objectives, aims and strategic priorities remain unchanged. Commitments have been revised and performance indicators to measure outcomes have been agreed. Where possible proposed targets for 2021-22 have been set.
- 4.4 In many cases, however, the targets that were set for 2020-21 have become meaningless or cannot be collected in the way anticipated, due to the ongoing impact of Covid-19, for example lockdowns impacting on schools and the local economy. This has meant that setting realistic performance indicators for 2021-22 has become more difficult, and specific targets even more so. Therefore, some targets have been removed and we have reverted to measuring and establishing a new baseline. The updated Corporate Plan is attached at **Appendix A**.
- 4.5 As part of the annual review, it is also proposed to extend the life span of the current Corporate Plan by one year to 2023. The rationale for this is that:
- Local elections have been pushed back by a year. They were expected to take place in May 2021 but are now being held in 2022. This enables any new administration to set its new Corporate Plan post-election and ties the Corporate Plan to a 5-year cycle in line with the local election cycle.
  - Public Services Boards (PSB) are required to undertake an assessment of well-being 12 months prior to local elections. This assessment and

the next Future Trends Report to be published in 2021-22 should be used to help inform a new Corporate Plan.

- 4.6 On 14 January 2021, the Corporate Overview and Scrutiny Committee considered the revised draft Plan. The Committee made a series of constructive comments for amendment and inclusion. All the comments have been duly considered and, wherever feasible, appropriate amendments made to the updated Plan.
- 4.8 Once approved, this Plan replaces the current Corporate Plan. Delivery will be supported by the Medium Term Financial Strategy (MTFS) and directorate business plans. The Plan will be monitored quarterly through the Corporate Performance Assessment process, directorate management team meetings and twice a year by the Corporate Overview and Scrutiny Committee.

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

- 5.1 The Council's Corporate Plan forms part of the policy framework.

## **6. Equality Impact Assessment**

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

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

- 7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives.
- 7.2 A well-being assessment of the impact of the Corporate Plan has been completed and is included as **Appendix B**.

## **8. Financial implications**

- 8.1 There are no financial implications arising from this report. The Corporate Plan is closely aligned to the Medium Term Financial Strategy that sets out the resources for delivering the Council's Corporate Plan.

## **9. Recommendation**

- 9.1 That the Cabinet endorse the Corporate Plan 2018-2023 reviewed for 2021-22 and recommend it to Council for approval on 24 February 2021.

**Mark Shephard**  
**CHIEF EXECUTIVE**  
**23 February 2021**

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**Background Documents:** None





# CORPORATE PLAN 2018-23

reviewed for 2021-22

# Introduction

## Welcome to the Council's revised corporate plan for 2021-22

Welcome to the Council's revised corporate plan for 2021-22. We are without doubt living and working in what is one of the most challenging and difficult times we have ever had to face.

When we look back on 2020, it will be mainly remembered for the COVID-19 pandemic - its cruel impact upon people's health, the desperately sad loss of some of our loved ones, friends, neighbours and work colleagues, the hugely restrictive effect upon our day-to-day lives, and the way it has impacted on how the Council has been able to do business.

Despite all of the challenges that 2020 brought and further challenges we have yet to face, there will also be opportunities that we will need to embrace as an organisation as the uncertainty about the effects of COVID-19 continue. Our staff, partners and members of the community have shown great resilience and determination during this pandemic. We have also experienced the powerful nature of working more closely in partnership with other organisations and community groups, so we need to ensure that the best elements of this can endure and grow as we move forward.

We will need to focus on restoring services, supporting communities and particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover. We need to continue to engage with local people and build and develop the principles of co-design and co-production with our local communities, and continuously assess and review how we best carry out our business and provide services, based on changing circumstances. Agile working and working from home are clearly areas that we will need to continue to invest in and embrace where appropriate.

This corporate plan has been written at a time of great uncertainty and change and the outcome of the recent consultation 'Fit for the Future' has helped us to shape where we should concentrate our efforts going forward. We know that people have valued having access to community facilities, including parks and being outdoors, that they are concerned about the economy and the impact on businesses and employment. We recognise the lasting impact this will have on the well-being of children and young people and their education as well as the mental well-being of all our residents. There are also concerns about the impact of COVID-19 on some of our most deprived communities, those most vulnerable in our society, including our elderly and on the BAME community.

We will continue to be ambitious in our plans for the future and our vision of 'One Council working together to improve lives' remains more than ever an important focus for us. Our three well-being objectives continue to be relevant to the work that we do and what we want to achieve.

This corporate plan in no way attempts to include every service that the Council delivers or will deliver in the coming years. What it does is set out our well-being objectives; the long-term outcomes that we want to achieve for the county borough and for the people we are privileged to serve. We want to contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence. We will need to prioritise where we spend our money if we are to make smarter use of our resources. It will mean investing in those things that make the most difference to outcomes for local people. Enhanced and intelligent collaboration with the private sector, other public sector partners and the third sector is crucial, as is ongoing engagement with

our citizens. Against this backdrop we have to be honest with our communities and partners in saying that the Council can no longer deliver all of the services it once did or always to the same level as in previous years. However, we remain committed to making smarter use of our resources, in supporting and protecting the most vulnerable in our communities and building an economically sound county borough that meets the needs of our citizens in the future.

This plan represents our ambitions and commitments to our citizens and our contribution to Wales' seven well-being goals as outlined in the Well-being of Future Generations (Wales) Act 2015. The plan will continue to support and drive forward our sustainability principles but will also at this challenging time, help to focus our efforts on the most important areas to keep safe the communities we serve.

Much has changed in the last year and difficult decisions have had to be made and will continue to be made. We have responded with confidence and by always putting the safety and well-being of our residents first which we will continue to do. We will continue to do our utmost and work with our partners to achieve what we have set out in this corporate plan and achieve the very best outcomes in what are the most difficult of times for our communities.

We welcome any comments, and ways of providing feedback are found at the back of this report.



Councillor Huw David  
Leader of the Council



Mark Shephard  
Chief Executive





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# A snapshot of Bridgend County Borough



Population	147,049
Size	98.5 square miles
Households	62,814
Average House Price	£155,595 (UK HPI: April 2020)
Active Businesses	4,095
People in Employment	76.2% (June 2020)
Average (median) salary	£27,398 (Welsh average £28,168)

## Representation

Wards	39
Councillors	54
Constituency Members of Senedd	2
Regional Members of Senedd	4
Members of Parliament	2

## Education

Primary schools (excl. Welsh & Faith)	39
Secondary schools (excl. Welsh & Faith)	7
Special schools	2
Pupil referral unit	1
Faith schools	6
Welsh language schools	5

## Homelessness

Homeless hostels	1
Domestic abuse refuges	2
Rough sleepers provision	3
Supported and temporary accommodation schemes	9

## Leisure and Well-being

Swimming Pools	5
Life centres & sports facilities	9
Libraries	11

## Social Care

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

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



## Total Council Income (2021-22)



Council Tax	£86.765m
Non-Domestic Rates	£48.787m
Revenue Support Grant (Welsh Government)	£163.404m
Other funding (including fees and charges)	£136.430m
<b>Total Gross Income</b>	<b>£435.386m</b>

We have **4,303** full-time equivalent staff delivering a full range of key services to over 147,000 people, which include:

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

# Our vision, principles and values

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## Our Vision

In formulating this corporate plan, the Council has considered the type of organisation it wants to be. Our vision is to act as

**“One Council working together to improve lives”.**

We will do this by delivering our well-being objectives. Achieving this will improve the quality of life of all those living and working in the county borough. This plan represents our ambitions and commitments to our citizens and sets out our contribution to Wales’ seven well-being goals as outlined in the Well-being of Future Generations (Wales) Act 2015.

This means that we will become a smaller, more flexible and innovative local authority that works with partners and local communities to create a future in which residents have access to a more responsive and tailored service. It will also mean that residents take greater responsibility for making that happen, to improve their own resilience and for that of the community as a whole.

## Our Principles

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

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

These principles highlight the importance of other organisations in delivering services to meet local needs. The Council has a track record of working with the third sector, the not-for-profit sector and the private sector, each of which already provides some services for the Council. We will continue to build on this approach for the duration of this plan.

These principles, together with the Council’s values, support the principle of sustainable development defined by the Well-being of Future Generations (Wales) Act 2015. Sustainable development is about improving the way in which we can achieve our economic, social, environmental and cultural well-being by focusing on the long term, prevention, integration collaboration and involvement. It will underpin everything we do and help us make the county borough a great place for people to live, work, study and visit.

## Our Values

These represent what we stand for and shape how we work:

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

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

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

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

Our principles, together with our values, support the principle of sustainable development defined by the Well-being of Future Generations (Wales) Act 2015. Sustainable development is about improving the way in which we can achieve our economic, social, environmental and cultural well-being by focusing on the long term, prevention, integration collaboration and involvement. It will underpin everything we do and help us make the county borough a great place for people to live, work, study and visit.

# Well-being objectives

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

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

This document sets out a small number of important long-term objectives we want to achieve. These are our well-being objectives under the Well-being of Future Generations (Wales) Act 2015. They are also our improvement objectives under the Local Government (Wales) Measure 2009.

In setting our well-being objectives we set out what we aim to achieve and why they are important. More detail on this can be seen in our well-being statement. Our well-being objectives are integrated, which ensures we are working together to achieve shared outcomes. This plan sets out the steps we will take and identifies the priority areas to drive improvements. Details on how we have already made progress towards these objectives can be found in our Annual Report 2019-20 (<https://www.bridgend.gov.uk/media/9651/annual-report-2019-to-2020.pdf>)

## Our well-being objectives



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



## Our contribution to the well-being goals

This report sets out the contribution our well-being objectives make to the seven well-being goals. These are set out below:

Well-being Goal	Well-being Objective		
	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
A prosperous Wales	✓		✓
A resilient Wales			✓
A healthier Wales	✓	✓	✓
A more equal Wales	✓	✓	✓
A Wales of cohesive communities	✓	✓	✓
A Wales of vibrant culture and thriving Welsh language	✓	✓	
A globally responsible Wales	✓		✓

## How we are using the five ways of working

In addition to the seven well-being goals, the Well-being of Future Generations (Wales) Act 2015 puts in place the sustainable development principle, and defines the five ways of working that public bodies must adopt to demonstrate they have applied the sustainable development principle. The five ways of working are:

**Long term** – The importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs.

























**Prevention** – We are being proactive in resources into preventing problems occurring or getting worse.

**Integration** - Considering how our well-being objectives may impact upon each of the well-being goals, or on the objectives of other public bodies.

**Collaboration** - Acting in collaboration with any other person/organisation or different parts of the local authority to deliver our well-being objectives.

**Involvement** - The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the areas which we serve.

We have embedded the five ways of working, as expressed in the Well-being of Future Generations (Wales) Act 2015 into our principles.

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

## Steps and targets

We review our steps (commitments) and targets every year to ensure we continue to take steps to meet our well-being objectives. The unprecedented challenges presented by the global COVID-19 pandemic during the 2020-21 financial year have inevitably meant that many of the commitments and performance indicators originally set out in last year's plan have been impacted as significant new challenges and priorities emerged, particularly around public health. This has meant that in many cases the targets that were set for last year have become meaningless or cannot be collected in the way anticipated. This in turn has meant that in some priority areas setting a realistic performance indicator for 2021-22 has become more difficult. Therefore some targets have been removed and we have reverted to measuring and establishing a new baseline. Where this is the case these have been shaded in grey. It is hoped that during 2021-/22, we will be able to return to something approaching normality and consequently we will be able to measure and manage performance in the way that has been done historically for future years.

# Well-being Objective 1

## Supporting a successful sustainable economy

This means we will take steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.

### Our well-being aims

1. To support local people develop skills and take advantage of opportunities to succeed
2. To create conditions for growth and enterprise
3. To create town centre and communities that improve the quality of life for citizens

### Why these are important

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

Helping us to achieve our ambition of a successful sustainable economy, the Council, along with key partners, is working on a number of projects which will deliver the outcomes to help Bridgend thrive over the long term. These include:

- A Replacement Local Development Plan (LDP), which sets out our objectives for the development and use of land in the county borough up to 2033, including the need to build around 7,500 homes.
- The Cardiff Capital Region City Deal, which the local authority is part of, with the aim of creating 25,000 jobs across the entire region and bringing in £4bn of private sector investment by 2036. The City Deal includes four strategic themes, which will benefit the county borough - skills and employment, innovation, connecting the region and infrastructure.
- The Valley's task force programme, an initiative the local authority is committed to, along with other South East authorities, which includes supporting the Maesteg Town Hall project, along with grant programmes for housing and business and tourism investment across the valleys, including the £6.6m Valleys Regional Park programme.
- Developing a masterplan for the regeneration of Bridgend Town Centre. This will bring forward a number of projects in partnership with key stakeholders to increase the range and number of facilities in the town centre, which will inject vibrancy and a sense of place. It will also encourage more use of public transport and active travel, provide opportunities for education and learning and assist in the economic recovery of the town centre.
- Working in partnership with Welsh Government, Registered Social Landlords (RSLs) and the private sector to increase social housing opportunities throughout Bridgend, and support the effective and best use of Social Housing Grant for the development of new housing to meet housing needs.

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

We will work towards the principles of the foundation economy model – better jobs closer to home which will nurture and grow local economies by stimulating meaningful employment in communities with high levels of unemployment. We will seek to boost economic development throughout the County Borough through a range of activities including the development of enterprise hubs and direct business support packages.

We believe that education remains the most important lever for improving the life chances and resilience of young people. Our future long-term prosperity depends on the skills and knowledge of our communities. Estyn (Her Majesty's Inspectorate for Education and Training in Wales) inspected the local authority in March 2019 under the new Local Government Education Services (LGES) Inspection framework, introduced in September 2018. The inspection identified many strengths that the local authority has in providing education to its learners, but also recognised some areas that we need to improve on.

From 2017, the Welsh Government stopped publishing a standards group for schools. Instead schools now use a broader set of performance information to evaluate how they are doing which is set out in the Welsh Government National School Categorisation System. (<https://gov.wales/sites/default/files/publications/2019-01/national-school-categorisation-system-guidance-for-parents-and-carers.pdf>) As at January 2020 35 of our 60 schools were categorised as green. We will continue to work closely with our challenge advisors in the Central South Consortium to improve learner outcomes and improve our schools.

COVID-19 pandemic saw schools closed in March 2020, and a reopening of schools in September 2020, with new ways of teaching through Google classroom and parents supporting their children in continuing with education at home. Blended learning has become even more important to enable pupils to continue with their learning and Welsh Government's decision to replace exams with teacher managed assessments for 2021 means resources will be focussed on well-being of learners, ensuring fairness and maximising teaching and learning for students at this difficult time. We will also realise the new Curriculum for Wales, supporting the diverse needs of our young people through the medium of Welsh and English, raising standards, improve education for key groups of learners, including the most vulnerable with a relevant real world curriculum to equip them for their future lives.

## Our priority areas to support this well-being objective

- **Improve learner outcomes** – To inspire and support children, adults and families to achieve better outcomes, leading to prosperous, healthy, safe and happy communities.
- **Growth and prosperity** - Promote the conditions for growth and prosperity by supporting people and business to take advantage of the opportunities to help them succeed.

## Who will help us?

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

## Steps we will take to support this well-being objective

### To help improve learner outcomes we will

Sustain the current good pupil performance at key stage 4.

Raise standards of literacy in primary schools.

Improve outcomes for post-16 learners in school sixth forms.

Assess the impact of the COVID-19 school closures on outcomes for learners and support schools to mitigate teaching and learning issues as a result of the pandemic.

Support schools to provide safe learning environments for all learners and staff in schools.

Deliver the priorities in the Welsh in Education Strategic Plan (WESP) to promote Welsh medium education and increase the number of Welsh speakers to support Cymraeg 2050.

### To support growth and prosperity we will

As part of regeneration to support the growth and prosperity of the county borough the following key developments are planned:

- The redevelopment of town centres across the County Borough; including the production of a masterplan for Bridgend Town Centre and the redevelopment of Maesteg Town Hall, providing improved community facilities to include the town library, performance spaces, offering improved accessibility for visitors and creating jobs.
- The regeneration of the Porthcawl waterfront including the development of the Salt Lake area for a mixed use sustainable development of retail, housing and leisure

Create better town centres through improving property and the environment. Including seeking opportunities to work collaboratively with key stakeholders for mixed use developments which combine, live, work and social spaces to add vibrancy and promote conditions for growth and prosperity.

Through Employability Bridgend, work with individuals to improve their job opportunities and reduce economic inactivity.

Provide the right infrastructure and support for business to overcome the impact of the COVID-19 situation by:

- Supporting business start ups
- Supporting resilience of businesses - (enterprise hubs)
- Developing procurement strategies to boost the foundational economy

Improve the visitor experience to boost tourism in the wake of the COVID-19 crisis by:

- Enhancing the natural environment through Valleys Regional Park
- Deliver the Porthcawl Resort Investment Focus (PRIF) programme

## How will we know we are successful?

By monitoring our measures of success we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority area: Improve learner outcomes

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Average capped 9 score for pupils in Year 11.	362	363.0	N/A
Percentage of pupils, at end of foundation phase, achieving Outcome 5 or above in teacher assessments for LLC-E and LLC-W (Language Literacy and Communication in English and Welsh).	83.2%	85.1%	N/A
Percentage of pupils assessed at the end of key stage 2, in schools maintained by the local authority, achieving the expected outcome in English/Welsh first language, as determined by teacher assessment.	88.6%	90.2%	N/A
Percentage of pupils at A level achieving 3 A*-C grades.	55.4%	55.6%	N/A
Percentage of Year 1 learners taught through the medium of Welsh.	7.58%	8.7%	8.7%

### Priority area: Growth and prosperity

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
The number of vacant premises in town centres: a) Bridgend b) Maesteg c) Porthcawl d) Pencoed	a) 65 b) 13 c) 19 d) 7	No targets	Bench marking
The number of visitors to town centres- footfall for a) Bridgend b) Porthcawl	a) 6.3m b) 2.7m	No targets	Bench marking
Financial value of externally funded town centre regeneration projects underway/in development.	£15m	£13m	£13m
Total annual expenditure by tourists.	£362.69m	N/A	Bench marking
Number of business start-ups.	475	No target	Bench marking
The number of participants in the Employability Bridgend programme going into employment.	334	200	250



## Well-being Objective 2

# Helping people and communities to be more healthy and resilient

This means we will work with our partners, including the people who use our services to take steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. We will support individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.

### Our well-being aims

1. To give people more choice and control over what support they receive by providing early access to advice and information.
2. To reduce demand through targeted early help and intervention programmes.
3. To develop more active, healthy and resilient communities by working in partnership with the third sector, town and community councils and community groups.

### Why these are important

Local authorities have a role to play in helping individuals and communities to develop social capital. There is growing recognition that although disadvantaged social groups and communities have a range of complex and inter-related needs, they also have assets at the social and community level that can help improve health, and strengthen resilience.

The Council is committed to taking asset-based approaches to improving health and building resilience for well-being. By intervening early and focusing on preventative services we can help people and communities to be more independent, less reliant on council services and more likely to achieve better outcomes. At the service delivery level, timely and appropriate interventions help reduce costs which helps to safeguard the sustainability of services, ensuring the Council can effectively support those with greatest need.

The prevention and well-being focus within the Council has allowed assets such as community centres, to re-design the service model so that they now offer a wider range of services that support better physical health and emotional well-being.

The positive impact of housing on standards of health and overall well-being is recognised as a key contributor to these key outcomes. The Council will work collaboratively with external partners providing responsive, creative and innovative approaches to prevent and relieve homelessness, ensuring accessibility to suitable accommodation with the appropriate support to meet housing legislation and Welsh Government guidelines.

Empty properties are a wasted resource and a missed opportunity to improve well-being. The Council is committed to reducing the number of empty properties across the county borough and helping to contribute towards increasing the availability of quality affordable housing for sale or for rent. The additional wider benefits include improving the aesthetic of the local environment, creating training and job opportunities.

## Our priority areas to support this well-being objective

- **Developing and enhancing community support and services** – Ensuring there are high quality, seamless opportunities, support and services in place for those who need our help to enable them to remain independent for as long as possible.
- **Building resilient communities** – Working with our partners and communities we will develop through co-production new and innovative alternatives to improve well-being and to support and sustain delivery. New service models will be sustainable and less reliant on the Council and will reflect a positive shift in responsibility by empowering other organisations and local people.
- **Better health and well-being** – Improve the physical, mental and emotional well-being of children and young people and vulnerable citizens, to ensure they can thrive and fulfil their potential.

## Who will help us?

We will work with partners to help achieve our aims, in particular the NHS, Police, Awen Cultural Trust, Halo Leisure and the third sector. Similarly, Registered Social Landlords and private sector landlords are also essential partners.

We also work collaboratively on a regional basis as members of the Cwm Taf Morgannwg Regional Partnership Board. In addition, our key stakeholders, the people who use social care, play a vital role in helping design services that best meet need.

## Steps we will take to support this well-being objective

### To develop and enhance community support and services we will

Develop a sustainable operating model for integrated community services with Cwm Taf Morgannwg Integrated Locality Group.

Target the use of early intervention services to reduce demand on statutory services.

### To build resilient communities we will

Continue the safe reduction of children looked after (CLA) numbers, and support children looked after to achieve the best possible outcomes by:

- Ensuring CLA are supported to live with their families and where this is not possible identify alternative permanence options at the earliest opportunity
- Ensuring CLA enjoy the same life chances as other children

Work in partnership with town and community councils, third sector and community groups to complete community asset transfers and develop long-term sustainable solutions to manage and maintain facilities / services.

Work with households and partners to prevent people from becoming homeless, and support vulnerable people including rough sleepers, by providing a range of accommodation options reacting to the changing guidance from Welsh Government as part of the COVID-19 response.



### To build resilient communities we will

Aim to support households to transition into long term solutions to prevent homelessness and escalation into statutory services.

Work with landlords to return empty properties back into use helping to increase the availability of affordable housing for sale or rent.

### To support better health and well-being we will

Improve the quality of care and support provided to individuals at home through a multidisciplinary team around people in our Community Cluster Networks, ensuring timely and responsive assessments that are people centred and meet need. This will also improve our ability to anticipate future need and ensure contingency plans are in place.

Rebuild participation in leisure and cultural activities by improving accessibility, removing barriers to involvement and supporting individual well-being and community COVID-19 recovery.

Work with partners to develop a mental health strategy and action plan to support children, young people and all adults particularly with the added and often acute pressures from COVID-19 and lockdown.

## How will we know we are successful?

By monitoring our measures of success, we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority Area: Developing and enhancing community support and services

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Number of people aged 65+ referred to Community Resource Team.	Not applicable	2200	2200
Percentage of reablement packages completed that: a) Reduced the need for support b) Maintained the same level of support c) Mitigated the need for support	Not applicable	Establish baseline	(a) 33% (b) 11% (c) 48%

## Priority Area: Building resilient communities

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Number of council owned assets transferred to the community for running.	4	15	10
Percentage of households threatened with homelessness successfully prevented from becoming homeless.	66.2%	72%	60%
Percentage of people presenting as homeless or potentially homeless, for whom the local authority has a final legal duty to secure suitable accommodation.	10.51%	10%	30%
Number of additional dwellings created as a result of bringing empty properties back into use.	20	5	7
Percentage of private sector dwellings that had been vacant for more than 6 months at 1 April that were returned to occupation during the year through direct action by the local authority.	Not applicable	6%	6%
Number of children and young people looked after.	394	378	371
Percentage of care leavers who have completed at least 3 consecutive months of employment, education or training in the 12 months since leaving care	Not applicable	Establish baseline	To be confirmed
Percentage of care leavers who have completed at least 3 consecutive months of employment, education or training in the 13-24 months since leaving care	Not applicable	Establish baseline	To be confirmed
Percentage of care leavers who experience homelessness during the year (as defined by the Housing (Wales) Act 2014) within 12 months of leaving care.	Not applicable	Establish baseline	To be confirmed

## Priority Area: Better health and well-being

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Percentage of completed Team Around the Family (TAF) support plans that close with a successful outcome.	70%	68%	69%
Percentage of individuals in managed care supported in the community.	Not applicable	74%	75%
Percentage of individuals in managed care supported in a care home setting.	Not applicable	26%	25%
Number of individuals engaged/supported in targeted programmes linked to leisure and cultural facilities and services.	Not applicable	Establish baseline	Establish baseline
Number of people who have improved access to leisure and cultural activities by reducing cost as a barrier to taking part.	Not applicable	Establish baseline	Establish baseline

# Well-being Objective 3

## Smarter use of resources

This means we will ensure that all of our resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

### Our well-being aims

1. To ensure that the council is financially sustainable over the longer term.
2. To improve the efficiency of, and access to, services by redesigning our systems and processes.
3. To work collaboratively to make the most of natural and physical assets.
4. To develop the culture and skills required to meet the needs of a changing organisation.

### Why these are important

We recognise that we need to continue to make smarter use of our resources, looking at different ways of delivering services, embracing technology and working with partners and our communities to deliver financially sustainable services for the long term. In this way we can maximise our contribution to achieving our well-being objectives and improving well-being for our citizens while achieving those planned savings.

Over the past four years, we have made budgetary savings of more than £22 million. The COVID-19 pandemic has not only led to unexpected costs of some £9m, but an estimated £8m loss of income, which provides us with additional financial challenges going forward. These challenges continue and we still have to make a further £22m savings by 2025. Some big decisions will need to be made on what services the Council provides over the longer term and how it works in partnership to use and deliver resources in the most effective way.

Our staff, who were mobilised to support essential services at the start of the pandemic, remain key to how we will deliver services in the future. We will need to increase the capabilities of our workforce as the organisation continues to change, making savings, whilst still improving the social, economic, cultural and environmental well-being of our citizens, at a time of ever-increasing need.

Over the longer term this well-being objective is essential for the sustainability of council services and for the local economy. The Welsh Government has set an ambitious target for public sector organisations to be net carbon zero by 2030, in 4 particular areas. These include energy use, transport, buildings and open space. Our ambitions, baselining, and road map to delivering this, will form part of a "Bridgend 2030" decarbonisation strategy, the draft of which will be consulted on in the summer of 2021. The transition to decarbonisation is one of the largest economic development opportunities that Bridgend County Borough will have in the next 30 years. Working with others we also need to better manage our natural resources, seek to maintain and enhance biodiversity as well as continuing to consider how best to dispose of waste, with an emphasis on reducing, reusing and recycling.

Through our Corporate Landlord model we are transforming the council's estate, with an on ongoing disposals programme to have fewer but better buildings, reducing maintenance backlogs and running costs, whilst also reducing our carbon footprint.

By generating capital receipts from our disposals programme, we will continue to build new schools and improve the conditions of our existing school buildings to provide better teaching and learning environments for our pupils whilst also maximising community usage of these facilities.

Our Digital Strategy (<https://www.bridgend.gov.uk/media/10089/bridgend-county-borough-council-digital-strategy-2020-to-2024.pdf> ) sets out our clear direction on what we have achieved so far and what we plan to achieve in relation to the Digital Citizen, Digital Council and Digital Place, including supporting new practices. This was evidenced in the rollout of equipment and software to staff at the start of the COVID-19 pandemic for staff to be able to work effectively from home. Work continues apace to increase digital inclusion for the citizen, council and place, increasing access to existing and proposed digital services. Progress will be monitored by the Digital Transformation Board and reported on annually. Having access to technology for online study can also support positive outcomes for learners. As part of the Learning in Digital Wales Programme funded by Welsh Government, £2m will be invested in our schools to provide high speed and quality broadband, together with new and replacement classroom-based, end-user devices.

Over the short and medium term this corporate plan will focus on the following priority areas to help deliver improvements:

## Our priority areas to support this well-being objective

- **Transforming the council's estate** - Ensure the Council's estate is appropriately developed and utilised to improve service delivery, reduce running costs, minimise our impact on the environment and provide the best possible setting to meet the needs of all users including citizens.
- **Areas of corporate change** - We will adapt our ways of working to ensure the effective delivery of our well-being objectives. Embracing innovation and technology, developing the skills and approaches of staff and adopting alternative ways of working will ensure the Council is equipped to respond to future challenges.
- **Decarbonisation and environmental sustainability** - Programmes of work that protect and safeguard the environment for future generations by lowering the Council's carbon footprint, enhancing reduction, re-use and recycling of materials and promoting environmental awareness and responsibility with our communities.

## Who will help us?

Employees; Schools; Contractors; Trade Unions

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

### To transform the council's estate we will

Have fewer better buildings by:

- Disposing of or releasing surplus land and buildings to generate capital receipts and reduce our financial liabilities and improve those buildings which are retained.
- Using digital transformation of services during COVID19 to identify service re-modelling to reduce demand on office accommodation across the Councils estate.

Provide sufficient school places in the right areas by delivering 21<sup>st</sup> Century Schools' under the council's schools' modernisation programme.

### To support areas of corporate change we will

Work with the regional delivery group to identify and agree regional procurement frameworks fit for purpose to deliver economies of scale on common and repetitive spend.

Provide support to facilitate organisational and cultural change. This will include workforce engagement; the development of new and existing employees; and enhancing skills capacity through investment in the corporate apprenticeship programme.

Implement the planned budget reductions identified in the MTFS, in particular for the 2020-21 financial year, set annual balanced budgets and establish long term financially sustainable solutions.

Embrace and invest in innovation and technology including improvements in connectivity and new and replacement classroom-based, end-user devices in our schools.

Adapt our ways of working to make better use of our assets and build on the technological progress accelerated by COVID-19

### To support decarbonisation and environmental sustainability we will

Develop a corporate decarbonisation strategy - Bridgend 2030.

Invest £1.3 million to install energy and cost saving technologies to reduce our energy consumption and CO2 emissions.

Implement a sustainable local area energy plan with a programme of work throughout the county borough to improve the carbon footprint for all residents, including schemes such as the:

- Caerau Heat Scheme,
- Bridgend Town Heat Network

Continue to exceed the national recycling targets and increase opportunities for reuse of materials by :

- building a new community recycling centre with a reuse centre,
- recycling street scene waste,
- raising public awareness of how to reduce, reuse and recycle by using public campaigns and publicity

Maintain and enhance the natural resources and biodiversity of Bridgend County Borough.

## How will we know we are successful?

By monitoring our measures of success, we will be able to keep track of performance to help drive improvements to achieve the following outcomes:

### Priority Area: Transforming the councils' estate

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Percentage surplus capacity in primary schools.	4.9%	10%*	10%*
Percentage surplus capacity in secondary schools.	22%	18%	18%
Realisation of capital receipts targets.	£794k	£600k	£2m
Percentage of BCBC operational buildings achieve full statutory compliance.	54.6%	100%	100%

\*Target set by WG

### Priority Area: Areas of corporate change

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Percentage of staff participating in the staff survey.	38.3%	No survey	44.5%
Percentage of employees attending the new starter briefing, as part of the corporate induction programme, who rated it excellent or good.	N/A	N/A	80%
Number of apprentices, excluding teachers, on formal recognised apprenticeship schemes within the authority during the year per 1,000 employees.	N/A	7.75 (N=35)	N=35
Percentage budget reductions achieved (Overall BCBC budget).	89.42%	100%	100%
Percentage of indoor learning space in primary schools benefitting from high speed Wi-Fi connectivity for 30+ simultaneous devices.	N/A	100%	100%
Percentage of indoor learning space in secondary schools benefitting from high speed Wi-Fi connectivity for 30+ simultaneous devices.	N/A	100%	100%

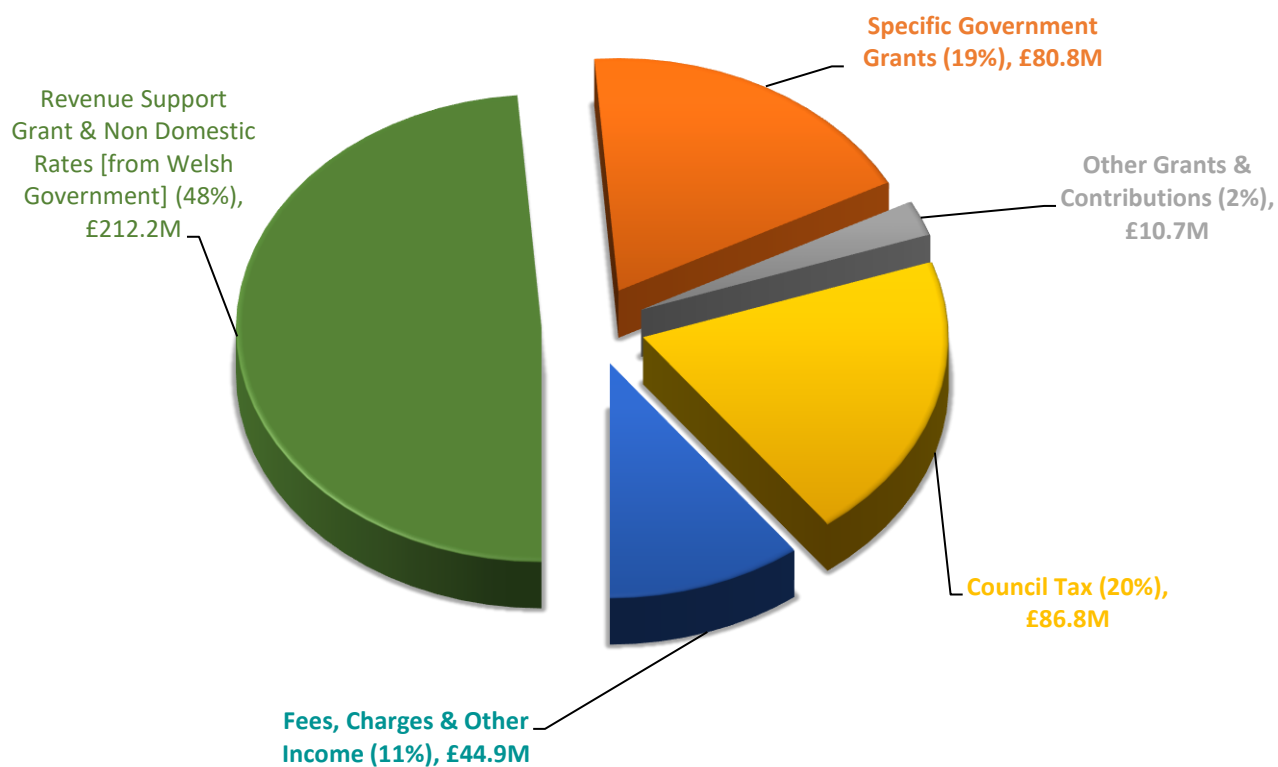
## Priority Area: Decarbonisation and environmental sustainability

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Annual gas consumption across the local authority – kWh.	N/A	Establish baseline	Establish baseline
Annual electricity consumption across the local authority – kWh.	N/A	Establish baseline	Establish baseline
Annual CO <sub>2</sub> emissions related to gas consumption across the local authority – kWh.	N/A	Establish baseline	Establish baseline
Annual CO <sub>2</sub> emissions related to electricity consumption across the local authority – kWh.	N/A	Establish baseline	Establish baseline
Kilograms of residual waste generated per person.	123.83KG	No target	120KG
Percentage of waste reused, recycled or composted.	67.66%	No target	68%
Percentage of waste: a) reuse b) recycled c) composted	N/A	No target	a) 1% b) 45% c) 20%
Percentage of street cleansing waste prepared for recycling.	N/A	20%	20%
Undertake schemes to increase the County Borough's tree cover.	N/A	1.5 schemes	2 schemes
Deliver community biodiversity schemes.	N/A	1.5 schemes	2 schemes
Undertake Local Nature Reserve Enhancement projects.	N/A	2 projects	2 projects

# Managing our Budget

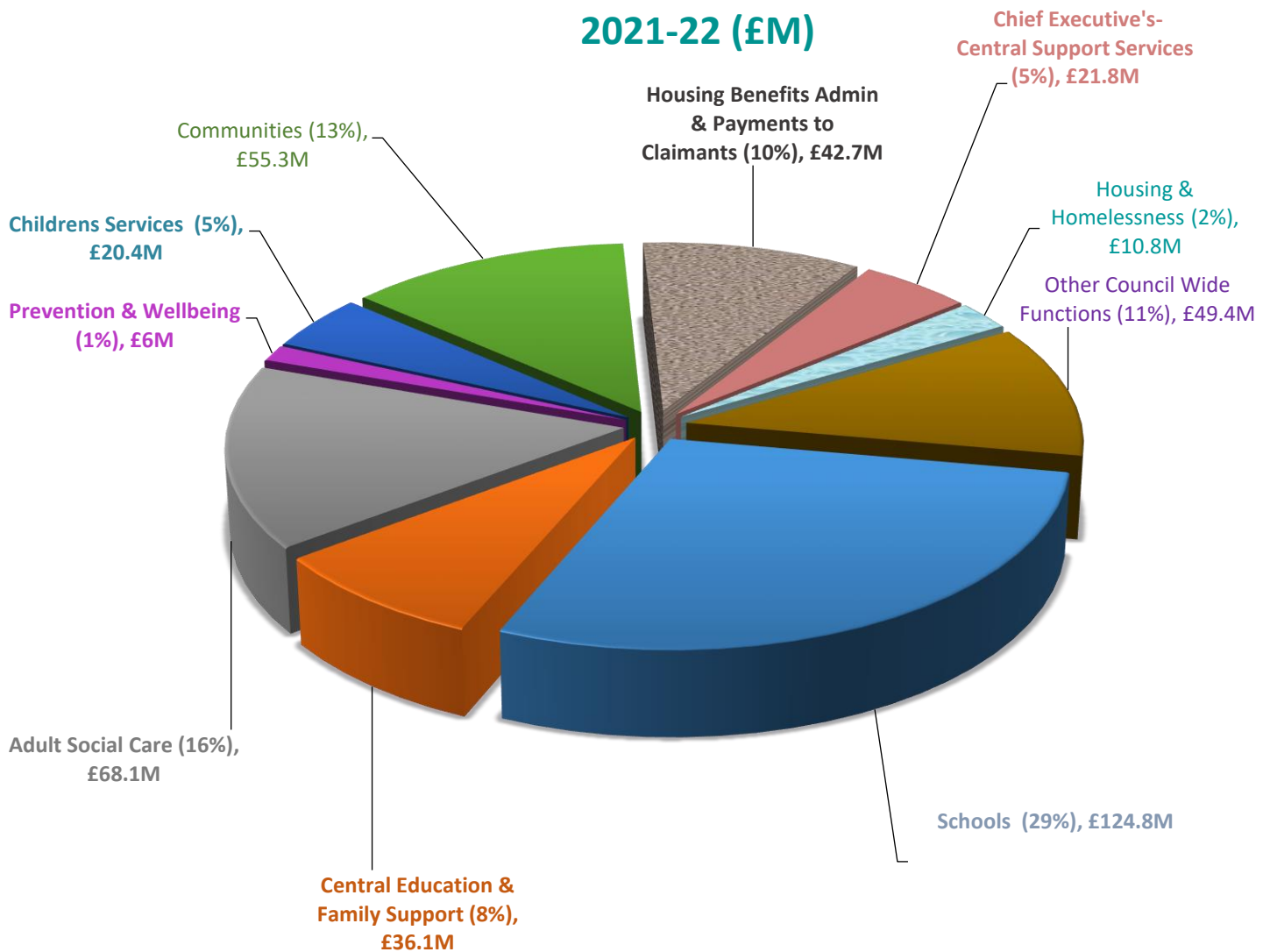
The charts below outline our income and spending plans for 2021-22. The Council's gross revenue budget for 2021-22 is £435.4 million.

## WHERE THE MONEY COMES FROM GROSS REVENUE INCOME 2021-22 (£M)





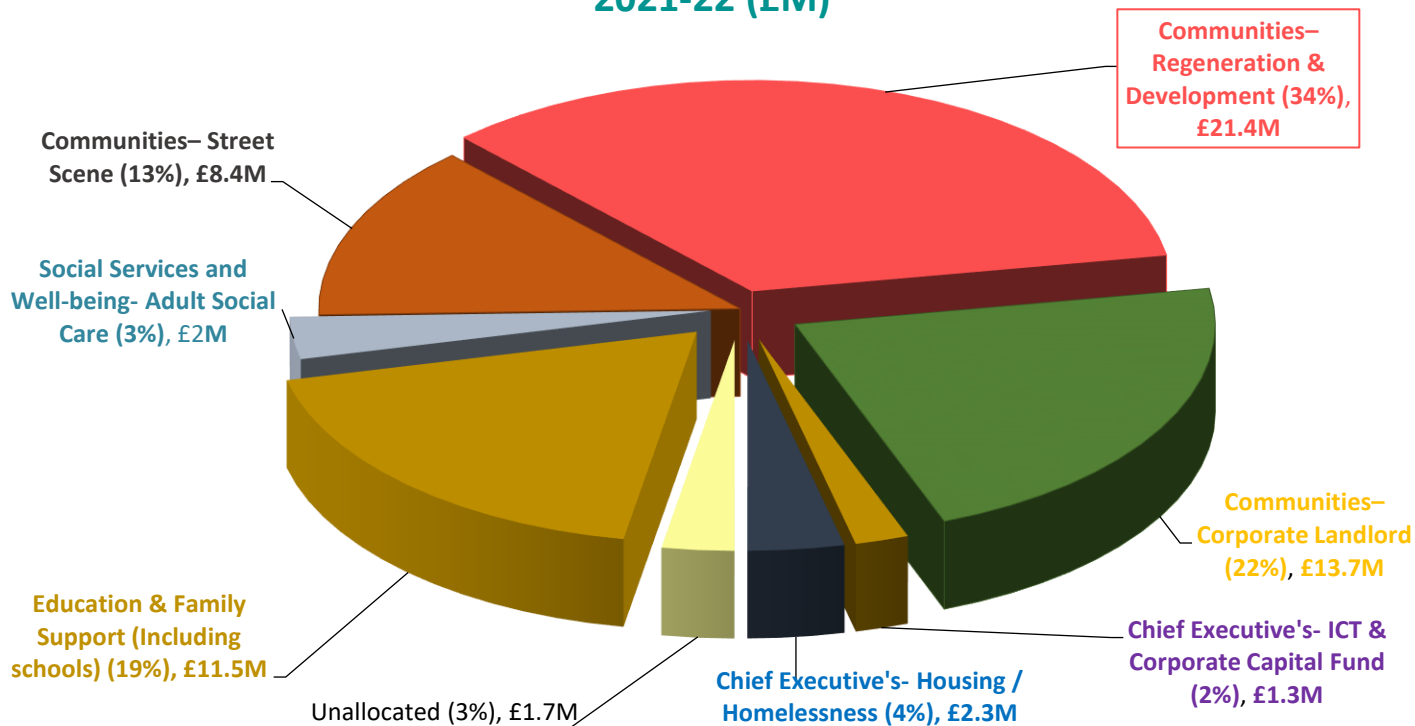
## WHERE THE MONEY IS SPENT GROSS REVENUE EXPENDITURE 2021-22 (£M)



Note: **Other Council Wide Functions** includes Capital Financing Costs, Precepts and Levies, Council Tax Reduction Scheme and corporate provision for pay and price. **Chief Executive's - Central Support Services** - includes: Finance, Audit, HR, ICT, Legal & Democratic & Regulatory, Housing & Homelessness, Business Support, Elections & Partnerships. **Communities** - includes Planning & Development Services, Strategic Regeneration, Economy, Natural Resources & Sustainability, Cleaner Streets & Waste Management, Corporate Landlord and Highways & Green Space.

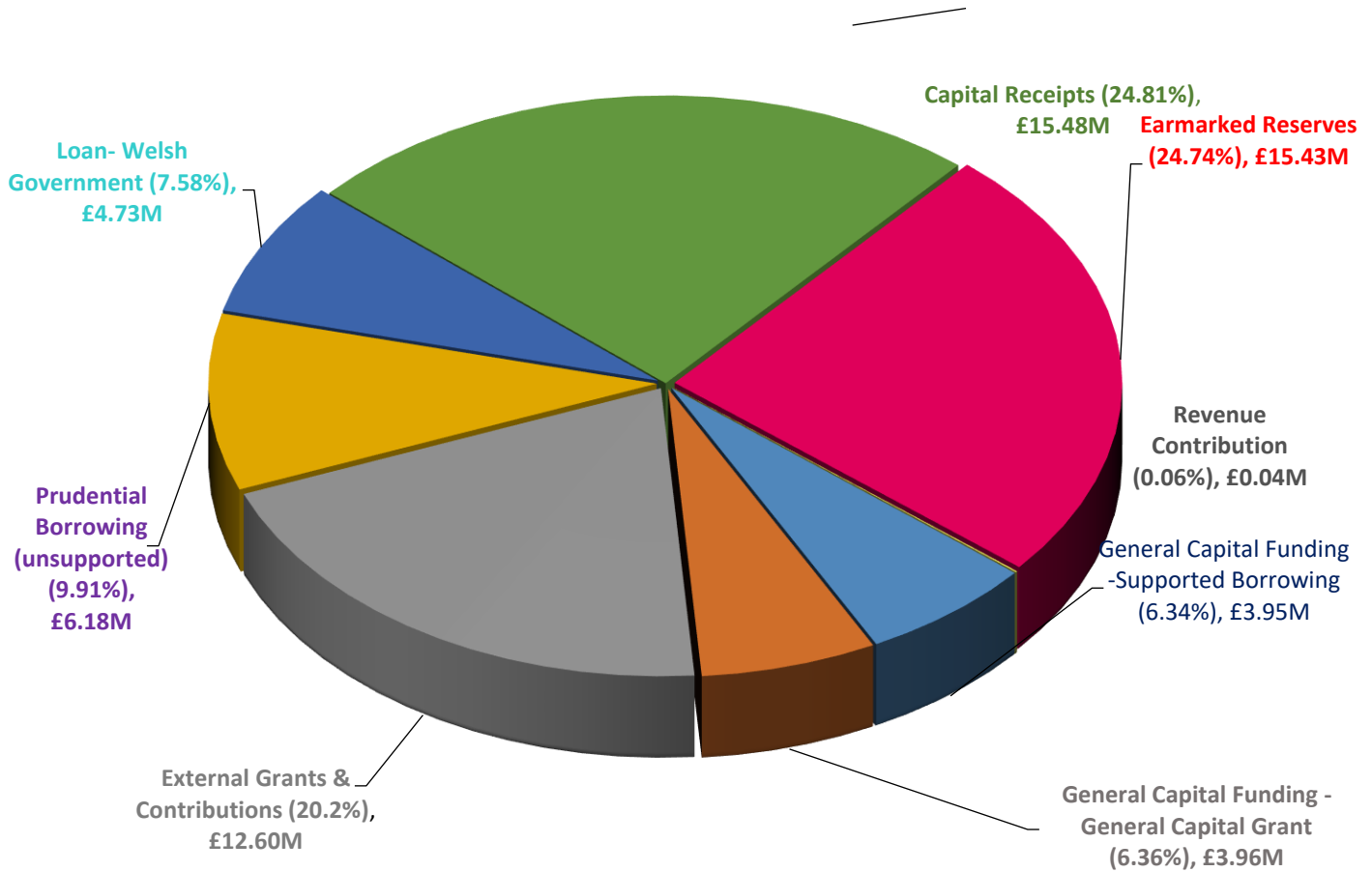
In addition to spending money on providing day-to-day services, the Council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. Planned capital expenditure for 2021-2022 amounts to £62.363 million.

### CAPITAL EXPENDITURE 2021-22 (£M)



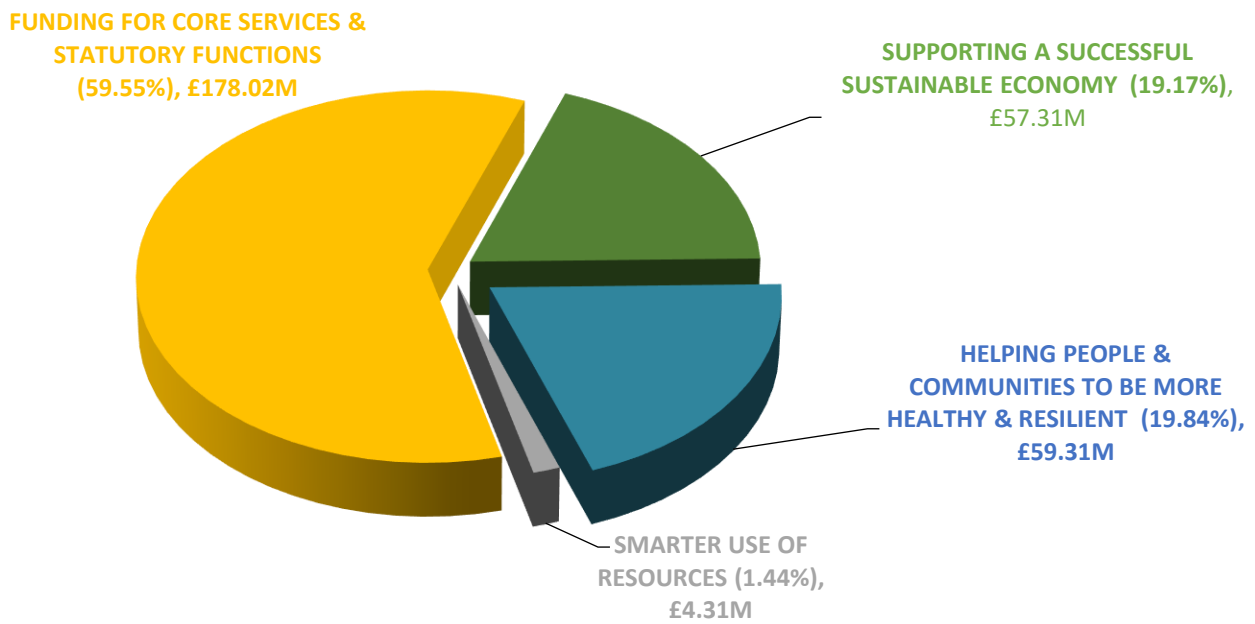
The chart (above) provides details of the service areas where capital expenditure is planned and (below) how the expenditure will be financed in the year.

## SOURCES OF CAPITAL FINANCING 2021-22 (£M)



The local authority has a net revenue budget of £298.956 million that supports the delivery of the Council's corporate Well-Being Objectives, core services and statutory functions. The net budget is financed by the Revenue Support Grant, Non-Domestic Rates (NDR) and Council Tax income. It excludes income from other financing streams such as other government grants, customer and client receipts, and interest which finance the gross revenue expenditure. The chart overleaf provides details of how the net revenue budget has been allocated for 2021-22.

## NET REVENUE BUDGET BY WELL-BEING OBJECTIVE 2021-22 (£M)



# Democracy and Partnership

## How the Council Works

### Council

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

### Cabinet

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

### Overview and Scrutiny

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

### Consultation and Involvement

Throughout the year we carry out a range of consultations to inform our decisions, including the Fit for the Future budget consultation. Building on our experience of previous consultations, we developed new ways for people to participate and get involved. Our methods included surveys, social media, radio adverts, explainer videos, town and community council meetings as well as engagement with members.

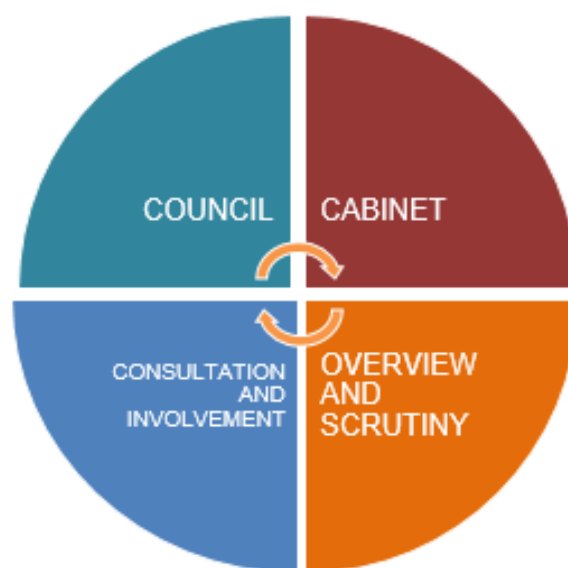
Over 18,000 engagements took place in the 2019-20 year through a range of survey completions, face to face interactions, citizens' panel events and social media engagement. We engaged with the public on a range of topics such as:

- The potential re-organisation of post-16 provision
- Public Space Protection Order consultation
- Strategic Equality Plan Objectives 2020 to 2024
- Learner travel review consultation

Members of the Citizens' Panel receive up to three surveys per year on diverse service areas. They also receive updates through our "You said we did" newsletter.

We also engage with specific groups of people, such as those who use our social care services, to ask for their views about the Draft Social Services and Wellbeing Directorate 5 year Service Delivery Plan 2020-2025

We use social media to promote engagement within the community and this year we have seen over 79,000 interactions through this method. Polls also proved an effective way of engaging with the public as well the use of videos to promote and enhance engagement.



# Working with Others

- The [Bridgend Public Services Board \(PSB\)](#) was created as part of a legal requirement for each local authority under [The Well-being of Future Generations \(Wales\) Act 2015](#). The Council is one of a group of local health, education, social care and well-being organisations from the public sector and not for profit sectors who work together to create a better Bridgend County Borough. The work is based on collaboration and consultation with local people and communities.
- Following a Well-being Assessment, the Bridgend PSB has developed a [Well-being Plan](#) to address the issues that influence the long-term well-being of Bridgend.
- The [Cwm Taf Morgannwg Regional Partnership Board \(RPB\)](#) brings together health, social services, housing, the third sector and other partners to deliver strategic approaches to deliver integrated Health and Social Care services as set out in [The Social Services and Well-being Act Wales \(2014\)](#)

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

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

- [Shared Regulatory Services](#) is a partnership with the Vale of Glamorgan and Cardiff Councils to provide a more efficient services covering Trading Standards, Environmental Health, Licensing and Private Sector Housing.
- [Bridgend Community Safety Partnership](#) is a sub-board of the Bridgend PSB, which brings together public, private and voluntary agencies that work together to reduce crime, disorder and fear of crime.
- The Council's Internal Audit Service had been delivered under a formal collaborative agreement with the Vale of Glamorgan Council since 2013. From April 2019 a Regional Shared Internal Audit Service has been in existence bringing together Merthyr Tydfil CBC, Rhondda Cynon Taf CBC and the existing shared service. An efficient Internal Audit service provides independent assurance that the Council's risk management, governance and internal control processes are operating effectively.
- We have partnered with [GLL/Halo Leisure](#) to manage eight leisure centres and swimming pools. We have a long term partnership with [Awen](#) Cultural Trust to run our cultural venues and services for 20 years. This includes the Bridgend library service, Maesteg Town hall, Porthcawl Grand Pavilion, four community centres and Bryngarw House and Country Park.
- We are one of ten local authorities in South East Wales that are part of [The Cardiff Capital Region City Deal](#), which is a programme to bring about significant economic growth in the region.

# Feedback

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We welcome your comments on this Corporate Plan and your suggestions for improvement. You can give your feedback through



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



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



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



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



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



Or by writing to Corporate Performance Team, Bridgend County Borough Council,  
Raven's Court, Brewery Lane, Bridgend CF31 4WB

This report is available in both Welsh and English. It is also available in another language or format on request.

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## APPENDIX B

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

<b>Project Description (key aims):</b> Corporate Plan 2018-2023 reviewed for 2021-22	
<b>Section 1</b> Complete the table below to assess how well you have applied the 5 ways of working.	
<b>Long-term</b>  (The importance of balancing short term needs with the need to safeguard the ability to also meet long term needs)	<b>1. How does your project / activity balance short-term need with the long-term and planning for the future?</b>  Working with our partners and communities we will develop, through co production, new and innovative alternatives to improve well-being and to support and sustain delivery over the longer term. New service models will be less reliant on the council and will reflect a positive shift in responsibility by empowering other organisations and local people.  The plan now includes the commitment to develop a Decarbonisation Strategy 2030, which focuses on energy use, transport, buildings and open space. The strategy is the council's response to the Welsh Government ambition for public sector organisations to be net zero by 2030. The transition to decarbonisation is arguably the largest economic development opportunity for Bridgend County Borough over the next 30 years.  There are commitments to improve learner outcomes for all children and young people which will reap substantial future benefits relating to health, equality and job creation. As part of the Learning in Digital Wales Programme, £2m will be invested in our schools to provide high-speed quality broadband that will see a single entity for Wi-Fi access across all our schools.  The Welsh Government set an aspiration of 100,000 hectares of new woodland by 2030 to help Wales meet its carbon emission reduction targets. In the Corporate Plan Bridgend County Borough Council sets out its contribution to this ambition by collaborating with Public Services Board (PSB) partners on a tree planting project to increase the tree cover across the county borough. In addition to the long term benefits that fully matured trees provide to the environment, there are also many well-being benefits for individuals and communities.
<b>Prevention</b>	<b>2. How does your project / activity put resources into preventing problems occurring or getting worse?</b>

<p>(How acting to prevent problems occurring or getting worse may help public bodies meet their objectives)</p>	<p>Our strategy for the next few years is to manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence. As part of the Cwm Taf Morgannwg regional transformation programme, we are committed to transforming services in order to keep people well and supported at home and in the community rather than in hospital. To this end, we are committed to extending the availability of a range of social care and support over an extended day and utilising multidisciplinary teams to provide a holistic service to meet need in the community.</p> <p>Targeted early help and support for children and their families remains a priority – we are committed to taking steps where possible to provide timely and appropriate support to improve outcomes and prevent people becoming reliant on council services.</p> <p>The Plan continues its commitment to remove barriers that prevent people from participating in cultural and leisure activities - with the impact of COVID-19 this will involve new and innovative ways to continue to deliver services. In addition to the significant social value, these activities are effective early interventions more likely to deliver better outcomes whilst also being cost effective.</p> <p>The Housing (Wales) Act 2014 introduced the need to move to a preventative approach to homelessness and this is a core principle of the commitments in the Corporate Plan. The support activities to prevent homelessness are broad and diverse and include services for people suffering domestic abuse, substance misuse issues, learning disabilities, accommodation for young people and people with mental health support needs. Welsh Government implemented emergency changes to the Act by stipulating that everyone who approaches the Authority for help with being homeless should be considered priority need for temporary accommodation. Further Welsh Government guidance has since stipulated that every council in Wales should now be looking to find permanent accommodation options for all those that it has provided temporary accommodation to as a result of the pandemic.</p>
<p><b>Integration</b></p> <p>(Considering how the public body's well-being objectives may impact upon each of the wellbeing goals, on their objectives, or</p>	<p><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p>The priority areas within well-being objective 2, are strongly aligned to Ambition 1 and 2 of the Regional Transformation programme which is been delivered with partners via the Cwm Taf Morgannwg Regional Partnership Board.</p>

on the objectives of other public bodies)	<p>COVID-19 has accelerated the focus on protecting rough sleepers and the homeless, which has led to significant partnership and integrated working with Registered Social Landlords (RSLs) to help the vulnerable move on from temporary accommodation into suitable social housing.</p> <p>Under well-being objective 3, we retain our commitments to biodiversity and natural resources which ensures that we are aligned with the PSB's well-being plan.</p>
<p><b>Collaboration</b></p> <p>(Acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives)</p>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>It follows that the increased level of integrated working within the corporate plan, has led to more collaboration to deliver our well-being objectives:</p> <p>Examples include:</p> <ul style="list-style-type: none"> <li>• Community Asset Transfer to enable sustainable management of community assets</li> <li>• Working with landlords to help return empty properties back into use</li> <li>• Joint working and contract arrangements with third sector organisations to deliver housing projects for people with complex needs</li> <li>• Children's social care working with early help and intervention services to provide timely effective support</li> <li>• Tree project with Natural Resources Wales and other PSB partners including the Cwm Taf Morgannwg health board</li> <li>• Collaborating with Halo Leisure and the Awen Trust to transform our venues into next generation wellbeing hubs</li> <li>• On a regional foot print we are collaborating with other local authorities as part of the Cardiff Capital Region City Deal, the Valleys Taskforce, and working as part of the Cwm Taf Morgannwg Regional Partnership Board that includes the Cwm Taf Morgannwg University Health Board, and other partners, to deliver the Regional Transformation programme</li> <li>• As part of our efforts to create better town centres we will be seeking opportunities to work collaboratively with key stakeholders for mixed use developments which combine, live, work and social spaces to add vibrancy and promote conditions for growth and prosperity</li> </ul>
<b>Involvement</b>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p>

(The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves)

Consultation is carried out using a mixed method approach to ensure and promote the widest range of participation to ensure the views of people living in Bridgend County Borough are considered as part of the evidence when identifying priorities. One of the key planned consultations for 2021 will be on the new draft decarbonisation strategy.

Work continues apace to increase digital inclusion among citizens with a new commitment to build on the technological progress accelerated by COVID-19.

Our commitment to remove the barriers that prevent people from accessing leisure services is supported by the Champions of Wales project which aims to increase the participation of girls and young women in physical activity. We invite participants to identify their own well-being needs and then develop the opportunities to help meet them. For older people, their involvement in the super-agers programme has improved the opportunities to be physically active and increased the level of engagement with the programme.

BCBC, supported by Cwm Taf Morgannwg University Health Board is involving stakeholders in the development of wellbeing hubs in our leisure and cultural facilities.

Section 2 Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals (use Appendix 1 to help you).		
Description of the Well-being goals	How will your project / activity deliver benefits to our communities under the national well-being goals?	Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>The corporate plan refreshed for 2021-22 will promote the conditions for growth and prosperity by focusing on:-</p> <ul style="list-style-type: none"> <li>• regeneration projects to boost tourism and town centres,</li> <li>• skills and employability to upskill residents,</li> <li>• supporting business with direct support packages and enterprise hubs,</li> <li>• utilising procurement to boost the foundational economy, and</li> <li>• the opportunities of the decarbonisation agenda</li> </ul> <p>On a regional basis we continue to contribute to projects as part of the Cardiff Capital Region City Deal to deliver investment to benefit the local economy.</p>	<p>Education is key for improving the life chances and resilience of future generations, so they can benefit from the economic opportunities available. The corporate plan is committed to improving the outcomes for all learners.</p> <p>The transition to decarbonisation not only supports the shift towards a low carbon society but is arguably the largest economic development opportunity for the county borough over the next 30 years. Our Smart Energy Plan identifies the projects and activities to support the transition agenda. The programme of work set out in the plan, when fully secured will, inject £35m into the decarbonisation.</p> <p>We are the lead authority for the Valleys Regional Park project. The aim is to unlock and maximise the potential of the natural and associated cultural heritage of the Valleys to generate social, economic and environmental benefits.</p>

<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<p>As part of our objective to <i>Make smarter use of resources</i> we want to retain fewer but better buildings that deliver cost efficiencies, reduce carbon footprint, and improve service delivery. The two programmes to drive this forward are the Corporate Landlord and School Modernisation programme.</p> <p><i>Making smarter use of resources</i> also contributes to a resilient Wales with commitments on our natural environment through biodiversity enhancement activities and a sustainable tree management programme. We are also committed to maximising waste recycling and reduction opportunities building on the council's performance as one of the highest recycling councils in Wales staying ahead of targets towards a Zero Waste Wales.</p>	<p>The benefits of our tree planting programme for communities will be amplified due to the collaborative working with PSB partners including Natural Resources Wales and Cwm Taf Morgannwg UHB.</p> <p>The Valleys Regional Park programme has a strong emphasis on the involvement of local communities, recognising that the knowledge, skills and expertise of local people is critical to achieving good outcomes.</p> <p>We are currently undertaking a tree planning feasibility study. This is mapping the whole County Borough and identifying suitable areas for tree planting schemes.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<p>There are commitments to remove the barriers that can prevent people from accessing leisure and cultural activities, and programmes such as the Valleys Regional Park will deliver health and well-being benefits by improving and enhancing our natural landscapes.</p> <p>We continue to prioritise Community Asset Transfers, a policy to boost the opportunities for communities to be active by ensuring assets (such as sports clubs) remain open and available to residents.</p>	<p>By directing resources and integrating services that offer early help and intervention programmes such as the new generation of well-being hubs.</p>

	The plan has commitments to increase the resilience and independence of people and families, by helping them achieve their own well-being outcomes through targeted early intervention and support.	
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	Ensuring the benefits of the corporate plan are equally realised for all people living in the county borough, the corporate plan has commitments to remove barriers and improve accessibility so that more people can access the well-being benefits of our services.	Involving our key target groups, ensures we can offer services designed to meet need, which improves our chance of success. Examples include our Champions of Wales project and Super Agers programme, which have both seen an increase in participation among our target groups (girls and older people respectively).
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<p>The corporate plan has commitments to support communities and people to create their own solutions and reduce dependency on the Council. In addition to making services more sustainable for the future, these commitments have the potential to improve the cohesiveness of communities.</p> <p>Buildings and the physical environment can improve the vibrancy of where people live and work. The corporate plan has commitments to regenerate town centres and to work with private landlords to reduce the number of empty properties.</p> <p>There are also commitments to improve the natural environment – so that people and communities can access the well-being benefits of green and blue spaces.</p>	.

<p><b>A Wales of vibrant culture and thriving Welsh language</b>  A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<p>The Welsh language has a stronger presence in the refreshed corporate plan. Under well-being objective 1 we now have a commitment to promote Welsh medium education and increase the number of Welsh speakers.</p> <p>Culture also has a more explicit reference in the plan, and is recognised as equal to leisure services when improving well-being.</p>	<p>Compliance with the Welsh Language Act 1993 is embedded in council policies and procedures.</p>
<p><b>A globally responsible Wales</b>  A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<p>The refreshed corporate plan is more strongly aligned to the global calls for greater action to tackle climate change. There are commitments to reduce our carbon footprint and actions to support the transition to decarbonisation. We have commitments to increase opportunities to reuse and recycle, and commitments to improve our natural resources and the resilience of our biodiversity.</p>	



<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	Unknown - The impact, positive or negative, will depend on the nature of the service delivered	This will vary according to the service provided.
Gender reassignment:	As above	As above	As above
Marriage or civil partnership:	As above	As above	As above
Pregnancy or maternity:	As above	As above	As above
Race:	As above	As above	As above
Religion or Belief:	As above	As above	As above
Race:	As above	As above	As above
Sex:	As above	As above	As above
Welsh Language:	As above	As above	As above

<b>Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive Members and/or Chief Officers</b>	
Corporate Overview and Scrutiny Committee, Cabinet, Council	
<b>Compiling Officers Name:</b>	Ann-Marie Mc Cafferty
<b>Compiling Officers Job Title:</b>	Corporate Improvement Officer
<b>Date completed:</b>	4 January 2021

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 FEBRUARY 2021

#### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

##### MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2021-22 to 2024-25

#### 1. Purpose of report

- 1.1 The purpose of this report is to present Cabinet with the Medium Term Financial Strategy 2021-22 to 2024-25, attached at Annex 3, which includes a financial forecast for 2021-25, a detailed revenue budget for 2021-22 and a Capital Programme for 2020-21 to 2030-31.

#### 2. Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

- 2.2 The allocation of budget determines the extent to which the Council's well-being objectives can be delivered. The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2021-22.

#### 3. Background

- 3.1 The Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 are currently:

- Supporting a successful sustainable economy
- Helping people and communities to be more healthy and resilient
- Smarter use of resources

- 3.2 This MTFS has been significantly guided by these priorities. Although previous year-on-year changes in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible for annual gross expenditure of around £435 million and is the largest employer in the county borough.
- 3.3 The Council's Corporate Plan is being presented to Council for approval alongside the MTFS 2021-25, and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's well-being objectives and the resources directed to support them.

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

- 4.1 This report is presented to Council to provide details of the Council's Medium Term Financial Strategy for the four year period 2021-22 to 2024-25. The MTFS is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's well-being objectives to be met. The MTFS outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time as taking advantage of any opportunities arising.
- 4.2 The MTFS focuses on how the Council intends to respond to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures on public sector services, which have been exacerbated during the Covid-19 pandemic. It sets out the approaches and principles the Council will follow to ensure the Council remains financially sustainable and delivers on its corporate well-being objectives.
- 4.3 The Council is required to approve a balanced budget for the following financial year and set the Council Tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable position going into the medium-term.
- 4.4 The quarterly reports to Cabinet during the financial year on the projected revenue position for 2020-21 have outlined in detail the impact on the budget of the additional cost pressures and loss of income faced by the Council throughout the year as a result of the Covid-19 pandemic. Welsh Government has played a significant role in mitigating a large proportion of these losses through their various funding streams, most notably the Covid-19 Hardship Fund. Whilst some of these additional pressures are not recurrent, there are a number that will require longer term funding as new ways of working are embedded into the Council's business as usual, and these are reflected in the MTFS.
- 4.5 The announcement of the final local government settlement for 2021-22 is approximately two months later than previous years, due to the delay in the outcome of the Comprehensive Spending Review by the UK government, as a result of the Covid-19 pandemic. The final settlement is not due to be announced until 2 March 2021. As a result this budget is being proposed on the basis of the provisional settlement received in December 2020. Whilst we do not anticipate any significant change in funding between the provisional and final settlement, any changes will be reported back to Council at a later date. It is not envisaged that any changes will impact upon council tax.

## 5. Effect on policy framework and procedure rules

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

## 6. Equality Impact Assessment

6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.

6.2 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Annex 1). Individual EIAs are completed for 2021-22 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

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

7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives, which are designed to complement each other and be part of an integrated way of working to improve well-being for people in Bridgend County. In developing the MTFS, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.

7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the well-being goals in different ways. A Well-being of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.

7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none"><li data-bbox="635 1738 1461 1843">• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.</li><li data-bbox="635 1854 1461 1960">• Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort.</li><li data-bbox="635 1971 1461 2067">• The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing.</li></ul>

	<ul style="list-style-type: none"> <li>Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.</li> </ul>
Prevention	<ul style="list-style-type: none"> <li>Investment in preventative measures to reduce the burden on more costly statutory services.</li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>Savings generated from collaboration and integrated working.</li> </ul>
Integration	<ul style="list-style-type: none"> <li>Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy.</li> </ul>
Involvement	<ul style="list-style-type: none"> <li>A robust budget consultation exercise, including surveys and social media debates, to inform proposals.</li> </ul>

7.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, including the seven well-being goals included in Bridgend's Well-being Plan, and this is reflected in the relevant appendices. Where possible the Council has aimed to protect front line services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at Annex 2.

## **8. Financial implications**

8.1 This report outlines the financial issues that Council is requested to consider as part of the MTFS 2021-22 to 2024-25. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, including funding to mitigate the effects of Covid-19, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 9, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.

8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.

8.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2021-22 and beyond.

## **9. Recommendations**

9.1 Cabinet is asked to approve the MTFS 2021-22 to 2024-25, including the 2021-22 revenue budget and the Capital Programme 2020-21 to 2030-31, and recommend these to Council for adoption. In particular it is asked to approve that the following specific elements are forwarded to Council for approval:

- The MTFS 2021-22 to 2024-25 (Annex 3).
- The Net Budget Requirement of £298,956,245 in 2021-22.
- A Band D Council Tax for Bridgend County Borough Council of £1,597.01 for 2021-22 (Table 17 of the MTFS).
- The 2021-22 budgets as allocated in accordance with Table 10 in paragraph 4.1.3 of the MTFS.
- The Capital Programme 2020-21 to 2030-31, attached at Appendix H of the MTFS.

**Gill Lewis CPFA**

**Interim Chief Officer – Finance, Performance and Change and Section 151 Officer  
February 2021**

**Contact Officer:**

Deborah Exton CPFA  
Interim Deputy Head of Finance

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Bridgend  
CF31 4AP

**Background Documents:**

Provisional Local Government Revenue and Capital  
Settlements 2021-22

'Guide to Welsh Public Finances', Auditor General for  
Wales, July 2018

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## ANNEX 1

# Equality Impact full assessment form

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

## Equality impact full assessment form

<b>Name of project, policy, function, service or proposal being assessed:</b>	Medium Term Financial Strategy 2021-22 to 2024-25
<b>Date EIA Screening assessment completed:</b>	13 January 2021
<b>Full assessment date for completion (from EIA screening):</b>	1 February 2021

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

### Consultation

	<b>Method</b>	<b>Action Points</b>
<b>Who do you need to consult with (which equality groups)?</b>	<p>The council was mindful that the full impact of the proposed budget reductions detailed in the Medium Term Financial Strategy will potentially be high level, negative and may impact many customers, citizens, visitors and service users from all protected characteristic groups. The council was also mindful that, in order to maximise its reach into its communities and the people who use its services, it needed to build on the knowledge gained from previous consultations and further develop the consultation to include new ways for people to participate and engage with the Council. A wide variety of methods of communication were used including surveys, social media, digital communication and via the authority's Citizens' Panel. In addition, in order to gather the views of young people, the consultation team attended the Bridgend Youth council meeting on 24 November and wrote to all Governing Bodies and Head teachers as well as the Principal of Bridgend College to promote the consultation amongst their learners as well as school staff and parents/carers.</p>	<p>The details of the full consultation are included in the Report to Cabinet on 19 January 2021.</p>

	<p>Details of the consultation were promoted to/shared with the following stakeholders: citizens of Bridgend County Borough, Citizens' Panel members, comprehensive schools, school governors, BCBC cabinet members/councillors, local businesses, council staff, town and community councils, partner organisations, community and equality groups, local interest/ community groups and local media.</p>	
<p><b>How will you ensure your consultation is inclusive?</b></p>	<p>The council was mindful that different groups have different needs in terms of accessibility. The consultation was therefore carried out in as inclusive a manner as possible.</p>	<p>Surveys were available in several formats, including easy-read, large print, standard and a youth version. All were available in paper format and on-line. All were available in English and Welsh. Both were developed to ensure participation with a diverse audience.</p>
<p><b>What consultation was carried out? Consider any consultation activity already carried out, which may not have been specifically about equality but may have information you can use</b></p>	<p>The Council's MTFs consultation ran from 19 September to 13 December 2020. The consultation received 1,831 interactions from a combination of survey completions, engagement at various meetings, social media and digital communication engagement and via the authority's Citizens' Panel.</p> <p>Due to the impact of Covid-19 this year, the council were unable to carry out face to face engagement within the community. The council therefore relied more heavily on social media, digital communications, the website and</p>	<p>Please see the consultation report for full details of questions asked and actions.</p>

	<p>online meetings in order to engage with the residents throughout the budget consultation.</p> <p>In order to gather the views of young people, the consultation team attended the Bridgend Youth Council on 24 November 2020 – 11 young people engaged in the session. In order to encourage participation of young people within Bridgend Comprehensive schools and Bridgend College the consultation team wrote to all Governing Bodies and Head teachers as well as the Principal of Bridgend College to promote the consultation amongst their learners as well as school staff and parents/carers.</p> <p>All Town and Community Councils were asked if the Consultation Team could attend their regular meeting during the live period. The Consultation and Engagement team attended the Town and Community Council Forum and nine Town and Community Council online meetings. A total of 136 community councillors attended the meetings.</p> <p>The quarterly meeting of the Bridgend Community Cohesion and Equality Forum (BCCEF) took place during the live period of the budget consultation and were encouraged to complete the full consultation online. The meeting consisted of members representing community based organisations including South Wales Police, People First Bridgend, faith organisations, Victim Support Cymru and Mental Health Matters Wales.</p>	
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	Comments regarding the consultation were also invited via social media, letter, email and phone call.	
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### Record of consultation with people from equality groups

Group or persons consulted	Date/venue and number of people	Feedback/areas of concern raised	Action Points
Bridgend Youth Council (Young People)	24/11/2020 11 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward
Bridgend Community Cohesion and Equality Forum	10/12/2020 12 people in attendance	The consultation team attended to ensure the group were aware of the consultation and assisted attendees to complete the survey.	A full public consultation with a specific EIA for each proposal will be carried out if any of the proposals are taken forward

### Assessment of Impact

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

	Impact or potential impact	Actions to mitigate
Gender	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on women and men may differ based on the demographics of the county borough rather than service delivery/provision. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the 2011 census there were 139,178 people living in the county borough comprising of a gender split of 49.4% male (68,789) and 50.6% (70,389) Female. Many of the proposals will also impact carers, parents and children. The vast majority of caring and parenting responsibilities are undertaken by women; some proposals therefore regarding caring, children and nursery provision are likely to negatively impact women. Within the consultation, 1,068 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> <li>➤ Female – 578;</li> <li>➤ Male – 470;</li> <li>➤ Transgender – 5;</li> <li>➤ Prefer not to say – 15</li> </ul>	<p>There will be an impact on women and men as a result of some of the proposed budget reductions although, potentially, the impact may differ depending on the service being delivered / reviewed. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	Additionally, 5 women said they were pregnant and 3 had given birth in the last 26 weeks.	
Disability	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census, there were 18,756 people (out of a county borough total of 139,178 people) who considered they had a physical, sensory or learning disability or long term illness. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” Of the 1,068 people responding to the question on the consultation survey, 167 (16%) stated they considered themselves disabled. Whilst the council is mindful of the potential impact of the budget proposals on disabled people, there are opportunities for us to work with our third sector partners to deliver an alternative form of service. The budget proposals will include reviews of services for disabled people.</p>	<p>There will be an impact on people with disabilities as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Race	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census there are 2000 BAME</p>	<p>There may be an impact on race as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the</p>

	<p>people living in Bridgend comprising of 1.5% of the total population. The full impact of the budget restrictions is currently unknown however we will continue to monitor the impact and introduce mitigating actions where possible. The council currently provides information in languages other than Welsh, English and British Sign Language. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. The responses to the consultation exercise were from:</p> <ul style="list-style-type: none"> <li>➤ Welsh – 655;</li> <li>➤ English – 98;</li> <li>➤ British –282;</li> <li>➤ Scottish – 7;</li> <li>➤ Northern Irish – 1;</li> <li>➤ Prefer not to say – 10;</li> <li>➤ Other – 15</li> </ul> <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> <li>➤ White – 1,017;</li> <li>➤ Mixed/multiple ethnic groups – 15;</li> </ul>	<p>Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
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	<ul style="list-style-type: none"> <li>➤ Asian or Asian British – 1;</li> <li>➤ Black/African/Caribbean/Black British – 5;</li> <li>➤ Other ethnic group – 5;</li> <li>➤ Prefer not to say – 21</li> </ul> <p>We will continue to monitor the impact of our proposed budget reductions on this protected characteristic.</p>	
Religion and belief	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2011 census there are 2,000 black and minority ethnic (BAME) people living in Bridgend comprising of 1.5% of the total population. In terms of religion and belief there were:</p> <ul style="list-style-type: none"> <li>➤ Buddhist - 357;</li> <li>➤ Hindu - 270;</li> <li>➤ Muslim - 529;</li> <li>➤ Jewish – 33 ;</li> <li>➤ Sikh - 46</li> </ul> <p>From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ No religion - 470;</li> <li>➤ Christian – 519;</li> <li>➤ Buddhist – 6;</li> </ul>	<p>There may be an impact on religion and belief as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<ul style="list-style-type: none"> <li>➤ Hindu – 4;</li> <li>➤ Jewish – 1;</li> <li>➤ Muslim – 2;</li> <li>➤ Sikh - 1</li> <li>➤ Other – 28;</li> <li>➤ Prefer not to say – 35</li> </ul> <p>The full impact of the budget reductions is currently unknown however we will continue to monitor the impact and introduce mitigation where possible.</p>	
Sexual Orientation	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and mitigation considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding sexual orientation.” From the consultation exercise, the following data was collected:</p>	<p>There is not expected to be an impact on sexual orientation as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<ul style="list-style-type: none"> <li>➤ Heterosexual / Straight – 961;</li> <li>➤ Gay man – 16;</li> <li>➤ Gay woman/lesbian – 13;</li> <li>➤ Bisexual – 20;</li> <li>➤ Other – 3;</li> <li>➤ Prefer not to say - 47</li> </ul>	
Age	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the impact on age will differ and will depend on the nature of the service delivered and the service user. From the 2011 census the age breakdown of people living in Bridgend is:</p> <ul style="list-style-type: none"> <li>➤ 0 – 15 = 18.3% (25,288);</li> <li>➤ 16 – 64 = 63.2% (89,036);</li> <li>➤ 65+ = 18.5% (24,854).</li> </ul> <p>The budget proposals contain some reductions that could potentially negatively impact older and younger people. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered”. A total of 1,366</p>	<p>There may be an impact on people of varying ages as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>provided a response to this question. From the consultation exercise, the following data was gathered:</p> <ul style="list-style-type: none"> <li>➤ Age under 18 = 102;</li> <li>➤ Age 18 – 24 = 10;</li> <li>➤ Age 25 – 34 = 112;</li> <li>➤ Age 35 – 44 = 193;</li> <li>➤ Age 45 – 54 = 247;</li> <li>➤ Age 55 – 64 = 318;</li> <li>➤ Age 65 – 74 = 249;</li> <li>➤ Age 75+ = 98;</li> <li>➤ Prefer not to say = 37</li> </ul> <p>Some of the proposals could impact children's' social and educational development and household incomes.</p>	
Pregnancy & Maternity	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the proposed budget reductions on pregnancy and maternity is currently unknown. Some of the proposed reductions may influence the decisions of women to have (or not) children as it may no longer be economically and socially viable. Women could face the decision of either staying at home (which has shown to have a negative impact on their income, career prospects and their longer</p>	<p>There may be an impact on pregnancy and maternity as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>term income) or paying private nursery fees until their children reach the age of 4-5. . The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Pregnant – 5</li> <li>➤ Given birth in the last 26 weeks – 3</li> </ul>	
<p>Transgender</p>	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. Further efforts will be made to encourage service users,</p>	<p>There is not expected to be an impact on transgender people as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>

	<p>customers, visitors and staff to disclose information regarding reassignment. From the consultation exercise the following data was collected:</p> <ul style="list-style-type: none"> <li>➤ Transgender - 5</li> <li>➤ Prefer not to say - 15</li> </ul>	
Marriage and Civil partnership	<p>The Full Equality Impact Assessment reinforces the detail in the initial screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown however there is not expected to be an impact either positive or negative.”</p> <p>From the consultation exercise the following data was collected:-</p> <ul style="list-style-type: none"> <li>➤ Single – 155;</li> <li>➤ Partnered – 113;</li> <li>➤ Married/ Civil partnered – 611;</li> <li>➤ Divorced – 89;</li> <li>➤ Widowed – 65;</li> <li>➤ Prefer not to say – 30</li> </ul>	<p>There is not expected to be an impact on marriage and civil partnership as a result of some of the proposed budget reductions. For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an Equality Impact Assessment will be undertaken prior to the final approval (or not) of the proposal by Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Welsh language	<p>From the 2011 census, there were 17,796 people (out of a county borough total of 139,178 people – 12.8%) who can read, speak or write welsh. From the consultation exercise the following data was collected for those able to speak /</p>	<p>The council continues to promote the welsh language and complies with the Welsh Language Standards in all of its activities.</p>

	<p>read / write Welsh either fairly well or fluently:</p> <ul style="list-style-type: none"> <li>➤ Speak Welsh – 117;</li> <li>➤ Read Welsh – 129;</li> <li>➤ Write Welsh – 109</li> </ul> <p>There is not expected to be a negative impact on the Welsh language.</p>	
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### Equality Impact assessment Action Plan

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

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

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

Countersigned:	Role:	Date:
Gill Lewis	Interim Chief Officer – Finance, Performance and Change and S151 Officer	1 February 2021

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

Monitoring arrangements:	Date of Review:
A review of this Full EIA will take place on an annual basis and data that is subsequently made available following consultation and engagement on the individual proposed budget reductions will also be considered.	January 2021

Details of person completing the Full EIA:

Name:	Role:	Date:
Joanne Norman	Group Manager – Financial Planning and Budget Management	1 February 2021

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

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

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

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

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



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

## Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2021-22 to 2024-25

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

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

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

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

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

<b>Integration</b>	<p><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p>The Medium Term Financial Strategy is closely aligned to the Council's Corporate Plan, with explicit links between resources and well-being objectives. The MTFS has been guided by the 3 Well-being Objectives outlined in the Corporate Plan. The development of the Corporate Plan and MTFS are both the responsibility of Cabinet and the Corporate Management Board.</p>
<b>Collaboration</b>	<p><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p>A number of budget reduction proposals are achievable through inter-agency working, with the Third Sector, Social Enterprises, other local authorities and partners. These include joint services across local authorities, and with the Health Service, and new models of working internally to provide more resilient services. A number of services already collaborate with other partners and these continue to improve performance whilst operating with reducing resources.</p>
<b>Involvement</b>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>A full consultation "Fit for the Future" was launched on 19 October 2020 and ran until 13 December 2020. The consultation asked citizens to share their views on how they think the Council should shape its services going forward, as part of its 'Restart, Recover and Renew' strategy, in response to the Covid-19 pandemic. The intention was to understand how the public felt that the Council could look like and how it could deliver sustainable and effective services for the next 5 to 10 years. A wide variety of methods of communication were used including surveys, social media, telephone survey sessions, a number of engagement sessions (members, citizens panel, equality groups), online FAQ sessions and videos, radio and media releases. Because of the limited ability for social interaction due to Covid-19 the Council wanted to make sure as many people as possible could get involved in the consultation and ensured that accessible versions of the survey were available – large print, easy read and youth, as well as standard. An advert was also placed in the Glamorgan Gazette notifying non-domestic rates payers of the consultation, and inviting them to participate, as required by Section 65 of the Local Government Finance Act 1992.</p> <p>The results were collated and presented to Cabinet on 19 January 2021 in order to further inform decisions on the MTFS.</p>

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

		<p><u>Smarter use of resources</u> – ensuring that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help to deliver the Council’s well-being objectives.</p> <p>Funding is targeted in line with these priorities and in line with the 13 MTFS Principles.</p>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<ul style="list-style-type: none"> <li>• Break long term cycles to secure better outcomes for people and communities.</li> <li>• Stronger individuals and communities are more resilient to change.</li> <li>• Communities place a greater value on their environment and more people get involved in local issues and recognise the importance of green space in wellbeing and as a prevention factor.</li> <li>• Healthy active people in resilient communities, volunteering, keeping young people in the local area, reducing travel to work, increased use and awareness of green spaces.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
<p><b>A healthier Wales</b></p>		

<p>A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<ul style="list-style-type: none"> <li>• Improved future physical and mental well-being, by reducing health harming behaviours.</li> <li>• Promote more involvement in communities to benefit mental health, social and physical activity.</li> <li>• Focus on healthy lifestyles and workplaces, increased income linked to health.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<ul style="list-style-type: none"> <li>• Helping all children and young people to reach their full potential, by improving their early years experiences and ensure access to information to help make informed decisions. Improving outcomes for teenage parents and their children.</li> <li>• Recognising that communities are becoming more diverse. Addressing barriers that some groups have in feeling part of communities.</li> <li>• Address income inequality and health inequality, focus on disability, older people and other equality groups. Focus on increasing income and reducing the skills gap.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>

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

<p>A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<ul style="list-style-type: none"> <li>• Diverse, confident communities are resilient to change. Promotes a better knowledge of different cultures and a better knowledge of the local environment.</li> <li>• Healthy lifestyles include cultural activities that promote understanding of diversity of communities, different cultures, races. Promote apprenticeships to people from different backgrounds.</li> </ul>	<p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>
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### Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts

Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user.		This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs).
Gender reassignment:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Marriage or civil partnership:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Pregnancy or maternity:	See above		This will vary according to the service provided and will be considered through individual (EIAs).
Race:	See above		This will vary according to the service provided and will be considered through individual (EIAs).

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

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

Cabinet	
<b>Compiling Officers Name:</b>	Deborah Exton
<b>Compiling Officers Job Title:</b>	Interim Deputy Head of Finance
<b>Date Completed:</b>	01/02/21



# Bridgend County Borough Council

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



### MEDIUM TERM FINANCIAL STRATEGY

2021-22 to 2024-25



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## **SECTION 1. INTRODUCTION**

### **1.1 Aims and Purpose of the Medium Term Financial Strategy**

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

1.1.2 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2021-22 and outline proposals for 2022-23 to 2024-25.
- The capital programme for 2020-21 to 2030-31, linked to priority areas for capital investment based upon the Council's Capital Strategy.
- The Corporate Risk Assessment.

1.1.3 The Council aspires to improve the understanding of its financial strategy, link more closely to its well-being objectives and explain the Council's goal of delivering sustainable services in line with the overarching ambition of the Well-being of Future Generations (Wales) Act 2015. It also seeks to provide information on the Council's longer term financial outlook and the probable impacts that current trends and future decision-making will have on the financial health of the Council in the years to come.

### **1.2 MTFS Principles**

1.2.1 As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which drive the budget and spending decisions over 2021-2025 and which Members and others can examine and judge the Council's financial performance against. The thirteen key principles are to ensure that:

1. There will be a "One-Council" approach to the Medium Term Financial Strategy with a view on long term, sustainable savings proposals that are focused on re-shaping the Council over the full period of the MTFS.
2. All budget related decisions will align with the principles of the Well-being of Future Generations (Wales) Act 2015.

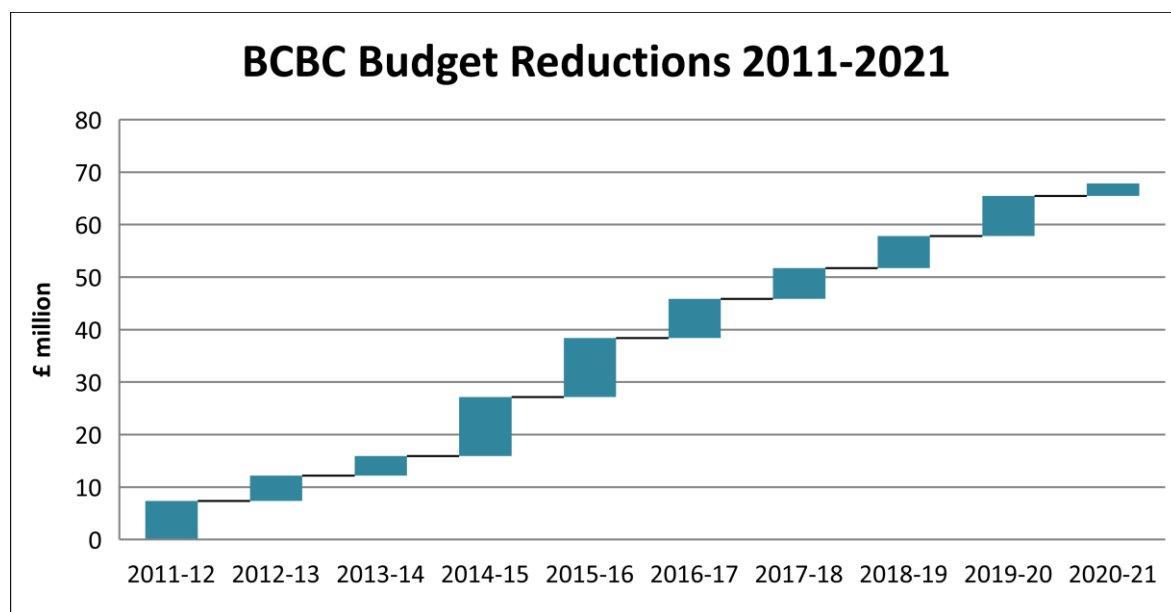


3. The Council will continue to meet its statutory obligations and demonstrate how it directs resources to meet the Council's well-being objectives. Other resource strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFS and the Corporate Plan.
4. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities.
5. All services will seek to provide value for money and contribute to public value, and will continuously review budgets to identify efficiency savings.
6. Financial plans will provide an optimum balance between income and expenditure for both capital and revenue, with opportunities for generating additional income taken in line with the Council's Income Generation and Charging Policy.
7. Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays.
8. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.
10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
13. Resources are allocated to deliver transformational projects based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS.

## 1.3 Corporate Financial Overview

1.3.1 Over the last 10 years, the Council has made £68 million of budget reductions, as shown below. This represents almost 25% of the Council's current budget:

**Chart 1: Bridgend County Borough Council (BCBC) Budget Reductions 2011 to 2021**



While the Council's net revenue budget is planned at £298.956 million for 2021-22, its overall expenditure far exceeds this. Taking into account expenditure and services which are funded by specific grants or fees and charges, the Council's gross budget will be around £435 million in 2021-22. The local authority's annual revenue budget covers the day-to-day running costs of the local authority (including staff salaries, building maintenance, pensions, operational costs etc.). Around £190 million of the gross budget is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include for example waste collection operatives, social care workers, leisure staff and foster carers.

1.3.2 The Council gets the majority of its revenue funding from Welsh Government through the Revenue Support Grant and a share of Non Domestic Rates. It supplements this through council tax collection, other grants and fees and charges. Council tax is a charge that local authorities charge to help to pay for their services. The amount that council tax payers pay is made up of 3 elements:

- Bridgend County Borough Council charge
- Community Council charge
- Police and Crime Commissioner for South Wales charge

1.3.3 In terms of council tax, the proportion of council tax required to balance the Council's budget has steadily increased over recent years and it currently funds almost 30% of the budget.

1.3.4 As well as having less income to fund services, there are other pressures that squeeze resources. Amongst these are:

- Legislative changes e.g. the Environmental (Wales) Act 2016, the Welsh Government's commitment to eradicate homelessness, the implications of the Local Government and Elections (Wales) Bill and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.
- Demographic changes - People are living longer which is obviously good news but that also can bring increased dependency through people living with more complex or multiple conditions which require social care and support.
- An increase in the number of pupils at our schools, which places increased pressure on school budgets, along with an increase in free school meals entitlement which brings additional funding pressures.
- More recently, a reduction in the amount of council tax being collected, due to the difficult economic circumstances that people find themselves in. This is coupled with an increase in council tax support as more people find themselves on low incomes or claiming benefits.

1.3.5 The quarterly reports to Cabinet on the revenue position for 2020-21 have outlined in detail the impact on the budget of the additional cost pressures and loss of income faced by the Council throughout the year as a result of the pandemic. Welsh Government has played a significant role in mitigating the majority of these losses through their various funding streams, most notably the Covid-19 Hardship Fund.

However, Cabinet and Council now need to consider the longer term impact of the pandemic and how it will shape the Council as part of its Recovery Programme, which comprises the following strands:

- Restart
- Recover
- Renew

1.3.6 Clearly budget planning for the financial year 2021-22 is even more uncertain than usual due to the impact of the global Covid-19 pandemic, which is on top of the uncertainties around the end of the Brexit transition period. While, on the whole, the UK and Welsh Governments have been supportive of the initial additional costs and burdens that have emerged from Covid, and covered most of the directly incurred costs, moving forward it remains unclear how much of the loss of income and additional cost pressures will be covered in the 2021-22 financial year. In particular it is anticipated that some of the impact on levels of income in leisure, car parking and rental income, for example, may be a medium term problem. In addition it is likely that there will be an additional call on the council tax reduction scheme in view of the inevitable economic impact, and the level of council tax collection is estimated to fall. Furthermore, ongoing expenditure on matters relating to public health, such as the test, trace and protect scheme, use of personal protective equipment, arrangements for the public vaccination programme, additional Covid-19 enforcement as well as other expectations with regard to addressing homelessness more robustly, and supporting social care sustainability, are likely to be significant.

- 1.3.7 In these circumstances setting a balanced budget for 2021-22 is even more challenging than usual, particularly on the back of 10 years of significant budget savings during the austerity years.
- 1.3.8 The Council has adopted a Corporate Plan that sets out the approaches that it will take to manage these pressures whilst continuing to ensure that, as far as possible, services can be provided that meet the needs of the citizens and communities in Bridgend . These approaches are:
- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This isn't always as easy as it sounds because often different rules or opportunities apply to different services. Nevertheless acting as 'One Council working together to improve lives' is enshrined in the Council's vision.
  - Wherever possible the Council will support communities and people to become more resilient by creating their own solutions and reducing dependency on the Council. This is because it is not sustainable for the Council to continue to aspire to meet all and every need that arises and because there is capacity, talent and ideas in other parts of the community that can be encouraged to play an active and effective role in sustaining and often enhancing local services. The Council has a role in encouraging, enabling and leading this approach and has adopted this as one of its underlying principles.
  - The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty and disadvantage. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions. The new socio-economic duty on public bodies, which comes into force on 31 March 2021, will reflect these aims.
  - The Council has three well-being objectives that reflect these and other principles. One of these objectives is to make "Smarter Use of Resources". This means we will ensure that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

1.3.9 In seeking to continue to meet the council's identified priorities and protect its investment in Education and early intervention, Social Services and Wellbeing, and prioritise the most vulnerable in our society, we are proposing the following changes in the 2021-22 budget:

#### **Additional Income**

Where possible, and still recognising the ongoing economic challenges that local people and businesses will face next year, the council will seek to raise additional income. However, there will be limited opportunities to do so given the immense challenges that Covid-19 has brought to the population. We will continue to look for opportunities where that might be possible.

## **Alternative Delivery Models**

We will continue to seek alternative ways of delivering services if that can ensure greater sustainability and efficiency. Over recent months there has been a significant acceleration in the Community Asset Transfer (CAT) Programme and it is anticipated that a saving of £300,000 can be made in 2021-22 by transferring responsibility for the management of assets, predominantly outdoor sports related playing fields and pavilions, to town and community councils or community clubs and groups. In addition the Covid-19 pandemic has shown how some Council services can be delivered differently, and it is important that where appropriate that is something that endures and that investment is made to ensure that services can be maintained and delivered safely. Specifically it is anticipated that an acceleration of the Council's digital programme will allow efficiency savings reflected in some of the proposed staff savings, in service areas such as Finance and Human Resources. In all, proposed staff savings in the Chief Executive's Directorate alone total over £89,000. Wherever possible, staff restructuring will be done sympathetically allowing those that wish to leave to do so, but also making appropriate investments in home and agile working and digital technology to ensure the Council is fit for the future.

## **Efficiency Savings**

The best kind of budget savings of course remain ones where there is little or no direct impact on staff or residents. After a decade of substantial budget savings, opportunities for large scale savings of this sort are now more scarce, but where they emerge they remain an important component of the MTFs. For next year significant savings are proposed to the Council's ICT telephony budget of £41,000, and the insurance budget of £75,000. Further savings of £120,000 are proposed in prudential borrowing costs in the building maintenance budget, and of £60,000 for the fire suppression scheme in the Tondu Depot as the scheme is paid from capital rather than revenue. The ongoing investment in installing LED lighting in the Council's streetlights continues to offer further savings with a budget saving of £75,000 proposed for next year. There is also a potential saving of £19,000 by utilising Welsh Government grant to purchase a new vehicle to service the collection of the Council's Absorbent Hygiene Product waste and therefore negate the need for, and the current costs of, leasing a vehicle. The Council will continue to seek to apply and secure grants where they can lead to revenue savings and greater sustainability of important services. Other potential savings being considered going forward are in relation to the current contracts with Halo Leisure and Awen to run our leisure and cultural facilities, which may allow some ongoing revenue savings by varying the terms of the existing contracts with regard to issues such as energy and building maintenance.

## **Property Savings**

The Covid-19 pandemic reinforced the need for the council to consider very closely the need for all of its portfolio of building assets. Over recent years savings have already been made by rationalising the number of operational depots and releasing one of the Council's major staff offices at Sunnyside. For 2021-22 further savings are proposed by housing the ICT staff and server in the Civic Offices and not



renewing the lease on Sunnyside House, for which an annual budget saving of £309,000 will result. Furthermore, the Council's investment in a new, modern, Community Recycling Centre in Pyle, due to open in 2021-22, will mean the lease for the site at Tythegston can be ended with a saving of £60,000 per year.

### **Changes to Service Provision**

Unfortunately, despite the likely settlement we will receive for 2021-22 being an increase overall, it is highly unlikely that we will be able to balance the budget without also making changes to the level of services that we can provide and prioritising those services that are deemed most important in terms of meeting the Council's agreed priorities. In particular it is important that where the council runs a service that also benefits other organisations and partners that appropriate contributions are made, where possible, to complement the Council's investment.

## SECTION 2. CONTEXT

### 2.1 Well-being Objectives

2.1.1 The Council's vision is to act as:

**“One Council working together to improve lives”.**

We will do this by delivering our well-being objectives. In setting our well-being objectives we set out what we aim to achieve and why they are important. Our well-being objectives are integrated, which ensures we are working together to achieve shared outcomes. Our well-being objectives are:



### 2.2 Key Statistics

#### 2.2.1 Key Financial Statistics:

In order to consider the future direction of the Council, it is important to look back over recent years to understand how previous financial settlements have shaped the current financial position of the authority. Table 1, below, outlines the key budget changes over the last 10 years.

**Table 1: BCBC Budget Statistics**

	2010-11	2020-21	% increase
BCBC Council Budget	£232.515m	£286.885m	23.4
WG Funding	£180.750m	£203.127m	12.38
Council Tax Income	£51.765m	£83.758m	61.8
% of Budget funded by Council Tax	22.26%	29.20%	31.2

In real terms, Welsh Government (WG) funding is falling year on year and this has impacted on the proportion of funding that is required to be met from council tax, compared to external WG funding. The total collected from council tax has increased by 61.8% over the last 10 years – this is as a result of a combination of the increase in the number of chargeable properties and increases in council tax charges which have been required to balance the budget.

## Financial Performance

### Current Year (2020-21) Financial Performance

The in-year financial position as at 31 December 2020 is shown in Table 2 below.

**Table 2 – Comparison of budget against projected outturn at 31 December 2020**

Directorate/Budget Area	Original Budget 2020-21 £'000	Revised Budget 2020-21 £'000	Projected Outturn Q3 2020-21 £'000	Projected Over / (Under) Spend 2020-21 £'000	Projected Over / (Under) Spend Qtr 2 2020-21 £'000
<b>Directorate</b>					
Education and Family Support	120,931	123,512	124,839	1,327	1,494
Social Services and Wellbeing	70,894	73,240	74,052	812	420
Communities	27,790	28,379	27,627	(752)	456
Chief Executive's	18,228	18,773	18,573	(200)	1,118
<b>Total Directorate Budgets</b>	<b>237,843</b>	<b>243,904</b>	<b>245,091</b>	<b>1,187</b>	<b>3,488</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,329	7,329	7,129	(200)	(200)
Levies	7,459	7,460	7,472	12	11
Apprenticeship Levy	650	650	655	5	(14)
Council Tax Reduction Scheme	15,254	15,254	15,254	0	1
Insurance Premiums	1,438	1,438	1,376	(62)	(51)
Repairs & Maintenance	870	753	753	0	0
Pension Related Costs	430	430	435	5	0
Other Council Wide Budgets	15,612	9,167	2,230	(6,937)	(3,266)
<b>Total Council Wide Budgets</b>	<b>49,042</b>	<b>42,481</b>	<b>35,304</b>	<b>(7,177)</b>	<b>(3,519)</b>
<b>Earmarked Reserves</b>	<b>0</b>	<b>500</b>	<b>5,799</b>	<b>5,299</b>	<b>0</b>
<b>Total</b>	<b>286,885</b>	<b>286,885</b>	<b>286,194</b>	<b>(691)</b>	<b>(31)</b>

The overall projected position at 31st December 2020 is a net under spend of £691,000, comprising £1.187 million net over spend on directorates and a £7.177 million net under spend on corporate budgets, offset by net appropriation to earmarked reserves of £5.299 million. Due to the Covid-19 pandemic, the position during this financial year has been very fluid and relies heavily on securing additional funding from Welsh Government to support cost pressures and loss of income. The directorate position has improved significantly since quarter 2 and it is hoped that it will continue to improve during the remainder of the financial year. The main reasons for the increase in under spend on 'Other Council Wide Budgets' are due to the movement on inflation rates since budget setting (CPI was 1.7% in February 2020 and had reduced to 0.6% by December 2020) and therefore the reduced requirement to allocate budget to service areas in-year (£1.5 million), successful WG Covid-19 claims of £3.4 million since quarter 2 that otherwise would have had to have been met from this budget and additional grant funding being made available from WG to contribute to the increased costs of teachers' pay.

The MTFs Budget Reduction Contingency Reserve referenced in Principle 7 enables the Council to manage delays or unforeseen obstacles to the delivery of significant MTFs budget reduction proposals. No allocations have been made to date from this reserve, but further reviews will be undertaken during the remainder of the financial year, and draw down made accordingly, and the level of this reserve will be kept under review by the Section 151 officer in light of forecast difficulties in delivering specific future budget reduction proposals.

### Historical Financial Performance

Table 3 outlines the historical outturn position over the previous three financial years. It demonstrates a healthy outturn position with a net under spend overall on directorate and council wide budgets, which have enabled the Council to establish new and increased earmarked reserves to meet emerging pressures and commitments. Annually the Council has generally drawn down more from reserves than it has established in year. It has also been able to slightly increase the value of the Council Fund to its current level of £9.340 million which is in line with MTFs Principle 9.

Over recent years the year end position of the Council has been masked by year-end grant allocations from Welsh Government, for a number of areas including schools and social services, generating under spends that were not budgeted for during the financial year. For example, the 2019-20 outturn position was impacted by unexpected grant funding from Welsh Government of over £2.6 million, which the Council would have been unaware of when setting and approving its 2019-20 budget. Given the favourable outturn position, and the uncertainty around the impact of the Covid-19 pandemic on the Council's budget for 2020-21, and potentially longer, a specific Covid-19 earmarked reserve was established at the end of 2019-20 to mitigate additional cost pressures and loss of income, including council tax income, during 2020-21 and beyond. Year-end outturns are one-off and usually used to establish new earmarked reserves or pay off existing prudential borrowing, they cannot be used to offset future budget savings or reduce council tax.

**Table 3: Historical Financial Outturn Position 2017-2020**

	2017-18 £000	2018-19 £000	2019-20 £000
Council Budget	258,093	265,984	270,809
Outturn	251,639	258,131	261,354
<b>(Under) Spend</b>	<b>(6,454)</b>	<b>(7,853)</b>	<b>(9,455)</b>
Accrued Council Tax Income	(594)	(670)	(1,502)
Appropriations to Earmarked Reserves	6,661	8,094	10,394
Transfer to Council Fund	387	429	563
Draw Down from Reserves	10,703	9,996	8,299

**Usable Reserves**

In terms of financial reserves, the Council Fund balance has steadily risen over the last 10 years, to its current value of £9.340 million, as shown in Table 4. This represents 3.4% of the net revenue budget for 2019-20 or 5.27% of the net revenue budget, excluding schools. This aligns with MTFs Principle 9 which states that:

*The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.*

**Table 4: Usable Reserves 2017-2020**

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves
	£000	£000	£000	£000	£000
<b>2017-18</b>	8,347	48,075	21,161	288	<b>77,871</b>
<b>2018-19</b>	8,776	48,107	17,922	1,482	<b>76,287</b>
<b>2019-20</b>	9,340	55,222	18,608	317	<b>83,487</b>

In total, usable reserves have increased over the 3 year period. The capital receipts reserve has fallen slightly, as major schemes within the capital programme have been progressed. In contrast, earmarked reserves have increased, but it is important to note that within this balance is a capital programme reserve which, similar to the capital receipts reserve, supports major capital schemes within the capital programme. As the potential to generate capital receipts from the sale of assets diminishes, this has become an important source of funding for the capital programme and enables major capital schemes to progress without the need for borrowing which

would put additional pressure on the revenue budget. As at 31 March 2020 the balance was £20.878 million, which constituted 38% of the total Earmarked Reserves balance, leaving £34.344 million for other pressures, including:

- £2.161 million Insurance
- £4.993 million Service Reconfiguration
- £4.668 million Building / Asset Management
- £3.695 million Equalisation Funds and Grants
- £2.622 million Specific Directorate Pressures
- £3.000 million Covid-19 Recovery

Earmarked reserves are reviewed regularly, drawn down when required and unwound when no longer necessary.

### **Borrowing and Investments**

The Council's Treasury Management Strategy sets out its approach with regard to borrowing and investments. 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. However, with limited capital receipts likely to be available in future years and significant capital investment planned, including the 21<sup>st</sup> Century Schools Band B Programme, the Council is forecasting an increased capital financing requirement.

Capital interest costs as a percentage of the net revenue budget have historically averaged between 3% to 4%. However, this could increase if budgets are squeezed further and the Council's under-borrowed position diminishes.

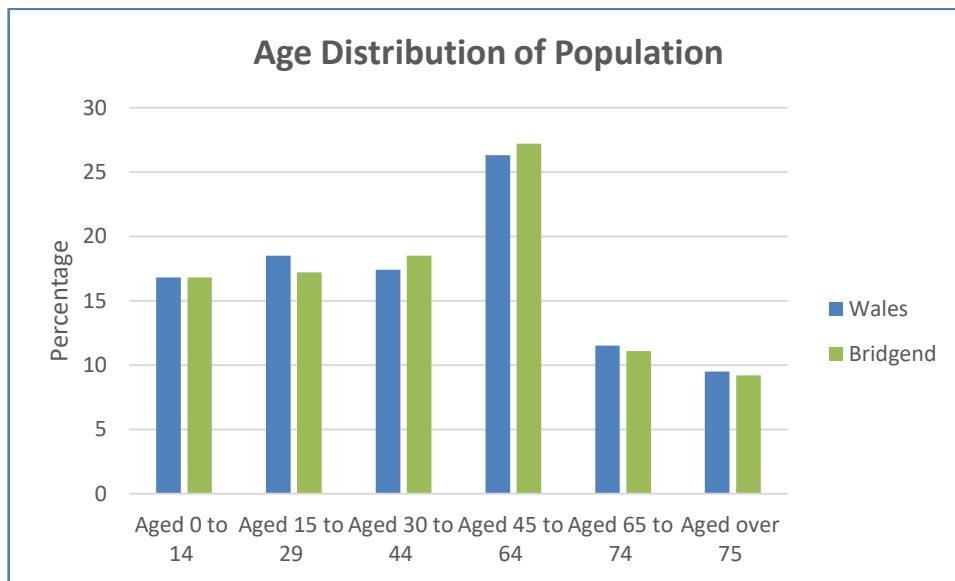
#### **2.2.2 Non-Financial Statistics:**

##### **Population**

Bridgend has a population of almost 147,049 (mid-year estimate 2019). Between 2008 and 2019 its population grew by 6.7% and this is expected to continue and reach around 150,000 by 2030, an increase of around 0.3% per annum.

The age distribution of the County Borough is broadly in line with the average for Wales, however there is a higher percentage of 30 to 64 year olds, and lower percentage of 15 to 29 and 65+ year olds.

**Chart 2: Age Distribution of Population at mid-year 2019**



A growth in population places greater demand on Council services including housing, education, environment services and social care. The level of unemployment is also instrumental in determining the demand for Council funded benefits such as council tax reduction or concessions when paying for Council services.

### **Employment**

In terms of employment, for the year ending 31 March 2020 Bridgend's employment rate was 59% compared to an all-Wales level of 57.2%. Bridgend had a higher than average economic activity rate, and consequently a lower than average economic inactivity rate. This covers those people who are out of work and not looking for a job, including those who were looking after a home or retired.

The impact of Covid-19 and the closure of the Ford plant in September 2020 is likely to have an adverse effect on these figures by the end of the 2020-21 financial year. Any increase in the number of unemployed or on low incomes will create a pressure on a number of service areas, including housing and social services, but also on benefit related services such as council tax support.

### **Pupil Numbers**

The Council has a total of 59 schools (infant, junior, primary, secondary and special, welsh medium and church schools) with around 22,000 pupils. A number of these buildings are in poor condition with a backlog of repairs and maintenance issues. Pupil numbers overall and within and across schools do not remain static, and are currently rising, which impacts upon the need to provide the right number of school places in the right locations. The Council has already invested £21.6 million in providing new and refurbished schools under Band A of the 21<sup>st</sup> Century Schools Programme and has also committed to spending a further £19 million of funding under Band B of the programme. The cost of financing these schemes, along with any future operating costs, will be reflected within future financial pressures.

## Other statistics

### Leisure and Well-being:

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

We also develop, manage and maintain **280 hectares** of open spaces, including children's play areas, sports pitches, commons, highway verges, landscapes and horticultural features. All of these require regular maintenance and investment, in addition to the ongoing running costs required to keep them open for the public.

## 2.3 Scrutiny and Challenge

- 2.3.1 Cabinet and Corporate Management Board (CMB) continue to seek to embed a culture of medium term financial planning within the Council. Against that background, further efforts have been made again this year to secure greater involvement of stakeholders in the development of the MTFs and the Corporate Plan, despite the restrictions caused by the Covid-19 pandemic. An eight week consultation 'Fit for the Future' was undertaken between 19 October and 13 December 2020, the emphasis of which was on the Council's recovery plans, what the public felt were important services during the lockdown and what services they actually accessed. Due to social distancing requirements, which limited face to face interactions, the budget consultation was pre-launched on social media prior to the live survey date and the consultation itself focused more on online, social media and interactive ways of working.
- 2.3.2 A wide variety of methods of communication were used including surveys, social media, a number of online engagement sessions, online FAQ sessions as well as videos, radio adverts and media releases. In addition, in order to gather the views of young people, the consultation team attended a Bridgend Youth Council meeting and promoted the consultation amongst learners, staff and parents at Bridgend secondary schools and Bridgend College. The results were collated and presented to Cabinet on 19 January 2021 in order to further inform decisions on the MTFs.
- 2.3.3 The consultation was supported by a full communications and promotional plan. The main activities included three media releases, a BCBC budget explainer video, various press release/editorials in the media, a social media/web campaign, radio campaign, direct marketing to key target audiences e.g. businesses, schools, youth council and internal communications for staff and elected members.
- 2.3.4 Overall, the Council received 1,831 interactions from a combination of survey completions, engagement at various meetings, social media engagement and via the authority's Citizens' Panel. Due to the impact of Covid-19 this is a decrease of 5,606 (75%) on the 7,437 interactions from last year. A total of 1,421 survey responses were received, a decrease of 58% on last year's survey completions.
- 2.3.5 A summary of the main headlines arising from the consultation is provided in Table 5 below.



**Table 5 – Headline Figures from Public Consultation**

<b>Headlines from the Public Consultation</b>
<b>Responding to the Pandemic</b>
<ul style="list-style-type: none"> <li>• 45% of respondents stated that customer services had performed well or very well during the pandemic.</li> </ul>
<ul style="list-style-type: none"> <li>• 47% of respondents stated that the support for vulnerable residents had been performed well or very well during the pandemic;</li> </ul>
<ul style="list-style-type: none"> <li>• When asked what services they had missed during lockdown respondents stated that the services that they had missed the most were community recycling centres, followed by gyms and or swimming pools and then parks and playing fields.</li> </ul>
<ul style="list-style-type: none"> <li>• When asked which maintained services should be a priority for the future respondents stated general waste and recycling collection services followed by street lighting including responding to street lighting faults and then domestic abuse support.</li> </ul>
<ul style="list-style-type: none"> <li>• 70% of respondents stated that the support for communities had been performed well or very well during the pandemic.</li> </ul>
<b>Business and the Economy</b>
<ul style="list-style-type: none"> <li>• 87% of respondents stated that support for local businesses was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• 73% of respondents stated that promotion of town centres as places to visit was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• When asked if respondents had any other ideas about how the council should support local businesses respondents stated reduce business rates and rents followed by need to invest/regenerate the town centres and empty properties, encourage more shops, ensure cleanliness and reduce anti-social behaviour and then better and free car parking.</li> </ul>
<b>Health and Wellbeing</b>
<ul style="list-style-type: none"> <li>• When asked which support services to help our most vulnerable residents the council should focus on as we recover from the pandemic 92% of respondents stated that support for older people was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• 81% stated that ensuring those who are homeless are kept safe as lockdown restrictions ease was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• 78% of respondents stated that food poverty – (for example should BCBC support and promote food banks and provide children eligible for free school meals with food parcels during school holidays) was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• 77% of respondents stated that council tax support for residents who had difficulty paying their council tax as a direct result of the pandemic was important or very important.</li> </ul>
<ul style="list-style-type: none"> <li>• 88% of respondents stated that during the pandemic support from community organisations was either important or very important.</li> </ul>
<b>Civic Offices</b>
<ul style="list-style-type: none"> <li>• 81% of respondents stated that they had not missed coming into Civic Offices while it has been closed. When asked how they have accessed services while Civic Offices has been closed respondents stated the website, followed by telephone and then email.</li> </ul>
<ul style="list-style-type: none"> <li>• 60% of respondents stated that when Civic Offices do reopen the council should move to an appointment based system.</li> </ul>
<ul style="list-style-type: none"> <li>• 59% of respondents stated that when Civic Offices reopen they will continue to access services online, a further 20% of respondents stated that they always preferred to access services online.</li> </ul>
<b>Digitalisation</b>
<ul style="list-style-type: none"> <li>• When asked what would help you or someone you know access services online 44% stated that they didn't need any help accessing services online, this was followed by 15% stated that they would find printable 'how to' guides useful and 14% stated that they would like to have videos on the Bridgend council website. 12% of respondents stated that they would like access to community learning sessions and 11% stated that they would like appointments with a member of the customer services team to show them how to access services online.</li> </ul>

<b>Council Tax</b>
<ul style="list-style-type: none"> <li>When asked to select which statement best represent their views on setting the council tax for 2021-22, 37% of respondents were prepared to increase council tax a bit to help protect the most important services where possible (4.5% increase), followed by 36% of respondents who preferred to keep council tax levels the same level, which would result in a reduction in the level of services provided, followed by 19% of respondents who were prepared to increase council tax more significantly to protect more services (6% increase) and then 8% of respondents who were prepared to pay as much as is needed to maintain all council services at existing levels (16% increase).</li> </ul>
<b>The Future</b>
<ul style="list-style-type: none"> <li>When asked what do they think our long term priorities for the future should be, respondents selected making in house efficiencies, followed by focussing on services that benefit everyone in the borough and then encouraging citizens to take more responsibility.</li> <li>When asked which three services the council should prioritise when recovering from the pandemic, respondents most commonly chose care for older people, followed by schools and then recycling and waste.</li> </ul>

2.3.6 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Panel (BREP) over the last six months to facilitate the budget planning process. The draft budget report approved by Cabinet in January 2021 has also been scrutinised by the Council's Scrutiny Committees resulting in a report to Cabinet on 9 February from the Corporate Overview and Scrutiny Committee (COSC), outlining a number of recommendations. Cabinet has considered COSC's recommendations, which include recommendations from BREP, and a response to these is provided in Appendix A.

2.3.7 Cabinet and CMB have reflected on the responses received from the public consultation and have compiled the budget based on the comments and responses received. This includes:

- protecting school budgets
- investment in new provision for additional learning needs
- support for homeless individuals
- enhancing our digitalisation capabilities
- support for waste and recycling
- additional funding to support an ageing population
- lower council tax increase than originally proposed

## **2.4 Service Overview**

2.4.1 This overview summarises the continued and significant investment in public services that the Council will make. It also sets out where we will be making significant changes to particular areas of service and consequences of these to the budget

### **2.4.2 Education**

The Council is proposing to spend £127 million on services delivered by the Education and Family Support Directorate in 2021-22. The majority of this money will be spent by Bridgend's 59 schools and one pupil referral unit.

In addition to the £103 million proposed budget to be delegated to schools in 2021-22, which mostly pays for the salaries of teaching and other school staff, and the running costs of the facilities (ongoing revenue expenditure), the Council has already spent £21.6 million in building and refurbishing schools as part of our 21<sup>st</sup> Century School Modernisation Band A Programme and has provisionally committed to a further £19 million as part of the Band B Programme. This comprises one-off capital expenditure across several years, with significant match funding from Welsh Government. Welsh Government has provided approval in principle in respect of the Strategic Outline Programme submitted by the Council around our aspirations for Band B funding. However, approval will also be required for individual project business cases. While it is too early to say how this will progress, the concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in our main special school, mainly in the primary sector. It is likely that this will represent the most significant area of capital expenditure for the Council in future years.

The Council has a longer-term goal to make the overall schools system more efficient (e.g. through making sure we have the right number of school places available in the right parts of the county (including ensuring enough capacity for anticipated future increases in school age population)).

For 2021-22 the level of budget reductions required is not as great as had been feared. As a result, it has been possible to protect schools from a proposed 1% annual efficiency target for one year. However, the forecast pressure on Council budgets for future years is such that it may be unavoidable for 2022-23 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

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

In seeking to protect our investment in education and early intervention, the Council is making minimal changes to the services delivered at this time. We are proposing the following changes in 2021-2022 that are reflected in the budget:

- We intend reviewing our staffing structures within the Education and Family Support Directorate, which we anticipate will secure efficiency savings of around £110,000.
- We would like to reduce our contribution to Central South Consortium over the coming years. This is, however, subject to agreement with our partners. For 2021-2022, we anticipate a further cut of £5,000 (1%). We will continue discussions around savings that can be made in future years.

We will continue to seek efficiencies in the application of the Council's Home-to-School / College Transport Policy. We have also reviewed other aspects of our transport provision including post-16 transport, following a full public consultation exercise.

### 2.4.3 Social Care and Well-being

After Education, the largest area of Council spend is on social care. This includes social care for children and for adults with care and support needs. Within the Directorate there is a focus on well-being and independence, outcome focussed practice which supports people to live the lives that matter to them. This way of working results in less dependency on commissioned social care services for many individuals and more effective and cost effective use of statutory services. The Directorate continues to develop new approaches to service delivery and this includes better support and outcomes for prevention, early intervention and wellbeing. This approach supports the well-being objective of 'helping people and communities to be more healthy and resilient' and is also part of the Directorate's transformation plan with a clear link to the Medium Term Financial Strategy.

There are established working relationships between children's social care and early help and intervention services with mechanisms in place to ensure close working and appropriate and proportionate responses to families and children in need.

Our strategy for the next few years is to more effectively support independence and continue to remodel the way we work in order to lessen dependency and enable people to maximise their independence.

Social services is largely a needs led service and whilst the long term strategy is to enable people to be more self-reliant, the demographics show that people are living longer, often with more complex conditions than ever before. This means that there are more people living in the community who would previously have remained in hospital or entered a care home. Children's social care is also needs led and the financial pressure to meet need can fluctuate very rapidly. Needs are met and personal outcomes achieved within available budgets. In total, the Council is proposing to spend £74 million on social care and wellbeing services in 2021-22.

Though some pressures are allowed for in planning the 2021-22 budget, we are not simply increasing the budget to meet needs based on current models of care and support. This would be unsustainable and if we increased budgets year on year to meet new demand, it would increasingly mean the Council would have to restrict other services. Therefore the Council's strategy is to continue to transform how we work with people to support their independence and how services are delivered. Introducing new ways of working which will be sustainable in the long term, alongside a service which has to meet a range of statutory needs, requires a long term shift in culture and practice. The service has made good progress in achieving the required savings, however the increase in demand and complexity of care required continues to put pressure on our budgets. The impact of the Covid-19 pandemic on people with care and support needs and the social care sector is significant in the short and medium term and plans will need to be adjusted to reflect this changed context.

In order to be sustainable going forward, the Council is ensuring that any changes are introduced in a planned and timely way in order to take existing and future customers with us as well as the general workforce. This work has already commenced and the budget saving proposals for 2021-22 build on the implementation plans that are already underway. The re-modelling programmes

focus on changing the culture and reviewing what has become 'custom and practice'.

The Council has already made changes. In adult social care we have changed the assessment framework in order to improve the outcomes for people who need care and support whilst also reducing the numbers of people who require long term support. The Council focuses on helping people to achieve the outcomes they want for themselves, targeting our interventions on what is missing, rather than going straight to what package of care we can give them. We are also actively reviewing the way we deliver domiciliary care, day services and residential care for children. There has also been an increased focus on developing the Council's foster care and remodelling residential services.

Importantly these transformations are designed to both better support people and cost less. The Council has identified a number of further transformations that continue this approach, some of which are reflected in changes to the budget. These include a full review of the learning disability day opportunities and accommodation strategy and further remodelling of Children's residential and fostering services.

Housing as a determinant of physical and mental health is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing (Wales) Act 2014 introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The service has responded to the challenges of Covid-19 and new guidance introduced by Welsh Government in relation to homelessness presentations, and has recognised these as budget pressures for the Council, with the aim of providing temporary accommodation to people in need, in order to reduce the number of street homeless people. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness.

The service also administers the Housing Support Grant from Welsh Government (£5.8 million). The support activities are both broad and diverse. This is done both through a range of corporate joint working and contract arrangements with third sector organisations, delivering specific projects for people who are vulnerable with complex needs. These projects include services for people suffering domestic abuse, mental health and substance misuse issues, learning disabilities, accommodation for young people, people with mental health support needs and other housing related support for people who need help to access or maintain accommodation successfully.

Housing will continue to adopt a strategic approach to homelessness prevention and provision by working with Welsh Government and partner organisations. Work with Registered Social Landlords is on-going to support new housing developments and housing will continue to use the Social Housing Grant effectively to increase the supply of social housing.



#### 2.4.4 Public Realm

Most of the Council's net budget is spent on education and social care – these are very valued services, but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, and collect and dispose of our waste.

In 2021-22 the Council is likely to receive around £4 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is around £21.8 million. The fact that schools have had a high degree of financial protection in previous years has meant that the Council's other services have been under considerable pressure to make savings and in many cases we have had to reduce levels of service. However the services in the Communities Directorate have also been subject to service changes that have resulted in alternative delivery models that have increased productivity, as well as collaborative approaches that have increased both efficiency and service resilience. Investment in this area is proposed to continue into 2021-22.

The seven year contract with Kier is now moving into its fourth year and the costs associated with waste collection still remain competitive on an all Wales basis. During the first few years of the contract there has been a significant increase in the amount of waste recycled, (Bridgend is consistently in the top 5 of best performing waste authorities in Wales), and therefore a significant reduction in the volume of our residual waste. This is expected to benefit the Council financially over time, subject to contractual conditions with our disposal arrangements. An indicative net saving of £1.3 million was identified in 2019-20 as a result of negotiating new operating arrangements at the Materials Recovery and Energy Centre (MREC). An agreement with Neath Port Talbot Council has now been made for waste disposal going forward until 2030 or until a regional facility comes on line. A £300,000 budget pressure is included in the MTFS for 2021-22 to mitigate the shortfall in savings until this time. We expect to spend in the region of £9.1 million on the collection and disposal of waste in 2021-22. Work will also commence on looking at the provision of waste and recycling services post 2024, when the Kier contract ends, and this will be reported to Cabinet in 2021.

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

The Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where we think it will have the least impact across Council services, recognising that this still may be significant in some areas. We will also develop alternative ways of delivering and sustaining services including greater and more effective collaboration and encouraging others to work with us or assume direct responsibility for services in some cases. The most significant proposed change in this respect is:

- A move to shift the responsibility for the management and maintenance of sports fields and pavilions from the Council to user clubs and groups or local town and community councils. The Council will adopt a flexible approach to community asset transfer (CAT), utilising the new streamlined CAT process, and ensuring that appropriate advice and both capital investment (from the CAT fund in the capital programme) and revenue support (from the new sports club support fund) are made available. The Council aims to achieve savings of £300,000 in 2021-22 from transferring these assets.

Reductions in spend in this area will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control.

#### **2.4.5 Supporting the Economy**

Whilst this is a Council priority, services such as regeneration and economic development as a discretionary service have nevertheless made significant reductions to their budgets over recent years. The Council has delivered this by employing fewer but more highly skilled staff, and focussing activity more narrowly on priority areas to maximise impact. Going forward, we will increasingly collaborate on a regional basis with the nine other Councils that make up the Cardiff Capital Region City Deal, particularly in areas such as transport, economic development and strategic planning. The City Deal is creating a £1.2 billion fund for investment in the region over the next 20 years. This long term investment will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the City Deal, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams to reflect this direction of travel. The Council will be spending in the region of £2.1 million a year running these services, plus a further £700,000 as Bridgend's contribution to the Deal itself. These teams will ensure successful delivery of high profile regeneration projects, as well as working through its employability programme to mitigate job losses as a result of the pandemic and major employers, such as Ford, leaving the County Borough. We are also in the process of developing a new Local Development Plan and an important part of our budget planning is making sure that it is resourced appropriately to ensure our plan is properly researched and evidenced and sets out the development planning proposals for the County Borough which will shape its future, including housing growth.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the regeneration of the waterfront at Porthcawl, including the Salt Lake site, the redevelopment of Maesteg Town Hall, and investment in initiatives to improve the town centre in Bridgend. This includes potentially relocating Bridgend College to a town centre location. Much of this investment is not the Council's own money, but skilled teams are required to bid successfully in a competitive environment to ensure money is levered in.

The Council will continue to operate a number of grant funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes such as Bridges into Work.

## 2.4.6 Regulatory and Corporate Services

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

### Regulatory Services

This is a combined service with the Vale of Glamorgan and Cardiff City Councils, for which Bridgend will contribute around £1.8 million towards a group of services that includes Trading Standards, Environmental Health, Animal Health and Licensing (Alcohol, Gambling, Safety at Sports Grounds, Taxis etc.). These services all ensure in different ways that the public is protected.

As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

### Registrars

The Council operates a registrars service that deals primarily with the registration of Births, Marriages and Deaths. The service also undertakes Civil Partnership and Citizenship ceremonies. The main base for the registrars' service was moved from Tyr Ardd to the Civic Offices during 2020-21, creating efficiencies in terms of operating costs by rationalising the Council's estate and generating an additional capital receipt.

### Council Tax and Benefits

The taxation service collects over £80 million in Council tax from around 65,000 households across the county borough. Our collection rates over the last two years were the highest ever in the Council's history, but this has been seriously impacted by the Covid-19 pandemic. We are determined to regain this high level, but we are seizing the opportunity to reduce the cost of operating the service, by offering online services. We now offer a range of secure Council tax functions online, allowing residents to self-serve at a time and location convenient to them. This will allow us to reduce the cost of running the service.

Benefits are funded by the central UK government but the administration of Housing Benefit and the Council Tax Reduction Scheme falls to the Council.

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

## 2.4.7 Corporate Services

There are a number of things that the Council does that support the delivery of services but which themselves are not visible to the public. We need to maintain these services with sufficient capacity to support our services whilst making them as efficient and effective as possible. In many cases we operate such services by



sharing with other organisations. Opportunities for further collaboration or sharing in these service areas has been and will continue to be explored.

### Property and building maintenance

The Council is undertaking a review of its commercial property portfolio, identifying asset management opportunities and the mechanisms required to deliver a sustainable increase in income. Alongside this, the Council is continuing to dispose of assets it no longer requires to deliver services, in order to provide further investment in our capital programme.

The Council has brought together its asset management and building maintenance functions, and has centralised all premises repairs, maintenance and energy budgets into a single 'corporate landlord' service within the Communities Directorate. This will better enable us to manage compliance, embed 'whole life costing' approaches into decision-making, manage the quality of work undertaken by contractors, and thereby deliver efficiencies in the management of our estate. This focus on reducing our assets and energy efficiency will be essential if the Council is to meet Welsh Governments targets of all public sectors bodies being net carbon neutral by 2030. A draft "Bridgend 2030 Decarbonisation Strategy", setting out these intentions will be subject to public consultation in 2021.

The service will continue to review its processes in 2021-22 including seeking further operational efficiencies and streamlined business processes, from IT investment, improved procurement and contract management.

### Legal services

The Council needs to maintain effective legal support for all of its services. At a time when the Council is trying to transform services it is important to bring about these changes within the law. The service also directly supports front line services such as Education and Social Services, and is provided by a mix of permanent internal staff and expertise purchased from the private sector when necessary. Almost half of our in-house legal team is specifically focussed on child protection cases.

The service is nevertheless very lean and so our focus will be on ensuring that we can build more resilience and responsiveness into the service through some changes in responsibilities and operating practice.

### Finance

The Council has a central team that manages all of the financial management of the Council. This includes high level strategic advice, the Council's accounts, monitoring of financial performance and supports the oversight and management of the Council's finances. The service fulfils certain legal requirements that ensures transparency and accountability in the way that public money is used – for example in producing accounts which are then audited and in delivering value for money in service delivery.

The Finance Section will be looking to further improve and enhance business processes to improve efficiency and also meet legislative changes. Significant

progress has been made in automating payments and the Council will continue to develop and extend this to a wider range of suppliers.

### Human Resources (HR) and Organisational Development (OD)

With over 6,000 employees including schools, the Council needs a dedicated human resources service. The primary role of the service is to provide professional advice, guidance and support to managers and staff on a wide range of HR and OD issues as well as provide HR services for the payment of salaries, pension, contracts and absence administration. Other services include training and development, recruitment and retention, developing employee skills and 'growing our own'. We intend making greater investment in recruiting more apprentices next year.

Working closely with our recognised trade unions, it maintains positive and transparent employee relations arrangements.

### ICT

We are continuing to invest in the automation and digitisation of services in line with our recently approved Digital Strategy, where it is appropriate to do so, and work is ongoing to identify priority areas through the Digital Transformation Programme which will help achieve savings in future years of the MTFs.

The ICT service is assisting the Digital Transformation programme, supporting the changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. The Council spends around £5 million on its ICT services provision to support main Council activities and schools. The ICT service has focused on developing staff through the apprenticeship programme in conjunction with HR, developing skills and enabling career progression in-house.

### Procurement

The Council has a central team that provides procurement support across the range of services that we provide. Effective procurement is essential to ensuring good value for money across the Council, but we will still continue to seek corporate wide efficiencies in the operation of this service. The service is also focusing more efforts on developing the foundational economy based on local procurement as well as reviewing its overall approach in an effort to secure better outcomes for the Council from its large annual spend in this area.

### Democratic Services

The Council is a democratic organisation with 54 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. Like many Councils, Bridgend has a mayor whose job is to chair meetings of the Council and represent the Council in the community (this is completely different to the elected mayors in cities like London and Bristol). These democratic processes require support to ensure accountability and transparency in decision making. The number of elected members in each authority is set independently. Their remuneration is also determined by an independent Panel.

## Internal Audit

Our Regional Internal Audit Shared Service is provided by a joint service that we share with the Vale of Glamorgan, Rhondda Cynon Taf and Merthyr Councils. The service carries out routine checks and investigations to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources.

## SECTION 3. THE FINANCIAL CLIMATE

### 3.1 Current Financial Situation

3.1.1 In March 2020, following a one-year Spending Round in 2019, the Chancellor announced that the comprehensive spending review (CSR), setting out government expenditure plans for the next three years would be delayed because of the coronavirus outbreak. When the CSR was launched in July 2020, due to unprecedented uncertainty, the Chancellor did not fix a set spending envelope, but confirmed that departmental spending (both capital and resource) would grow in real terms across the CSR period and that the government would deliver on the commitments made in the March Budget to level up and invest in the priorities of the British people. Given the impact Covid-19 has had on the economy, the Chancellor was clear there will need be tough choices in other areas of spending at the review.

3.1.2 In October 2020 the Treasury confirmed that the Comprehensive Spending Review would only set departmental budgets for the following year, due to the economic disruption caused by Covid-19, and the ongoing uncertainties around Brexit, rather than the original plan of setting spending totals for three years and capital budgets for a further year. A statement from the Treasury said:

*"In order to prioritise the response to Covid-19, and our focus on supporting jobs, the Chancellor and the Prime Minister have decided to conduct a one-year Spending Review, setting department's resource and capital budgets for 2021-22, and devolved administration's block grants for the same period."*

*"While the government would have liked to outline plans for the rest of this parliament, the right thing today is to focus entirely on the response to Covid-19 and supporting jobs - that's what the public would expect."*

3.1.3 This is the second single year spending review in succession, and on 25 November 2020 the Chancellor delivered the outcome of the review, along with the Office for Budget Responsibility (OBR) forecast. In terms of the latter, the OBR forecasts that the economy will contract this year by 11.3% - the largest fall in output for more than 300 years. The Chancellor did say, however, that as the restrictions are eased, they expect the economy to start recovering, but that even with growth returning, *"our economic output is not expected to return to pre-crisis levels until the fourth quarter of 2022"*. He added that the economic damage would be lasting and that the economy would be 3% smaller than expected in the March budget.

3.1.4 In relation to the Spending Review he reported that this would deliver a "once in a generation" boost to infrastructure, with extra spending on schools, for councils and for the NHS. He said there would be £280 billion in spending "to get our country through coronavirus". He also said that the Spending Review would deliver stronger public services with billions in additional funding, including £1.3 billion for Wales. He also announced targeted pay increases for NHS workers and those on low pay, with a pay freeze for most of the rest of the public sector, alongside an increase in the National Living Wage of 2.2%.

3.1.5 In response to the Spending Round, the Minister for Finance and Trefnydd, announced that Welsh Government's revenue expenditure limit for 2021-22 would

increase by 4.6% in cash terms. This is in addition to additional funding for 2021-22 of £766 million in relation to Covid-19. She also expressed disappointment at the public sector pay freeze, the capital settlement, which was much lower than expected, and the low level of funding for the whole of the UK for the Shared Prosperity Fund, the replacement for EU funding, for 2021-22.

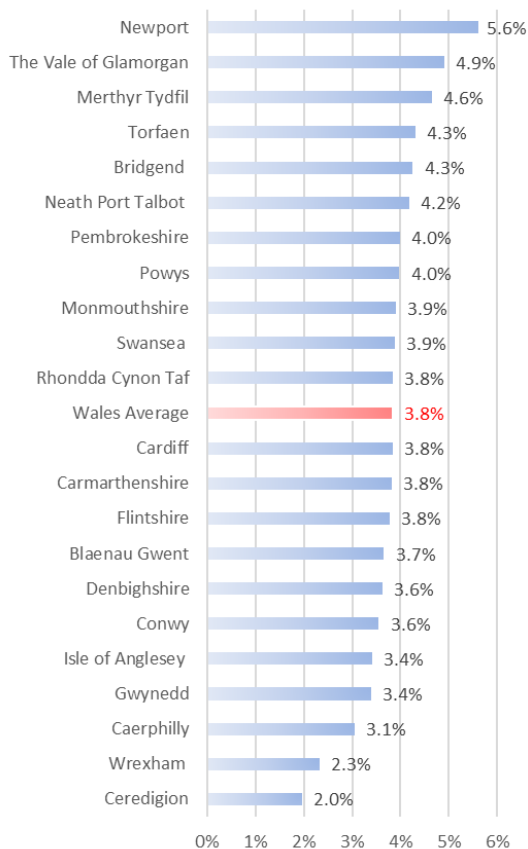
- 3.1.6 As a result of the late announcement of the Comprehensive Spending Review, Welsh Government decided to defer the announcement of their draft budget, along with the provisional local government settlement, until 21 and 22 December 2020, respectively. This also meant a delay in the announcement of the Welsh Government's final local government settlement until 2 March 2021, so the Medium Term Financial Strategy and the budget for 2021-22 is proposed on the basis of the provisional settlement.
- 3.1.7 The Welsh Government announced its draft budget for 2021-22 on 21 December 2020, in support of their key priorities to **protect, build and change**. The budget included an additional £420 million for health and social care (including £385 million for core NHS services and an additional £10 million for the Social Care Workforce Grant) to support the NHS's growth and recovery post-pandemic, a further £40 million for the Housing Support Grant, towards the long-term goal of ending homelessness in Wales, and an additional £23.3 million to extend free school meals in school holidays for the entirety of 2021-22. Other measures include funding to support catch up learning, additional funding for the predicted increase in demographic of 16-19 year olds in sixth forms and further education, funding for mental health services and an uplift of £176 million for local government. Welsh Government are also maintaining capital support to local government, to enable them to deliver joint priorities including decarbonisation, housing and economic recovery following Covid-19. To help build a greener future, an extra £40 million will also be provided for modern education infrastructure, including £5 million for a net-zero schools pilot.

## 3.2 Welsh Government Local Government Settlement

- 3.2.1 Bridgend's draft MTFs was presented to Cabinet on 19 January 2021, based on the provisional settlement, before being submitted for scrutiny. As outlined in that report, Bridgend's published provisional settlement was an increase in Aggregate External Funding (AEF) of 4.3%. Councils are not expected to receive their final settlements from Welsh Government until 2 March 2021, so the final MTFs is based upon the provisional settlement. The headline figure is an overall increase, after adjusting for transfers, of 3.8%, across Wales and, for Bridgend, an increase of 4.3% in Aggregate External Finance (AEF), or £9.064 million. This includes additional funding of £185,000 towards the full year effect of the teachers' pay award in September 2020. The Minister for Housing and Local Government stated that the settlement provided local authorities with a stable platform for planning their budgets for the forthcoming financial year, and that they would continue to provide funding to support Local Government's response to the pandemic, but that this would be considered separately, outside of the settlement. There are not intended to be any significant changes in the final settlement, which will be announced in March 2021.

This increase for Bridgend was the fifth highest increase across all Welsh Local Authorities as illustrated in Chart 3 below.

**Chart 3: Revenue Funding for Welsh Councils 2021-22 (provisional settlement)**



3.2.2 In announcing the provisional settlement the Minister for Housing and Local Government, stated *“this Settlement provides you with a stable platform for planning your budgets for the forthcoming financial year. I fully appreciate the pressures local government is facing and am committed to protecting local government, particularly at this difficult and challenging time. This is as good a Settlement as I can offer and one that should help to alleviate some of the pressures that you had been anticipating.”*

### **Transfers into and out of the 2020-21 Revenue Settlement**

3.2.3 As mentioned in the draft MTFs report to Cabinet in January 2021, the provisional settlement includes information on a small number of transfers into the Revenue Support Grant (RSG) the only one affecting Bridgend being in respect of the Teachers’ Pay Grant 2020-21 (£3.981 million across Wales) for the period April 2021 to August 2021.

## Specific Grants

- 3.2.4 The picture on changes to specific grants is available at an all Wales level, but not yet at an individual authority level for most grants. While many of the grants remain unchanged from the 2020-21 figure, there are decreases on an all-Wales level in the Sustainable Waste Management grant of around 5.7%, the Childcare Offer grant (18.3%), and the Health and Social Services Transformation Fund has reduced by 20%. However, there are also increases in other grant schemes, including the Social Care Workforce Grant which has increased by an additional £10 million, from £40 million to £50 million, as outlined in the Welsh Government Budget, and support for Minority Ethnic and Gypsy, Roma, Traveller learners. Welsh Government has advised that the specific information will be updated for the final settlement.
- 3.2.5 In relation to additional funding for Covid-19, the Welsh Government received £766 million in 'consequentials' from the November Spending Review. Some of this funding will go via specific grants to a small number of areas including the funding for free school meals in holidays, funding to support catch up learning in education and to top up the Homeless Prevention Grant.

### 3.3 Forecast Financial Position

- 3.3.1 This section of the report sets out the proposed MTFs for the Council for the next four financial years, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFs is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 3.3.2 The development of the MTFs 2021-22 to 2024-25 is led by Cabinet and Corporate Management Board (CMB) and takes into account auditors' views, the recommendations of the Budget Research and Evaluation Panel, the public consultation, scrutiny by Corporate Overview and Scrutiny Committee and other scrutiny committees, and issues arising during 2020-21, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.
- 3.3.3 Implementation of the MTFs will continue to be led by Cabinet and CMB, supported by financial and performance data. Cabinet and CMB will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).
- 3.3.4 As a result of the one-year Spending Round, Welsh Government has not provided any indications of likely funding levels for 2022-23 onwards, which makes forward planning quite difficult, particularly in the post-Brexit years.
- 3.3.5 The published provisional 2021-22 Aggregate External Finance (AEF) figure is an increase of 4.3%. In the MTFs 2020-21 to 2023-24, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2021-22 of an annual reduction in AEF of -1.5% and an assumed increase in



Council tax of 4.5% for 2021-22 to 2023-24, recognising the ongoing uncertainty around our funding in future years following Brexit. Whilst the settlement for next year is significantly better than anticipated, the proposed council tax increase is 3.9% to reflect the number of pressures facing the Council. Going forward, and given the uncertainty and the potential longer term pressures resulting from the impact of the pandemic, Brexit and demographic increases in 2021-22 onwards, the proposed Council Tax increase for 2022-23 onwards will remain at 4.5%.

3.3.6 The MTFS is regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the uncertainties around Brexit and the fallout from the Covid-19 pandemic, in the coming months and years. In view of these uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios based on revised percentage changes in AEF shown in Table 6. These were previously set at:

Best scenario: -1.0%  
 Most likely scenario: -1.5%  
 Worst scenario: -3.0%

They have been revised for the MTFS 2021-25 to take into account the actual funding levels received over recent years, the worst of which was -0.1% in 2019-20, but will continue to be monitored and will be amended as further fiscal and economic information is made known.

**Table 6 – MTFS Scenarios: % Change in AEF**

	2021-22	2022-23	2023-24	2024-25
Best Scenario	+4.3%	+1.0%	+1.0%	+1.0%
<b>Most Likely Scenario</b>	<b>+4.3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Worst Scenario	+4.3%	-1.0%	-1.0%	-1.0%

3.3.7 The financial forecast for 2021-25 is predicated on £22.095 million budget reductions being met from Directorate and Corporate budgets and these are referred to later in the report. It is also predicated on a number of spending assumptions, including:

- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.
- Inflationary uplifts to support specific contractual commitments including increases in energy costs. However, this is particularly uncertain at present, despite current inflation rates being low, and a risk to the Council, following the UK's departure from the European Union. The potential impact on delays in imports to the UK, and on the supply chain, could lead to higher prices faced by the Council for its goods and services.
- The future impact of national policies and new legislation which may not be accompanied by commensurate funding, such as the Welsh Government's



commitment to eradicate homelessness and the implications of the Local Government and Elections (Wales) Bill.

- Where appropriate, fees and charges will increase by the statutory minimum or CPI (+0.6% at December 2020) plus 1%. The Income Generation and Charging Policy will be reviewed for future years.
- Potential increases in staffing costs, including a confirmed 2.2% increase in the national living wage from April 2021 (from £8.72 to £8.91), along with the impact of staff pay increases in 2021-22. These include the full year effect of the teachers' pay increase of September 2020 (minimum 2.75%, overall increase 3.1%), the unknown teachers' pay increase in September 2021 and potential increases for non-teachers in April 2021 following the increase of 2.75% in 2020-21. During the Spending Review in November 2020 the Chancellor indicated that pay rises in most of the public sector, excluding the NHS, would be paused next year, but those who earn less than £24,000 will be guaranteed a pay rise of at least £250. However, this has been challenged by unions and could change. Therefore any increases higher than anticipated would significantly increase the overall pay bill, and the amount we pay in respect of external contracts.

3.3.8 Table 7 below shows the Council's potential net budget reduction requirement based on the forecast resource envelope and assumed council tax increases (paragraph 3.3.5 and 3.3.6 above) and inescapable spending assumptions (paragraph 3.3.7 above).

**Table 7 – Budget reduction scenarios**

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000
<b>Best Scenario</b>	1,760	4,837	4,637	4,431	<b>15,665</b>
<b>Most Likely Scenario</b>	1,760	6,959	6,780	6,596	<b>22,095</b>
<b>Worst Scenario</b>	1,760	9,081	8,881	8,676	<b>28,398</b>

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

3.3.10 Table 8 shows current progress on identifying budget reduction proposals.

**Table 8 – Risk Status of Budget Reduction Proposals 2021-22 to 2024-25**

Year	<b>GREEN:</b>  Proposal developed and deliverable	<b>AMBER:</b>  Proposal in development but includes delivery risk	<b>RED:</b>  Proposals not fully developed and include high delivery risk	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	£'000	£'000	£'000	£'000	£'000	£'000
2021-22	871	664	225	1,760	0	1,760
2022-23	0	1,123	391	1,514	5,445	6,959
2023-24	0	1,092	279	1,371	5,409	6,780
2024-25	0	1014	0	1,014	5,582	6,596
<b>Total</b>	<b>871</b>	<b>3,893</b>	<b>895</b>	<b>5,659</b>	<b>16,436</b>	<b>22,095</b>
Percentage of total required	4%	18%	4%	26%	74%	100%

### **3.4 Corporate Risk Assessment**

3.4.1 The Council's Corporate Risk Assessment identifies the key corporate risks and mitigating actions and is attached as Appendix B. The Corporate Risk Assessment has been regularly reviewed during the financial year, to take into account risks arising from the Covid-19 pandemic, and has been scrutinised by Governance and Audit Committee. These risks have been taken into account in the preparation of the MTFs and where there are identifiable financial implications these have been provided for either within the budget or earmarked reserves. Where the financial risks are not clear, the risk is covered by the Council Fund.

## SECTION 4. BUDGET 2021-22

### 4.1 Revenue Budget 2021-22

- 4.1.1 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and specific transfers into the settlement from Welsh Government, and subtracting any budget reduction proposals.
- 4.1.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 9 summarises the 2021-22 budget requirement and how it will be financed.

**Table 9 – Net Budget Requirement**

	<b>2021-22 £'000</b>
2020-21 Net Budget (Table 2)	286,885
Transfers and New Responsibilities (para 3.2.3)	185
2021-22 Pressures (para 4.1.3)	13,646
2021-22 Budget Reductions (para 4.1.15)	-1,760
<b>2021-22 Net Budget Requirement</b>	<b>298,956</b>
<i>Financed by:</i>	
2020-21 Net Budget (Table 2)	286,885
Net Cash Increase in AEF (para 3.2.1)	9,064
Council tax increase of 3.9% (para 3.3.5) plus increase in tax base	3,007
<b>2021-22 Net Funding Total</b>	<b>298,956</b>

### 2021-22 Revenue Budget

- 4.1.3 Table 10 presents the detailed net revenue budget for 2021-22. This includes
- An additional £6.329 million for the above known pay and price pressures, £185,000 of which was funded specifically through the settlement.
  - In addition, each year consideration is given to any inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £7.502 million of inescapable pressures have emerged during 2020-21 and are explained in more detail in paragraphs 4.1.12 to 4.1.14 below.

In total, the Council has identified pressures of £13.831 million for 2021-22.

**Table 10 – Net Revenue Budget 2021-22**

	Revised Budget 2020-21	Pay / Prices	Budget Pressures	Budget Reduction Proposals	Revenue Budget 2021-22
	£000	£000	£000	£000	£000
<b>Service Directorate Budgets:</b>					
Central Education & Family Support	21,754	79	1,860	-116	23,577
Schools	101,414	1,019	1,045	0	103,478
<b>Education and Family Support</b>	<b>123,168</b>	<b>1,098</b>	<b>2,905</b>	<b>-116</b>	<b>127,055</b>
<b>Social Services &amp; Wellbeing</b>	<b>73,239</b>	<b>0</b>	<b>1,119</b>	<b>-315</b>	<b>74,043</b>
<b>Communities</b>	<b>28,579</b>	<b>0</b>	<b>381</b>	<b>-823</b>	<b>28,137</b>
<b>Chief Executives</b>	<b>18,660</b>	<b>0</b>	<b>2,774</b>	<b>-130</b>	<b>21,304</b>
<b>Total Directorate Budgets</b>	<b>243,646</b>	<b>1,098</b>	<b>7,179</b>	<b>-1,384</b>	<b>250,539</b>
<b>Council Wide Budgets:</b>					
Capital Financing	7,329				7,329
Levies	7,460		323		7,783
Repairs and Maintenance	790			-120	670
Council Tax Reduction Scheme	15,254	400			15,654
Apprenticeship Levy	650				650
Pension Related Costs	430				430
Insurance Premiums	1,438			-75	1,363
Other Council Wide Budgets	9,888	4,831		-181	14,538
<b>Total Council Wide Budgets</b>	<b>43,239</b>	<b>5,231</b>	<b>323</b>	<b>-376</b>	<b>48,417</b>
<b>Net Budget Requirement</b>	<b>286,885</b>	<b>6,329</b>	<b>7,502</b>	<b>-1,760</b>	<b>298,956</b>

4.1.4 The net budget for 2021-22 will be funded by:

**Table 11 – Net Budget Funding**

	£	%
Revenue Support Grant	163,404,268	54.66
Non Domestic Rates	48,787,286	16.32
Council Tax Income	86,764,691	29.02
<b>Total</b>	<b>298,956,245</b>	<b>100%</b>

### Pay, Prices, Pensions and Demographics

4.1.5 The National Joint Council (NJC) negotiating body had formulated three options (ranging from 5%, or £10 per hour, to 10%) for the 'headline' pay claim for NJC workers (which covers the majority of non-teaching local government workers) for 2021-22. The intention was for the trade union side (Unison, GMB and Unite) to agree a claim for submission to the Local Government Association early in 2021. This was announced prior to the outcome of the Comprehensive Spending Review in November where the Chancellor indicated that pay rises for the majority of public sector workers would be paused next year, but those earning under £24,000 would be guaranteed a pay rise of at least £250. The Welsh Local Government

Association (WLGA) Leader has made representations to the Chancellor, expressing his concerns about this, and the likely position is still unclear. Provision has been set aside for a potential pay award, but the value of this, and therefore the call on the budget, is very much unknown at this stage, and may not be known until during the 2021-22 financial year.

- 4.1.6 In addition, whilst the teachers' pay award has been agreed for the 2020-21 academic year, up until the end of August 2021, there will be additional pressure from any subsequent pay award to be implemented from September 2021.
- 4.1.7 Funding for price inflation has been allocated to service budgets, where known, but the majority, including provision for increases in rents, allowances and contractual commitments are still largely unknown. The remaining inflationary provision will be retained centrally and allocated during the year as any unknown or unforeseen contract price inflation is agreed, in particular where the index is set after the Council's budget is approved. Welsh Government has already announced that there will be no increase in the business rates multiplier for next year.
- 4.1.8 In addition to increases in pupil numbers in schools in recent years, which puts pressure on school delegated budgets, there is also evidence of an increase in the older persons' population. Over the last 6 years the average population increase has been around 1.8%, resulting in increased pressure on a number of service areas, including residential care, home care and the assessment and care management teams.

### **School Delegated Budgets**

- 4.1.9 In 2020-21 school budgets were again protected from the proposed 1% annual efficiency target. However, the forecast pressure and uncertainty around Council budgets for future years was deemed to be such that it was felt to be almost impossible not to include the 1% efficiency target in proposals for 2021-22 onwards, given that school budgets account for around a third of net revenue expenditure. However, following receipt of the better than anticipated 2021-22 provisional settlement from Welsh Government, the reducing balances that schools are experiencing and the additional costs they have incurred during the pandemic, school budgets have again been protected from the 1% efficiency target in 2021-22.
- 4.1.10 There are a significant number of pressures on school delegated budgets for 2021-22 and beyond, not least the full year cost of the teachers' pay award, increases in pupil numbers and pressures of funding additional learning needs. This includes the establishment of new provisions and support for pupils with complex medical needs, moderate learning difficulties and for those with autistic spectrum disorders, both through the medium of Welsh and English. The total impact of these pressures is around £2.06 million, and these are included in the proposed budget.
- 4.1.11 It should be noted that the 1% efficiency target is maintained for 2022-23 and beyond, in recognition of the pressures stated above, forecast reductions to the settlement and mounting external pressures across Council services.

### **Budget Pressures**

- 4.1.12 The final schedule of budget pressures is attached at Appendix C and presents a number of recurrent pressures for 2021-22, totalling £7.502 million. These mainly

represent unavoidable pressures arising from legislative changes, increased costs and contractual changes. A number of these are also linked to the Covid-19 pandemic and will be recurrent pressures as we move into the “renew” phase. In addition, there are already at least £7 million of pressures identified for future years.

4.1.13 Some of the more significant pressures include:

- Provision of a range of support for pupils with additional learning needs in mainstream and special schools, through the medium of Welsh and English.
- Demographic growth, both pupil numbers in schools and increases in the older persons’ population, which place additional pressures on school budgets and adult social services.
- Increased costs of Direct Payments as more families choose to arrange and pay for their care services themselves, rather than through the Council.
- Responding to and providing support for homeless individuals, and eradicating rough sleeping, on a longer term basis.

4.1.14 In addition, a number of other pressures, particularly in the communities directorate, have been funded from earmarked reserves, where one-off expenditure, or via the annual £2 million public realm fund. This includes funding for highways clearance, rights of way maintenance and additional crematorium costs as a result of the pandemic.

### **Budget Reductions**

4.1.15 Budget reduction proposals totalling £1.760 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in Appendix D. Since the draft MTFs was reported to Cabinet in January 2021, and following recommendations from Corporate Overview and Scrutiny Committee, a number of budget reduction proposals have been amended:

**EFS1** – Home to School Transport – Phased implementation of Learner Transport Policy (£75,000) – this proposal has been deferred until 2022-23 to bring it into line with the outcome of the Welsh Government review of learner travel.

**EFS2** – Home to School Transport - removal of Escorts on primary school service with fewer than 8 pupils (£35,000) – this proposed budget reduction has been removed to protect vulnerable pupils.

**CEX2** – Domestic Pest Control Contract (£63,000) – this proposal has been removed following recommendations from COSC.

**CEX3** – Reduction of Communications Licensing Budget (£8,000) – this proposal has been removed following receipt of additional advice on use of copyrighted materials if no license is in place.

4.1.16 To compensate for the total budget reductions removed or deferred, a new proposal has been included at CDW3 – a reduction in the provision for pay and prices (£181,000).

## **Council Wide Budgets**

- 4.1.17 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies, centrally held pay and prices provisions, insurance budgets, discretionary rate relief and provision for redundancy related costs. A number of these budgets are fixed and unavoidable, and therefore cannot be reduced without putting the Council at risk. The higher than anticipated pay awards in recent years and unprecedented amount of budget pressures has put also additional pressure on these budgets.
- 4.1.18 The South Wales Fire and Rescue Authority covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. For 2021-22 the levy on Bridgend, and consequently its Council Tax payers, is £7,363,938, an increase of 4.37% from 2020-21. This is as a result of demographic increases, specifically in Bridgend, and unavoidable pay and price increases.

## **Fees and Charges**

- 4.1.19 Where appropriate, income from fees and charges will be increased by CPI (at the prevailing rate, 0.6% at December 2020) plus 1%, subject to rounding, or in line with statutory or service requirements, in line with the Council's Income Generation and Charging Policy. Schedules of fees and charges will be reported separately, as usual, under Delegated Powers. New charges or charges that have been included in the 2021-22 budget and are above the general increase are shown in Appendix E.
- 4.1.20 The Income Generation and Charging Policy, which as approved by Council in March 2016, aims to set a consistent approach across Council services and outline key principles to be applied. As a key principle, where a decision has been taken to charge for a service, the Council will aim for full cost recovery, except where there is a conscious decision which is consistent with Council priorities, recognising that the service would then be subsidised by council tax payers.

## **MTFS Support for Well-being Objectives**

- 4.1.21 Appendix F details the Directorate Base Budgets for 2021-22. The MTFS supports the delivery of the Council's well-being objectives and Table 12 below summarises Directorate budgets which will be used to support these and core services and statutory functions. A more detailed analysis is shown in Appendix G.



**Table 12 – 2021-22 Budget by Well-being Objective**

<b>Budget 2021-22 Well-being Objectives</b>			
<b>Directorate</b>	<b>Well-being Objectives</b>	<b>Core Services &amp; Statutory Functions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Education & Family Support	9,104	14,473	23,577
Schools	43,172	60,306	103,478
Social Services and Wellbeing	55,142	18,901	74,043
Communities	8,750	19,387	28,137
Chief Executive's	4,415	16,889	21,304
Council Wide Budgets	351	48,066	48,417
<b>NET BUDGET REQUIREMENT</b>	<b>120,934</b>	<b>178,022</b>	<b>298,956</b>

4.1.22 As mentioned in paragraph 2.3.6, Cabinet has reflected on the responses received through the budget consultation to shape the budget for 2021-22. This resulted in removal of some initial budget reduction proposals, and additional investment in other key services, such as homelessness, additional learning needs and support for the ageing population. A number of proposals for 2022-25 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time. Proposals currently under consideration include:

- Digital transformation of wider Council services
- Income generation opportunities
- Working with partners to asset transfer and protect community facilities;

4.1.23 Cabinet and CMB have given a commitment to try and find at least 50% of the budget reductions through smarter use of resources rather than by cutting the quality or level of services. This gets incrementally harder to achieve, but as Table 13 shows the plans set out in this report will deliver 75% of the required budget reductions through smarter use of resources, such as:

- Smarter use of our assets and energy efficiencies;
- Further reductions in employee numbers through staffing reviews;
- Working with partners to protect sustainable community facilities.

**Table 13 – Budget Reduction Proposals 2021-22 to 2024-25**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Total</b>	<b>%</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Smarter Use of Resources</b>	1,029	1,123	1,092	1,014	4,258	75%
<b>Managed Service Reductions</b>	431	316	279	0	1,026	18%
<b>Collaboration &amp; Service Transformation</b>	300	0	0	0	300	6%
<b>Policy Changes</b>	0	75	0	0	75	1%
<b>Total Identified to date</b>	<b>1,760</b>	<b>1,514</b>	<b>1,371</b>	<b>1,014</b>	<b>5,659</b>	<b>100%</b>



- 4.1.24 Budget reduction proposals relating to Collaboration and Service Transformation amount to 6% of the total budget reductions. Policy changes amount to 1% and include reducing services to the statutory minimum as well as cutting some discretionary services. The policy change proposals are subject to consultation.
- 4.1.25 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real terms' reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFS period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment, early retirements and voluntary redundancies, but some compulsory redundancies will continue to be necessary.

## **4.2 Capital Programme and Capital Financing**

- 4.2.1 This section of the report deals with the proposed Capital Programme for 2020-21 to 2030-31, which forms part of, but extends beyond the MTFS. It has been developed in line with the MTFS principles and the Council's Capital Strategy and reflects the Welsh Government capital settlement for 2021-22. The Programme has been revised during the financial year to bring it up to date and take into account new capital schemes either funded from external resources, or from internal resources following a review of the Council's capital investment requirements.
- 4.2.2 The Welsh Government provisional capital settlement for 2021-22 provides general capital funding (GCF) for the Council of £7.916 million of which £3.953 million is un-hypothecated supported borrowing and the remainder £3.963 million is provided through general capital grant. Welsh Government has also informed local authorities that the £20 million public highways refurbishment grant, that was due to end in March 2021, will be extended for a further year.
- 4.2.3 No indicative allocations have been provided for 2022-23, so for now it is assumed that the level of funding will revert to the pre 2018-19 level, assuming the end of the £100 million capital grant, but this will be indicative only.
- 4.2.4 The original budget approved by Council on 26 February 2020 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2019-20, slippage into 2021-22 and any new schemes and grant approvals. Following the approval by Council of the Capital Strategy in February each year, and the subsequent quarterly monitoring reports to Cabinet and Council, any amendments to the capital programme are usually dealt with during the year rather than just as part of the MTFS.
- 4.2.5 A review has been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers have not been asked to submit capital bids for funding at this stage.

- 4.2.6 Since the latest capital programme was approved by Council in January 2021 there are a small number of new schemes and amendments that need building into the programme:

#### Gateway to the Valleys Secondary School

Approval is sought to utilise the residual capital funding allocation of £96,000 from the Gateway to the Valleys Secondary School scheme to undertake works to the car park at Coleg Cymunedol Y Dderwen in order to address health and safety concerns in terms of its use. It is estimated that the total scheme cost is in the region of £140,000, and therefore approval is sought for the £44,000 shortfall to be met by viring from the approved school traffic safety budget allocation, already in the capital programme.

#### ICT for Digitally Excluded Pupils

Following a recent review of ICT provision for pupils who are home schooling due to the latest national lockdown restrictions, it has been identified that there is currently a shortfall of around 500 laptops for digitally excluded pupils. The 500 devices for digitally excluded learners was identified by the Schools ICT Strategy Group who surveyed the current position in schools. The Schools ICT Strategy Group is made up of headteachers, teachers, and officers of the Education and Family Support Directorate and ICT service. These devices will enable learners with no devices at home to continue their learning tasks during the Covid-19 pandemic. The total cost of these devices is £224,506 and this will be met from unallocated general capital funding in the capital programme.

#### WCCIS Hardware Refresh

Bridgend County Borough Council led on the procurement of the Welsh Community Care Information System (WCCIS), that supports both health and social care, and that went live in April 2016. A milestone has now been met for a Hardware Refresh at a total cost of £1.768 million in 2020-21 and £0.163 million in 2021-22. £1.197 million of funding is being transferred from the NHS Wales Informatics Service (NWIS) via Welsh Government to BCBC for payments in relation to the delivery of the above refresh in 2020-21. The balance in 2020-21 will be met by contributions from all partners of WCCIS, including £35,490 from BCBC. Further funding is being made available from the WCCIS capital programme in 2021-22.

#### Valleys Regional Park – Bryngarw Country Park Discovery Gateway

In September 2019, BCBC accepted a grant offer of £500,000 for the delivery of activity at Bryngarw Country Park through the Valleys Regional Park Discovery Sites Capital Grant 2019-21. We have now been successful in accessing a further £147,000 to extend the level of works at Bryngarw Country Park through Awen Cultural Trust as the delivery partner. The funding will extend the existing works to include solar panels, upgrade part of the boardwalk in the wet woodland area of the park, and carry out toilet and car park improvements along with a sculptural heritage trail.

## Coastal Risk Management Programme (Eastern Promenade – Western Breakwater)

In January 2020 the scheme was identified by the Council as a priority as part of the Flood and Coastal works required to protect properties in the Porthcawl area, and a capital budget of £6.032 million was approved by Council and included in the Capital Programme. The scheme was to be funded 75% from Welsh Government grant (£4.523 million) and 25% from BCBC (£1.509 million) via an earmarked reserve. The scheme has now been tendered and the total cost of the contract is £6.459 million. However, there has been a change in the intervention rate by Welsh Government for Coastal Risk Management Programmes. Whereas the design phase and construction phase originally required a 25% contribution from BCBC, following a recent announcement by Welsh Government, this has reduced to a 15% contribution from the Council for construction with design works fully funded by WG. Bridgend's contribution has therefore reduced from £1.509 million to £969,000 with the balance being funded through the Local Government Borrowing Initiative (LGBI) whereby Welsh Government will provide revenue funding, via grant and ultimately through the local government settlement, to support borrowing costs.

There are small amounts of slippage also, forward into 2021-22 and back into 2020-21. Any new proposals for capital funding will be considered in light of, and in line with, the proposed Capital Strategy 2021-22 to 2030-31 and brought back to Council for approval at a later date.

- 4.2.7 The Capital Programme contains a number of fixed annual allocations that are met from the total general capital funding for the Council. The current allocations for 2020-21, along with the proposed allocations for 2021-22, are shown in Table 14 below:

**Table 14 – 2020-21 and 2021-22 Annual Allocation of Capital Funding**

	<b>Actual 2020-21 £'000</b>	<b>Proposed 2021-22 £'000</b>
Highways Structural Works	200	340
Carriageway Capital Works	250	250
Disabled Facilities Grant	1,950	1,950
Housing Renewal / Empty Property Schemes	100	100
Special Regeneration Funding	540	0
Minor Works	1,130	1,130
Community Projects	50	50
Corporate Capital Fund (Renewals / Match Funding)	200	200
Street lighting / Bridge infrastructure replacement	400	400
ICT equipment replacement	0	400
<b>Total</b>	<b>4,820</b>	<b>4,820</b>

- 4.2.8 In December 2014, Council agreed to extend the annual allocation for Special Regeneration Funding until 2020-21 to provide match funding for regeneration schemes under the Welsh Government's Structural Funding Programme 2014-20. This provided flexibility in the Capital Programme to enable the Council to take advantage of and maximise external funding opportunities, mitigate funding shortfalls which can occur between grant bid and offers stages and provide some contingency for additional spending pressures on regeneration projects. This has been considered in the light of Brexit and future funding opportunities and to mitigate this, the Council has established an earmarked reserve for once the SRF has been exhausted to provide an element of match funding for future schemes. Consequently it is proposed to remove this ring-fenced allocation for future years, with all bids for funding following the same process as outlined in the Capital Strategy.
- 4.2.9 Since the Covid-19 pandemic, a large proportion of the Council's staff have been working from home, and the Council has had to invest in significant amounts of ICT equipment, including laptops, supporting infrastructure, and other hardware and software. Whilst 50% of the funding has been met by Welsh Government, the Council has had to fund the balance, which has exhausted all existing capital ICT budgets. Funding is required on an annual basis to meet the costs of replacing warranty expired ICT equipment, and based on previous cohorts of laptops (pre Covid-19) it is known that the annual cost to replace will be in the region of £300,000 - £400,000. This will increase once the Covid-19 laptops become warranty expired.
- 4.2.10 It is therefore recommended that £400,000 of the unwound SRF funding be re-allocated towards ICT equipment replacement to enable the Council to replace and renew ICT on a timely basis. The balance would be used to supplement the funding for highways repairs, which could alleviate pressure on the highways revenue budget.

### Capital Programme link to the Well-being Objectives

- 4.2.11 Table 15 outlines how the Council is using its capital programme to support the well-being objectives.

**Table 15 – Capital Programme by Well-being Objective**

Well-being Objective	Revised 2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 to 2030- 31 £'000	Total £'000
1. Supporting a Successful Sustainable Economy	10,026	25,421	6,770	1,260	<b>43,477</b>
2. Helping People and Communities to be Healthy and Resilient	4,903	4,310	1,950	15,600	<b>26,763</b>
3. Smarter Use of Resources	19,962	29,297	5,397	67,642	<b>122,298</b>
Core Services & Statutory Functions	549	3,335	367	8,943	<b>13,194</b>
<b>TOTAL</b>	<b>35,440</b>	<b>62,363</b>	<b>14,484</b>	<b>93,445</b>	<b>205,732</b>

### Supporting a Successful Sustainable Economy

- 4.2.12 The proposed capital programme includes a number of new and existing projects which will help to support, and provide much needed investment in, the economy following the Covid-19 pandemic. These include, for example, the redevelopment of Maesteg Town Hall, a scheme designed to improve community facilities, as well as offering improved accessibility for visitors and creating jobs. This is in addition to significant new investment in ensuring that the highways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments. There is extensive investment in all of our town centres, with works progressing on the Porthcawl Waterfront Regeneration Scheme and the development of Enterprise Hubs, to build on previous investment and initiatives. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.

### Helping People and Communities to be more Healthy and Resilient

- 4.2.13 There is significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes. The Council receives Integrated Care Fund capital grant on an annual basis as part of its partnership with Cwm Taf Morgannwg University Health Board. This is built into the capital programme as it is approved for specific schemes. This includes funding towards the Children's Residential Accommodation Hub, a specially designed, purpose-built placements hub which will enable more seamless working and better outcomes for individuals.

### Smarter Use of Resources

- 4.2.14 The Schools' Modernisation Programme forms a cornerstone of the well-being objective of smarter use of resources. Work is work commencing on Band B options, which will result in further capital investment of around £70 million in the Council's schools' estate.
- 4.2.15 There has been a total budget of £1 million in the capital programme for works to Council assets, to make them suitable for Community Asset Transfer (CAT). This is to ensure that as many Council facilities as possible can be kept open and provide long term community benefits.
- 4.2.16 In addition, Council has previously approved significant investment in upgrading existing buildings through the capital minor works programme and the Investing in Communities fund to reduce running costs, including maintenance, and improving energy efficiency across its assets. This is in addition to the two existing schemes within the programme which will see significant investment in energy efficiency schemes, across Council buildings and street lighting, which will be repaid from recurrent revenue savings generated.
- 4.2.17 The revised capital programme is attached as Appendix H. This includes those amendments outlined in paragraph 4.2.6, along with any other changes to the programme since it was approved in January 2021.

## Capital Receipts

4.2.18 The Council originally estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in 2014. The final sale of this programme completed on 2 December 2020 bringing in a capital receipt of £2.56 million. This has brought the total receipts for the enhanced disposal programme to £21.36 million. In addition to this, there is an additional £176,000 held in escrow, part of which may also be released to the Council. Of the total sum received, around £9 million relates to school buildings and land vacated through the 21st Century Schools Programme, to be used as match funding for the programme. It excludes any receipts anticipated from the sale of Waterton or Porthcawl Regeneration sites which will be the focus of the disposal programme in the future. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

## Prudential (Unsupported) Borrowing

- 4.2.19 Total Prudential Borrowing taken out as at 1 April 2020 was £44.563 million, of which £26.413 million was outstanding. It is estimated that the total borrowed will increase to £47.136 million by the end of this financial year.
- 4.2.20 Future prudential borrowing could include an estimated £2.3 million towards the costs of the 21<sup>st</sup> Century Schools Band B Programme.

## 4.3 Council Reserves

- 4.3.1 The Council's Reserves and Balances Protocol attached at Appendix I sets out the principles used to assess the adequacy of reserves, the rationale for establishing reserves and the arrangements for monitoring reserves. For the last three years, the Council has maintained its Council Fund at a minimum of £8 million and at 31 March 2020 it was £9.340 million, which is 5.27% of the net budget excluding school delegated budgets. In the face of continued uncertainty regarding the economy and public finances, and in line with the revised MTFS Principles, it is recommended that the Council maintains its Council Fund balance at a minimum level of 5% of the Council's net budget, excluding schools. This will be monitored and will depend upon financial performance during future periods and the need to cover against specific risks as they arise through the earmarked reserves process.
- 4.3.2 In accordance with the Protocol, a review of the Council's financial risks, pressures and reserves was undertaken at period 6 and period 9 in 2020-21. Appendix I also sets out the forecast movement in the Council's earmarked reserves by the end of 2020-21 and 2021-22. The current forecast movement on earmarked reserves to 31 March 2021 will result in balances of £54.872 million at year end on the assumption of:
- The estimated draw down of £3.839 million from the Capital Programme reserve, which does rely on capital spend being incurred from January until March 2021. This includes estimated draw-down of £1.017 million from the Schools Maintenance Grant, along with £1.2 million for mobile classrooms at Mynydd Cynffig Primary School. Offsetting this is an increase to the Capital



Programme reserve during the year of £2.5 million, which includes £2 million to meet the cost of potential new capital programme schemes;

- Estimated draw down of £0.118 million of funding from the Change Fund;
- The forecast draw down of £0.813 million from the Directorate Earmarked Reserves, either by Directorates, and a further £0.562 million of equalisation and grant earmarked reserves.
- £0.516 million of reserves unwound;
- Creation of a Covid pandemic recovery fund of £1 million.

4.3.3 In line with the Protocol, a further review will be undertaken at the end of the current financial year and transfers made at this point taking account of the overall financial position of the Council, including the final outturn, actual accrued council tax income, earmarked reserve levels, the Council Fund level and any new pressures or risks that need to be provided for. At this time Directors will be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2021-22 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole. In advance of that process, the forecast movement in reserves for 2021-22 assumes:

- An overall reduction in earmarked reserves of £15.799 million during 2021-22;
- Significant drawdown of funding from 21<sup>st</sup> Century Schools Band B and associated highways reserves, which is dependent on the speed and scale of capital expenditure on new schools;
- Draw down from the Capital Programme, City Deal and Capital Feasibility reserves in line with the current capital programme expenditure profile.

It does not include the potential increase of reserves for 2021-22 as a result of fortuitous under spends at the end of this financial year. The forecast position is summarised in Table 16 below:

**Table 16 – Summary of Earmarked Reserves**

Opening Balance 01 April 2020	Reserve	Movement 2020-21	Projected Closing Balance 31 March 2021	Projected Movement 2021-22	Projected Closing Balance 31 March 2022
£'000		£'000	£'000	£'000	£'000
(55,223)	Total Earmarked Reserves	351	(54,872)	15,799	(39,073)

## 4.4 Council Tax

4.4.1 The 2021-22 final Revenue Budget, shown in Table 10, includes a Council Tax increase of 3.9%, as proposed in the draft MTFs report to Cabinet in January 2021. This is lower than the proposed increase of 4.5% included in the budget consultation and reflects the views of the majority of respondents who were in favour of only increasing council tax slightly or up to 4.5% in order to protect the most important services. It also takes into account the better than anticipated settlement, but is mindful of the ongoing pressures still facing the Council. Going forward the scale of the financial challenge remains considerable once external pressures and risks have been taken into consideration so an assumed annual increase of 4.5% continues to be included for 2022-2025.

4.4.2 The implications in terms of the Council Tax increase for 2021-22 (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in Table 17.

**Table 17 – Council Tax Increase 2021-22**

2020-21 Average Band D	£1,537.06
2021-22 Average Band D	£1,597.01
% Increase	3.90%
Weekly Increase	£1.15



## SECTION 5. LONGER TERM OUTLOOK

### 5.1 Longer Term Financial Outlook Considerations

- 5.1.1 The assumptions included in this Medium Term Financial Strategy are based upon the best available information at the time, although given one year budget settlements and constantly changing economic situations, there is clearly a degree of estimation in this, and the assumptions will change over time. This section of the report is to provide information on the Council's longer term financial outlook and the probable impacts that current trends and future decision-making will have on the financial health of the Council in the years to come.
- 5.1.2 The longer term outlook is not intended to be a 10 budget strategy tool in the same way that the Medium Term Financial Strategy is for the next 4 years; there are so many political, financial, social and economic variables that it is not possible to forecast the level of funding that will be available to the Council in ten years' time, and expenditure levels will be determined by political decisions that are not yet made. It provides a financial framework (the business rules) to reference against when preparing both annual and longer term financial plans.
- 5.1.3 However, the value of it comes from being able to understand the broad direction of financial travel that the organisation is currently on, and the impact that current decision making will have on the long term financial health of the Council. This will be driven by the financial and non-financial projections outlined in Section 5.2.
- 5.1.4 This section will focus on the longer term financial outlook, cost pressures, potential risks, major timelines for key contracts and economic factors that will affect the financial health of the organisation for the next 10 years up to 2031 if the current direction of travel continues, and to present possible alternative scenarios. The main areas it will cover are:
- Future sources of funding – the best estimate of future Welsh Government grant levels and Council Tax income;
  - Future cost pressures – this includes general inflation, potential pay awards, pension and national insurance increases, financing future capital investment, and the impact that forecast demographic changes are likely to have on future council budgets;
  - The Council's strategy to meet the challenges.

### 5.2 Sources of Funding

The Council has 3 main sources of funding:

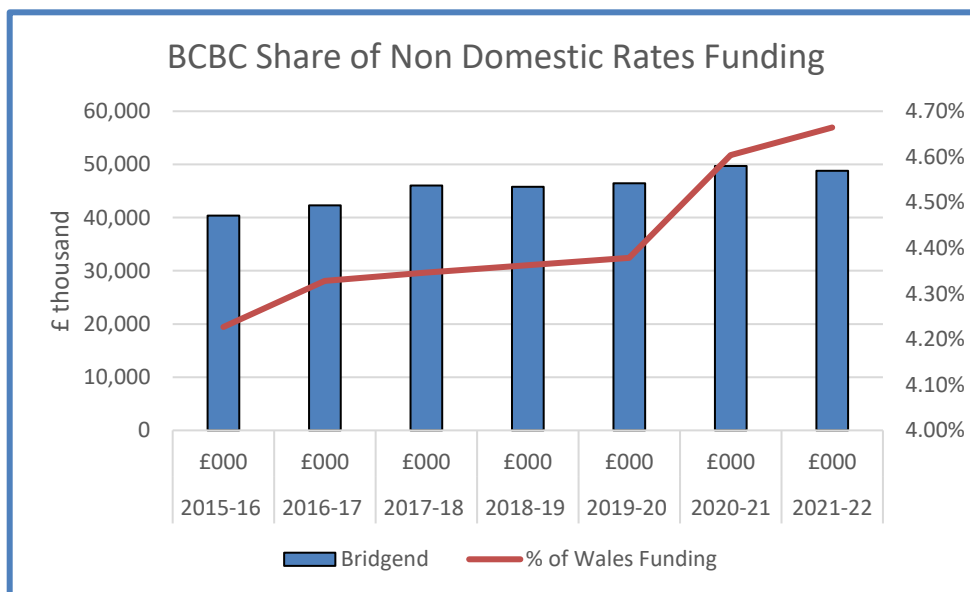
- Welsh Government Revenue Support Grant (RSG),
- Share of Non-Domestic Rates (NDR) / Business Rates,
- Council Tax

5.2.1 This funding is then supplemented by any income received as a result of charging for services, and any specific external grants to come to the total of what the Council can afford to spend each year.

The **Revenue Support Grant** is by far the most significant element of the Council's funding, so the Council will remain susceptible to external economic factors that drive the size of the core grant. In real terms this funding has reduced significantly over the last few years, and this is often masked by transfers of grant funding into the settlement, along with funding for new responsibilities that the Council is required to take on.

Welsh Government distribute the **non-domestic rates** funding to local authorities based upon its pro rata share of adult population. Bridgend's percentage share of non-domestic rates has steadily risen over the last 10 years as is seen in Chart 4. It is worth noting that the overall quantum in the settlement across Wales which is funded via non-domestic rates has fallen in 2021-22 by 3% as a consequence of the Covid-19 pandemic and the impact on non-domestic rates collection overall. This has been offset by a subsequent increase in revenue support grant to compensate. The higher percentage share of funding received by Bridgend is a reflection of the higher than average adult population increase over that period of time.

**Chart 4: Bridgend's Share of Non Domestic Rates**



The proportion of **council tax** required to balance the Council's budget has steadily increased over recent years and it currently funds almost 30% of the budget. Going forward, the MTFS includes an assumption that council tax will increase annually by 4.5%. There is no formal capping process for council tax in Wales, and Ministers have previously ruled out caps and set an informal limit of a 5% rise. However, in recent years a number of authorities (including Bridgend Council in 2019-20) have breached this informal limit in order to balance the budget. Bridgend's population has increased in recent years, impacting on the council tax base, which in itself generates additional

council tax income. Since 2013-14 the council tax base has increased by around 0.75% to 1.0% on an annual basis, taking into account any changes to assumed collection rate. It is reasonable to assume this rate of growth could continue with a growing population, but collection itself may be difficult due to the removal of the penalty of imprisonment for non-payment and the economic hardship a large number of people are finding themselves in as a result of the Covid-19 pandemic.

5.2.2 In line with the Medium Term Financial Strategy, and based on no more up-to-date information, the longer term strategy will be based on the most likely scenario of:

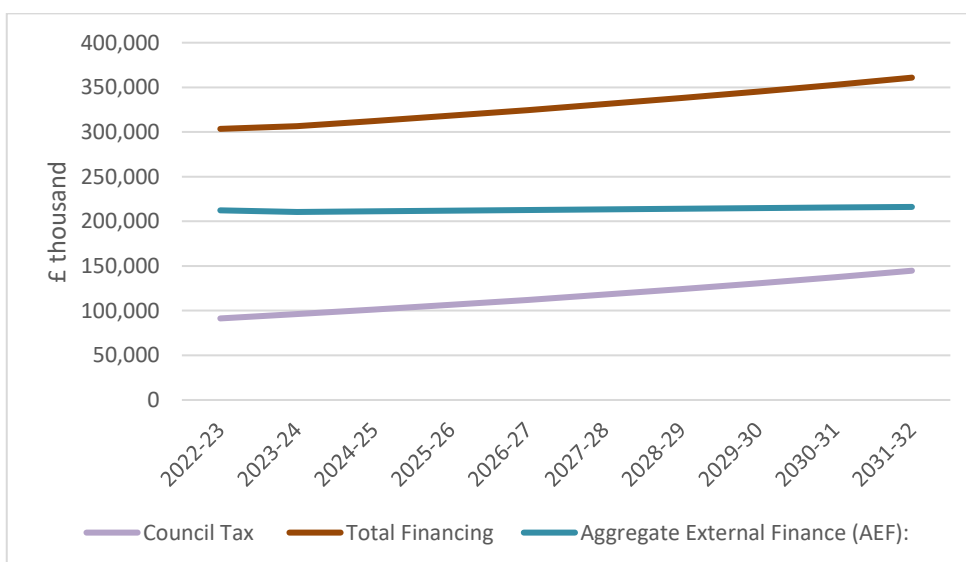
- no changes to Welsh Government funding.
- council tax increases of 4.5%.

5.2.3 Chart 4 showed that since 2015-16 Bridgend’s amount and percentage share of Welsh Government’s distributable amount of non-domestic rates has increased, from 4.2% to 4.67%. This is in line with an increasing population. On this basis the share of non-domestic rates is projected to continue to increase gradually, but this will depend largely on the amount collected by Welsh Government across Wales which will be impacted by the economic situation, especially following the Covid-19 pandemic and post-Brexit, and the actual population change compared to the rest of Wales. However, any potential increase in non-domestic rates is likely to be compensated for by a reduction in revenue support grant.

5.2.4 Based on the funding scenarios outlined above, over the 10 year period the estimated reduction in Revenue Support Grant is anticipated to be offset by additional income from council tax and potentially non domestic rates.

5.2.5 Chart 5, below shows the potential changes in Aggregate External Funding over the 10 year period, offset in the main from the increase in council tax over that period. There would be a 58% increase in council tax income between 2020-21 and 2029-30 if we continue with this model of funding, and the proportion of the budget funded from council tax would increase from its current 29% to 42%.

**Chart 5: Estimated Funding over life of Longer Term Financial Strategy**



However, even with this level of funding, it is unlikely to be sufficient to meet the various pressures that the Council will face, which will be outlined in the next section, and this will result in significant budget reduction requirements going forward.

### 5.3 Future Cost Pressures and Risks

5.3.1 The Auditor General for Wales has identified some key long-term issues that Welsh public bodies need to take into account as they shift their planning horizons to the longer term. These include:

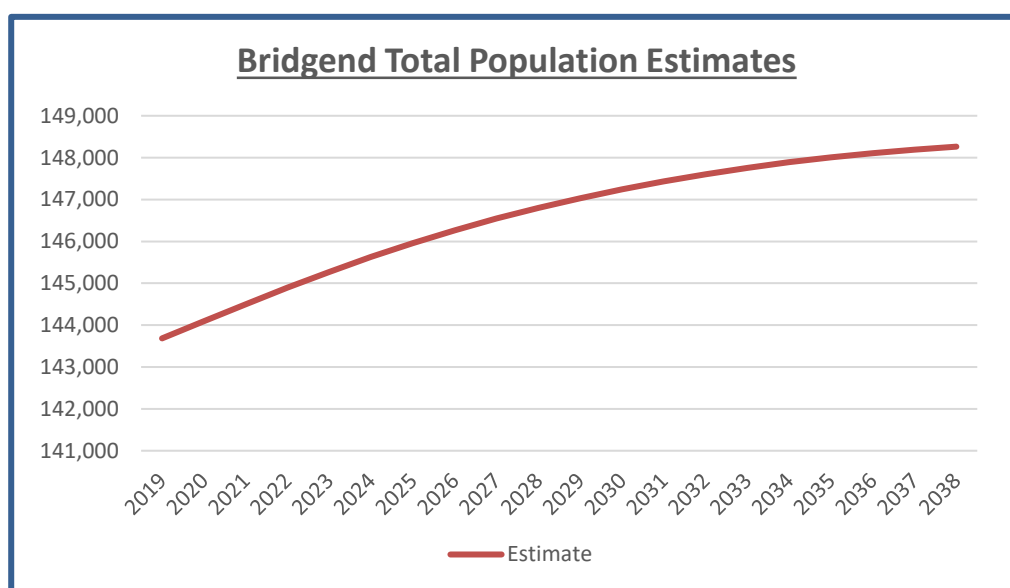
Demographic changes	Office for National Statistics data shows that between 2018 and 2048, the proportion of the population aged over 80 is set to increase from 6% in 2018 to 11% in 2048, and the proportion of the population aged 20-59 will fall from 51% in 2018 to 46% in 2048. The fact that people live longer is a very positive development. But it does mean that the nature of demand for some public services will change. Also, the decline in the working age population potentially affects the tax base in Wales.
Austerity	Public bodies are currently making difficult decisions in a period of unprecedented financial austerity. Public bodies need to have a clear understanding of the potential long-term impacts on individuals and communities of their decisions.
Poverty	The Institute for Fiscal Studies predicts that there will be approximately a 3% increase in the relative poverty rate in Wales from 2013-2015 to 2019-2021, and approximately a 10% increase in the relative child poverty rate from 2013-2015 to 2019-2021.
Brexit	The impact is still widely unknown, but public bodies will need to be alert and adapt swiftly to the risks and opportunities.
Technological developments	Public bodies need to balance the opportunities that technological changes provide with a need to ensure that they do not exclude those who are less comfortable and able to use digital technologies.
Climate change	The Environment (Wales) Act 2016 places a duty on the Welsh Ministers to ensure that in 2050 net emissions are at least 80% lower than the baseline set in legislation.

These are in addition to specific challenges known to the Council at present, including:

## Population increases

5.3.2 Indications are that the population will continue to increase over the next 10 to 15 years, from 143,000 in 2020 to 148,000 in 2038, as outlined in Welsh Government population projections in Chart 6 below. This will place increased pressure on the Council's budget if no additional funding is provided, particularly in terms of school places, adult social care, infrastructure and transportation. However, whether or not this will attract additional funding will depend on population growth across Wales as a whole.

**Chart 6: Bridgend Population Estimates**



## Pupil numbers

5.3.3 An increase in pupil numbers in schools places significant pressure on both the capital and revenue budgets, in terms of ensuring there are sufficient school places in the right location for pupils. This can result in capital investment in new schools, adaptations to schools or re-balancing the mix of schools, primary, secondary and special, but also Welsh medium and English medium. Chart 7 below shows that there has been a significant increase in secondary and special school pupils over the period, with no corresponding reduction in primary pupils. The funding per pupil in special schools, in particular, is significantly higher due to the additional staffing resource required to provide for these pupils, which places additional demands on a limited budget.

**Chart 7: Bridgend Pupil Numbers**

	Primary	Secondary	Special	Totals
September 2016	13,082	9,271	352	<b>22,705</b>
September 2017	13,169	9,172	338	<b>22,679</b>
September 2018	13,127	9,289	376	<b>22,792</b>
September 2019	13,101	9,425	407	<b>22,933</b>
September 2020 - estimated	13,016	9,631	399	<b>23,046</b>

## Pay awards

5.3.4 The public sector underwent a pay freeze from 2011 and since 2013 most annual public sector pay rises were limited to an average of 1% per year until April 2018 when higher pay awards were introduced, particularly for those on lower incomes. Since then increases have been generally higher than inflation, particularly for those on lower grades and for teachers at the bottom of the pay scales. This is in addition to rises in the National Living Wage which is currently at £8.72 (rising to £8.91 in April 2021) but for which the Government had set a new target for it to reach two-thirds of median earnings by 2024. In addition, the Department for Education had pledged for all teacher starting salaries to rise to at least £30,000 by 2022. Whilst this applies to England, there would be pressure to also implement such changes in Wales. However, as previously outlined, the Chancellor has announced a pay freeze in 2021-22 for a large number of public sector workers as part of the Spending Review 2020 but whether this will be achieved and maintained will need to be kept under review.

In 2020 the Council became a Real Living Wage employer, supporting those on the lower grades even further. Given these pressures on pay for the lower paid staff, it is likely that, going forward, the increase in total pay will exceed the level of inflation and this will be a real pressure on the MTFS if unfunded.

## Contracts

5.3.5 The Council has a number of major multi-year contracts for the provision of its services, some of which are due to expire over the coming 10 years, and could create unavoidable significant financial pressures upon re-tender. These include:

Contract	Contract Length	Expiry Date	Current Annual Cost
Waste Collection	7 years (plus possible 7 years extension)	31/3/24 earliest, up to 31/3/31	£6.9 million
Home to School Transport	5 years (plus possible 2 years extension)	March 2021	£4.88 million

As with all re-tender exercises there are a number of risks, including:

- the risk of not securing a suitable partner;
- the risk of increased costs of running the contract going forward;
- the risk of the company remaining viable in the long term;
- start-up and transition problems, especially where there are changes in contractor;
- potential reductions in quality with a new contractor.

There may be opportunities to bring the services back in-house where this is deemed more economically and operationally viable. However, account must also be taken of the potential wider economies of scale and expertise that an external contractor may be able to bring to the Council, and each case must be considered

on its own merits. In addition, Brexit could place additional pressure on the supply chain and contractor prices, the impact of which is still largely unknown.

In addition, over the medium to longer term there are contracts due to end, with no requirement to renew, and contracts due to start for new service provision, including:

**Maesteg School Private Finance Initiative (PFI)** – due to end in 2034 with potential revenue savings of £2.5 million.

**Bridgend Special School (Mutual Investment Model)** – 25 year contract to design, build and maintain 2 new primary schools, one Welsh medium, one English Medium, from 2023-24 with an annual revenue commitment of around £500,000.

## 5.4 Longer Term Strategy

5.4.1 The recent Covid-19 pandemic, and the devastating impact that this has had worldwide, has reinforced how it is impossible to predict the economic climate in the short term in some instances, let alone in the longer term, with the usual single year budgets, local and national elections and other external forces at play.

5.4.2 However, the Council must take a view on what strategies it can adopt to try to mitigate any negative impacts on its finances, and some of these are highlighted below.

### Digitalisation

Cabinet has approved a Digital Strategy for the Council which has been divided into three key areas – Digital Citizen, Digital Council and Digital Place. The aim is to provide digital services that:

- are designed around the people who are going to use them, across the whole sphere of service delivery,
- are integrated to deliver seamless connectivity, and are simple and intuitive,
- are designed to safely and usefully share information, to better support the vulnerable in communities,
- demonstrate digital leadership, creating conditions for genuine channel shift,
- challenge the status quo to ensure the Council is working smarter.

### Commercialisation

The Council has considered, and will continue to seek, opportunities to become more commercially minded in its business, including maximising income from the sale of its goods and services or other cost reducing opportunities such as community asset transfer. The aim will be to continue to provide as wide a range of services as possible, at minimum cost. However, HM Treasury issued revised lending terms for Public Works Loans Board (PWLB) borrowing by local authorities in November 2020. As a condition of accessing the PWLB, local



authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current, or next two financial years. Local Authorities' section 151 Officers or equivalent will be required to confirm that capital expenditure plans are current and that the plans are within acceptable use of the PWLB. This could restrict any commercial ambitions that the Council may have.

### **Charging policy**

The Council's Income Generation and Charging Policy clarifies the important role that charging and income generation has in supporting the Medium Term Financial Strategy. It provides a clear and consistent approach to charging across the Council. The Council will charge for services, except where a clear decision is taken not to do so.

In particular, charges should be levied to support Council well-being objectives and to encourage behaviour change of our customers. In certain circumstances the Council may target groups (e.g. those in receipt of means-tested benefits) who would be disadvantaged or would not be able to access the service without a concession. Without certain concessions the Council may not be able to achieve its well-being objectives. The policy will be reviewed and updated in line with other Council strategies and policies.

### **Community Asset Transfer**

The Council recognises that the current level of subsidy provided to manage and maintain a number of its assets is financially unsustainable and will lead to the inevitable closure of facilities over time unless there is a significant shift to self-management. The status quo position is not sustainable and will lead to significant detriment to future generations. The Council has insufficient funding to consistently invest in them and the condition of many others is critical unless the operating model is changed. The transfer of assets or services to Town and Community Councils, sports clubs or community groups offers opportunities to maintain and preserve valuable community services which may otherwise be under threat; or alternatively improve the provision that is already available.

### **Climate Emergency Response**

In July 2020 Bridgend Council approved a Notice of Motion to develop a Climate Emergency Response Strategy and prioritised action plan that sets out short, medium and long term actions to respond to the climate emergency declared by Welsh Government in April 2019.

### **Statutory versus non Statutory Services**

The Council provides a wide range of statutory services across all of its directorates, in addition to non-statutory services. For some services there is a very grey line between statutory or non-statutory, and it comes down to either scope or amount of provision.

Whilst the Council will focus attention and funding on its statutory services, there are also a wide range of non-statutory services that can be provided which serve as preventative services, reducing longer term costs in line with the principles of



the Well-being of Future Generations (Wales) Act 2015. The Council will look to invest to save in these services, investing in the short term for longer term savings.

In addition, the Council will seek to secure the best provider of services to meet the needs of its citizens, whether that be through its own staff or through partnerships with external providers or the Third Sector.

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**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
1	The Panel recommends the development of the centralisation of Business Support that would improve services, for example to other Directorates including Education and Family Support, and Social Services and Wellbeing.	Accepted.  Phase 1 of Business support has now been completed and is working successfully, including the Communities Directorate and services within the Chief Executive's Directorate, including payments staff from finance. The Chief Executive will continue to explore Phase 2 of this project to include the Education and Family support and Social Services and Well-being Directorates.
2	The Panel recommends that all Directorates review their individual bespoke savings plan to support the MTFS and to present these revised plans to the BREP 2021-22.	Accepted.  All savings proposals presented as part of the MTFS have more detail that is submitted to the Finance Section as part of the process. These are monitored on a monthly basis and reported to Cabinet and COSC quarterly. It is the responsibility of BREP to assist in the MTFS process, with COSC providing the scrutiny role for the in-year position. However, as new service proposals are developed, BREP could choose to review those in detail.
3	The Panel recommends that all Directorates identify all Covid-19 related costs and budgetary pressures, with clear differentiation between savings and cuts and with clear differentiation between budget pressures and the impact of Covid-19 pressures and in particular ensures there is full cost recovery, where appropriate, from WG.	Already in place.  This is an on-going issue. Finance managers and accountants working with their respective Directorates have been identifying all costs and loss of income on a monthly basis since the start of the pandemic. Similarly, all loss of Council tax income and increases in CTRS, along with loss of court cost income have been monitored continually. Claims are submitted for additional costs on a monthly basis, and for loss of income on a quarterly basis. We have been successful in receiving 74% overall as part of this exercise.  There are exceptions to us receiving 100% such as ICT where 50% has been granted by WG on the basis that the equipment will have a longer life.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
4	The Panel once again extends an invitation to Members of the CMB and Cabinet, to take a more thematic approach in tasking BREP when considering a Forward Work Programme. This is an ideal opportunity for CMB and Cabinet to identify areas of work for BREP going forward.	Partly accepted.  CCMB will consider this recommendation going forward and make suggestions to BREP.  However, BREP is an independent Panel that is able to decide its own FWP and the topics on which it wishes to consider in more detail and explore.
5	The Panel recommends a review of revenue costs for all new school builds, subject to the School Modernisation Programme and to establish whether there are cost savings in overall revenue costs for the new schools. The Panel also requested assurance that the School Modernisation Programme was compliant with the carbon neutral green policy adopted at Council.	Accepted.  Work will be undertaken to look at the benefit realisation and lower running costs from new builds.
6	To further support schools in their management of deficit budgets and the likelihood of potential redundancies, the Panel recommends that a central redeployment register of qualified and experienced staff is set up in collaboration with the Trade Union Movement. This central register should be made available to all Senior Management Teams within schools across the county borough.	Accepted – subject to the independent status of governing bodies.  Suitable alternative employment is always considered on an authority wide basis when there is a redundancy, school based or otherwise. However it is for individual schools to make staffing decisions and they cannot be compelled to take on a redundant teacher.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
7	The Panel acknowledges that LAC is an annual overspend and the Directorate considers further strategic investment in prevention and early intervention programmes. Further, that the Scrutiny Committee process supports the Directorate in this initiative.	<p>Accepted</p> <p>The budget for Children Looked After is 'demand led'. The Council has a strategy to meet need early, and prevent escalation of need.</p> <p>This means a strategy, and supporting business cases, is needed, which builds on work already delivered, to develop services which are focussed on supporting as many children and young people as possible to stay with family and connected person with the right care and support services.</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>COSC Recommendation</b>	<b>Cabinet Response</b>
1	The Committee recommended that the Cabinet lobbies Welsh Government to ensure that additional legislation comes with the consequential funding to avoid putting the Local Authority under additional unnecessary financial pressure from existing budgets. ( <i>Budget Pressure CEX5 Homelessness Funding</i> ).	Accepted.  The Leader and the Cabinet continue to lobby and discuss additional funding for a whole range of measures including new legislation and guidance.  Regular discussions take place between the Leaders of Local Authorities, the WLGA and the Ministers to ensure that Local Government receives as much funding as is possible in order to discharge both its current and new duties.
2	The Committee recommended that consideration be given to greater communication with the public explaining the costs of services and how the Council spends money.	Accepted.  Communication with the public on how the Authority spends money is discharged through a whole range of channels. Information is given with the Council tax bill, the budget is published on the website and the budget consultation takes place each year.  Cabinet and CMB will consider what other authorities do and options available.
3	The Committee recommended that clarification is sought regarding the Local Government Minister expressing this year's settlement is a flat cash budget that requires no redundancies.	We have received no such formal notification from WG.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

4	The Committee recommended that Corporate Management Board and Cabinet are requested to review and define what the role and responsibility of BREP is and respond to Corporate Overview and Scrutiny to consider.	<p>Agreed.</p> <p>The role and functions of BREP and the membership are clearly set out in the Terms of Reference for the Panel. This is agreed at the start of the meeting cycle. However, it is an opportune time to review whether these remain fit for purpose and if they enable BREP to deliver on the outcomes expected.</p> <p>Cabinet and the Corporate Management Board will assist COSC in undertaking a review of BREP.</p>
5	The Committee recommended that Cabinet are requested to write to Welsh Government to impress upon them the need to lobby Westminster, as while NHS Staff and Teachers pay protections are devolved to Welsh Government, Local Government staff are on NJC Terms and Conditions, is not a devolved budget, and they will be subject to a pay freeze. Furthermore, the White Paper for the care sector requires that commissioned services should be paid a real living wage on the same terms & conditions as LA staff.	<p>Agreed.</p> <p>Cabinet will continue to monitor the progress of the White paper.</p> <p>The Leader has already raised this with the WLGA and the LGA and WLGA are already lobbying on this point on behalf of all local authorities. Local Government pay increases result from negotiations with the unions and the local government employers. Negotiations are due to start imminently and will take into consideration a number of factors.</p>
6	The Committee expressed concern about the Educational Psychology provision and the additional pressure the pandemic placed on the service and recommend an increase in the budget for 2021-22 to alleviate the likely huge demand from younger people from the impact of the pandemic, as well as increased additional the pandemic, as well as increased additional learning needs. ( <i>Budget Reduction EFS7</i> ).	<p>Noted.</p> <p>Cabinet will consider as part of the MTFS process.</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>COSC Recommendation</b>	<b>Cabinet Response</b>
7	The Committee expressed concern that that the target of £300k for 2021-22 was unrealistic and recommended that it should be removed. While it supported the CAT process it was felt that any savings should be reinvested into the service. If this target cannot be removed for 2021-22, then the Committee recommend that the target of £300k be spread across 3 years from 2022-23 onwards. ( <i>Budget Reduction COM1</i> ).	Not agreed.  The savings target is considered ambitious but will remain in place and will be delivered against asset transfers and amendments to grass cutting schedules where necessary.
8	The Committee recommended that the narrative be amended, as it states “this may impact on the availability to maintain the current number of children’s play areas”, but the Capital Programme is investing in play areas. ( <i>Budget Reduction COM1</i> ).	Agreed.  Narrative has been amended to reflect this and the reference to maintaining children’s play areas removed.
9	The Committee recommended that CAT Transfer progress be monitored by Subject Overview and Scrutiny Committee 3 at the half year point. ( <i>Budget Reduction COM1</i> ).	Agreed.  CAT transfer process can be added to the scrutiny Forward Work Programme.
10	The Committee recommended that the Fees and Charges policy be reviewed in 2021-22 to change it from “inflation +1%”, to just “inflation” with a view to it being implemented from the budget in 2022-23.	Agreed.  The Fees and charges policy has been in place since 2016. This will be thoroughly reviewed and brought back to Cabinet to decide on any changes that are needed.
11	The Committee were concerned regarding the impact of cutting the Pest Control Contract completely, due to the impact on those in receipt of benefits and recommended that the Pest Control Savings proposal is placed on hold pending the Cabinet reviewing of the proposal. ( <i>Budget Reduction CEX2</i> ).	Agreed.  The savings proposal for the Pest control contract will be removed from the MTF5 pending further work and a further options paper brought back to Cabinet.



**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>COSC Recommendation</b>	<b>Cabinet Response</b>
12	The Committee recommended that a working group actively look at identifying relatively small one off investments in safe routes to schools which could offset ongoing costs of some Home to School transport. ( <i>Budget Pressure EFS7</i> ).	Cabinet is awaiting the outcome of the Welsh Government review of learner transport. Once the outcome of the review is known, a working group will be established to review the position and way forward. If a relatively small investment in safe routes can be made then this will be progressed.
13	The Committee expressed concern about spending on consultants because of the lack of in-house capacity due to service cuts made over the last 10 years and recommended that future MTF5 budget savings proposals fully consider any possible long term implications that may incur additional cost in future years. ( <i>Budget Reduction COM1</i> ).	Consultants are generally appointed when specialist advice is required that is not available in house. Usually time limited and with an expected outcome. It is unrealistic to expect the Council to hold all this expertise in house and also uneconomic to do so.
14	While the Committee acknowledged that there were huge pressures upon the authority from the impact of Covid-19, there were incredible pressures within local communities and the Committee recommended that Cabinet embrace the concept of prioritisation based upon the needs of those local communities.	Cabinet wishes to thank members of COSC for their support and their recognition that the authority currently faces unprecedented pressures as a result of the pandemic. Cabinet would agree that that our focus and priorities should be on the needs of local communities, and the critical services that the Council has decided to prioritise are those which impact most on local communities, and in particular the public health consequences of the ongoing impact of COVID-19. Therefore we have had to divert resource and management emphasis to service areas including frontline social care, literally dealing with life and death issues, emergency childcare, test, trace and protect, COVID-19 enforcement and education, and the vaccination and testing programmes. Unfortunately as a result of some additional burdens, redeployment of staff, staff sickness and self-isolation, this inevitably has meant that for a short period of time other services that are 'non critical' have had to be pared back or paused, although we have committed that nothing that is time critical or crucial will be postponed or lost. It should be emphasised that, in the main, we believe that the Council has coped remarkably well throughout the pandemic and service provision has consistently proved resilient and effective,

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

		<p>something all members would thank staff for and be appreciative of. Cabinet would also want to emphasise that the prioritisation of services during this difficult crisis period was something fully discussed and agreed with Cabinet and unanimously supported by all Group Leaders, based on supporting the most pressing needs of our communities and also protecting the health and wellbeing of staff.</p>
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## Corporate Risk Assessment (January 2021)

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 175 1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities. The true impact of COVID remains unclear in terms of the Council's financial sustainability. careful planning and difficult choices will be key to ensuring that a balanced financial position is able to be maintained.	4	5	20	Treat	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings. The impact of COVID has been significant in terms of both timetable and the focus on achieving savings. Due to the more generous WG settlement for 20/21 the savings targets were lower than usual and so most of those will be met. Work to deliver a balanced budget for 2021/22 and beyond is underway, but many aspects remain uncertain.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years.  Cabinet and Corporate Management Board are continuing to meet regularly as part of the budget planning process for 2021-22 and beyond. This has focussed not only on the immediate requirement for a possible £9 million savings for 2021-22 but also discussion to begin to shape a longer term strategy for the Council based on projected savings over the next 3-4 years. There remains significant uncertainty around the financial position, as COVID costs continue to emerge. However, WG have funded a high proportion of costs to date, which has mitigated the risk.	CMB	Jan-2021	Jul-2021	Feb-2021 then ongoing quarterly review	3	5	15	Smarter use of resources
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, provide wider transformation opportunities and /or financial savings. Further transformation opportunities have been identified that are intended to support a 'One Council' culture and support staff and managers through transformation.  Examples of processes which have stopped without impacting on compliance include the cessation of wet ink signing and printing of documents as documentation is now electronically signed, physical attendance to open tenders replaced with opening on-line, a move to electronic authorisation of invoices on the Electronic Documents Record Management system and the replacement of in attendance training events with on-line remote training. The Organisational Development team are constantly reviewing the type of methods of training and development that staff have available to them to meet current challenges, whilst ensuring an appropriate balance is retained in also promoting and enhancing the wellbeing of those staff in work. Staff are able to access more on-line learning opportunities than previously, and there has been a move away from physical attendance at training courses, which used to be prohibitive. This has widened the range of opportunities, enabled more staff to participate and consequently increased skill sets. The Council is also pushing forward on its apprenticeship programme and considering a graduate programme to enable it to develop more in-house skills to enable us to take forward alternative, less traditional, delivery models, thus reducing the need to buy in expertise. Not only will this deliver future financial savings, but will also build a more resilient workforce.		CMB	Jan-2021	Jul-2021	Ongoing	2	4	8	All Well-Being Objectives

No.	IDENTIFIED RISK				ACTION PLAN										Well-Being Objective	
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im		Total
Page 176	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk - for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure, Cultural services and Waste.	The Council has kept in close contact with its partners throughout the pandemic and has been able to flex and adapt services as required. Waste services continued with some adaptations, but there will be a prolonged period of re-start and recovery for leisure and cultural services, and a shared risk for continuation of services.	CMB	Jan-2021	Jul-2021	On-going	3	4	12	All Well-Being Objectives
4	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	A revised capital strategy has been prepared and agreed by Council setting out capital spending plans and priorities for the next 10 years. The Capital Programme will be reviewed quarterly and will be updated by Cabinet and Council.	CMB	Jan-2021	Jul-2021	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
5	The council is unable to develop positive working relationships across all partners within the new region to ensure that the needs of the Bridgend community are fairly recognised in the immediate future.	If the council is unable to successfully build on the progress made, during the first year, of operating within a new region with the health Board, local government and third sector partners, there is a risk that appropriate care to citizens through new service models and relationships will be slowed down or not be delivered resulting in citizens receiving a less satisfactory service with poorer outcomes.	4	4	16	Treat	The Council has worked hard during the first year to embed Bridgend in the new Cwm Taf Morgannwg partnerships and build a solid platform for delivery of services. This was tested through the COVID pandemic and there are a number of strands of work to look at 'what worked' and 'what worked less well'. It will be important for the Council to learn lessons from this period, both as a body and as a key partner, and to build on those strengths for the future. By working with the new region, Bridgend has continued to receive Integrated Care Funding for a range of bids that have enabled either the continuation of previously funded services or assisted with the development of new service initiatives. It will be important to continue this relationship to secure further ICF for future projects.	Continue to work with the Health Board, local government and third sector partners to ensure processes are in place to develop regional approaches to service delivery. This includes effective management and monitoring of regional grant funding that is directed through the Partnership Board and the ongoing development of integrated services.	CMB	Jan-2021	Jul-2021	Feb-2021	2	4	8	Helping people and communities to be more healthy and resilient and smarter use of resources
6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater-self-reliance.	4	5	20	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads. All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly. Good management oversight with robust quality assurance and risk management arrangements will mitigate presenting risks.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department. The Director of Social Services and Well-being presented the action plan to address the recommendations made by Internal Audit and the Audit Committee in July 2020. Members were content with the action plan and asked for a progress report in due course.  The full range of Safeguarding activities was reported to Overview and Scrutiny Committee on 3 July 2019.	CMB	Jan-2021	Jul-2021	Completed with ongoing monitoring	2	5	10	Helping people and communities to be more healthy and resilient and smarter use of resources

No.	IDENTIFIED RISK				ACTION PLAN										Well-Being Objective	
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im		Total
Page 177 7	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees. The council has established emergency planning arrangements including a Major Incident Plan and contributes to the South Wales Local Resilience Forum (SWLRF) and South Wales Resilience Team (SWRT). Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with GDPR, security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework. This has been an increased risk throughout the COVID period with significantly increased risk of attack and many more sophisticated attempts to disrupt the Council's network.	Cyber resilience training continues to be rolled out.  The council has responded swiftly and appropriately to the increased risk posed by increased reliance on ICT and the network. A number of changes - some significant - were made during this period that has helped to mitigate the increased risk. Throughout the period the Council has stayed connected and resilient with many services being delivered remotely.  The situation is being monitored on an ongoing basis.	CMB	Jan-2021	Jul-2021	TBC  Ongoing	3	4	12	All Well-Being Objectives
8	The council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This is a particular concern for the statutory Section 151 role. This could lead to the wellbeing of citizens suffering and a loss of morale amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted with a particular focus on management development. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). This investment has been enhanced in 2020/21. In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience. To support recruitment and retention a market supplement policy is being explored which will set out how the Council may, in exceptional circumstances, offer an additional temporary supplement to the grade of a post as identified through the Council's grading scheme. In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed.  The staff survey has been completed and a range of actions implemented. These will improve engagement and feedback and shape the learning and development programme. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. The future focus for managers will build on the current provision of training and continue to encourage inspired individuals to gain and apply knowledge, skills, insights and attitudes to their roles. Staff have been a key priority during the COVID pandemic, with many working long hours and going 'out of their way' to ensure that residents were looked after. Programmes to help with staff well-being have been made widely available and advertised on a regular basis. Managers have been requested to look after both service delivery and staff well being in a balanced way.	CMB	Jan-2021	Jul-2021	Ongoing  Ongoing	3	4	12	All Well-Being Objectives

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 178 9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable.	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. This has continued throughout the pandemic.  Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers is required and contingency planning has been progressed. This has become increasingly important due to the fragility of the market and the economic situation as a result of COVID. Many suppliers are going through difficult times and we will need to monitor closely to ensure that critical services do not collapse.	CMB	Jan-2021	Jul-2021	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
10	The Council is in breach of the GDPR because Directorates do not take ownership of, or properly resource, their responsibilities under the Regulation (GDPR).	If Directorates do not comply with the GDPR action may be taken by the regulator which could result in fines and in a loss of reputation for the council, including with citizens. Properly complied with, GDPR will increase public trust and citizens confidence in how their data is handled by the Council.	4	4	16	Treat	Prior to GDPR an implementation group was established with representation from each Directorate and each Directorate undertook an audit of the data it holds. The Information Governance Board meets quarterly. A Data Protection Officer has been appointed and the council has undertaken a review of its data protection and privacy policies and procedures, established an E-Learning model for staff and also provided training to Members. There is a data breach reporting procedure in place.	Directorates to ensure that staff have access to all the data protection policies and undertake the mandatory e-learning training. There is a risk of GDPR not being reflected by staff when performing certain activities leading to non compliance and penalties imposed by the ICO. The information Governance Board is continuing to meet. Following the move to remote working, staff have been reminded of compliance via Bridgend's messages and another message is due imminently.	CMB	Jan-2021	Jul-2021	Ongoing	3	2	6	Smarter use of resources

No.	IDENTIFIED RISK				ACTION PLAN										Well-Being Objective	
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im		Total
11	Recovery/restoration of services - the restoration of some Council services will require new ways of working to be established and implemented to ensure Covid safe environments for staff and the public .	Additional measures will need to be considered, with revised protocols with potentially additional costs, and increased operational burdens, to meet relevant guidance and provide safe service and working environments. Specific measures at a Directorate level will need to be assessed for the reopening of schools, including school transport and catering arrangements and assessing the needs of pupils with additional learning needs. Assessing the additional social care implications from having to work more remotely including the impact of remote assessments and less direct face to face contact for things like day services, the additional service requirement to meet the enhanced expectation that all homeless people will be provided with housing options and wrap around services, and the safe distancing, cleansing and hygiene and enhanced ICT provision required to allow effective reopening of the Council's core office portfolio on a gradual basis as well as better supporting agile working and working from home on an ongoing and more permanent basis, ensuring all health and safety requirements are understood and addressed. There is also a general risk that some members of the public, some staff and some elected members will not necessarily understand why new and different ways of working are necessary and may not be supportive, for example increased working away from the office and services offered on a predominantly 'digital' basis. These issues may result in decreased capacity and therefore an inability to meet service demands, potential for claims against the Council based on health and safety, an increased likelihood that some residents will be unable or unwilling to take up provision of services, an increased financial burden on the Council on a recurring basis.	5	4	20	Treat	Full risk assessments at a service level will provide evidence of where interventions are required and new ways of working need to be implemented. A risk tool for individual members of staff and elected members will be distributed for self assessment to determine if special measures are required to be implemented to protect those individuals. Revised protocols are being developed to advise staff on good practice and business cases are prepared where additional investment is required to meet new operating procedures. Enhanced communication with staff, elected members and the public (including parents and pupils) will be necessary to mitigate some concerns and fears and ensure a better understanding of the Council's position. Local coronavirus restrictions were replaced when at the end of December 2020 higher-level restrictions came into force in all of Wales to control the spread of the virus which was accelerating and present in all local communities, these restrictions would continue to protect the public health for people living in the country. The main restrictions are: - closure of all non-essential retail including close contact services & all leisure & fitness centres - closure of all hospitality premises - tighter restrictions on household mixing, staying at home & holiday accommodation - to not create an extended household (single adults or single parents may join with one other household to form an exclusive support bubble) - to not travel without reasonable excuse.	Comprehensive service risk assessment, implement key actions from the service recovery plans completed by Directorates, identify and action the lessons learnt from the experiences of service provision over the last 5/6 months during the pandemic and lockdown, identify and consider service business cases for additional investment (as well as where there might be some savings from stopping areas of service or closing previous provision), ensuring ongoing and comprehensive communication and engagement as necessary.	CMB	Jan-2021	Jul-2021	Ongoing recovery once second wave of virus eases & subject to future peaks.	5	3	15	Smarter use of resources

No.	IDENTIFIED RISK				ACTION PLAN								Well-Being Objective			
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by		Residual risk score		
			Li	Im	Total									Li	Im	Total
Page 180 12	Public Health/Protecting the Public - the Council will need to take an enhanced public health leadership role for a sustained period of time and that this will need to be prioritised and resourced at the expense of other services that are normally provided, and that without proper and comprehensive planning to carry out the additional functions of test, trace and protect, a potential mass vaccination programme and continued and ongoing protection of the vulnerable (including mental health services) and previously shielded individuals to ensure they have the services and support they require, as well as an advisory and enforcement role to ensure compliance with Covid regulations, Covid 19 virus infections will potentially rise locally with a significant overall impact on public health and consequential impact on the local economy.	A need to divert resource to ensure adequate planning, together with our partners in the Health Board and the third sector, of programmes of work to address these matters which if they are not dealt with properly or the measures are ineffective will lead to increased local infection and potentially increased fatalities, increased sickness levels including for the Council, significantly increased demand for services and in a worst case scenario further local lockdowns.	3	5	15	Treat	Planning effectively with our partners a joint Cwm Taf Morgannwg TTP team has been established across the Bridgend, RCT and Merthyr area to ensure enhanced resilience and, following initial secondments, a full time team is now being appointed based in RCT. A planning team, again on a regional basis, is planning for a mass vaccination programme but the likely timescale for a vaccination is still unknown. Enhanced support for staff wellbeing has been put in place and service provision and regular contact with vulnerable individuals has been maintained even though 'shielding' has for the time being been halted. A local response plan, should local lockdown be required, has been prepared and signed off. Local coronavirus restrictions were replaced when at the end of December 2020 higher-level restrictions came into force in all of Wales to control the spread of the virus which was accelerating and present in all local communities, these restrictions would protect the public health for people living in the country. Please refer to Risk 11 for details of the restrictions in place.	Establishment of sustainable and resilient TTP team and programme of work, workstream established to plan and prepare for mass vaccination requirement, engagement and support procedures for most vulnerable established, enhanced wellbeing support offered, local response plan has been developed in the case of any need to consider local lockdown, SRS team engaged with local businesses and community groups to promote good Covid safe practice and where necessary to consider enforcement if there is an obvious and flagrant public health risk from breaches of regulations.	CMB	Jan-2021	Jul-2021	Ongoing during the remainder of the financial year and into 2021-22, particularly in view of the enhanced risk of the prevalence of the virus increasing during winter months, although some of these activities are likely to stay with us long term and will in due course need to become business as usual	3	5	15	Smarter use of resources
13	Invigorating the economy and economic recovery - there will be a prolonged and deep economic recession following the Covid pandemic and the uncertainties of the impact of the UKs withdrawal from the European Union, compounded by local issues such as the impending closure of the Ford engine plant.	There will be an increase in unemployment and the number of local benefit claimants. This impact may increase further at the end of the UK government's 'furlough' scheme which has been extended to the end of March 2021, with the potential for further business failure at that point. In addition there is likely to be a consequential impact on town centre footfall and increased empty retail properties, as potentially there will be less disposable spending locally. Increased financial hardship may also lead to an increase in demand for some Council services including those of the economic development, council tax, employability, mental health, domestic abuse and homelessness services.	5	3	15	Treat	By seeking to support local businesses and individuals by signposting them to appropriate financial support, skills training and support services, and progressing schemes to develop opportunities to set up and establish new business. Local coronavirus restrictions were replaced when at the end of December 2020 higher-level restrictions came into force in all of Wales to control the spread of the virus which was accelerating and present in all local communities, these restrictions would protect the public health for people living in the country. Please refer to Risk 11 for details of the restrictions in place.	Establish the local economic recovery taskforce and identify and implement the recommended actions. Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to stimulate and invigorate the economy. Seek to signpost opportunities for training, support and new jobs by targeting the work of the Council's Employability teams. Administer and target financial grant schemes and provide support to local businesses to adapt to new circumstances. Progress existing economic development schemes to provide more opportunities for business 'start up' by developing enterprise hubs throughout the County Borough. Agreeing direct intervention initiatives where the Council controls the cost of some relevant services, for example free car parking /car parking offers in town centres, rental holidays/reductions for businesses where the Council is the landlord. Develop the economic plan and allocate the Economic Futures Fund, targeting key areas identified to support the business and economy of Bridgend.	CMB / Economic Recovery Panel	Jan-21	Jul-21	Ongoing	5	2	10	Supporting a successful sustainable economy



No.	IDENTIFIED RISK				ACTION PLAN										Well-Being Objective	
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li	Im		Total
Page 18 14	Schools closures for extended periods of time. (In particular closures related to the Covid-19 pandemic)	Not able to ensure standards, wellbeing and safeguarding of learners. Inhibits progress of those schools in special measures/in need of significant improvement.	4	5	20	Treat	Business resilience plan developed in partnership with schools. Use of RRRS (Recruit, Recover, Raise Standards) grant to recruit more teachers to support catch up programmes for pupils. Planning and contingencies identified. Strong emphasis of blended learning. Identification of digitally excluded learners and provision of ICT equipment and connectivity (MIFI units). Use of Hwb and CSC (Central South Consortium) resources. Strong support through ICT Schools Strategy Group and Team Bridgend.	Allocation of suitable budget to support additional ICT devices for digitally excluded learners. Ongoing use of resources made available through Welsh Government's EdTech project. CSC has provided a range of training to schools. Schools to attend professional learning webinars run by CSC. CSC provided repository of direct teaching resources to support the delivery of remote learning kept up-to-date and shared with schools. Information about resources and professional learning available can be found on the CSC website.	CMB	Jan-21	Jul-21	Ongoing	3	5	15	Smarter use of resources
15	Schools are not able to maintain educational standards (whether as a direct impact of extended school closures or due to other factors)	Inhibit progress for schools currently in special measures/ in need of significant improvement	5	5	25	Treat	Strong support from CSC. Support from 'Team Bridgend'. Focus on developing more effective cluster working with funding from CSC used to facilitate approach. Strategy On A Page (SOAP) developed for each team/cluster. Support and challenge from School Improvement Group(SIG) and Performance and Financial Monitoring Board. Consideration of use of statutory powers.	Strong support from CSC. Liaison with Schools Executive. Focus on developing more effective cluster working with funding from CSC used to facilitate approach. Support and challenge from School Improvement Group(SIG) and Performance and Financial Monitoring Board.	CMB	Jan-21	Jul-21	Ongoing	4	5	20	Smarter use of resources

**Control Method Definition**

Definition	Meaning
Treat	To continue with the activity, but at the same time take action to bring the risk to an acceptable level.
Transfer	Transferring the responsibility of the risk to outside the Council.

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## BUDGET PRESSURES 2021-22 TO 2024-25

Ref	Directorate	Well-being Objective	Pressure	2021-22		2022-23	2023-24	2024-25
				Recurring £000	One-Off £000	Recurring £000	Recurring £000	Recurring £000
EFS1	Education and Family Support	Helping People and Communities to be more Healthy and Resilient	Increased demand on Complex Medical 1:1 support provided at Primary and Secondary Schools.	150				
EFS2	Education and Family Support	Helping People and Communities to be more Healthy and Resilient	Other Local Authority recoupment income shortfall due to increased demand from Bridgend pupils to attend Heronsbridge and Ysgol Bryn Castell.	500				
EFS3	Education and Family Support	Supporting a Successful Sustainable Economy	Revenue implications for supporting the School Modernisation Programme (Mutual Investment Model).				500	
EFS4	Education and Family Support	Helping People and Communities to be more Healthy and Resilient	Provision of an Moderate Learning Difficulties class to cater for Key Stage 2 children accessing education through the medium of Welsh.	60				
EFS5	Education and Family Support	Helping People and Communities to be more Healthy and Resilient	Additional Primary Autistic Spectrum Disorder (ASD) Learning Resource Centre / class to cater for Key Stage 2 children.	82				
EFS6	Education and Family Support	Supporting a Successful Sustainable Economy	Projected increase in pupil numbers - demographic growth and Local Development Plan impact.	903		1,203	1,101	296
EFS7	Education and Family Support	Core Services and Statutory Functions	Increased costs of home to school transport related to additional vehicles of all types, as well as the requirement in particular to provide more taxis and minibuses for those pupils with additional learning needs. This includes the provision of specialist and independent transport for those with more complex additional needs. This will be a <b>one-off</b> pressure whilst a review is undertaken.		1,210			
SSW1	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Appointment of Habilitation Officer to support habilitation and rehabilitation of children in Bridgend County Borough. There are 90+ children in Bridgend identified as having vision loss including pre-school and complex needs children. The State of the Nation report recommends that there should be 1 x Habilitation or Rehabilitation worker per 100 children.	50				
SSW2	Social Services & Wellbeing	Smarter Use of Resources	Increase in number of families accessing Direct Payments, along with increase in complexity of cases across all areas, including Children's Services.	479				
SSW3	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Implications of National Living Wage uplifts on commissioned contracts within Social Services and Wellbeing based on confirmed 2.2% increase.	429		987	973	959
SSW4	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Increase in the Older Persons population and corresponding increase in pressure on services. It is estimated that the older person population will increase by 1.63% in 2021, and for future years the average of the population increases over the last 6 years, being 1.77%, has been used.	161		355	361	367
COM1	Communities	Supporting a Successful Sustainable Economy	Funding to mitigate the Welsh Government reduction in Sustainable Waste Management Grant, to support recycling initiatives.	41				

Ref	Directorate	Well-being Objective	Pressure	2021-22		2022-23	2023-24	2024-25
				Recurring £000	One-Off £000	Recurring £000	Recurring £000	Recurring £000
COM2	Communities	Supporting a Successful Sustainable Economy	Additional Highway Inspector - increased highway safety inspections and condition assessments of Highway network following All Wales Code of Practice review, including inspections of highway drainage assets to assist in flood management.	40				
COM3	Communities	Core Services and Statutory Functions	MREC - agreement with Neath Port Talbot Council on price per tonne finalised in 2019-20. This pressure represents the shortfall against historic savings targets until 2030 or a regional facility comes on line.	300				
CEX1	Chief Executives	Supporting a Successful Sustainable Economy	Increase to Corporate Apprenticeship budget due to level of demand from initial applications to recruit to hard to fill posts and build skill and capacity in key priority service areas.	100				
CEX2	Chief Executives	Helping People and Communities to be more Healthy and Resilient	WG commitment to eradicate rough sleeping as part of the Covid-19 pandemic - the focus is to provide support for homeless individuals providing them with accommodation.	2,192				
CEX3	Chief Executives	Core Services and Statutory Functions	New Policy Officer post to lead on corporate policy development and respond to and take forward key actions that require research, analysis and development into meaningful policy proposals.	64				
CEX4	Chief Executives	Smarter Use of Resources	Increased costs in relation to ICT Digital Strategy Licences, in particular migration to Cloud based delivery model to support faster and more secure ICT services.	418				
CW1	Council Wide	Core Services and Statutory Functions	Increase in levy in respect of Glamorgan Archives, as a result of a reduction in income and increase in non domestic rates and maintenance	15				
CW2	Council Wide	Core Services and Statutory Functions	Increase in Fire Service Precept to cover pay, price and demographic increases (4.37%). The final budget is subject to approval by the Fire and Rescue Authority at its budget meeting in February 2021 so the final increase may change.	308				
<b>Total Budget Pressures</b>				<b>6,292</b>	<b>1,210</b>	<b>2,544</b>	<b>2,935</b>	<b>1,623</b>
				<b>7,502</b>				

Budget Reduction Proposals 2021-22 to 2024-25

Ref.	Links to 7 Wellbeing Goals	Well-being Objective	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2020-21 £'000	Total Budget Reduction 2021-2025 as % of 2020-21 Budget	2020-21 Budget Reductions £'000	Proposed 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000
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**WELL-BEING OBJECTIVE**

- IP1 - Supporting a successful sustainable economy
- IP2 - Helping people and communities to be more healthy and resilient
- IP3 - Smarter use of resources
- NONPTY - Core services & statutory functions

**CATEGORIES**

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

**RAG STATUS KEY**

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

**EDUCATION & FAMILY SUPPORT**

**CENTRAL EDUCATION & FAMILY SUPPORT**

EFS1	A more equal Wales	IP2	PC	Phased implementation of Learner Transport Policy regarding statutory distances for free travel. Proposed for 2022-23 due to current review of learner travel by Welsh Government.	<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>	5,856	1%	75		75		
EFS2	A more equal Wales	IP2	MSR	Removal of a vacant post within Cognition and Learning Team	Potential reduction in support for a vulnerable group, however it is anticipated that this has been mitigated by a change in working practices by the team as a result of the ALN reform.	313	19%	110	61			
EFS3	A more equal Wales	IP2	MSR	Reconfiguration of the team providing support to Gypsy, Roma and Traveller learners to create a more efficient service	Whilst the impact is more on the management and leadership of the team, this may result in some slight reduction in the service offered to this vulnerable group but there will still be a service offering support.	456	11%		50			
EFS4	A prosperous Wales	IP2	MSR	Reduction in Central South Consortium (CSC) Budget of 1%	Reduction is achievable within the overall CSC budget and will be mainly achieved through efficiency savings.	549	1%	17	5			
EFS5	A more equal Wales	IP2	MSR	Reduction in the budget supporting statutory functions, including governor/governing body support, child employment licensing, school admissions	Reduction in the budget supporting governing bodies, child employment licensing and school admissions will impact on the local authority's ability to deliver these functions.	94	20%			19		
EFS6	A prosperous Wales	IP2	MSR	Reduction in the Education Psychology Service	Reduced central service will impact on the local authority's ability to provide advice to support statements of special educational need and individual development plans.	373	19%			72		
EFS7	A prosperous Wales	IP3	SUR	Staff restructure savings	Potential change in line management responsibilities and staff structures.	187	100%			109	78	
<b>Total Education and Family Support</b>									<b>116</b>	<b>275</b>	<b>78</b>	<b>0</b>

Budget Reduction Proposals 2021-22 to 2024-25

Ref.	Links to 7 Wellbeing Goals	Well-being Objective	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2020-21 £'000	Total Budget Reduction 2021-2025 as % of 2020-21 Budget	2020-21 Budget Reductions £'000	Proposed 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000
<b>SCHOOLS</b>												
86												
SCH1	A prosperous Wales	IP3	SUR	Efficiency savings against School Delegated Budgets	The annual saving represents a 1% efficiency per annum against individual schools budgets. Risk of increased school deficit positions. Implementation will be a matter for individual schools - potential to result in some teacher and other staff redundancies. If efficiency is made solely from staffing budgets, this could range from a minimum of 1 teacher in our larger Primary Schools to 5 teachers in our larger Comprehensive schools over the MTFS period.	£1.014m - ISB Budget	3%	0		1,014	1,014	1,014
				<b>Total Schools</b>					<b>0</b>	<b>1,014</b>	<b>1,014</b>	<b>1,014</b>
				<b>Total Education &amp; Family Support Directorate</b>					<b>116</b>	<b>1,289</b>	<b>1,092</b>	<b>1,014</b>

**SOCIAL SERVICES & WELLBEING**

SSW1	A healthier wales	IP2	MSR	Remodelling day service provision for older people and learning disability services	Full review of services which could mean alternative methods of service delivery.	3,268	3%	90	90			
SSW2	A healthier wales	IP2	MSR	Across Adults and Children's services embed and consolidate outcome focussed practice and commissioning for all services areas.	This will support people to live their lives and will require our systems to be adapted to support the changes in practice. There will be a shift to embed outcome focussed practice which will have a focus on targeted prevention initiatives and by developing collaborative, long term relationships with providers as well as maximising the opportunities of the use of technology. This will be underpinned by planning accommodation, care and support together and listening to people who are experts in their own lives and acting upon what will make a difference.	Not specific	N/A	150	225	200		
				<b>Total Social Services &amp; Wellbeing Directorate</b>					<b>315</b>	<b>200</b>	<b>0</b>	<b>0</b>

**COMMUNITIES**

COM1	A Healthier Wales	IP2	CST	Transfer of pitches/pavilions through Community Asset Transfer. Increased charges for end-users to achieve full cost recovery for pitches/pavilions that do not transfer. Reduction of grass cut areas and areas within maintained parkland.	The savings identified will see the removal of the remaining seasonal operatives' budget with corresponding cuts to plant, equipment and materials. Where asset transfers occur the respective club (rugby, football, bowls and cricket etc) will be expected to fully fund the ongoing maintenance of the asset. The remaining parks budget will be used to maintain the Council's main parks, including children's play areas, highway grass cutting which is safety related, and to secure the ongoing site management and safety of the sites that will remain in Council ownership. The level of funding will also dictate the standard of open space maintenance and may result in a further reduction of grass cut areas, if the proposed savings are not forthcoming through the asset transfer process.	2,256	13%	69	300			
COM2	None	IP3	SUR	Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site.	Construction of the new site will mean that this saving will not be effective until 2021/22.	60	100%		60			

Budget Reduction Proposals 2021-22 to 2024-25

Ref.	Links to 7 Wellbeing Goals	Well-being Objective	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2020-21 £'000	Total Budget Reduction 2021-2025 as % of 2020-21 Budget	2020-21 Budget Reductions £'000	Proposed 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000
COM3	A Wales of cohesive communities	IP2	MSR	Strategic Regeneration Fund - reduction to annual allocation	The reduction to the Strategic Regeneration Fund will directly impact on the Council's ability to provide match-funding, through which to lever other external funding. There will be no funding for feasibility or development work, on which to prepare bids for funding. Also potential for a loss of private sector investment as a result of inability to engage productively with developers and present Bridgend County in a positive light.	299	93%				279	
COM4	A prosperous Wales	IP2	MSR	Cessation of Tourism contract with AMA Associates an external Public Relations Company who promote Bridgend with a range of publishers.	News coverage about Bridgend County will reduce and this potentially would have implications for visitor numbers and the local economy.	25	100%			25		
COM5	None	IP3	SUR	The lease for Sunnyside House expires on 31/03/21 - savings will be made from this date.	No impact on service provision.	309	100%		309			
COM6	None	IP3	SUR	One off capital payment for fire suppression system required at Tondy. Revenue cost of system is included in the annual contract price with Kier.	Minimal impact. The fire system will be provided and if paid from the Capital Asset Management Fund as opposed to the revenue budget the £60K per annum can be saved.	60	100%		60			
COM7	None	IP2	SUR	WG National AHP Waste Programme - capital contribution from WG towards 7.5 tonne vehicle to collect AHP recycling	A Contract Variation will be progressed with Kier to achieve the saving levels proposed based on a reduction in costs in relation to the current AHP vehicle that is leased.	44	43%	14	19			
COM8	None	IP3	SUR	Reduction to energy budget for Street Lighting - savings due to replacement with more efficient LED	Reduction will have limited impact.	1,172	6%		75			
<b>Total Communities Directorate</b>									<b>823</b>	<b>25</b>	<b>279</b>	<b>0</b>

**CHIEF EXECUTIVES**

CEX1	None	IP3	SUR	Reduction of the ICT Telephony Budget	No impact on the communications infrastructure and maintenance	275	15%		41			
CEX2	None	IP3	SUR	Reduction of HR Staffing Budget	Reduction of a post and increased workload. Where possible savings will be made from vacant posts.	1,650	1%		24			
CEX3	None	IP3	SUR	Reduction of Finance staffing budgets	Reduction in capacity across the finance service following proposed restructure, which could impact on time taken to undertake functions. Will endeavour to make savings from vacant posts where possible and/or offset with digital solutions.	1,481	4%		65			
<b>Total Chief Executive's Directorate</b>									<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>

Budget Reduction Proposals 2021-22 to 2024-25

Ref.	Links to 7 Wellbeing Goals	Well-being Objective	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2020-21 £'000	Total Budget Reduction 2021-2025 as % of 2020-21 Budget	2020-21 Budget Reductions £'000	Proposed 2021-22 £'000	Indicative 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000
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CORPORATE / COUNCIL WIDE

CWD1	None	IP3	SUR	Reduction in insurance budget through on-going efficiencies in managing the insurance contract.	No impact as favourable insurance contract renewals have been achieved, however no mitigation available for potential increases to premiums in future years.	1,438	5%		75			
CWD2	None	IP3	SUR	Savings on building maintenance prudential borrowing budget.	No impact - capital financing budget was utilised in 2019-20 to pay off prudential borrowing associated with Minor Works with a long term cost saving benefit for the Council.	3,603	3%		120			
CWD3	None	IP3	SUR	Reduce provision made for pay and prices following Chancellor's announcement of pay freeze, and lower than anticipated current inflation rate.	Impact will need to be kept under review, and may be risk depending on final pay awards agreed and inflation increases during the year.	7,237	3%		181			
<b>Total Corporate / Council Wide</b>									376	0	0	0

<b>GRAND TOTAL REDUCTIONS</b>									1,760	1,514	1,371	1,014
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ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)

								1,760	6,959	6,780	6,596
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<b>REDUCTION SHORTFALL</b>									0	5,445	5,409	5,582
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871	0	0	0
664	1,123	1,092	1,014
225	391	279	0
1,760	1,514	1,371	1,014



**FEES AND CHARGES PROPOSALS 2021-22**

**APPENDIX E**

Type of Charge	Comment	Detail of Revised / New Fee or Charge
<b>COMMUNITIES DIRECTORATE</b>		
Non-Statutory Pre-Application Planning Advice Service	Review of services and charges currently underway with new services provided. Likely increase of fees to reflect national increase of planning application fees. The rise in costs will be greater than 1.5% and any new charges will be subject to Cabinet approval.	To be agreed
Planning Performance Agreements (PPAs)	System PPAs to be introduced as part of the regular planning application determination process to provide additional resource to cover staff costs and specialist advice.	Depends on type of application but could be around £36 per hour to cover staff costs
Stopping up of Highways & Highways Registrar enquiries	Re-introduction of a charge to deal with stopping up orders and other highway registrar functions.	To be agreed but could be up to £1,500 per order
Building Control Fees	Review of Building Control fees - likely to be 2% increase to reflect current market conditions.	To be agreed

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## DIRECTORATE BASE BUDGETS BY SERVICE AREA

## APPENDIX F

Page 19 BASE BUDGET BY SERVICE AREA	Revised Budget 2020-21 £'000	Pay/Prices/ Demographics £'000	Adjustments for virements within Directorates £'000	Budget Pressures 2021-22 £'000	Budget Reduction Proposals 2021-22 £'000	Revenue Budget 2021-22 £'000
<b>Central Education &amp; Family Support</b>						
INCLUSION	2,391	19	(365)	650	(61)	2,634
FOUNDATION	999		(11)			988
YOUTH SERVICE	469		(6)			463
POST-14	(2)		2			0
STATUTORY ADVICE & PSYCHOLOGY	374		16			390
EMOTIONAL HEALTH & BEHAVIOUR	1,874	37	478			2,389
SCHOOL IMPROVEMENT	608		(67)		(5)	536
SCHOOLS MUSIC SERVICE	29	16	(6)			39
ADULT LEARNING	136		(1)			135
STRATEGIC PLANNING & RESOURCES	3,736	4	7			3,747
BUSINESS STRATEGY & SUPPORT	243		280			523
SUPPORT FOR CHILDREN & LEARNERS	7,037		(36)	1,210		8,211
COMMISSIONING & PARTNERSHIPS	1,605	3	(141)		(44)	1,423
STRATEGIC MANAGEMENT	1,498		(98)			1,400
YOUTH OFFENDING SERVICE	369		(52)		(6)	311
HEALTH & SAFETY	388					388
	<b>21,754</b>	<b>79</b>	<b>0</b>	<b>1,860</b>	<b>(116)</b>	<b>23,577</b>
<b>Schools</b>						
SCHOOL DELEGATED BUDGETS	101,414	1,019		1,045		103,478
	<b>101,414</b>	<b>1,019</b>	<b>0</b>	<b>1,045</b>	<b>0</b>	<b>103,478</b>
<b>Social Services &amp; Wellbeing</b>						
OLDER PEOPLE	20,608			691	(178)	21,121
ADULT PHYSICAL DISABILITIES/SENSORY IMPAIRMENT	4,480			166	(3)	4,643
ADULTS LEARNING DISABILITIES	16,533			77	(90)	16,520
ADULTS MENTAL HEALTH NEEDS	3,619		4	83	(44)	3,662

## DIRECTORATE BASE BUDGETS BY SERVICE AREA

## APPENDIX F

Page 192 BASE BUDGET BY SERVICE AREA	Revised Budget 2020-21	Pay/Prices/ Demographics	Adjustments for virements within Directorates	Budget Pressures 2021-22	Budget Reduction Proposals 2021-22	Revenue Budget 2021-22
	£'000	£'000	£'000	£'000	£'000	£'000
OTHER ADULT SERVICES	230		(4)			226
ADULT SERVICES MANAGEMENT & ADMIN	3,344					3,344
RECREATION AND SPORT	5,200					5,200
CHILDREN'S SERVICES	19,225			102		19,327
	<b>73,239</b>	<b>0</b>	<b>0</b>	<b>1,119</b>	<b>(315)</b>	<b>74,043</b>
<b><u>Communities</u></b>						
CORPORATE LANDLORD	2,916		10		(309)	2,617
SENIOR MANAGEMENT	278		0			278
PLANNING & DEVELOPMENT SERVICES	552		0			552
STRATEGIC REGENERATION	1,710		15			1,725
ECONOMY, NATURAL RESOURCES & SUSTAINABILITY	1,117		106			1,223
CLEANER STREETS & WASTE MANAGEMENT	10,336		60	341	(139)	10,598
HIGHWAYS & GREEN SPACES	11,670		(191)	40	(375)	11,144
	<b>28,579</b>	<b>0</b>	<b>0</b>	<b>381</b>	<b>(823)</b>	<b>28,137</b>
<b><u>Chief Executive's</u></b>						
CHIEF EXECUTIVE	514			64		578
INTERNAL AUDIT	271					271
FINANCE	3,248				(65)	3,183
PERFORMANCE	182					182
HR & ORGANISATIONAL DEVELOPMENT	1,836			100	(24)	1,912
TRANSFORMATION	409					409
COMMUNICATION & ENGAGEMENT	1,625		129		0	1,754
LEGAL SERVICES	1,667		(1)			1,666
DEMOCRATIC SERVICES	1,581		1			1,582
PROCUREMENT	284					284
REGULATORY SERVICES	1,397		(129)			1,268

## DIRECTORATE BASE BUDGETS BY SERVICE AREA

## APPENDIX F

Page 193 BASE BUDGET BY SERVICE AREA	Revised Budget 2020-21	Pay/Prices/ Demographics	Adjustments for virements within Directorates	Budget Pressures 2021-22	Budget Reduction Proposals 2021-22	Revenue Budget 2021-22
	£'000	£'000	£'000	£'000	£'000	£'000
ELECTIONS	104					104
ICT	3,375			418	(41)	3,752
HOUSING & COMMUNITY REGENERATION BUSINESS UNIT	1,162			2,192		3,354
	1,005					1,005
	<b>18,660</b>	<b>0</b>		<b>2,774</b>	<b>(130)</b>	<b>21,304</b>
<b>Service Base Budgets</b>	<b>243,646</b>	<b>1,098</b>	<b>0</b>	<b>7,179</b>	<b>(1,384)</b>	<b>250,539</b>
CAPITAL FINANCING	7,329					7,329
LEVIES	7,460			323		7,783
REPAIRS & MAINTENANCE	790				(120)	670
COUNCIL TAX REDUCTION SCHEME	15,254	400				15,654
APPENTICESHIP LEVY	650					650
PENSION RELATED COSTS	430					430
INSURANCE PREMIUMS	1,438				(75)	1,363
OTHER COUNCIL WIDE BUDGETS	9,888	4,831			(181)	14,538
<b>Council Wide Budgets</b>	<b>43,239</b>	<b>5,231</b>	<b>0</b>	<b>323</b>	<b>(376)</b>	<b>48,417</b>
<b>TOTAL BUDGETS</b>	<b>286,885</b>	<b>6,329</b>	<b>0</b>	<b>7,502</b>	<b>(1,760)</b>	<b>298,956</b>

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## 2021-22 DIRECTORATE BASE BUDGETS IN LINE WITH WELL-BEING OBJECTIVES

Service Budgets	Supporting a Successful Sustainable Economy	Helping People & Communities To Be More Healthy & Resilient	Smarter Use Of Resources	Core Services & Statutory Functions	TOTAL
	£'000	£'000	£'000	£'000	£'000
Central Education & Family Support	7,655	1,008	441	14,473	23,577
Schools	43,172	0	0	60,306	103,478
Social Services and Wellbeing	15	54,910	217	18,901	74,043
Communities	6,168	1	2,581	19,387	28,137
Chief Executive's	0	3,346	1,069	16,889	21,304
Council Wide Budgets	304	47	0	48,066	48,417
<b>NET BUDGET REQUIREMENT</b>	<b>57,314</b>	<b>59,312</b>	<b>4,308</b>	<b>178,022</b>	<b>298,956</b>

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## RESERVES AND BALANCES PROTOCOL

### 1. Background

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

### 2. Types of Reserve

- 2.1 The Council will maintain the following usable reserves:

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

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

Council's unusable reserves are the Capital Adjustment Account, the Revaluation Reserve, Pension Reserve, Short-term Accumulating Compensated Absence Account and the Financial Instruments Adjustment Account. These will not be referenced within this Protocol.

### 3. Regulatory Framework

3.1 It is the responsibility of the CFO to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. CIPFA do not accept the case for introducing a generally applicable minimum level of reserves either as an absolute amount or a percentage of budget. It is for the local authority to make their own judgements based on relevant local circumstances.

3.2 For each earmarked reserve there needs to be a clear protocol setting out:-

- The reason for / purpose of the Reserve
- How and when the Reserve can be used
- Procedures for the management and control of the Reserve
- A process and timescale for review

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

4.1 The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, or Council Fund, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process.

4.2 CIPFA guidance on Local Authority Reserves and Balances advises that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget is approved. Within the Council's Medium Term Financial Strategy (MTFS), there are a number of main principles that relate to reserves. These are detailed below:-

#### **MTFS Principle 4**

**The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities**

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

#### **MTFS Principle 7**

**Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays**

The Council has a Change Management Programme Earmarked Reserve specifically to support delivery of the Corporate Plan and MTFS. There are also

some other earmarked reserves which are supporting service reconfiguration and digital transformation.

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

### **MTFS Principle 8**

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

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

### **MTFS Principle 9**

**The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools**

The Council Fund balance provides resources for purposes such as general contingencies and cash flow management. It acts as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to cushion the impact of unexpected events or emergencies. This is in accordance with CIPFA's Guidance Note on Local Authority Reserves and Balances. The Council Fund balance at 31 March 2020 was £9.340 million (£8.776 million at 31 March 2019). This represents 5.27% of the net budget excluding school delegated budgets. It also equates to 2.72% of Gross Revenue Expenditure (GRE). The information for all Wales authorities to 31 March 2020 has yet to be published, but the prior year comparative Welsh average was 2.76%.

### **MTFS Principle 10**

**Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals**

In order to support sound option appraisals the Council maintains a Capital Feasibility earmarked reserve. Capital investment is intrinsic in the MTFS and as a result there are also earmarked reserves that support asset management planning, fund capital minor works in relation to health and safety and one specifically to support major schemes within the capital programme of the Council. Additions have been made during 2020-21 to provide for significant capital pressures over the MTFS period.

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

- 5.1 In considering specific reserves, the CFO will have regard to matters relevant in respect of each reserve, and will advise the Council accordingly. The process for the determination of Directorate reserves will be based upon the principles of effective financial management. The agreement of business cases will be determined by the CFO, having considered the recommendations of the Corporate Management Board.
- 5.2 Directorate Finance Officers are issued with details of how to apply for earmarked reserves within the Closing of Accounts pack for the financial year. The requested amount must be material and should be restricted in number to those considered to be of key importance. Subject to these criteria being met, the Directorate will be informed of whether the requests have been approved.
- 5.3 The Finance Senior Management Team will review the establishment, monitoring and the level of Corporate Reserves. These include specific Contingency Reserves, Capital Development or Asset Related Reserves and MTFs Reserves. The meetings will examine evidence from external information such as actuary reports or insurance and risk management assessments; changes in legislation; new emerging risks or capital initiatives. The establishment of earmarked reserves, both Directorate and Corporate, is authorised by the CFO and reported to Cabinet through the quarterly revenue forecast reports during the financial year and within the Statement of Accounts for any set up at the end of the financial year. The draft accounts are presented to Governance and Audit Committee following the end of the financial year. They are then scrutinised by the Council's external auditors – Audit Wales - and a revised post-audit Statement of Accounts is reported to Governance and Audit Committee and published on the Council's website in accordance with the Accounts and Audit (Wales) Regulations.
- 5.4 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised, through normal monitoring reports. Reserves can only be used once and should not be held to fund ongoing expenditure (MTFS Principle 8). This would be unsustainable as, at some point, the reserves would be exhausted. To the extent that reserves are used to meet short term funding gaps, they must be replenished in the following year. However, earmarked reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.
- 5.5 All earmarked reserves are recorded on a central schedule held in the Finance Section which lists the various earmarked reserves and the purpose for which they are held. The schedule sets out the opening balances for the year, additions/withdrawals and the closing balance. Any appropriations to or from earmarked reserves are controlled in the section. Evidence of expenditure incurred at period 6, period 9 and year-end will be required from Directorate Finance Officers. The drawdown from reserves will be included within the quarterly revenue forecast reports to Cabinet. Appropriate working papers for each reserve are produced at year-end and provided to the external auditor to support the disclosures within the Statement of Accounts.

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

- 6.1 As well as the Council Fund and Earmarked Reserves, there are a number of specific provisions and balances as follows:-
- a) Delegated School Balances**  
These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council. School balances were £108,000 at 31 March 2020. Current projections suggest that more schools will fall into a deficit position and projections suggest an overall deficit reserve of £83,000 at year end.
- b) Specific Provisions**  
The Council holds provisions for unforeseen events, with the major one being to meet the total outstanding liability of Bridgend's self-insurance fund based on a professional analysis of the claims outstanding for employer's liability, public liability and property. The current projections suggest that the balance on the provisions will remain at around £1.881 million by 31 March 2021.



## 7. Summary of Earmarked Reserves

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

### a) Corporate Reserves

These reserves include Change Fund, Feasibility and Capital reserves and are for planned developments in the forthcoming years, such as 21<sup>st</sup> Century Band B schools, Waste recycling, ICT and Financial Systems and Adult Social Care developments. In addition reserves have been set aside for additional costs as a result of the Covid-19 pandemic, and to support the post-pandemic recovery. These reserves will be increased at year-end as appropriate to fund any new developments going forward. Any reserves that are no longer required will be released back into the general revenue budget. Some of these reserves are used over a number of financial years.

### b) Directorate Earmarked Reserves

These reserves have been created for specific pressures or priorities, such as pressures from Looked After Children, Road Safety works and City Deal.

### c) Equalisation and Grant Earmarked Reserves

These reserves ensure that expenditure that is incurred in a particular future year is smoothed over the period of the MTFs. These include the costs of elections, Building Control costs, Special Regeneration Fund projects and the preparation of the Local Development Plan. In addition, where carry forward has been approved, the income is recognised in the Council's Income and Expenditure statement but the unused funds are held within these earmarked reserves.

7.2 The table below sets out the forecast movement in the Council's earmarked reserves by the end of the financial years 2020-21 and 2021-22. It is based on estimates of expenditure at December 2020 projected forward to year end for 2020-21, and where expenditure is forecast for 2021-22 this is also included. It does not include the potential increase of reserves for 2020-21 at year-end.

Opening Balance 01-Apr-20 £'000	Reserve	Net Additions / Reclassification £'000	Forecast Draw-down £'000	Unwound £'000	Projected Closing Balance 31-Mar-21 £'000	Projected Movement 2021-22 £'000	Projected Closing Balance 31-Mar-22 £'000
	<b>Council Wide Reserves</b>						
(20,878)	Capital Reserves	(2,850)	3,839	-	(19,889)	10,831	(9,058)
(1,565)	Change Management Fund	-	118	-	(1,447)	-	(1,447)
(571)	Feasibility	-	56	-	(515)	475	(40)
(1,320)	ICT	-	397	-	(923)	414	(509)
(4,468)	Asset Management	(500)	168	40	(4,760)	500	(4,260)
(3,000)	Covid-19 Fund	(500)	-	-	(3,500)	-	(3,500)
(11,487)	Other Council Wide Reserves	-	6	-	(11,481)	-	(11,481)
<b>(43,289)</b>	<b>Total Corporate Reserves</b>	<b>(3,850)</b>	<b>4,584</b>	<b>40</b>	<b>(42,515)</b>	<b>12,220</b>	<b>(30,295)</b>
	<b>Directorate Earmarked Reserves:</b>						
(289)	Education & Family Support	-	-	50	(239)	-	(239)
(2,027)	Social Services & Wellbeing	(291)	122	350	(1,846)	-	(1,846)
(4,991)	Communities	(1,291)	502	62	(5,718)	3,519	(2,199)
(824)	Chief Executives	(883)	189	-	(1,518)	-	(1,518)
<b>(8,131)</b>	<b>Total Directorate Reserves</b>	<b>(2,465)</b>	<b>813</b>	<b>462</b>	<b>(9,321)</b>	<b>3,519</b>	<b>(5,802)</b>
	<b>Equalisation &amp; Grant Earmarked Reserves:</b>						
(961)	Education & Family Support	-	175	-	(786)	-	(786)
(65)	Social Services & Wellbeing	-	20	-	(45)	60	15
(1,902)	Communities	-	-	14	(1,888)	-	(1,888)
(767)	Chief Executives	-	367	-	(400)	-	(400)
<b>(3,695)</b>	<b>Total Equalisation Reserves</b>	<b>-</b>	<b>562</b>	<b>14</b>	<b>(3,119)</b>	<b>60</b>	<b>(3,059)</b>
<b>(108)</b>	<b>School Balances</b>	<b>-</b>	<b>191</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>
<b>(55,223)</b>	<b>Total Usable Reserves</b>	<b>(6,315)</b>	<b>6,150</b>	<b>516</b>	<b>(54,872)</b>	<b>15,799</b>	<b>(39,073)</b>

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

23 FEBRUARY 2021

#### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

#### TREASURY MANAGEMENT AND CAPITAL STRATEGIES 2021-22 ONWARDS

##### 1. Purpose of report

1.1 The purpose of this report is to present to Cabinet the Treasury Management Strategy 2021-22 (**Appendix A**), which includes the Treasury Management Indicators, and the Capital Strategy 2021-22 to 2030-31 (**Appendix B**), which includes the Prudential Indicators, and the Annual Minimum Revenue Provision Statement 2021-22 (**Schedule A of Appendix B**), before submitting for approval by Council.

##### 2. Connection to corporate well-being objectives / other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great 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 borough.
2. **Helping people and communities to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

2.2 Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council support smarter use of financial resources and hence assist in the achievement of our corporate well-being objectives. Also, capital investment in the Council's assets is a key factor in meeting the Council's wellbeing objectives as set out in the Corporate Plan.

### 3. Background

- 3.1 Both treasury management and the control of capital expenditure are based in legislation. The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develop the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities (2017) and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (2017) (TM Code). This includes a requirement for the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements. The proposed TMS for 2021-22 is attached as **Appendix A**.
- 3.2 The 2003 Regulations also contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources. The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 relaxed the constraints around loan capital transactions, specific share capital transactions and bonds placing for local authorities in Wales and enables the Council to invest in certain instruments which were previously treated as capital expenditure (for example Money Market Funds (MMF)) without the potential revenue cost of Minimum Revenue Provision (MRP) and without the proceeds from sale being considered a capital receipt.
- 3.3 The 2017 version of CIPFA's Prudential Code for Capital Finance in Local Authorities placed a requirement on local authorities to determine a Capital Strategy, to be approved by 31 March each year by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The Strategy needs to set out the long-term context in which capital expenditure and investment decisions are made and give due consideration to both risk and reward and impact on the achievement of priority outcomes. The proposed Capital Strategy 2021-22 to 2030-31 is attached as **Appendix B**.
- 3.4 As well as the legislation, the Council manages its Treasury Management and Capital activities in accordance with the Welsh Government (WG) revised Statutory Guidance on Local Authority Investments.

#### 4. Current situation/proposal

##### Treasury Management Strategy

- 4.1 The Treasury Management Strategy 2021-22 at **Appendix A** confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities. It also contains the Treasury Management Indicators for a three year rolling period.
- 4.2 The Treasury Management Strategy has been updated to reflect the current economic context, not least the holding of interest rates at 0.10% by the Bank of England, but also the challenges of the exit from the European Union and the impact of the coronavirus pandemic.
- 4.3 The maturity of long term debt has been included, and the forecast is that the Council may need to borrow over the next 2 years to support the Capital Programme. To date the Council has been able to use reserves to support its capital expenditure, known as internal borrowing. However this position is a short-term one and as reserves are used and balances reduced, it will be necessary to borrow. This will be closely monitored during the year as changes to the Capital Programme will influence this.
- 4.4 An important amendment to the Treasury Management Strategy reflects the revised lending terms for Public Works Loan Board (PWLB) borrowing by local authorities, which sets out that local authorities purchasing assets primarily for yield in the current or future two financial years will be precluded from borrowing from the PWLB. Given the need to support the capital programme through borrowing it is unlikely that that Council would therefore seek to invest in any land or buildings primarily for a financial return.
- 4.5 The approved investment counterparties and limits (Table 6 in the TMS) has been simplified and amended to take account of the latest advice from the Council's Treasury Advisors, Arlingclose. There has been a change to the limits for Money Market Funds, which had been increased to £30 million as approved by Council in November 2020. This limit has been removed so that there is no overall limit on investments in Money Market Funds. However, no more than £6 million would be invested in any single Fund, to minimise any potential impact of default risk to the Council.
- 4.6 The Council may make loans to third parties for the purpose of capital expenditure. The proposed limit for such loans has been increased from £1 million to £2 million. This is to support potential investment in a Special Purpose Vehicle to support the delivery of the proposed Bridgend Town Heat Network.

## **Capital Strategy**

- 4.7 The Capital Strategy at **Appendix B** gives a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future sustainability. In doing so, it includes the prescribed Prudential Indicators for a three year rolling period.
- 4.8 The principles within the Capital Strategy at **Appendix B** have been applied to the allocation of capital resources and schemes within the Capital Programme included within the Medium Term Financial Strategy (MTFS). This will be approved by Council before the start of the financial year in accordance with the Constitution. Following approval, any schemes for which external funding has been approved will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council. Urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer.
- 4.9 The Capital Strategy sets out a framework for the self-management of capital finance and examines the following areas:
- Capital expenditure and investment plans
  - Prudential Indicators
  - External debt
  - Treasury Management

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

- 4.10 Whilst much of the content of the Strategy is similar to previous years, there are a number of changes which need highlighting:

### 4.10.1 Accounting for Leases

Changes to Accounting for Leases will have an impact on the Capital Strategy as current operating leases, where costs are currently charged to revenue, will have to be brought onto the balance sheet as a 'right of use' asset, which will increase the Council's capital financing requirement. The implementation of these changes has been delayed to the 2022-23 financial year, by CIPFA/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) due to the impact of the Coronavirus pandemic, and consequently the impact of these changes is still under review. The Capital Strategy will need to be amended once these impacts are known, in advance of Council formally approving the 2022-23 Strategy. This is detailed within section 2.1 of the Capital Strategy.

#### 4.10.2 Borrowing for Commercial Activities

An important change to the strategy relates to changes to the lending terms of the PWLB in respect of borrowing by local authorities for commercial activities, as set out in section 3.4 of the Strategy. As a condition of borrowing from the PWLB, local authorities will have to confirm that there is no intention to buy investment assets primarily for yield in the current, or next two financial years, irrespective of how that purchase will be financed. This may act as a barrier to investing in commercial assets for return as other elements of the capital programme will require borrowing in order to deliver a number of schemes, and this would become prohibitive.

#### 4.10.3 Recommendations from Internal Audit

Following an internal audit review of capital expenditure and feasibility studies, the recommendation to require a detailed feasibility assessment of capital projects has been added at Section 5.0, and the need for a post project evaluation to learn from best practice is included at section 5.3.

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

5.1 As required by 3.5 of the Financial Procedure rules, the Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year.

5.2 As required by 20.2 of the Financial Procedure Rules, contained within the Council's Constitution, the Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy for Council to approve prior to the start of each financial year. Paragraph 20.3 of the Financial Procedure Rules (FPRs) requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council.

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

6.1 There are no equality implications directly attached to this report. Projects within the Capital Strategy will be subject to the preparation of Equality Impact Assessments before proceeding.

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

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

- **Long-term:** the consideration and approval of this report will assist in the capital planning and treasury management activities in both the short and

long-term. The Prudential Indicators are forward looking and are set to support future sustainability.

- **Prevention:** the consideration and approval of this report will assist in the planning of capital expenditure by approving projects and funding thereof to support future service delivery for the benefit of communities. Ensuring the Council has in place an approved Treasury Management Strategy will ensure that the Council manages its cash flows appropriately.
- **Integration:** the report supports all the well-being objectives.
- **Collaboration:** the Capital Strategy ensures collaboration across the Council in the delivery of its Capital Programme.
- **Involvement:** publication of the report ensures that the public and stakeholders can review the strategies, which are considered by Governance and Audit Committee (Treasury Management Strategy) and Scrutiny Members (Capital Strategy).

## **8. Financial implications**

8.1 The financial implications are reflected within the report.

## **9. Recommendations**

9.1 Cabinet is recommended to consider the report and note that the following will be presented to Council for approval:

- the Treasury Management Strategy 2021-22 including the Treasury Management Indicators 2021-22 to 2023-24 (**Appendix A**);
- the Capital Strategy 2021-22 to 2030-31 including the Prudential Indicators 2021-22 to 2023-24 (**Appendix B**);
- the Annual Minimum Revenue Provision (MRP) Statement 2021-22 (**Appendix B - Schedule A**).

**Gill Lewis**

**Interim Chief Officer – Finance, Performance and Change**

**February 2021**

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**Background documents:**



CIPFA Code of Practice on Treasury Management in Local Authorities (2017)  
CIPFA Prudential Code for Capital Finance in Local Authorities (2017)  
Welsh Government Statutory Guidance on Local Government Investments (2019)

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# Treasury Management Strategy 2021-22

Bridgend County Borough Council

Cyngor Bwrdeistref Siro



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## 1.0 INTRODUCTION

The Council carries out its treasury management activities in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (2017) (the 'Code')*. These require the Council to set out the policies and objectives of its treasury management activities and to manage its treasury risks in accordance with the Code.

CIPFA has adopted the following as its definition of treasury management activities:

*'The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

The definition of 'Investments' above includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- Non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services; or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity

In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This Strategy fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance. In accordance with the WG Guidance Council would be asked to approve a revised Treasury Management Strategy (TMS) should the assumptions on which it is based change significantly. This might be for example a large unexpected change in interest rates, in the Council's Capital Programme, or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process, or a change in Accounting Standards.

Local authorities are required to separately approve a Capital Strategy for capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy includes the Prudential Indicators along with details regarding the Council's non-treasury investments. The CIPFA Code 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, which are integral to the TMS. The Capital Strategy and TMS should be read in conjunction with each other as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the

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capital programme. Therefore any actual loans taken are not generally associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS. Should these change significantly, a revised TMS will be presented to Council for approval. A half year review of treasury management performance will also be presented to Council for approval as will an annual report for the financial year.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's *Standard of Professional Practice on Treasury Management*. Quarterly reports will be presented to Cabinet. The Council nominates the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies and regular reports will be presented to the committee for their consideration.

## **2.0 ECONOMIC CONTEXT**

**Economic background:** The impact on the UK from coronavirus lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Council's Treasury Management Strategy for 2021-22.

The Bank of England (BoE) maintained the Bank Rate at 0.10% in February 2021 following a unanimous vote by the Monetary Policy Committee (MPC), however no mention was made of the potential future use of negative interest rates. In the February Monetary Policy Report (MPR) forecasts the BoE expected the UK economy to have increased slightly in quarter 4 of 2020 but anticipates a fall of 4.2% in quarter 1 of 2021. Since the BoE November report the approval of a number of Covid vaccines and vaccination programmes should boost the economy moving forward, however new strains of Covid may suggest a weaker progression than previously expected.

**Credit outlook:** After spiking in late March 2020, as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for quarter 3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though, in banks and building societies, have tended to be relatively benign, despite the impact of the pandemic. Looking forward, the potential for bank losses to be greater than expected, when government and central bank support starts to be removed, remains a risk, suggesting a cautious approach to bank deposits in 2021-22 remains advisable.

**Interest rate forecast:** The Council's treasury management adviser, Arlingclose, is forecasting that the BoE Bank Rate will remain at 0.10% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year gilts to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

### 3.0 EXTERNAL DEBT AND INVESTMENT POSITION

As at 31 December 2020, the Council held £96.87 million of borrowing and £60.10 million of investments. The external debt and investment position is shown in Table 1 below and more detail is provided in sections 4.0 Borrowing Strategy and 5.0 Investment Strategy.

**Table 1: Council's external debt and investment position as at 31 December 2020**

	Principal as at 31/12/2020 £m	Average Rate 31/12/2020 %
<b>External Long Term Borrowing:</b>		
Public Works Loan Board	(77.62)	4.70
Lender's Option Borrower's Option	(19.25)	4.65
<b>Total External Borrowing</b>	<b>(96.87)</b>	<b>4.69</b>
<b>Other Long Term Liabilities (LTL):</b>		
Private Finance Initiative (PFI)*	(15.75)	
Other LTL	(0.99)	
<b>Total Other Long Term Liabilities</b>	<b>(16.74)</b>	
<b>Total Gross External Debt</b>	<b>(113.61)</b>	
<b>Treasury Investments:</b>		
Debt Management Office	4.45	0.00
Local Authorities	31.50	0.22
Banks	6.15	0.02
Money Market Fund***	18.00	0.03
<b>Total Treasury Investments</b>	<b>60.10</b>	<b>0.13</b>
<b>Net Debt</b>	<b>(53.51)</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 13 years remaining term

\*\*the funds provide instant access



The current profile of repayment of the Council's long term debt is set out in the chart below. This assumes that all loans will run to their final maturity. However the Council holds £19.25 million of Lender's Option Borrower's Option loans that may be rescheduled ahead of their maturity of 22 January 2054.

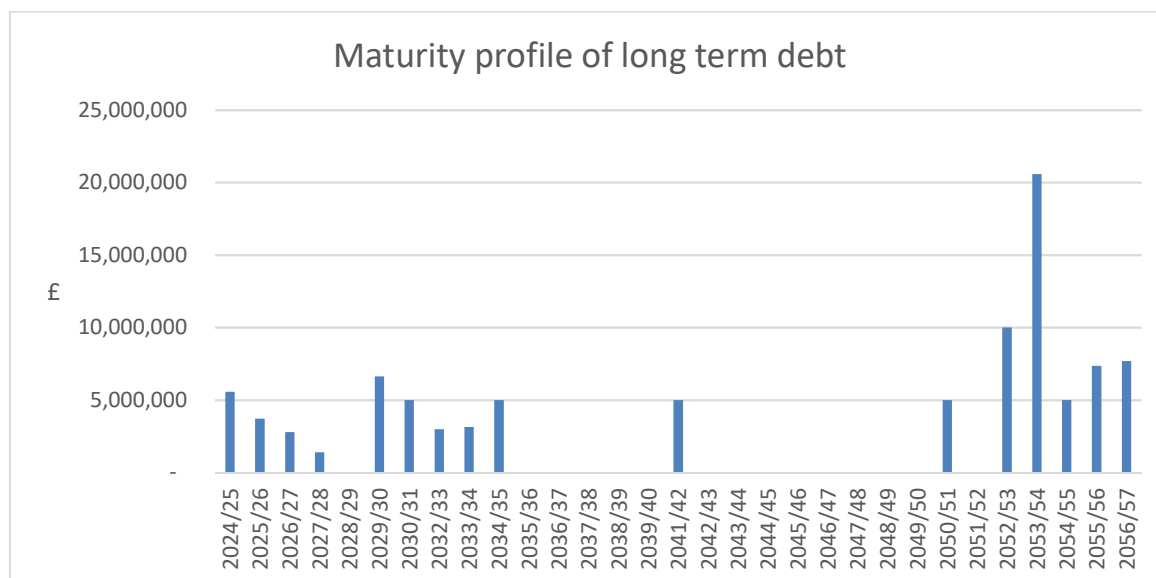


Table 2 below shows forecast changes in borrowing and investments and has been produced using estimates of capital spend and forecasts on useable reserves for the current financial year and the next three years. The Table shows that the Loans Capital Financing Requirement (CFR), which is the Council's need to borrow to fund capital expenditure, is anticipated to increase from current levels moving forward, which is due to additional prudential borrowing needed to support the Capital Programme.

**Table 2: Balance sheet summary and forecast**

	31 March 20 Actual	31 March 21 Estimate	31 March 22 Estimate	31 March 23 Estimate	31 March 24 Estimate
	£m	£m	£m	£m	£m
<b>Capital Financing Requirement</b>	171.78	174.72	183.85	181.17	178.07
Less: Other Debt Liabilities	(18.23)	(18.55)	(17.50)	(16.37)	(15.17)
<b>Loans Capital Financing Requirement</b>	<b>153.55</b>	<b>156.17</b>	<b>166.35</b>	<b>164.80</b>	<b>162.90</b>
Less: External Borrowing	(96.87)	(96.87)	(96.87)	(127.24)	(130.74)
<b>Borrowing Requirement</b>	<b>56.68</b>	<b>59.30</b>	<b>69.48</b>	<b>37.56</b>	<b>32.16</b>
Less: Internal Borrowing - Usable Reserves	(83.49)	(76.51)	(49.11)	(44.06)	(42.18)
Minimum Investments	25.10	10.00	10.00	10.00	10.00
<b>Shortfall/(Surplus) borrowing requirement **</b>	<b>(1.71)</b>	<b>(7.21)</b>	<b>30.37</b>	<b>3.49</b>	<b>(0.02)</b>

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

\*\* Any surplus borrowing requirement will be invested in line with the investment strategy

Where a Council finances capital expenditure by borrowing it must put aside revenue resources to repay that debt in later years, known as ‘Minimum Revenue Provision’ or 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 charge as detailed in the Council’s Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while useable 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 increased level of prudential borrowing in the capital programme. A change to the accounting for leases under International Financial Reporting Standard (IFRS) 16 was anticipated to be effective from 1 April 2021 which would have required the Council to ‘bring on’ to the balance sheet ‘Right of Use’ assets and an associated lease liability, for any assets it leases or is presumed to lease through service contract arrangements. The impact of this would be to increase the CFR and therefore MRP. The implementation of the new standard has, however, now been delayed to 1 April 2022.

**Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This forecasts the minimum amount of debt the Council could hold if its internal resources are used in lieu of external borrowing. This assumes the same forecasts as Table 2 above, but that cash and investment balances are kept at a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk. CIPFA’s *Prudential Code for Capital Finance in Local Authorities* recommends that the Council’s total debt should be lower than its highest forecast CFR over the next three years. Table 3 below shows that the Council anticipates its borrowing will be in line with the liability benchmark. More detail is provided in the Capital Strategy.

**Table 3: Liability benchmark**

	31 March 20 Actual	31 March 21 Estimate	31 March 22 Estimate	31 March 23 Estimate	31 March 24 Estimate
	£m	£m	£m	£m	£m
<b>Loans Capital Financing Requirement</b>	153.55	156.17	166.35	164.80	162.90
Less: Usable Reserves	(83.49)	(76.51)	(49.11)	(44.06)	(42.18)
Plus: actual/minimum investments	25.10	10.00	10.00	10.00	10.00
<b>Liability Benchmark</b>	<b>95.16</b>	<b>89.66</b>	<b>127.24</b>	<b>130.74</b>	<b>130.72</b>



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## 4.0 BORROWING STRATEGY

The Council currently holds £96.87 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 2 above shows that the Council will have a borrowing need over the next two years as detailed in Table 4 below:

**Table 4: New Borrowing**

	31 March 20 Actual £m	31 March 21 Estimate £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m
New Borrowing	0.00	0.00	30.37	3.49	0.00

This borrowing need will be monitored on an on-going basis and any new borrowing will be considered alongside any changes in the Capital Programme that may affect the level of borrowing required.

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

The Council's **primary 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 2021-22 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 secure 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, useable capital receipts, revenue contributions to capital and grants and contributions

Given the significant cuts to public expenditure in recent years and in particular to local government funding, the Council's **borrowing strategy** continues to address the key

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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 instead.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time. However, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer term costs. The Council's treasury management advisers will assist the Council with this 'cost of carry' and breakeven analysis. The last time the Council took long term borrowing was £5 million from the Public Works Loan Board (PWLB) in March 2012. As detailed above, it is anticipated that there will be a requirement for new long term borrowing in 2021-22 and 2022-23. It is anticipated that this would be from the PWLB and for estimate purposes it has been assumed that this will be over 30 years.

HM Treasury issued revised lending terms for PWLB borrowing by local authorities in November 2020. As a condition of accessing the PWLB, local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current **or next two** financial years. Local authorities' Section 151 Officers, or equivalent, will be required to confirm that capital expenditure plans are current and that the plans are within acceptable use of the PWLB. Whilst this in itself does not preclude the Council from investing in commercial activities, investing in assets for yield would preclude the Council from accessing PWLB borrowing. Given the investment and borrowing requirement to support the Capital Programme, the Council is unlikely to consider any investments in commercial assets primarily for yield.

Alternatively, the Council may arrange forward starting loans during 2021-22 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 (normally for up to one month) to cover unexpected cash flow shortages.

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

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

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

- leasing

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

The Council has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources such as Welsh Government and local authority loans and bank loans, which may be available at more favourable rates. The PWLB lending rates increased by 1% in October 2019, but this rate rise was reversed from 26 November 2020 following the outcome of the Comprehensive Spending Review on 25 November 2020.

**LOBOs:** The £19.25 million shown 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. There are two trigger points in 2021-22 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

**Short term and variable rate loans:** These loans expose the Council to the risk of short term interest rate rises should interest rates change.

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

**Treasury Management Indicators:**

The Authority measures and manages its exposures to treasury management risks using the following indicators;

- Maturity Structure of Borrowing (Table 5)
- Principal sums invested for periods longer than a year (Table 8)
- Interest Rate exposures (Table 10)

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

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**Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2021-22**

<b>Refinancing rate risk indicator</b> <b>Maturity structure of borrowing 2021-22</b>	<b>Upper limit</b>	<b>lower limit</b>
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

## **5.0 INVESTMENT STRATEGY**

The preparation each year of an Investment Strategy is central to the Welsh Government Statutory Guidance on Local Authority Investments. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by full Council ensures that these policies are subject to the scrutiny of elected Members: this is particularly important as, since 2004, central government no longer closely regulates local government investment.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and, as shown in Table 1 in Section 3 above, the balance at 31 December 2020 was £60.10 million. Investments are estimated to drop to between £20 and £30 million by 31 March 2021. As in previous years this is partly due to increased expenditure expected to be incurred in respect of the capital programme, but also a reduction in income likely to be collected this year due to the impact of the pandemic on the overall level of council tax collected, alongside the Council's inability to actively pursue arrears. The estimated figure for investments above doesn't make any provision for any additional funding received from WG e.g. Business grants or hardship funds as a result of any further Covid-19 lockdown restrictions. Based on its cash flow forecasts, the Council anticipates its investment balances in 2021-22 to range between £10 million to £60 million with an average investment rate of between 0.1% to 1.00% depending on the Bank Rate and investment types, which will be reviewed at the half year stage and reported to Council. However, should the Council need to invest in the Debt Management Office (DMO), interest rates may be negative meaning the Council will get back less than it invested. However, the Council will seek to invest only as a last resort in negative interest rates. The actual balance varies because of the cash flow during the year in respect of when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The Council holds investment properties with a view to securing a financial return, such as rental income. Given recent changes to the rules for accessing PWLB borrowing, the Council is unlikely to consider any further investment opportunities. As at 31 December 2020, the Council owned £4.635 million of investment properties with an expected return of £0.461 million for 2020-21. This includes rental discounts as a result of Covid-19. Income excluding discounts would normally be £0.478 million and

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this is what we would anticipate for 2021-22, representing a rate of return of 10.3%. The lessees are responsible for maintenance of the assets.

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

The major **objectives** are:

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

**Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at, or below, zero, which is likely to feed through to negative interest rates on all low risk, short-term, investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government. However, investments may be made with any public or private sector organisations that meet the credit criteria detailed below. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes during 2021-22, as appropriate, in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested in Money Market Funds (MMF) and with other local authorities but the Council will continue to look at investment options in line with the limits detailed below.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate opportunities become available as referred to in section 4.0 Borrowing Strategy.

**Business Models:** Under the new IFRS 9 (Financial Instruments), the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types shown in Table 6 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

**Table 6: Approved investment counterparties and limits**

**These limits must be read in conjunction with the notes immediately below the Table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£12,000,000	Unlimited
Secured investments *	25 years	£6,000,000	Unlimited
Banks (unsecured) *	13 months	£3,000,000	Unlimited
Building societies (unsecured) *	13 months	£3,000,000	£6,000,000
Registered providers (unsecured) *	5 years	£5,000,000	£5,000,000
Money market funds *	n/a	£6,000,000	Unlimited
Strategic pooled funds	n/a	£6,000,000	£6,000,000
Real estate investment trusts	n/a	£3,000,000	£6,000,000
Other investments *	5 years	£3,000,000	£6,000,000

**\*Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than (A-). Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence Table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Banks and building societies unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit



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loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in Table 6 will not apply as this does not count as an investment.

**Banks and building societies secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

**Registered providers:** Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds, that offer same-day liquidity and very low or no volatility, will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period can be used for longer investment periods. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

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**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2020, it is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in



government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified investments:** The *Welsh Government Statutory Guidance on Local Government Investments* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government
  - a UK local authority
  - a town or community council or
  - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified investments:** Any investment that does not fall into the criteria detailed above under the Specified investments definition. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- investments with bodies and schemes not meeting the definition on high credit quality

The *Welsh Government Statutory Guidance on Local Government Investments* requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £20 million. Table 7 below shows the non-specified categories and the relevant limits and although the total of the individual limits exceed £20 million, at any one point in time a **maximum of £20 million** could be invested in these non-specified investments.

**Table 7: Non-specified investment limits**

	<b>Category Cash limit</b>
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council’s definition of “high credit quality” (A-) (except the UK Government and UK local authorities)	£10m
Total investments (except pooled funds)with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m
Total Non-Specified Investments Outstanding	£20m

**Principal sums invested for periods longer than a year:** All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council's treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of long term investments. The limits on the long term principal sum invested to final maturities beyond the period end will be as shown in Table 8 below.

**Table 8: Treasury Management Indicator Principal sums invested for periods longer than a year**

Price risk indicator	2021-22 £m	2022-23 £m	2023-24 £m
Limit on principal invested beyond financial year end	15	10	8

**Investment Limits:** In addition to the above limits, the combined values of specified and non-specified investments with any one organisation are subject to the approved investment limits detailed in Table 9 below.

**Table 9: Investments limits**

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	Unlimited

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

**Liquidity Management:** The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council

being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (Table 8 above) has been set for 2021-22 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in the principal sums invested for periods longer than a year indicator in Table 7 above. This represents just under 30% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2021-22.

The Council will seek to spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## **6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall.

An indicator has been set in Table 10 below to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year, although such instances are rare.

### **Table 10: Treasury Management Indicator Interest Rate Exposures**

The following Table is based on investments as at 31 December 2020.

<b>Interest rate risk indicator</b>	<b>£'000</b>
One year revenue impact of a 1% rise in interest rates	(273)
One year revenue impact of a 1% fall in interest rates	474

The figure for the 1% fall in interest rates indicator is not the same figure as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would only exercise their option if there was an increase in

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interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

## **7.0 PERFORMANCE INDICATORS**

Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking.

One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK local authorities. The rate of return on investments can be monitored against the average rate of return on investments against the Bank Rate and the average rate of return on investments as compared to the average rate of Arlingclose's Welsh local authority clients at each relevant quarter/year-end.

## **8.0 NON-TREASURY INVESTMENTS**

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities include, investments in subsidiaries and investments in property.

A schedule of the Council's existing non-treasury investments (currently limited to owned property) is set out in Table 11 below:

**Table 11: Non-treasury investments**

<b>Non-treasury investments</b>	<b>Fair Value £'000</b>
Bridgend Science Park - Units 1 & 2	3,200
Waterton Cross Land	600
Brynmenyn Industrial Estate Plot 53	220
Village Farm Plots 32,119 & 120	415
Tyrewise Bridgend	200
<b>Total</b>	<b>4,635</b>

The Council considers that the scale of its investment properties is proportionate to the resources of the Council, since such investment represents less than 1% of its total long term assets.

In accordance with Welsh Government Investment Guidance, these will be classified as non-treasury investments.

## **9.0 LOANS TO THIRD PARTIES**

The Council may borrow to make grants or loans to third parties for the purpose of capital expenditure. Welsh Government Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture,

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subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority. Loans are only made after the Council's formal decision making process has been followed. This includes formal approval by Council following advice from the Chief Finance Officer. As part of the formal decision to make the loan, the security for the loan will be assessed as to its adequacy in the event of the third party defaulting on repayment. The Council can demonstrate that its financial exposure to loans is proportionate by setting the limit as set out in Table 12 below.

**Table 12: Loan Limits**

<b>Loan limit</b>	<b>£'000</b>
Limit on loans to third parties	2,000

## **10.0 IFRS9 – LOCAL AUTHORITY OVERRIDE**

The Welsh Government legislated in the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2020 for a statutory override for fair value gains and losses on most pooled investment funds not to be taken to revenue until 2023-24. The statutory override took effect from the 2019-20 financial year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2023: this will enable Councils to initiate an orderly withdrawal of funds if required.

## **11.0 OTHER ITEMS**

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

**Financial Derivatives:** In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives such as swaps, forwards, futures and options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

**Markets in Financial Instruments Directive II (MIFID II):** From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believed this to be the most appropriate status.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

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Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

**Investment advisers:** Following a recent re-tender exercise in August 2020 Arlingclose Ltd. were re-appointed as the Council's treasury management advisers. They were awarded a four year contract, to provide advice and information relating to its borrowing and investment activities and capital finance issues. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided.

**Investment of money borrowed in advance of need:** CIPFA's Prudential Code sets out that authorities should never borrow for the explicit purpose of making an investment return. Therefore borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's forecast Capital Financing Requirement (CFR) as at 31 March 2021 is in excess of the actual debt of the Council as shown in Table 2 above indicating there is no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy.

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's				
		Long	Short	Long	Short	Long	Short			
<b>INVESTMENT GRADE</b>	Extremely strong	AAA		Aaa		AAA				
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+			
		AA		Aa2		AA				
		AA-		Aa3		AA-				
	Strong	A+	F1	A1	P-2	A+	A-1			
		A		A2		A				
		A-		A3		A-				
Adequate	BBB+	F2	Baa1	P-3	BBB+	A-2				
	BBB		Baa2		BBB					
	BBB-		Baa3		BBB-					
<b>SPECULATIVE GRADE</b>	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B			
		BB		Ba2		BB				
		BB-		Ba3		BB-				
	Very speculative	B+		B1		B+				
		B		B2		B				
		B-		B3		B-				
	Vulnerable	CCC+		C		Caa1		Not Prime (NP)	CCC+	C
		CCC				Caa2			CCC	
		CCC-				Caa3			CCC-	
		CC				Ca			CC	
	C				C					
Defaulting	D	D	C		D	D				



## GLOSSARY

Amortised Cost	Amortised cost is the amount at which some financial assets or liabilities are measured and consists of: initial recognition amount, subsequent recognition of interest income/expense using the effective interest method, repayments and credit losses
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Asset Management	The stewardship of capital assets, including decisions around on-going maintenance and eventual disposal
Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the Council itself. One of the <i>Prudential Indicators</i> .
BACS	Bankers' automated payment system. UK bulk payments system allowing transfers between bank accounts with two days' notice, for a small charge.
Bail-in	A method of rescuing a failing <i>financial institution</i> by cancelling some of its <i>deposits</i> and <i>bonds</i> . Investors may suffer a reduction in their investment, but may be given shares in the bank as part compensation.
Bail-out	A method of rescuing a failing <i>financial institution</i> by the injection of public money. This protects investors at the expense of taxpayers.
Bank	Regulated firm that provides financial services to customers.
Bank of England	The <i>central bank</i> of the UK, based in London, sometimes just called 'the bank'.
Bank Rate	The official interest rate set by the <i>Monetary Policy Committee</i> , and the rate of interest paid by the <i>Bank of England</i> on commercial bank deposits. Colloquially termed the 'base rate'.
Bond	A certificate of <i>long-term</i> debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owned and <i>bonds</i> issued.
Broker	Regulated firm that matches either borrowers and lenders (a money broker) or buyers and sellers of <i>securities</i> (a stockbroker) with each other in order to facilitate transactions
Brokerage	Fee charged by a <i>broker</i> , normally paid by the borrower
Building Society	A mutual organisation that performs similar functions to a <i>retail bank</i> but is owned by its customers



Capital	(1) Long-term, as in <i>capital expenditure</i> and <i>capital receipts</i> (2) <i>Principal</i> , as in <i>capital gain</i> and <i>capital value</i> (3) <i>Investments in financial institutions that will absorb losses before senior unsecured creditors</i>
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of fixed asset that are expected to provide value for longer than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments
Capital Finance	Arranging and managing the cash required to finance <i>capital expenditure</i> , and the associated accounting.
Capital Financing Requirement (CFR)	A local authority's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with <i>capital expenditure</i> and decreases with <i>capital finance</i> and <i>MRP</i> .
Capital Receipt	Cash obtained from the sale of an item whose purchase would be <i>capital expenditure</i> . The law only allows local authorities to spend capital receipts on certain items, such as new capital expenditure. They are therefore held in a capital receipts reserve until spent.
Capital strategy	An annual policy document required by the <i>Prudential Code</i> that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its <i>Prudential Indicators</i> for the forthcoming financial year.
CIFPA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for local government – e.g. Treasury Management Code and Prudential Code
Cost of Carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim
Counterparty	The other party to a loan, investment or other contract
Counterparty limit	The maximum amount an investor is willing to lend to a <i>counterparty</i> , in order to manage <i>credit risk</i> .
Credit Default Swap	A credit default swap (CDS) is a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor.
Credit rating	Formal opinion by a <i>credit rating agency</i> of a <i>counterparty's</i> future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.

Credit rating agency	An organisation that publishes <i>credit ratings</i> . The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a <i>counterparty</i> will <i>default</i> on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a <i>loan</i> , <i>deposit</i> , or <i>bond</i> . (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities
Default	Failure to meet an obligation under a debt contract, including the repayment of cash, usually as a result of being in financial difficulty
Deposit	A regulated placing of cash with a <i>financial institution</i> . Deposits are not tradable on financial markets.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Fair value	<i>IFRS</i> term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
FCA	Financial Conduct Authority – UK agency responsible for regulating financial markets and the conduct of <i>financial institutions, brokers, custodians, fund managers</i> and <i>treasury management advisors</i> .
Financial institution	A <i>bank, building society or credit union</i> . Sometimes the term also includes insurance companies.
Financial instrument	<i>IFRS</i> term for investments, borrowing and other cash payable and receivable.
Financing costs	In the <i>Prudential Code</i> , interest payable on <i>debt</i> less investment income plus <i>premiums</i> less <i>discounts</i> plus <i>MRP</i> .
Forward deal	An arrangement where a loan or deposit is arranged in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
General Fund	A local authority reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.
Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.

Impairment	A reduction in the value of an investment caused by the counterparty being in financial difficulty.
Inflation risk	The risk that unexpected changes in inflation rates cause an unplanned loss, for example by costs rising faster than income.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.
Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment property	Land and buildings that are held purely for rental income and/or capital growth. Investment properties are not owner-occupied and provide no direct service benefit.
Investment strategy	A document required by investment guidance that sets out a local authority’s investment plans and parameters for the coming year. Sometimes forms part of the authority’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Lessee	Party to a lease contract that uses an asset owned by the lessor.
Lessor	Party to a lease contract that own an asset but permits another (the lessee) to use it.
Liability benchmark	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level. Used to compare against the actual and forecast level of borrowing.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.
Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.

Loans CFR	The capital financing requirement less the amount met by other long-term liabilities; i.e. the amount to be met by borrowing.
LOBO	Lender's option borrower's option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially.
Long-term	Usually means longer than one year.
Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.
Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.

MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Net borrowing	Borrowing minus treasury investments.
Net revenue stream	In the Prudential Code, income from general government grants, Council Tax and rates.
Non-specified investments	Government term for investments not meeting the definition of a specified investment or a loan upon which limits must be set. Since 2018, the term does not apply to treasury investments in England. Not applicable in Scotland.
Other long-term liabilities	Prudential Code term for credit arrangements.
Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss.
Pension Fund	Ringfenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential borrowing	Another term for unsupported borrowing.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.

Prudential indicators	Indicators required by the Prudential Code and determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
T-bill	Treasury bill - a bill issued by a government.
TMS	(1) Treasury management strategy. (2) Treasury management system.
Treasury bill	See T-bill.
Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local authority's definition of and objectives for treasury management.
Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local authority's detailed processes and procedures for treasury management.
Treasury management strategy	Annual report required by the Treasury Management Code covering the local authority's treasury management plans for the forthcoming year.

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Unsupported borrowing	Borrowing where the cost is self-financed by the local authority. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.

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# Capital Strategy

2021-22 to 2030-31



## 1.0 INTRODUCTION

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

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

## 1.1 AIMS AND PRINCIPLES

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

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

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

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

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

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

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



## CAPITAL EXPENDITURE AND INVESTMENT

### 2.0 CAPITAL EXPENDITURE

Capital investment is technically described as:

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

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

Expenditure can be capitalised where it relates to the:

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

Enhancement of an existing fixed asset means:

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

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

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

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

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

The Council has acquired relatively few property assets over the last few years. Its focus has been on releasing or remodelling existing assets. From time to time it has acquired property required for service developments, for example purchasing land and buildings for school modernisation projects. It also had approval for £1 million of capital funding for commercial property investment, which has been partially spent on acquiring an income-producing leased

property. To date the remainder is unspent as no suitable options which meet the Council's criteria have been forthcoming.

In 2021-22, the Council is planning capital expenditure of £62.363 million as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Council Fund services	22.822	35.440	61.883	14.484	11.811
Capital Investments			0.480		
<b>TOTAL</b>	<b>22.822</b>	<b>35.440</b>	<b>62.363</b>	<b>14.484</b>	<b>11.811</b>

The main Council Fund services projects in this period include:

- 21<sup>st</sup> Century schools. Forecast expenditure of £17.264 million is included in the above table for 2021-22 to 2023-24. £3.4 million of this is linked to highway schemes supporting 21<sup>st</sup> Century Band B schools and £4.9m for the purchase of land.
- Cardiff Capital Region City Deal - £7.555 million. This is an existing scheme which is focused on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.
- Depot rationalisation – £8.144 million is included in 2021-22 for this scheme.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.950 million per annum.
- £5.135 million in 2021-22 for the Maesteg Town Hall scheme.

## 2.1 CAPITAL FINANCING

The Council receives an annual 'General Capital Funding' allocation from Welsh Government, which comprises General Capital Grant and un-hypothecated Supported Borrowing. Revenue funding to repay the supporting borrowing is included within the Revenue Support Grant. Further details of funding sources are detailed in Schedule 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 (PFI)). The planned financing of the expenditure outlined in Table 1 is as follows:

*Table 2: Capital financing*

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
External sources	16.199	17.093	16.563	5.372	5.986
Own resources	1.408	10.235	30.939	5.046	1.887
Net Financing Requirement	5.215	8.112	14.861	4.066	3.938
<b>TOTAL</b>	<b>22.822</b>	<b>35.440</b>	<b>62.363</b>	<b>14.484</b>	<b>11.811</b>

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and is replaced over time by other financing, usually from revenue, which is known as Minimum Revenue Provision, or MRP. As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. Other MRP on Long Term Liabilities relates to the provision of the secondary school at Maesteg. The total of these are shown in Table 3 below:

*Table 3: Replacement of debt finance*

	<b>2019-20 actual £m</b>	<b>2020-21 projection £m</b>	<b>2021-22 budget £m</b>	<b>2022-23 budget £m</b>	<b>2023-24 budget £m</b>
Minimum Revenue Provision (MRP)	2.885	2.927	<b>2.997</b>	3.126	3.150
Additional Voluntary Revenue Provision	1.948	1.502	<b>1.925</b>	2.759	2.963
<b>Total MRP &amp; VRP</b>	<b>4.833</b>	<b>4.429</b>	<b>4.922</b>	<b>5.885</b>	<b>6.113</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.690</b>	<b>0.743</b>	<b>0.801</b>	<b>0.863</b>	<b>0.929</b>
<b>Total Own Resources</b>	<b>5.523</b>	<b>5.172</b>	<b>5.723</b>	<b>6.748</b>	<b>7.042</b>

The updated Capital Programme is approved by Council before the start of the 2021-22 financial year as part of the Medium Term Financial Strategy.

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. The CFR is expected to increase by £9.138 million during 2021-22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
<b>Capital Financing Requirement (CFR)</b>					
Opening CFR excluding PFI & other liabilities	155.084	155.466	<b>159.149</b>	169.088	167.269
Opening CFI - PFI	17.000	16.310	<b>15.567</b>	14.766	13.903
<b>Total opening CFR</b>	<b>172.084</b>	<b>171.776</b>	<b>174.716</b>	<b>183.854</b>	<b>181.172</b>
Movement in CFR excluding PFI & other liabilities	0.382	3.683	9.939	(1.819)	(2.175)
Movement in CFR - PFI	(0.690)	(0.743)	<b>(0.801)</b>	(0.863)	(0.929)
<b>Total movement in CFR</b>	<b>(0.308)</b>	<b>2.940</b>	<b>9.138</b>	<b>(2.682)</b>	<b>(3.104)</b>
<b>Closing CFR</b>	<b>171.776</b>	<b>174.716</b>	<b>183.854</b>	<b>181.172</b>	<b>178.068</b>
<b>Movement in CFR represented by:</b>					
Net Financing Need for year (Table 2)	5.215	8.112	<b>14.861</b>	4.066	3.938
Minimum and voluntary Revenue Provisions	(4.833)	(4.429)	<b>(4.922)</b>	(5.885)	(6.113)
MRP on PFI and Other Long Term Liabilities (Table 3)	(0.690)	(0.743)	<b>(0.801)</b>	(0.863)	(0.929)
<b>Total Movement</b>	<b>(0.308)</b>	<b>2.940</b>	<b>9.138</b>	<b>(2.682)</b>	<b>(3.104)</b>

### Lease accounting

A change to the accounting for leases under International Financial Reporting Standard (IFRS) 16 was anticipated to be effective from 1 April 2021, which would have resulted in the creation of Right of Use assets and an associated lease liability. The impact of this would be to increase the CFR and therefore MRP. The implementation of the new standard has been delayed to 1 April 2022. At present no adjustment has been made to the above figures to account for this.

### Asset Disposals

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be reinvested in new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council anticipates to receive around £6.69 million of capital receipts (asset sales) as set out in Table 5.

Table 5: Forecast capital receipts receivable in £ millions

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
<b>Opening balance</b>	<b>17.922</b>	<b>18.607</b>	<b>17.130</b>	<b>5.155</b>	<b>5.155</b>
Asset sales	0.925	3.190	3.500	-	-
Applied in capital programme	(0.240)	(4.667)	(15.475)	-	(0.540)
<b>Closing balance</b>	<b>18.607</b>	<b>17.130</b>	<b>5.155</b>	<b>5.155</b>	<b>4.615</b>

As can be seen from the above table, the anticipated receipts from asset sales are substantially committed in the capital programme over the 3 years 2021-2024.

## THE COUNCIL'S CAPITAL PLANS

### 3.0 CAPITAL PROGRAMME BY WELL-BEING OBJECTIVE

Within the Corporate Plan, there are three Well-being Objectives namely:

- Supporting a successful sustainable economy
- Helping people and communities to be more healthy and resilient
- Smarter use of resources

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

Table 6: Capital Programme by Well-being Objective:

Wellbeing Objective	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Supporting a successful sustainable economy	3.745	10.026	<b>25.421</b>	6.770	0.560
Helping people and communities to be more healthy and resilient	4.048	4.903	<b>4.310</b>	1.950	1.950
Smarter use of resources	14.581	19.962	<b>29.297</b>	5.397	9.101
Core services and statutory functions	0.448	0.549	<b>3.335</b>	0.367	0.200
	<b>22.822</b>	<b>35.440</b>	<b>62.363</b>	<b>14.484</b>	<b>11.811</b>



### 3.1 OTHER KEY DRIVERS

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

- Asset management requirements
- Health and Safety works

### 3.2 ASSET MANAGEMENT REQUIREMENTS

The Council's Asset Management Plan vision was re-aligned with the Corporate Plan 2018-22 and reviewed for 2021. The principles remain as follows:

**“To have a lean sustainable estate that enables BCBC to live within its means and support delivery of our well-being objectives”**

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

1. The AMP 2021 supports and maintains alignment with the MTFs and the Corporate Plan, linking with other resource strategies.
2. Capital investment decisions support the Council's well-being objectives and mitigate any statutory risks taking account of return on investment and sound option appraisals.
3. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
4. A balance will be maintained within the non-operational portfolio between rental income, capital receipts, economic development/ community support.
5. Capital receipts generated will support the capital programme.

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

1. Much of the infrastructure serving the northern half of the county borough was originally constructed in the early 1900's and was not designed to cope with the current demands (economic, social and environmental) placed upon it.
2. The BCBC highway network is continuously growing with no sign of abatement. The Council has seen much in the way of development over the last decade, resulting in a significant increase in the amount of asset requiring management.
3. Highway Authorities have a statutory duty to maintain highways and ensure that they are available for safe use by all.

The HAMP sets out how the levels of service for the infrastructure network determined by the Council will be achieved.

### 3.3 HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. Phase one surveys are now completed and phase two are currently on site. Anticipated completion of the final phase and ongoing Community Asset Transfer (CAT) surveys will be undertaken in 2021. The surveys include planned preventative maintenance data which will inform the Council's budget allocation for both revenue and capital repairs,

maintenance and new build. Given the limited capital and revenue funding and the currently known high level of maintenance backlog, a prioritisation matrix for budget allocation has been developed. The matrix works to give highest priority to health and safety works. Given the potential level of funding compared to the demand for repairs and maintenance, this may lead to the closure of buildings or the drive for further capital investment in new build projects. Once fully implemented the matrix will be able to effectively inform the capital funding planning and decision making as it relates to asset management.

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

In 2018-19 a new Capital Asset Management Fund of £1.5 million and a Highways Asset Management Fund of £1.2 million were established. The intention of these is to fund those schemes that have been prioritised by the condition surveys as posing a Health and Safety risk either within buildings or within our Highways Infrastructure. The balances on these as at 31 December 2020 are £0.232 million and £1.011 million respectively.

### 3.4 COMMERCIAL ACTIVITIES

HM Treasury issued revised lending terms for Public Works Loans Board (PWLB) borrowing by local authorities in November 2020. As a condition of accessing the PWLB, local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current, **or next two** financial years. Local Authorities' section 151 Officers or equivalent will be required to confirm that capital expenditure plans are current and that the plans are within acceptable use of the PWLB.

Whilst this does not preclude the Council investing in commercial activities, investing in assets for yield would prevent the Council from accessing PWLB borrowing. The extensive 21<sup>st</sup> Century Schools Band B programme, and borrowing needed to support the capital programme, will therefore prevent the Council investing in land or property for commercial reasons.

The Council does have an existing investment portfolio which is 100% based within the County Borough and primarily the office and industrial sectors. The income streams are generally spread between the single and multi-let office investments on Bridgend Science Park, the multi-let industrial estates and the freehold ground rent investments. The portfolio therefore does not accord with the risk balance in location and sectoral terms to the majority of investment portfolios and is also management intensive, with a large number of units relative to the overall income and value. The total value of Investment Properties was £4.635 million as at 31 March 2020. This would be expected to generate a rental income of £478,000 per annum excluding any vacant or rent-free periods. The lessees are responsible for all repairs and maintenance associated with these properties.

Existing investments are not affected by this recent change. There are limited opportunities within the existing investment portfolio to release / sell properties, as the current emphasis is to enhance income return (as opposed to capital value). The majority of the investments held are high yielding and an improved income stream is unlikely on any re-investment.

The majority of the Council's investment portfolio has grown organically. In 2014 the Council approved £1 million within the capital programme and spent £520,000 on acquiring an office building, which generates a rental income of £56,000 per year or just over 9% return on the

investment. There is a further £480,000 still available but as yet no suitable options have been identified within the Bridgend area, which would produce a reasonable return and at acceptable levels of risk. The Council may in the future wish to consider expanding its property investment portfolio, in which case it would need to consider the impact of the PWLB lending terms changes and review the criteria and investment strategy and consider the investment taking into account the level of associated risk.

### 3.5 TREASURY MANAGEMENT STRATEGY (TMS)

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

### 3.6 BORROWING STRATEGY

The Council's major objectives when borrowing are:

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

### 3.7 LIMITS TO BORROWING ACTIVITY

The Council's long term borrowing at 31 December 2020 was £96.87 million at an average interest rate of 4.69%. The majority of lending is Public Works Loan Board with maturity dates between 2025 and 2057. £19.25 million of this relates to Lender's Option Borrower's Option (LOBO) loans that have a maturity date of 2054, however these may be rescheduled in advance of this maturity date.

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

*Table 7: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

	<b>2019-20 actual £m</b>	<b>2020-21 projection £m</b>	<b>2021-22 estimate £m</b>	<b>2022-23 estimate £m</b>	<b>2023-24 estimate £m</b>
Debt (incl. PFI & leases)	115.098	115.415	<b>120.545</b>	124.420	123.223
Capital Financing Requirement	171.776	174.716	<b>183.854</b>	181.172	178.068

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

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This includes the expectation to need to borrow £30.37 million in 2021-22 and a further £3.49 million in 2022-23 based on the assumptions within the Capital Programme and the use of Capital Receipts and Reserves. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2021-22. The actual amount will be monitored and assumptions challenged and borrowing will only be taken if there is no opportunity to use Internal Borrowing.

*Table 8: Borrowing and the Liability Benchmark*

	<b>2019-20 actual £m</b>	<b>2020-21 projection £m</b>	<b>2021-22 estimate £m</b>	<b>2022-23 estimate £m</b>	<b>2023-24 estimate £m</b>
Outstanding Borrowing (excl. PFI & Leases)	96.867	96.867	<b>127.241</b>	130.735	130.735
Liability Benchmark	95.158	89.658	<b>127.245</b>	130.739	130.723

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

	<b>2020-21 limit £m</b>	<b>2021-22 limit £m</b>	<b>2022-23 limit £m</b>	<b>2023-24 limit £m</b>
Authorised limit – borrowing	170.000	<b>170.000</b>	170.000	170.000
Authorised limit – other long term liabilities	30.000	<b>30.000</b>	30.000	30.000
<b>Authorised Limit Total</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>
Operational boundary – borrowing	120.000	<b>130.000</b>	130.000	130.000
Operational boundary – other long term liabilities	25.000	<b>25.000</b>	25.000	22.000
<b>Operational Boundary Limit Total</b>	<b>145.000</b>	<b>155.000</b>	<b>155.000</b>	<b>152.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>115.415</b>	<b>120.545</b>	<b>124.420</b>	<b>123.223</b>

The authorised limit and operational boundary for 2022-23 and subsequent years will need to be reviewed in light of changes to lease accounting under IFRS16, due to be implemented from April 2022. This new Standard will require that operating leases are brought onto the balance sheet as a right of use asset and a lease liability. The impact of this is that it will increase the Council's liabilities and therefore its borrowing. The current estimate is that the borrowing requirement will increase by approximately £5 million. This has not been reflected in the above table.

Further details on borrowing are included within the Treasury Management Strategy.

### 3.8 INVESTMENT STRATEGY

The Council's major objectives when investing are:-

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

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

*Table 10: Treasury management investments*

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Cash and Cash Equivalents	0.100	-	-	-	-
Short term Investments	31.650	39.242	26.007	7.000	7.000
Longer term Investments	12.000	3.000	3.000	3.000	3.000
<b>TOTAL</b>	<b>43.750</b>	<b>42.242</b>	<b>29.007</b>	<b>10.000</b>	<b>10.000</b>

As noted in section 3.7, the Council is currently in an under-borrowed position. In other words the Council is able to support capital investment through the short-term use of reserves and cash balances. However, as the Capital Programme accelerates, particularly with the development of Band B schools as part of the 21<sup>st</sup> Century Schools Programme, these reserves will reduce significantly and the Council will need to consider long term borrowing to underpin expenditure in the Capital Programme. The above table reflects the increased spend and associated reduction in short term investments as a result. The Council will maintain a minimum level of investments of £10 million, in line with Markets in Financial Instruments (MiFID) regulations within which the Council operates.

#### Loans to Other Organisations

The Council can make investments to assist local public services, including making loans to small businesses to promote economic growth. The Council will assess these opportunities and will only consider if such investments break even after all costs. Loans to such

organisations will be approved as part of the capital programme and any borrowing to support such loans will need to be within PWLB regulations.

### 3.9 OTHER LONG TERM LIABILITIES

#### Private Finance Initiative

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with thirteen years remaining on the term) which is £15.566 million at 31 March 2021 including the short term liability of £0.801 million included as current liabilities in the Council's balance sheet in the Statement of Accounts. This is a technical adjustment and is equivalent to the amount that is to be paid during 2021-22.

#### Pension Guarantees

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

### 3.10 REVENUE BUDGET IMPLICATIONS

The financing of capital expenditure via interest on loans and MRP are charged to the revenue budget, offset by any investment income receivable. Table 11 below shows the proportion of the budget that will need to be set aside to finance capital expenditure, which is expected to increase over the life of the current capital programme, accelerating the pressure that capital expenditure, funded from debt, puts on the revenue budget.

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Capital Financing Central	6.357	6.409	6.722	6.842	6.854
Other Financing costs	3.895	3.449	3.872	4.706	4.910
<b>TOTAL FINANCING COSTS</b>	<b>10.252</b>	<b>9.858</b>	<b>10.594</b>	<b>11.548</b>	<b>11.764</b>
Proportion of net revenue stream	3.79%	3.63%	3.89%	4.23%	4.29%

The central revenue budget for capital financing for 2021-22 is £6.657 million as detailed in Table 12 below. The higher Interest Paid budget for 2021-22 reflects the need to fund increased costs of borrowing. Anticipated borrowing is set out in Table 7.

Table 12: Central Capital Financing Revenue Budget

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 projection £m	2023-24 projection £m
Interest Paid	4.532	4.532	4.783	4.783	4.783
Minimum Revenue Provision (MRP)	2.754	2.796	2.865	2.995	3.018
Other Financial Instruments	0.008	0.008	0.009	0.009	0.010
Interest Received	(1.019)	(1.000)	(1.000)	(1.000)	(1.000)
<b>Central Capital Financing Budget</b>	<b>6.275</b>	<b>6.336</b>	<b>6.657</b>	<b>6.787</b>	<b>6.811</b>

There are also Financing Budgets within the Directorates for Prudential Borrowing and for the payment of the PFI School and other Lease Liabilities. These are detailed in Table 13 below.

Table 13: Directorate Capital Financing Revenue Budget

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Additional Voluntary MRP	1.948	1.502	1.925	2.759	2.963
PFI & Lease Liability Payments	1.947	1.947	1.947	1.947	1.947
<b>Directorate Capital Financing Budget</b>	<b>3.895</b>	<b>3.449</b>	<b>3.872</b>	<b>4.706</b>	<b>4.910</b>

Table 14 shows how there will be increased revenue pressure on the capital financing budgets over the MTF5 period.

Table 14: Capital Financing Revenue Budget and Projected Costs

	2019-20 actual £m	2020-21 projection £m	2021-22 budget £m	2022-23 budget £m	2023-24 budget £m
Central Capital Financing Budget (Table 12)	6.275	6.336	6.657	6.787	6.811
Directorate Capital Financing Budget (Table 13)	3.895	3.449	3.872	4.706	4.910
<b>Total Capital Financing Budget</b>	<b>10.170</b>	<b>9.785</b>	<b>10.529</b>	<b>11.493</b>	<b>11.721</b>
Total Financing Costs (Table 11)	10.252	9.858	10.594	11.548	11.764
<b>Under/(Over) Spend</b>	<b>(0.082)</b>	<b>(0.073)</b>	<b>(0.065)</b>	<b>(0.055)</b>	<b>(0.043)</b>

This would be the worst case scenario with unsupported borrowing being used for future schemes should the Council not have available the cash resources currently held as earmarked reserves. The Council will endeavour to minimise the revenue pressure by maximising alternative capital resources such as earmarked reserves and capital receipts.

## RESOURCING STRATEGY

### 4.0 FINANCIAL CONTEXT

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

- The Council does have capital resources and expects to receive more resources in the future with an annual allocation from Welsh Government, potential s106 monies or grant approvals.
- The Council does have a Disposal Strategy and has capital assets which it could sell and use receipts to reinvest
- The Council is currently servicing debt of £96.87 million of fixed interest loans, at an average interest rate of 4.69%
- The Council's MTFS shows a funding gap so any additional capital expenditure which is not funded through capital resources will increase this gap unless that expenditure delivers revenue savings or income.

The Council will receive a slight reduction in its capital allocation from Welsh Government in 2021-22 compared to 2020-21, with a more significant reduction projected in 2022-23, as a result of one-off additional allocations of capital funding coming to an end. Additional funding was provided by the Welsh Government during 2020-21 to respond to the need to decarbonise, along with additional general capital grant for that year. For 2021-22 Welsh Government has continued to provide additional general capital grant, to enable local authorities to respond to the joint priority of decarbonisation, including for housing and economic recovery following Covid-19. No indications have been given for 2022-23 or beyond but it is assumed that the funding will return to the pre 2018-19 levels. In light of the above context and anticipated reduction in capital grant, it is imperative that capital expenditure plans are affordable, prudent and sustainable.

### 4.1 PRINCIPLES FOR ALLOCATION OF CAPITAL ALLOCATION

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



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

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

In summary the main principles of capital allocation are:

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

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

Unsupported (Prudential) Borrowing will be prioritised as follows:

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

- To capital expenditure which provides a good financial return. Borrowing for such projects must be funded by the directorate, and therefore the financial benefit accruing to the directorate will be net of financing costs. This approach aligns the directorate incentives with the corporate benefit of such projects. Advantage will be taken of interest free loans where available.

## CAPITAL INVESTMENT APPRAISAL

### 5.0 FEASIBILITY ASSESSMENT

The purpose of a feasibility assessment is to evaluate the practicality and desirability of a capital project, **and assess its deliverability**, before the Council invests time and money into the project. It may be that the proposed project cannot be delivered to time or cost, or may not deliver the outcomes necessary. If this is the case the feasibility study would confirm that the project should not proceed. The Council needs to understand how successful the project will be, what will be delivered, at what cost, how funded, and what potential risks may be inherent in the project (which may also affect cost).

It would be expected that in nearly all circumstances, any proposed investment in land and buildings will require the completion of a full feasibility study in the first instance. This will determine whether the proposed scheme can proceed to a **capital expenditure bid** and, if approved, subsequent inclusion into the capital programme as a fully funded scheme.

### 5.1 CAPITAL EXPENDITURE BIDS

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

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

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

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

These will be ranked in order of fit to:

1. **Link to well-being objectives**
2. **High level of Risk of not progressing, based on the criteria below.**
3. **Service is able to meet any additional revenue costs arising from the scheme e.g. increased Business Rates, running costs.**
4. **Ability to attract matched funding / high leverage ratio.**
5. **An appropriate return on investment where appropriate.**

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

## 5.2 EVALUATION APPROACH

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

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

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

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

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

### In Year Approvals

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

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

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

### **5.3 POST PROJECT EVALUATION**

Once any major capital project is completed, it is good practice to look at the project in retrospect. This is an important part of any project to review lessons learned. It's a chance to reflect on what those involved with the project, both from a provider/contractor aspect and customer view, as to what their perspectives on the project were, what they may have changed, what they learned and what could be done better. This is important to learn from mistakes so as to avoid those in the future, but also crucially to gather best practice and to pass this on to other projects.

The project manager should undertake a lessons learned meeting with key personnel once the project has been completed to enable the Council to share best practice in all capital schemes.

## **GOVERNANCE AND RISK MANAGEMENT**

### **6.0 STRATEGY**

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

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

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

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

### **6.1 CAPITAL EXPENDITURE/INVESTMENT DECISION**

A monitoring process is in place which:

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

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

## **6.2 RISK MANAGEMENT**

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

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

The effective management and control of risk are also prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

## **7.0 KNOWLEDGE AND SKILLS**

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

Where staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite. Arlingclose will be the Council's Treasury Management Advisors until September 2024.

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

**Schedule A****ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2021-22**

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2021-22 will be on the following bases:-

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

The MRP Charge 2021-22 based on the estimated capital financing requirement is detailed below:-

	<b>Options</b>	<b>Estimated Capital Financing Requirement 31/03/21 £m</b>	<b>2021/22 Estimated MRP  £m</b>
Capital expenditure before 01/02/2008 and any after 01/04/2008 that does not result in a significant asset (Supported)	(i)	128.328	2.865
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	3.025	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.796	1.925
PFI, Finance Leases and other arrangements – PFI School	(iii)	15.567	0.801
<b>TOTAL COUNCIL FUND</b>		<b>174.716</b>	<b>5.723</b>

**Schedule B****Sources of Capital Investment****Borrowing**

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

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

All schemes funded from Prudential Borrowing are approved by full Council, and in accordance with MTFS **PRINCIPLE 11** must be affordable and sustainable, with payback met from Directorate or Council revenue budgets over a period no longer than the life of the asset. Projects requiring funding through prudential borrowing should submit a robust business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax).

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

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

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

**External Grants**

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

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

Any additional capital grant funding received from external sources must be managed in line with the Council's Grants Policy. Delegated authority is required to bid for and accept any

external funding, and external funding applications should be supported by a strong business case which demonstrates how the project meets the Council's Corporate Priorities and how any future revenue costs will be met.

### **Capital Receipts from Asset Disposals**

The Council generates capital receipts from the sale of surplus assets. Maximisation of these receipts will increase the amount that can be spent on capital investment. Capital receipts cannot be spent on revenue items.

The Council has a statutory obligation to deliver best consideration under S123 of the Local Government Act 1972 and will seek to obtain market value in its disposals. However, there are exceptions and there will sometimes be a balance to strike where disposals can achieve social, economic or environmental policy objectives which contribute towards the Corporate Plan. In such instances, consideration will be given to the Value for Money that this represents.

The Council has also introduced a Community Asset Transfer (CAT) Strategy, where it considers the transfer of assets to third party groups at less than best consideration to support its objectives. The Council will consider, on a case-by-case basis, the potential transfer of assets to an alternative provider after a full assessment of the long-term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives. Where the Council proposes to dispose of or grant a long lease at nil consideration, or at a value below market value, a valuation will be undertaken to ensure that the Council is fully aware of the receipt that it is foregoing as a result of the Community Asset Transfer.

A key principle of the Council's Capital Strategy, **PRINCIPLE 4**, is that, unless specifically agreed by Cabinet for exceptional circumstances, all capital receipts will be treated as general capital funding and allocated according to determined priorities. This supports the "One Council" approach. However, this does not negate the need for Council to approve any proposed schemes from that receipt. There may potentially be other schemes where the Council decides to set aside receipts in this way and these will be approved within the reporting of the Capital Programme.

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

### **S106 contributions**

Section 106 (S106) Agreements are legal agreements between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations. A section 106 agreement is designed to make a development possible that would otherwise not be possible, by obtaining concessions and financial contributions from the developer. Any contributions received from the developer are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the capital programme once an eligible scheme has been identified. S106 contribution agreements can be used, for example, for the provision of educational facilities, highways infrastructure, affordable housing, play areas and open spaces, in line with the Council's adopted policy on the use of section 106 agreements. Consideration of available S106 funding should be taken when agreeing the capital programme for future years to maximise the use of the available



funding and reduce the reliance on other sources of funding. Contributions can be time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement, any funds not spent in line with the agreement would have to be repaid to the developer.

### **Revenue and Reserves**

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

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