

**MINUTES OF A MEETING OF THE CABINET HELD REMOTELY - VIA MICROSOFT TEAMS  
ON TUESDAY, 22 FEBRUARY 2022 AT 14:30**

Present

Councillor HJ David – Chairperson

J Gebbie  
D Patel

SE Baldwin

CE Smith

HM Williams

Apologies for Absence

C Marchant Corporate Director – Social Services and Wellbeing

Officers:

Carys Lord	Chief Officer - Finance, Performance & Change
Janine Nightingale	Corporate Director - Communities
Kelly Watson	Chief Officer Legal, HR and Regulatory Services
Mark Shephard	Chief Executive
Andrew Rees	Democratic Services Officer - Committees
Mark Galvin	Interim Democratic Services Manager
Lindsay Harvey	Corporate Director Education and Family Support
Jackie Davies	Head of Adult Social Care

798. DECLARATIONS OF INTEREST

None.

799. CORPORATE PLAN 2018-2023 REVIEWED FOR 2022-2023

The Chief Officer – Finance, Performance and Change presented a report, the purpose of which, was to seek approval of the Council's Corporate Plan 2018 to 2023 reviewed for 2022 - 23. The revised plan was attached at Appendix A to the report.

The Corporate Plan for the period 2018 to 2023 describes the Council's vision for Bridgend County Borough Council, its three well-being objectives and our organisational values and principles that underpin how BCBC will work to deliver their priorities.

The Plan represents the contribution to achieving the seven national Well Being goals as set out in the Well-being of Future Generations Wales Act and BCBC's improvement objectives under the performance duties of the Local Government and Election Wales Act 2021. This latter piece of legislation places new performance and governance duties on local authorities. Evaluation of performance was now a continuous organisation wide self-assessment of how effectively a local authority is operating, not only in terms of meeting its objectives, but how it is delivering its functions, using its resources and governing itself.

The Plan before Members was the final one for this five-year period.

The Chief Officer – Finance, Performance and Change, confirmed that between October and November 2021, the Corporate Plan has been refreshed for the coming financial year and has been discussed with Corporate Directors and Heads of Service throughout the authority. This has enabled officers to consider any emerging priorities as part of the Covid 19 recovery and renewal work, to take account of any external regulator feedback

and to streamline the commitments and performance indicators to ensure a strategic focus on achieving the Council's well-being objectives.

In addition, the outcome of the 'Fit for the Future' consultation undertaken in December 2021, has helped to shape where efforts should be concentrated going forward. People have placed importance on recycling and waste, highways and infrastructure improvement and community facilities, including parks and being outdoors over the last 12 months. Priority areas identified include support for older people, tackling food poverty and homelessness. Also, further efficiencies identified include continuing to streamline processes, rationalise the number of offices and encourage our citizens to take more responsibility themselves.

The well-being objectives, aims and strategic priorities within the Plan remained unchanged. However, some commitments have been revised and performance indicators to measure outcomes had been agreed. Targets have been set for 2022 - 23 where possible, although the ongoing pandemic continues to impact on the availability of data to set some meaningful targets.

The draft Corporate Plan was considered by the Corporate Overview and Scrutiny Committee in January, she added.

The document replaces the current Corporate Plan.

Progress against the Plan will be monitored through the corporate performance assessment process. Performance challenge will also take place at Directorate Management team meetings and twice yearly at the Corporate Overview and Scrutiny Committee

The Chief Officer – Finance, Performance and Change, concluded her report, by adding that in accordance with the performance duty of the Local Government and Elections Act, the Council's Governance and Audit Committee now has a role in the assessment of performance and governance, which included amongst other areas, assessment of performance of our Well-being objectives as set out in this Corporate Plan.

The Leader thanked the Corporate and Overview Scrutiny Committee for their input into the Corporate Plan and he asked the Chief Officer – Finance, Performance and Change, if the updated Plan had reflected any comments the Committee had previously made.

The Chief Officer – Finance, Performance and Change, advised that targets of the Plan and performance level aims and objectives were now directed more strategically than previously had been the case. The updated Corporate Plan had last been considered by the above Committee in January, where its Members' had agreed in principle with it.

The Cabinet Member – Future Generations and Wellbeing was pleased to see how the Corporate Plan had evolved and changed shape over the years, with it now being more succinct and engaging over this period. She drew Members' attention to page 25 of the papers, which showed the income generated by the local authority, where it could be noted that Council Tax only contributes to 19% of the Council's income. This part of the report also showed where Council committed its overall resources, she added.

The Cabinet Member – Communities referring to page 26 of the report, also pointed out that the above level of income did not even cover the costs associated with the budget that was spent on County Borough schools alone.

The Leader concluded the debate by adding that the aims, objectives and outcomes of the updated Corporate Plan, could only be achieved through sound partnership working

with other key agencies and stakeholders. For example, the Police, Cwm Taf Morgannwg Health Authority and the Public Service Board, amongst others.

**RESOLVED:** That Cabinet endorsed the Corporate Plan 2018-2023 reviewed for 2022-23 and recommended it to Council for approval on 23 February 2022.

800. **MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2022-23 TO 2025-26**

The Chief Officer – Finance, Performance and Change presented a report, the purpose of which, was to present to Cabinet the Medium Term Financial Strategy for the period 2022-23 to 2025-26. This included:

- A financial forecast for 2022 to 2026;
- A detailed revenue budget for the coming financial year;
- a capital programme for the period 2021-2022 to 2031 – 2032; and
- the corporate risk assessment

The MTFS is fully aligned with the Council's Corporate Plan and well-being objectives.

The development of the MTFS has been guided by these priorities.

Although reductions in the level of funding available in previous years has necessitated significant budget reductions across various service areas, the Council continues to manage annual gross expenditure of around £459m and is the largest employer in the County Borough. As a result, the Council does play a significant role in the local economy of this area.

The Council's 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 coming four years. The document outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, it outlines the financial context within which the council is operating and tries to mitigate any financial risks and pressures going forward whilst at the same time taking advantage of any opportunities arising.

The MTFS focuses on how the Council intends to respond to the increasing pressures on public sector services, which have undoubtedly been exacerbated during the COVID-19 pandemic.

The quarterly reports to Cabinet during this financial year on the projected revenue position for 2021/2022 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 a large proportion of these losses through their various funding streams, most notably the COVID-19 hardship fund.

The Council now needs to consider the longer term impact of the pandemic and how it will shape the Council as part of its recovery programme, given that the hardship fund is due to come to an end in March 2022.

The announcement of the final local government settlement for 2022-23 is again approximately two months later than in previous years, due to the outcome of the Comprehensive Spending Review by the UK Government not being delivered until the end of October 2021. The final settlement for local government in Wales is not due to be announced until 1 March 2022. As a result, this budget is being proposed on the basis of

the provisional settlement received in December 2021. 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.

As the Council's S151 Officer, she believed the level of Council Reserves is sufficient to protect the Authority in light of unknown demands or emergencies and current funding levels.

In finalising the MTFs and the budget for the coming year estimates have been made 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 elected 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 financial year 2022/23 and beyond.

Annex 3 of the report contained the detailed Medium Term Financial Strategy.

Section 1 of the MTFs includes a financial overview at section 1.3. Cabinet will be aware that the Council has had to make budget reductions in previous years and Chart 1 indicates budget reductions of £62 million have been found over the last ten years which represents almost 21% of the Council's net budget in the current year.

The Council receives the majority of its revenue funding from Welsh government through the revenue support grant and a share of the non-domestic rates. This is supplemented through the council tax collection, other grants and fees and charges. Council tax will account for 27% of the income received by the Council in the coming financial year.

It should be noted that the amount that council taxpayers are required to pay is made up of three elements:

- a charge from Bridgend County Borough Council
- a charge from Town and Community Councils
- a charge from the Police and crime commissioner for South Wales

Budget planning for the financial year 2022-23 is more uncertain than usual due to the impact of the global COVID-19 pandemic, which is on top of the ongoing uncertainties and financial pressures arising from the UK's withdrawal from the European Union. Whilst the Welsh government has been supportive of the additional costs and burdens that have emerged from COVID and covered most of the directly incurred costs, we are aware that this funding is not going to be available going forward.

In particular, it is anticipated that some of the impact on levels of income may be a medium-term problem. It is likely also that there will be an additional call on the Council Tax Reduction Scheme, in view of the economic impact of the pandemic and the level of Council Tax collection is estimated to be lower than pre-pandemic levels. In addition, ongoing expenditure on matters relating to public health as well as other expectations with regard to addressing homelessness more robustly, and supporting social care which is experiencing increased costs need and demand for services, are likely to be significant

In section 2 of the MTFs further context is provided, detailing both financial and non-financial information which has shaped the financial position for the Council. It should be noted that there are some significant underlying budget pressures in some service areas that were reported in 2020-21 and still persist in the current financial year. The main

financial pressures are in home to school transport, social services and well-being, homelessness and waste.

As in previous years efforts have been made to secure greater involvement of stakeholders in the development of the Strategy and the Corporate Plan. Details regarding this were outlined in the report, but included the Budget Research and Evaluation Panel, Overview and Scrutiny Committees and a public consultation.

Cabinet and CMB had reflected on the responses received from the public consultation and from discussions with, and recommendations from, the Budget Research and Evaluation Panel and Scrutiny Committees, and have compiled the budget based on the comments and responses received. This includes:

- Protecting school budgets
- Support for waste and recycling
- Additional funding to support an ageing population
- Continuing to provide support for homeless individuals
- continuing to invest in our digitalization capabilities
- continuing to invest in our highways and infrastructure
- A freeze in council tax in the coming year to support residents to meet the significant rise in the cost of living

Details of the budgets for individual services were shown in section 2.4 of the MTFs, while section three contained the current financial situation and the Chief Officer – Finance, Performance and Change outlined these for the benefit of Members.

Within this settlement the authority is required to fund the following:

- The costs arising from the 2021-22 teachers pay deal and their 2022-23 pay deal
- The increase costs arising from the UK government's announcement to increase National Insurance contributions for employers to fund a health and social care levy
- The additional costs of introducing the real living wage for care workers

A significant change for the coming financial year is that the local government hardship grant, which has supported local authorities with the additional financial pressures resulting from the COVID-19 pandemic, will no longer be available. Therefore, the authority is expected to meet any additional costs resulting from the pandemic in the new financial year from within its own budgets.

The MTFs also models the financial position for the authority for the next four years, based on the latest information available from Welsh government. For the first time in a number of years, Welsh government has provided a provisional settlement for the coming financial year and then some indicative increases for the following two financial years. Using this information, it is possible to look at different scenarios for the resources that may be available going forward. The MTFs is regularly reviewed as more information becomes available. This is particularly important given the uncertainties around Brexit and the fallout from the COVID-19 pandemic in the coming months and years.

The financial forecast for 2022 to 2026 is predicated on assumptions regarding demographic projections, inflationary uplift, the impact of new legislation and policies and increased staffing costs. In developing these estimates, the MTFs contains assumptions with regards to possible council tax increases going forward. Due to the significantly better than anticipated settlement for the coming financial year, it is

proposed to freeze the level of Council Tax for 2022-2023 to support the citizens of Bridgend to deal with the rising cost of living, such as increased energy and food bills, other inflationary increases, mortgage interest rises and National Insurance increases. For planning purposes, it has been assumed that the Council Tax will increase by 4.5% in 2023 - 2024 and 2024 - 2025. These figures are for planning purposes only and will be reviewed each time the Medium Term Financial Strategy is updated.

Together with the indicative funding from Welsh Government, it is estimated that there will be a net budget requirement of £21 million to be met over this period. These scenarios are detailed for members at Table 7 within the MTFS.

The Council's Corporate Risk Assessment identifies the key corporate risks and mitigating actions, as shown in the report. The risk assessment is reviewed regularly throughout the financial year and is scrutinised by the Governance and Audit committee. These risks have been taken into account in the preparation of this document and where there are identifiable financial implications, these have been provided for either within the budget or earmarked reserves.

Section 4 of the MTFS outlined in more detail the budget position for 2022/2023. The net budget requirement for next year was detailed at table 9 of the report, which shows a net budget of £319m.

In summary the key points to note are that financial pressures of £20.667m are funded for the coming year, which include:

- £6.006m to meet pay and price inflation
- £2.1m to fund the increases NI contributions to fund the Health and Social Care Levy
- £12.5m for inescapable service cost pressures which includes:
  - Cost of the implementation of the Additional Learning Needs Educational Tribunal (Wales) Act 2018 (ALNET) and to meet additional demand on the Council's special schools from Bridgend pupils.
  - Recurrent increased costs of home to school transport - the detail of this is provided within the report
  - Increases in the older persons' population, which place additional pressures on adult social services.
  - Increased costs in the Supported Living Service as a result of a recent tender exercise.
  - Increased workforce issues in Children's Social Services
  - Increased costs of commissioned services in the social care sector following the increase in the National Living Wage announced by the UK government.
  - Increased cost of waste collection

There have been two additions to the proposed cost pressures since the draft MTFS was considered by Cabinet and Scrutiny Committees and these were detailed at 4.1.14 of the MTFS.

Further details regarding the cost pressures are in Appendix C of the MTFS.

Due to the better than anticipated settlement, it has been possible to reduce the proposed budget reductions, although proposals totalling £631,000 have been identified. Members could find these detailed in Appendix D of the MTFS. These have not been changed since the draft MTFS was reported to Cabinet in January 2022.

The Council does raise income via fees and charges and these are reviewed on an annual basis. A schedule of fees and charges for the coming financial year will be published on the council's website in accordance with Fees and Charges Policy that was

approved by Cabinet in October 2021. New charges or charges that have been included in the 2022-23 budget and are above the general increase are shown in Appendix E.

The MTFS also deals with the proposed capital programme for the period 2021-22 to 2031 - 2032. This 10-year programme has been revised during this financial year to bring it up to date and to take into account new capital schemes as they have been developed

Within the Welsh government provisional settlement for the coming financial year, £6.678 million is being made available to support capital expenditure. As with the revenue settlement, indicative figures have been received for the following two years, but these have only been provided on an all Wales basis to date.

Due to the limited capital finances available, services have not been asked to submit bids for funding at this stage although it is recognised but there are a number of capital pressures that will need financing going forward, including economic recovery, decarbonisation and homelessness. In addition, financial pressures arising as a result of the impact of the pandemic and Brexit, which were reported to Council earlier this month, will be monitored to ensure that the schemes already agreed can be fully funded to ensure their completion.

The Capital Programme contains a number of annual allocations that are met from the total general capital funding for the Council. The proposed allocation of these for 2022 - 2023 is shown in table 14 of the MTFS. The latest capital programme was approved by Council on the 9 February. Within this budget report, it is proposed to include an additional sum of £2 million in the capital programme to enable the authority to continue to invest in, and proactively maintain, the highways infrastructure.

On the 7 February the Council was informed by Welsh government of an additional general capital grant of £3.115m for the current financial year. This funding can be used to support the effective management of the Capital Programme. In line with the grant letter, it is proposed that this funding is slipped into 2022- 2023 and allocated accordingly in that financial year. This will enable a proper review of all possible new schemes to be undertaken, to ensure Members can be assured of the purpose of the scheme, the full cost of the scheme, any risks associated with the proposal and the likely timeline for completion of the scheme before its inclusion in the Capital Programme.

Any further new proposals for capital funding will be considered in light of, and in line with, the proposed Capital Strategy for the period to 2031 - 2032 and will be brought back to Council for approval at a later date.

The revised Capital Programme was shown at appendix H to the report.

More detail on Reserves, was given in section 4.3 of the MTFS. At the end of March 2021, the Council fund stood at £9.772m, which is 5.01% of the 2021-2022 net budget, excluding school delegated budgets. The Chief Officer – Finance, Performance and Change, 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 on the need to cover against specific risks as they arise through the earmarked reserves process.

An overview of the Council's reserves was undertaken at the end of September and the end of December 2021. A further review will be undertaken at the end of the current financial year and transfers will be made at this point taking account of the overall financial position of the Council, including the final out turn position and any new pressures or risks that may need to be provided for.

With regards to Council Tax, the proposed budget of £319.51m shown in table 10 of the Medium Term Financial Strategy, can be balanced with no increase in Council Tax for 2022 -2023. This takes into account the better than anticipated settlement and aligns with the response from the budget consultation whereby 54% of respondents stated they wished to keep Council Tax at the same level. It should be stressed that it is proposed that this is done on a one-off basis for the coming financial year to support the citizens of Bridgend in dealing with the current rising cost of living.

The final section of the MTFS, provides information on the Council's longer term financial outlook. This is not intended to be a 10-year Budget Strategy due to the number of variables that impact on BCBC's financial position. However, it does provide a financial framework to reference against when preparing both annual and longer-term financial plans.

The value of this longer-term framework is that it enables Finance Officers to understand the broad direction of financial travel that the Council is currently on, and the impact that current decision making will have on the long-term financial health of the Council. Within this section consideration is given to a number of different areas including future sources of funding, future cost pressures on the Council and a strategy to meet those challenges.

The Deputy Leader explained that it was essential for any local authority to set a balanced budget, as without that, it would not function. He stated that the Council's Budget Research and Evaluation Panel (BREP), started work on the MTFS last July and had played a big part in scrutinising this as had each of the Overview and Scrutiny Committees, which had culminated in recommendations being given on the budget upon which Cabinet and the Corporate Management Board have commented upon and been held accountable for their recommendations on the same. He thanked the general public for offering their views who had also contributed by giving their views on how BCBC should shape its Budget moving forward. That was a considerable help he added, given that the County Borough has around 4,000 different businesses and organisations. It was extremely important to put in place an effective Budget also, given the current cost of living crisis, with inflated energy bills and, in view of the better than anticipated settlement the Authority received from Welsh Government, the Council planned to freeze Council Tax for the forthcoming year.

The Cabinet Member – Social Services and Early Help thanked the Chief Officer – Finance, Performance and Change and her team for the hard work they had committed to the MTFS.

The Cabinet Member – Education and Regeneration echoed this and thanked Member colleagues for supporting an annual income increase for schools and the provision of Nursery support that exceeded the level a local authority should provide under legislation. The Capital investment to be committed to education including 21<sup>st</sup> Century Primary Schools and regeneration projects in each of the 4 town centres, he commended.

The Leader added that the MTFS proposals, would allow for budget growth, with all major proposals being supported with a Business Case. He echoed the invaluable work and support of BREP and Overview and Scrutiny Committee, as a Critical Friend. He noted that the deadline for challenging the MTFS proposals was now out of time, however, he asked the Chief Officer – Finance, Performance and Change if the Budget had been challenged by any Member of the Authority, including also by way of the submission of an alternative Budget by any of the minority political groups.

The Chief Officer – Finance, Performance and Change confirmed that she had received no comments from any Member on the MTFS and its recommendations and reminded Members, that all the proposals contained as part of the Budget were considered by the Council’s Overview and Scrutiny Committees in January 2022.

The Leader also commended Welsh Government in relation to the added financial support for owners of Band A - D properties, who would get a £150 discount off their Council Tax April coming as well as the Winter Warm Payment allowance, both of which the local authority would continue to publicise for the benefit of the constituents of the County Borough.

He added that the Council were also allocating some significant extra funding to employees in Social Services (Care Workers, etc), in order that they may receive a Real Living Wage. The Council had also set aside as part of its Budget, £1.2m towards Children’s Services, Safeguarding and Foster Carers, with a view to recruit more Foster Carers to meet the increased demands for Foster Care. £147k of extra support the Leader further added, would also be committed to support individuals with mental health problems, in partnership with the Local Health Board.

**RESOLVED:** That Cabinet approved the MTFS 2022-23 to 2025-26, including the 2022-23 revenue budget and the Capital Programme 2021-22 to 2031-32, and recommended 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 2022-23 to 2025-26 (Annex 3 of the report).
- The Net Budget Requirement of £319,510,077 in 2022-23.
- A Band D Council Tax for Bridgend County Borough Council of £1,597.01 for 2022-23 (Table 17 of the MTFS).
- The 2022-23 budgets as allocated in accordance with Table 10 in paragraph 4.1.3 of the MTFS.
- The Capital Programme 2021-22 to 2031-32, attached at Appendix H of the MTFS.

**801. TREASURY MANAGEMENT AND CAPITAL STRATEGIES 2022-23 ONWARDS**

The Chief Officer – Finance, Performance and Change, submitted a report, in order to present to Cabinet the Treasury Management Strategy 2022-23 (Appendix A to the report), which detailed the Treasury Management Indicators, and the Capital Strategy 2022-23 to 2031-32 (Appendix B), which includes the Prudential Indicators, and the Annual Minimum Revenue Provision Statement 2022-23 (Section 7 of Appendix B), before submitting to Council for approval.

She explained that both treasury management and the control of capital expenditure are regulated by legislation. The legislation provides local authorities with the powers to borrow and invest as well as providing controls and limits on this activity. The Prudential Code For Capital Finance In Local Authorities includes a requirement for the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year which sets out the Councils and Chief Financial Officers responsibilities, delegation and reporting arrangements. The proposed Strategy for the coming financial year was attached at Appendix A to the report.

In addition, local authorities are required to determine a Capital Strategy which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability when making these decisions. The proposed

Capital Strategy for 2022 - 2023 to 2031 - 2032 was attached at Appendix B to the report

With regard to the TMS, the Chief Officer – Finance, Performance and Change drew Cabinet's attention to the key points within the document.

The ongoing impact on the UK of the pandemic, together with higher inflation, higher interest rates following the Bank of England's increase in interest rates in December 2021 and then again more recently in February 2022, together with the impact of the UK leaving Europe, will be major influences on the Council's Treasury Management Strategy for the coming financial year.

As at the 31st of December 2021, the Council held £96.87 million of borrowing and £77.5 million of investments. The external debt and investment position was shown in Table 1 within the Treasury Management Strategy.

The Treasury Management Strategy highlighted that the Council will have a new borrowing need over the coming three years to fund the proposed Capital Programme. 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 use internal resources to fund our expenditure.

The Strategy is clear that the Authority will take the most appropriate form of borrowing, depending on the prevailing interest rates at the time. The borrowing need will be monitored on an ongoing basis and any new borrowing will be considered alongside any changes in the Capital Programme that may affect the level of borrowing so required. Any significant changes within these proposals will be reported to Cabinet, the Governance and Audit committee and Council, as appropriate.

In November 2020 the Treasury issued revised lending terms for Public Works Loan Board borrowing by local authorities. The Public Works Loan Board would be the major source of any borrowing that the Council undertakes.

The Chief Officer – Finance, Performance and Change, reiterated that at the end of December 2021, the Council had £77.5 million of investments. The Council's main objective when investing money, is to strike an appropriate balance between risk and return, to minimise the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council may invest its surplus funds with approved counter parties and these are detailed at table six of the Treasury Management Strategy

During 2022-23, Council will receive reports as required in line with the requirements of the code of practice. These include an annual Treasury Management Strategy (as before Members today), a mid-year monitoring report and an annual treasury outturn report.

Appendix B to the report showed the Capital Strategy for the period 2022 - 23 to 2031 - 32. This gives a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services. This document is presented as an integral part of the Council's Budget and Policy framework. It links with the Corporate Plan, the Treasury Management Strategy, the Medium Term Financial Strategy and the Council's Asset Management Plan

The plan details how any proposed investments in land and buildings will require the completion of a full feasibility study, to evaluate the practicality of the capital project, and to assess its deliverability before the Council invests time and money into that project.

The Strategy notes that there are a number of significant areas that will need financing going forward, including economic recovery, decarbonisation and homelessness. As was reported to Council earlier this month, there are also other financial pressures arising as a result of the pandemic and Brexit, which are being seen in existing tender prices and it is anticipated this will continue for some time going forward. The pressures also include supply chain difficulties leading to higher prices and delays in schemes being completed.

The Strategy also refers to the changes with regards to the ability to borrow from the Public Works Loan Board and authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current or the next two financial years. Whilst this does not preclude the Council investing in commercial activities, investing in assets solely for yield would prevent the Council from accessing PWLB borrowing. As the Council will need to borrow to support the 21st Century Schools Band B programme and the wider Capital Programme, this will prevent the Council investing in land or property purely to achieve a financial return.

The Chief Officer – Finance, Performance and Change, confirmed that in section three of the Strategy, details are contained which outline the robust process in place to approve, manage and monitor capital projects. As members were aware, quarterly capital monitoring reports are prepared for Cabinet and Council which include details of any variances between projects as well as projections of likely year end spend.

The proposed Capital Investment Programme for the period 2022- 23 to 2031 - 32 is detailed at table two in section four of the Capital Strategy. This outlines how the programme will be funded, which includes the use of general capital funding provided by Welsh Government and the use of capital receipts and borrowing.

Finally, the Chief Officer – Finance, Performance and Change, confirmed that each year the Council must set aside a provision for repaying external debt. This is known as the Minimum Revenue Provision. The MRP needs to be approved by Council before the start of each financial year. The policy statement with regards to this was contained in Section 7 of the Capital Strategy, she added.

The Deputy Leader commended the report which he felt was both open and transparent.

The Leader felt that the report was quite technical in its nature, but one which formed a crucial part of the Medium Term Financial Strategy, as it covered two important components, ie the Capital Strategy and Treasury Management. He asked the Chief Officer – Finance, Performance and Change, if any alternative proposals had been put forward by any other Members in relation to the provisions of the report or its recommendations, or had she had any questions put to her or queries in relation to it, to which she replied she had not.

The Leader added that Treasury Management was a very specialist area of finance with the Council commissioning external consultants to advise on the Authorities funds/finances. It was important to get the balance of this report correct, in order to put in place the adequate monitoring of incoming/outgoing cash flow. He hoped this level of scrutiny would be maintained going forward.

The Chief Officer – Finance, Performance and Change confirmed that the Council's cash flow was monitored on a daily basis, as this area of finance was heavily regulated with our Advisors giving regular advice on the subject of both long term borrowing and long term investments for the local authority, in order to protect its resources. The

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Council always remained prudent however, putting security above return, given that it was dealing with public monies.

**RESOLVED:** That Cabinet considered the report and recommended that the following be presented to Council for approval:

- The Treasury Management Strategy 2022-23 including the Treasury Management Indicators 2022-23 to 2024-25 (Appendix A);
- The Capital Strategy 2022-23 to 2031-32 including the Prudential Indicators 2022-23 to 2024-25 (Appendix B);
- The Annual Minimum Revenue Provision (MRP) Statement 2022-23 (Appendix B – Section 7).

802. **URGENT ITEMS**

None.

The meeting closed at 15:51