

# Public Document Pack

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

### Bridgend County Borough Council



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

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

Gofynnwch am / Ask for: Democratic Services

Ein cyf / Our ref:

Eich cyf / Your ref:

**Dyddiad/Date:** Wednesday, 16 February 2022

Dear Councillor,

#### **CABINET**

A meeting of the Cabinet will be held remotely - via Microsoft Teams on **Tuesday, 22 February 2022 at 14:30.**

#### **AGENDA**

1. Apologies for Absence  
To receive apologies for absence from Members.
2. Declarations of Interest  
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2008.
3. Corporate Plan 2018-2023 Reviewed for 2022-2023 3 - 48
4. Medium Term Financial Strategy (MTFS) 2022-23 to 2025-26 49 - 186
5. Treasury Management and Capital Strategies 2022-23 onwards 187 - 264
6. Urgent Items  
To consider any items of business that by reason of special circumstances the chairperson is of the opinion should be considered at the meeting as a matter of urgency in accordance with paragraph 2.4 (e) of the Cabinet Procedure Rules within the Constitution.

Note: Please note: Due to the current requirement for social distancing this meeting will not be held at its usual location. This will be a virtual meeting and Members and Officers will be attending remotely. The meeting will be recorded for subsequent transmission via the Council's internet site which will be available as soon as practicable after the meeting. If you have any queries regarding this, please contact [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) or tel. 01656 643147 / 643148.

Yours faithfully

**K Watson**

Chief Officer, Legal and Regulatory Services, HR and Corporate Policy

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Councillors:  
J Gebbie  
SE Baldwin

Councillors  
HJ David  
CE Smith

Councillors  
HM Williams  
D Patel

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

22 FEBRUARY 2022

### REPORT OF THE CHIEF EXECUTIVE

#### CORPORATE PLAN 2018-2023 REVIEWED FOR 2022-23

#### 1. Purpose of report

- 1.1 The purpose of this report is to seek Cabinet endorsement of the Council's Corporate Plan 2018-2023 reviewed for 2022-23 (**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 performance duties of the Local Government and Election (Wales) Act 2021.
- 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 Local

Government and Election (Wales) Act 2021 the Council is able to meet its statutory obligations under the performance duties of the Act.

- 3.4 The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021 in the Senedd and places new performance and governance duties on Local Authorities. These duties will change how we assess progress in achieving our well-being objectives. The evaluation of performance is now a continuous organisation wide self-assessment of how effectively a council is operating, not only in terms of meeting well-being objectives, but how it is delivering its functions, using its resources and governing itself. The evidence and the stakeholders involved in self-assessment will be much wider than the previous reporting requirements as prescribed in the Wales Measure 2009.

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

- 4.1 The Corporate Plan has been refreshed for 2022-23. 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 and November 2021 to consider any emerging priorities as part of COVID recovery, to take account of any external regulator feedback, and to streamline the commitments and performance indicators to ensure a strategic focus on achieving our well-being objectives.
- 4.2 Well-being objectives, aims and strategic priorities remain unchanged. Some commitments have been revised, and performance indicators to measure outcomes have been agreed. Where possible targets for 2022-23 have been set. COVID continues to impact on the availability of data to set meaningful targets, and Welsh Government has yet to confirm how education standards will be measured.
- 4.3 To ensure a flexible approach to corporate planning, there will be a target review undertaken in July 2022, based on 2021-22 full year performance to ensure all indicators for 2022-23 have meaningful targets.
- 4.4 On 12 January 2022, the Corporate Overview and Scrutiny Committee considered the revised draft Corporate Plan. The Committee made no recommendations in terms of amending the current Plan.
- 4.5 This plan replaces the current Corporate Plan. Delivery will be supported by the Medium-Term Financial Strategy (MTFS) and directorate business plans. Progress will be monitored through the Corporate Performance Assessment (CPA) process, which now includes a Position Statement at quarter 4 – which will provide an overall judgement on performance against our well-being objectives. Performance challenge will also take place at directorate management team meetings, and twice yearly at the Corporate Overview and Scrutiny Committee.
- 4.6 To meet the new performance duty of the LGE Act, Audit and Governance committee now has a role in the assessment of performance and governance which includes among other areas, assessment of performance of our well-being objectives as set out in the Corporate Plan.

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

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

### **Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. The Corporate Plan only sets out intended forthcoming programmes, therefore it is not necessary to carry out an EIA in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

## **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 Cabinet endorse the Corporate Plan 2018-2023 reviewed for 2022-23 and recommend it to Council for approval on 23 February 2022.

**Mark Shephard**  
**CHIEF EXECUTIVE**  
**22 February 2022**

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**Background Documents: None**

# CORPORATE PLAN

2018-23

reviewed for

2022-23

Appendix A



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



# Introduction

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## Welcome to the council's revised corporate plan for 2022-23

Welcome to the Council's revised Corporate Plan for 2022-23. This is the last year of the current five year Corporate Plan 2018-23.

We continue to live and work through challenging and difficult times as we move into the recovery and renewal phase from the Covid-19 pandemic. It can not be underestimated how rapid the pace of change has been over the last two years. The response of staff often extraordinary in areas of public health, supporting our most vulnerable locally, providing support to businesses, addressing homelessness, continuing to provide education to our pupils through blended learning in school and online. Working practices changed for many staff overnight with a move to working from home, presenting added challenges to quickly ensuring IT resources were requisitioned.

Despite all of the challenges that 2020 and 2021 brought and further challenges we have yet to face, there will also be opportunities that we will need to embrace as an organisation as we move into the renewal phase and the pandemic abates and work through the long terms impacts of the last two years. What the pandemic has demonstrated is that we can achieve much more when we work together in partnership with other organisations and community groups. This approach will continue to ensure that the best elements of delivering services are taken forward.

Significant programmes of work lie ahead. We will need to focus on, supporting communities and particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover and grow. We know that in implementing these priority work programmes, the organisation faces some significant workforce challenges, not least in social care in terms of recruitment and retention. We have made additional investment in this area to focus on safeguarding children and children's social services. 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 as we shape our operating model and review our accommodation needs.

The outcome of the 'Fit for the Future' consultation December 2021, has helped us to shape where we should concentrate our efforts going forward. We know that 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. Further efficiencies identified include continuing to streamline processes, rationalise the number of offices and encourage our citizens to take more responsibility themselves.

We will continue to take these views into account and be ambitious in our plans for the future. 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, with the sustainable development principle at the core of what we 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 continue to be difficult 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	147,539
Size	98.5 square miles
Households	64,766
Average house price	£187,812
Active businesses	4160
People in employment	69.4%

## Representation

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

## Homelessness

Homeless hostels	2
Domestic abuse refuges	2
Rough sleepers provision	3
Supported and temporary accommodation schemes	13

## Education

Primary schools (excluding. Welsh medium and Faith)	39
Secondary schools (excluding. Welsh medium and Faith)	7
Special schools	2
Pupil referral unit	1
Faith schools	6
Welsh medium schools	5

## Leisure and Well-being

Swimming pools	5
Life centres and 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 (2022-23)



Council Tax	£87.146m
Non-Domestic Rates	£52.773m
Revenue Support Grant (Welsh Government)	£179.591m
Other funding (including fees and charges)	£139.674m
<b>Total Gross Income</b>	<b>£459.184m</b>

We have **4,360** 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 is available in our well-being statement <insert new link when ready>. 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 2020-21 <https://www.bridgend.gov.uk/media/12051/annual-report-2020-21-english.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 challenges of the COVID-19 pandemic have continued to have an impact on the availability of reliable data to inform targets for 2022-23. Furthermore, how learner outcomes will be measured has not yet been agreed by Welsh Government. To ensure flexibility in our corporate planning, targets will be reviewed during quarter 3 when yearend positions will be available, and we can set meaningful targets. It is also expected that guidance on the PAMs (public accountability measures) will be finalised and should provide a better understanding of how education performance will be assessed.



# 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 recovery economically and 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 Valleys 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.
- Delivering the projects outlined in the Bridgend Masterplan for the regeneration of Bridgend Town Centre. This will include bringing 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.
- Progress and deliver the range of projects that form part of the Porthcawl Regeneration Programme. Including the Placemaking strategy, the development of Cosy Corner, the Metro Link bus facility, the flood defences on the Porthcawl Breakwater and mixed-use schemes for housing, retail, leisure and community facilities. All of these will provide economic vibrancy to the town and enhance both the amenity of local residents and the visitor economy.
- 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.

Due to the COVID-19 pandemic, schools closed in March 2020 and reopened in September 2020, with new ways of teaching through blended learning with schools and parents/carers supporting their children in continuing their education at home. A significant investment in technology from Welsh Government's 'Hwb EdTech' project and from schools, saw thousands of end-user devices being provided to learners to support their blended learning both at home and in schools. This also included the provision of 'Mi-Fi' devices to digitally excluded learners, to ensure that they were able to connect online. Welsh Government's decision to replace exams with teacher managed assessments for 2021 provided unique challenges at this difficult time.

We look forward to the implementation of the new Curriculum for Wales, supporting the diverse needs of our young people through the medium of Welsh and English, raising standards, improving educational outcomes 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 key developments are planned:

- The redevelopment of town centres across the County Borough; including delivering the projects outlined in the Bridgend Town Centre Masterplan, including assisting in the relocation of Bridgend College to brand new building on the former the South Wales Police site in the town centre. Also, to complete the £8m 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, a Placemaking Strategy, developing a new Metro Link bus facility and the development of the Salt Lake area for a mixed-use sustainable development of retail, housing and leisure and the redevelopment of the Grand Pavilion.

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.

Providing 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
- Deliver and implement the corporate procurement strategy to boost the foundational economy

## To support growth and prosperity we will

Improving the visitor experience to boost tourism in the wake of the Covid-19 crisis by

- Enhancing the natural environment and act as host for the Valleys Regional Park programme team.
- Take forward the Cosy Corner project as part of the Visit Wales Tourism Attractor Destination 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 2020-21	Target 2021-22	Target 2022-23
Percentage of all schools that have effective evaluation and improvement processes in place	N/A	100%	100%

### Priority area: Growth and prosperity

Success Indicators	Actual 2020-21	Target 2021-22	Target 2022-23
The number of vacant premises in town centres: a) Bridgend b) Maesteg c) Porthcawl d) Pencoed	a) 74 b) 16 c) 21 d) 7	Bench marking	To be confirmed
The number of visitors to town centres- footfall for a) Bridgend b) Porthcawl	a)3,129,858m b)1,960,919m	Bench marking	To be confirmed
Financial value of externally funded town centre regeneration projects underway/in development.	£13.5m	£13m	£20m
Total annual expenditure by tourists.	£146.33M	Bench marking	To be confirmed
Number of business start-ups.	540	Bench marking	To be confirmed
The number of participants in the Employability Bridgend programme going into employment.	401	329	To be confirmed

## 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 key role to play in supporting people and communities to create their own solutions and reduce dependency on the council and statutory services. By using a community development approach that understands the strengths and assets within communities, the council can work with people and communities to build on these strengths and this can support individual and collective wellbeing and connection. The council recognises the importance of the third sector in developing capacity within communities, and how it can help to identify and respond to local needs.

In response to the Welsh Government Strategy 'Together for Mental Health' the Bridgend Joint Partnership Board agreed a number of actions to be taken to develop adult community mental health services in partnership with Cwm Taf Morgannwg (CTM) University health Board. This agreement was driven by the opportunity to build on the strong partnership working in Bridgend and in response to the anticipated rise in the number of people with mental health difficulties as a result of the covid pandemic. One of the main priorities identified is to review operating models and care pathways in adult community mental health services, so as to strengthen and focus service responses on the needs of the population of Bridgend with a particular focus on the effects of the covid pandemic.

Working alongside our regional partners, we are also developing a Mental Health Strategy for children and young people across the CTM region, where the main area of initial focus is to implement the NEST (Nurturing, Empowering, Safe, Trusted) framework across the region. The NEST Framework is a whole school approach to emotional health and well-being that aims to ensure a 'whole system' approach for developing mental health, well-being and support services for babies, children, young people, parents, carers and their wider families across Wales.

The council is committed to working with and alongside people and communities to improve health and wellbeing and support connect for local people and communities. By intervening early and focusing on prevention and early intervention we can help people and communities to live their lives inter-dependently, reducing the need for council services and more likely to achieving better outcomes and living good lives. Timely and effective interventions, including safeguarding, help us to achieve better outcomes for those most vulnerable. and are more cost effective in the long term.

With additional investment in children's services it will help us to not only safeguard the sustainability of these critical services, but more importantly ensure the council can effectively support those at risk and with the greatest need.

The prevention and well-being focus includes "place based" developments where community buildings, places and spaces, have an expanded ability to meet needs and can support 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 social care services, as we understand the short, medium and long term impact of the covid-19 pandemic, ensuring that the Local Authority is able to meet needs for care and support through effective assessment, care planning, commissioning and service development.

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

Ensure a sufficiency and high standard of all social care services

### To build resilient communities we will

Continue the safe reduction of care experience children numbers, and support children looked after to achieve the best possible outcomes by:

- Ensuring care experience children are supported to live with their families and where this is not possible identify alternative permanence options at the earliest opportunity
- Ensuring care experience children 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. 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 housing for sale or rent in line with the empty property strategy.

### 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.

## 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 2020-21	Target 2021-22	Target 2022-23
Number of people aged 65+ referred to Community Resource Team.	1974	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 d) Increased need for support	a) 34.32% b) 5.05 c) 52% d) new	a) 33% b) 11% c) 48% d) 8%	a) >33% b) <11% c) >48% d) <8%

## Priority Area: Building resilient communities

Success Indicators	Actual 2020-21	Target 2021-22	Target 2022-23
Number of council owned assets transferred to the community for running.	13	10	20
Percentage of households threatened with homelessness successfully prevented from becoming homeless.	67.2%	60%	60%
Percentage of people presenting as homeless or potentially homeless, for whom the local authority has a final legal duty to secure suitable accommodation.	50.4%	30%	30%
Number of additional dwellings created as a result of bringing empty properties back into use.	2	7	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.	3.36%	6%	6%
Number of children and young people looked after.	390	371	<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	New for 2021-22	>31%	>31%
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	New for 2021-22	>37%	>37%
Percentage of care leavers who experience homelessness during the year (as defined by the Housing (Wales) Act 2014) within 12 months of leaving care.	New for 2021-22	<17%	<17%

## Priority Area: Better health and well-being

<b>Success Indicators</b>	<b>Actual 2020-21</b>	<b>Target 2021-22</b>	<b>Target 2022-23</b>
Percentage of completed Team Around the Family (TAF) support plans that close with a successful outcome.	68%	69%	70%
Percentage of individuals in managed care supported in the community.	75.34%	75%	>75%
Percentage of individuals in managed care supported in a care home setting.	24.66%	26%	<26%
Total library issues, including physical issues, digital issues and books on wheels service to people's homes	New for 2022-23	New for 2022-23	Establish Baseline
Total visits to leisure centres operated by Halo Leisure for all purposes.	New for 2022-23	New for 2022-23	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. It will be particularly important to reflect the post pandemic way that businesses operate and how residents now live and work.

### 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- what about the accommodation work?

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 £17.9 million. The COVID-19 pandemic has not only led to unexpected costs of some £12.5m per annum, but an estimated £3m loss of income per annum, which provides us with additional financial challenges going forward. These challenges continue and we still must make a further £22m savings by 2026. 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 areas. These include energy use, transport, buildings and open space. Our ambitions, baselining, and road map to delivering this, will form part of the "Bridgend 2030" decarbonisation strategy. 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 'Hwb EdTech Programme' funded by Welsh Government, £2m is being invested in our schools to provide high speed and quality broadband, together with new and replacement classroom-based, end-user devices. All schools in Bridgend have recently received upgraded network infrastructure that will provide enhanced connectivity for many years to come.

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.

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 2021-22 financial year, set annual balanced budgets and establish long term financially sustainable solutions.

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

Deliver a corporate decarbonisation strategy – “Bridgend 2030” and associated action plan.

Invest £1.3 million to install energy and cost saving technologies to reduce our energy consumption and CO<sub>2</sub> 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 District Heat Network

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

- operating a new community recycling centre and reuse shop at Pyle,
- 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 2020-21	Target 2021-22	Target 2022-23
Realisation of capital receipts targets.	£3.09m	£3.745m	£1.170m
Percentage of BCBC operational buildings achieve full statutory compliance.	62.7%	100%	100%

\*Target set by WG

### Priority Area: Areas of corporate change

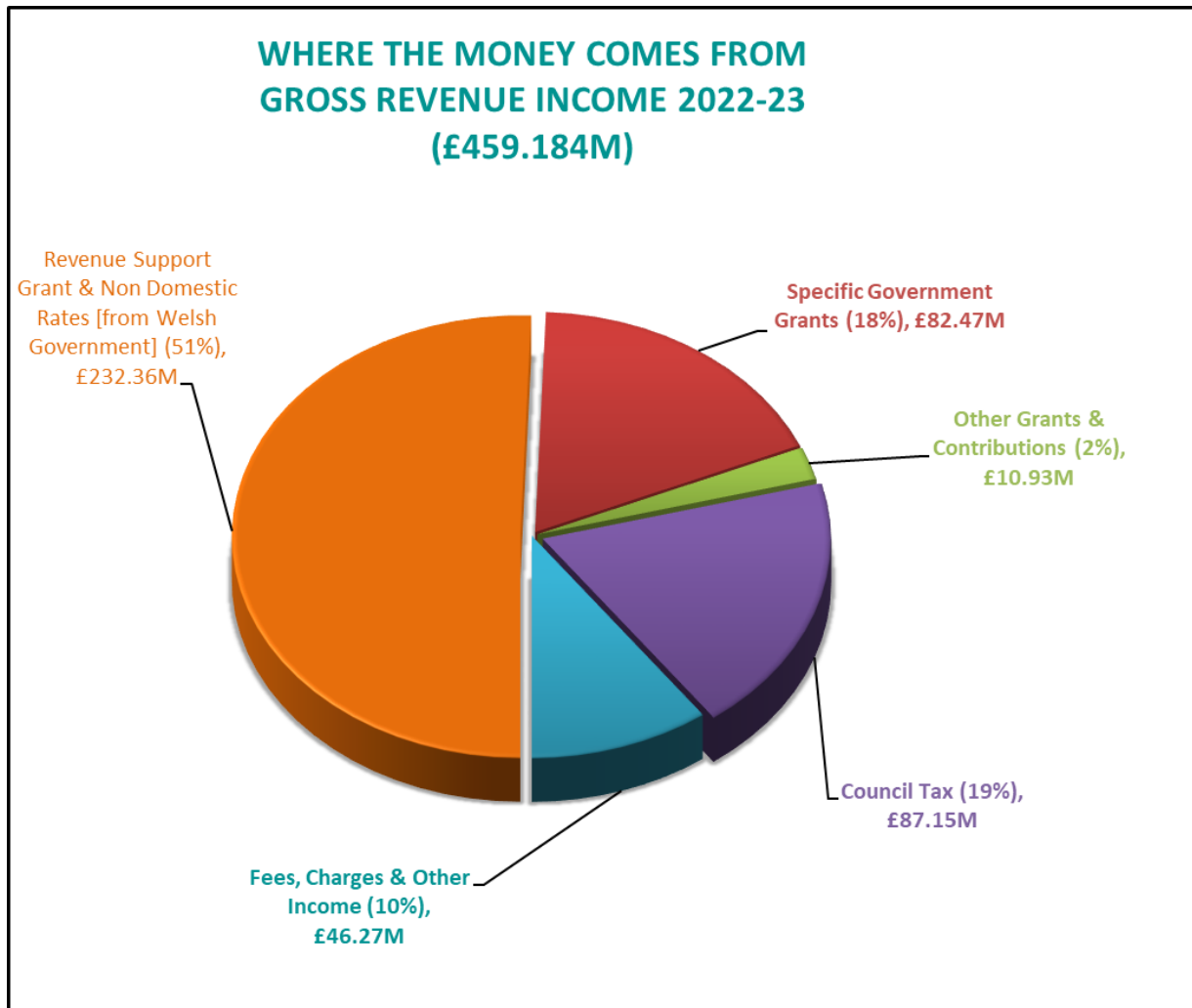
Success Indicators	Actual 2020-21	Target 2021-22	Target 2022-23
Number of apprentices, excluding teachers, on formal recognised apprenticeship schemes within the authority during the year per 1,000 employees.	7.49 (N=34)	7.75 N=35	N=36
Percentage budget reductions achieved (Overall BCBC budget).	85.8%	100%	100%

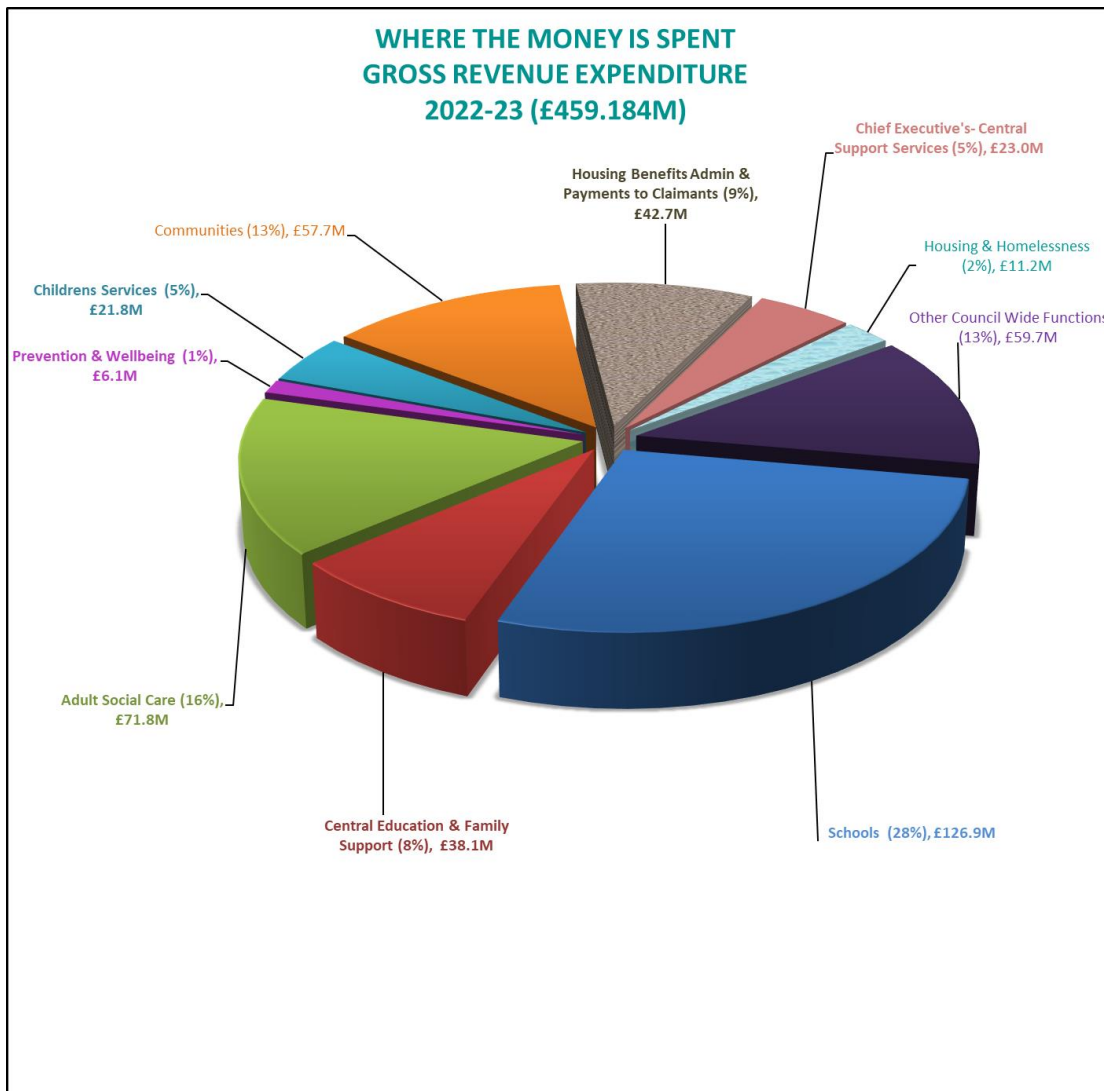
### Priority Area: Decarbonisation and environmental sustainability

Success Indicators	Actual 2019-20	Target 2020-21	Target 2021-22
Kilograms of residual waste generated per person.	131.45KG	123KG	Post COVID baseline
Percentage of waste reused, recycled or composted.	69.15%	68%	70%
Percentage of waste: a) reused b) recycled c) composted	a) 0.38% b) 48.48% c) 9.96%	a) 1% b) 45% c) 20%	a) 1% b) 47% c) 20%
Percentage of street cleansing waste prepared for recycling.	postponed	30%	30%

# Managing our Budget

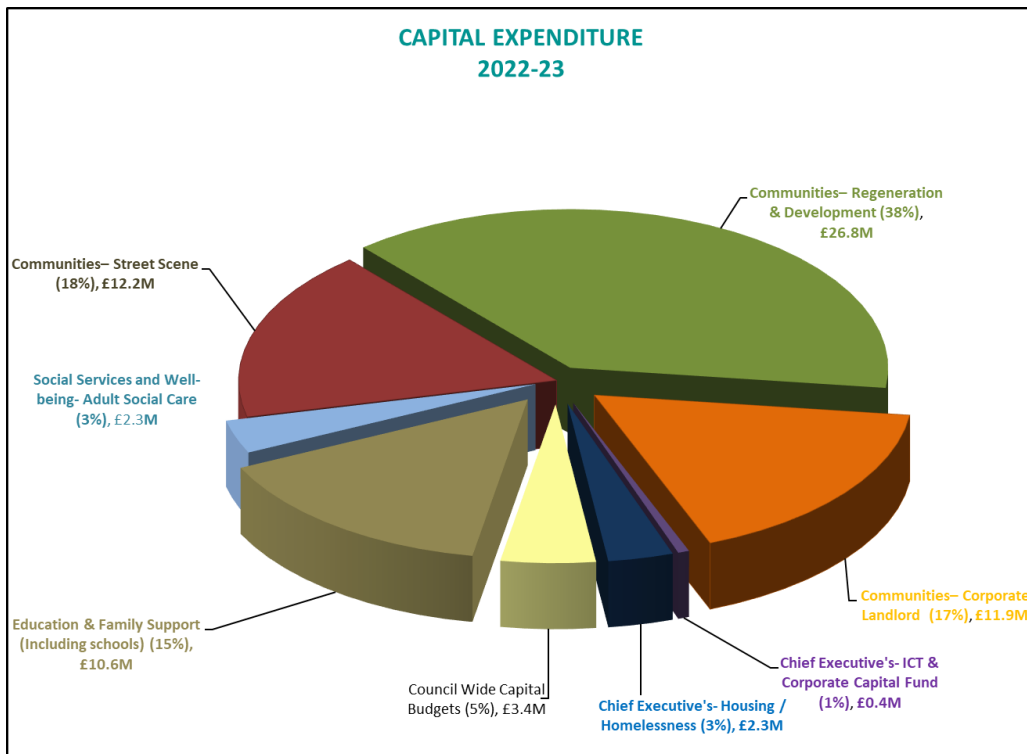
The charts below outline our income and spending plans for 2022-23. The council's gross revenue budget for 2022-23 is £459.184 million.



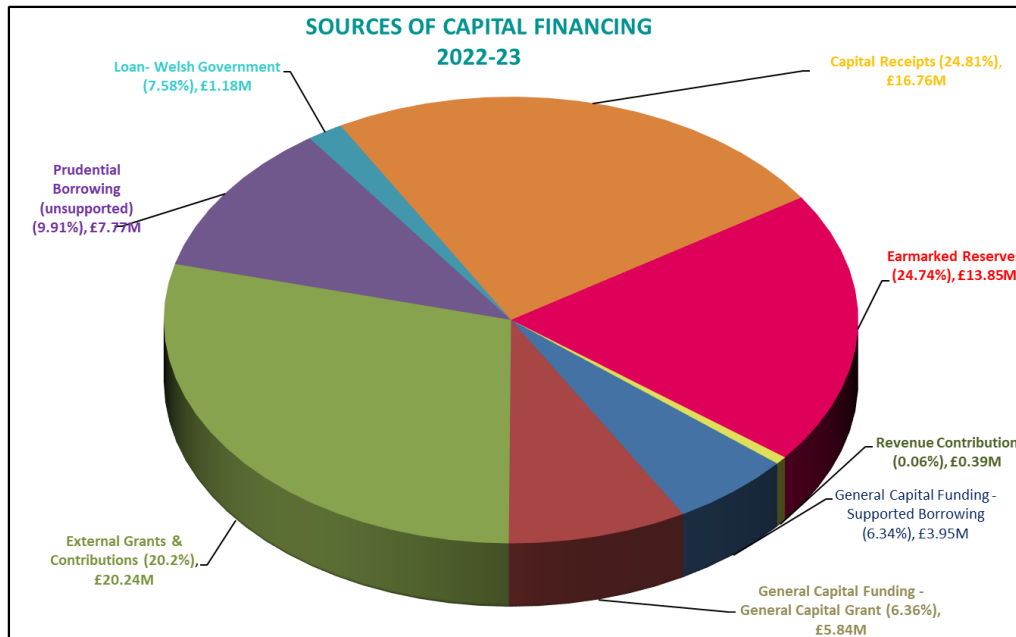


In addition to spending money on providing day-to-day services, the council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. Planned capital expenditure for 2022-2023 amounts to £69.979 million.



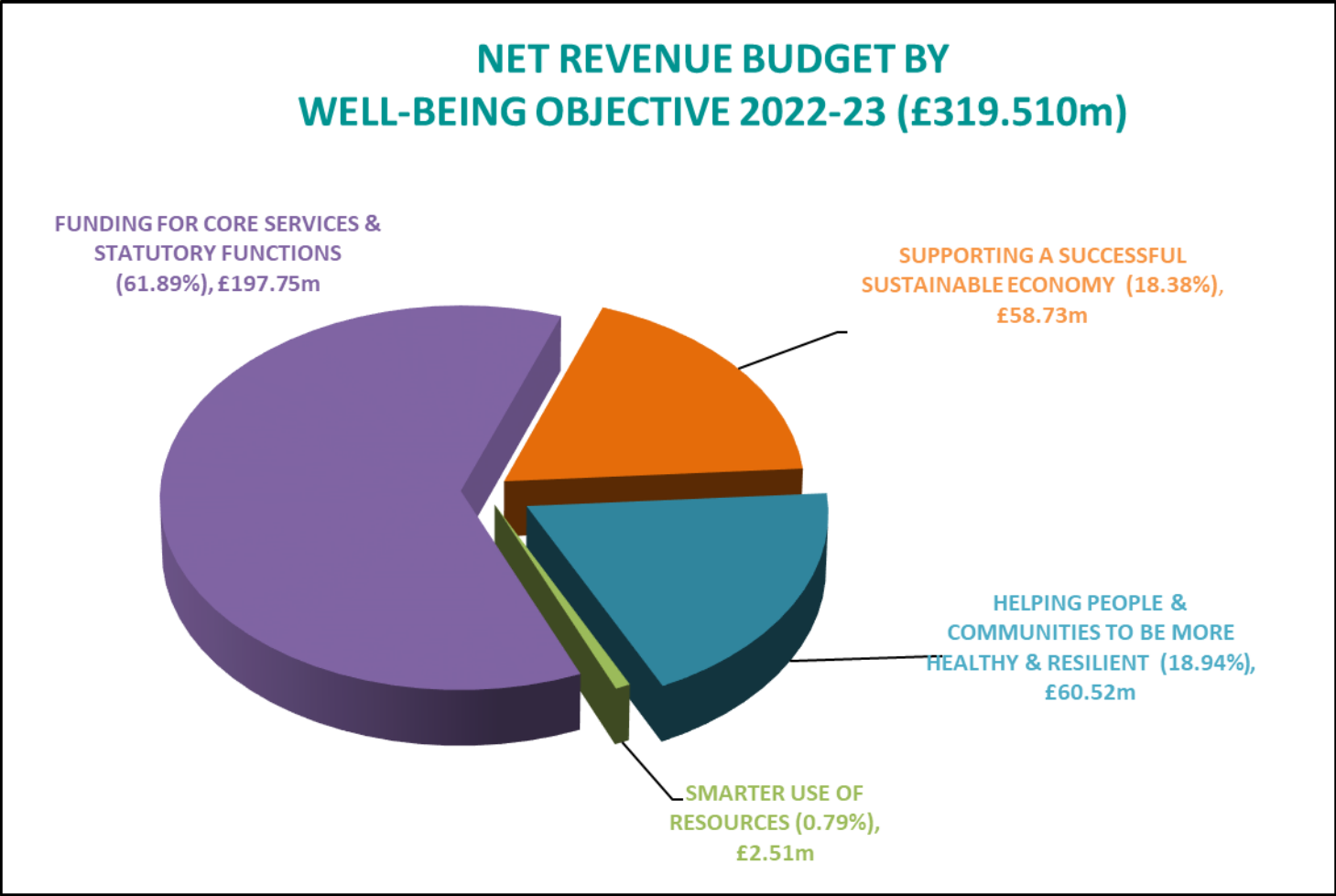


The chart (above) provides details of the service areas where capital expenditure is planned and (below) how the expenditure will be financed in the year.



The local authority has a net revenue budget of £319.510 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 2022-23.

### NET REVENUE BUDGET BY WELL-BEING OBJECTIVE 2022-23 (£319.510m)



# 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.

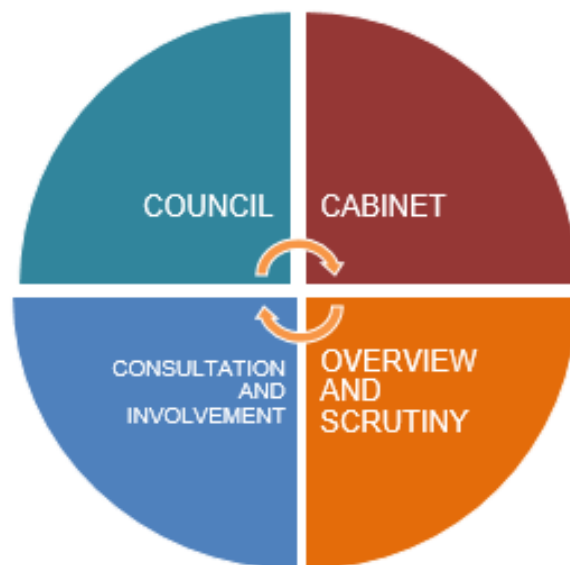
### Consultation and Involvement

Throughout the year we carry out a range of consultations to inform our decisions, including Shaping Bridgend's Future Consultation 2021. 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, attendance at town and community council meetings as well as engagement with members.

Engagements took place in 2021 through a range of survey completions, online interactions, citizens' panel engagement and social media engagement. We engaged with the public on a range of topics such as:

- Bridgend Town Centre Masterplan
- Bridgend West school development
- Active Travel
- Pencoed Level Crossing and Penprysg Road Bridge

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 have also engaged with specific groups of people, such as parents and carers of service children, and businesses impacted by COVID-19. We use social media to promote engagement within the community. Social Media 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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## WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 ASSESSMENT

<b>Project Description (key aims):</b> Corporate Plan 2018-2023 reviewed for 2022-23	
<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>
	<p>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.</p> <p>The decarbonisation strategy is completed, and the focus shifts to delivery of the action plan to fulfil our commitment to meet the Welsh Government ambition for public sector organisations to be net zero by 2030. The plan focuses on energy use, transport, buildings and open space. The transition to decarbonisation is arguably the largest economic development opportunity for Bridgend County Borough over the next 30 years.</p> <p>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.</p> <p>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 the 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.</p>
<b>Prevention</b>  (How acting to prevent problems occurring or getting worse may help)	<b>2. How does your project / activity put resources into preventing problems occurring or getting worse?</b>
	<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</p>

<p>public bodies meet their objectives)</p>	<p>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 domestic abuse, substance misuse, learning disabilities, and 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 on the objectives of other public bodies)</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> <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>
<p><b>Involvement</b></p> <p>(The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area)</p>	<p><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p>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.</p> <p>Work continues apace to increase digital inclusion among citizens with a commitment to build on the technological progress accelerated by COVID-19.</p>

<p>which the body serves)</p>	<p>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.</p> <p>BCBC, supported by Cwm Taf Morgannwg University Health Board is involving stakeholders in the development of wellbeing hubs in our leisure and cultural facilities.</p>
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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 2022-23 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 2022



## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

22 FEBRUARY 2022

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

##### MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2022-23 to 2025-26

### 1. Purpose of report

- 1.1 The purpose of this report is to present Cabinet with the Medium Term Financial Strategy 2022-23 to 2025-26, attached at **Annex 3**, which includes a financial forecast for 2022-26, a detailed revenue budget for 2022-23 and a Capital Programme for 2021-22 to 2031-32.

### 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 2022-23.

### 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 £459 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 2022-26, 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 Cabinet to provide details of the Council's Medium Term Financial Strategy for the four year period 2022-23 to 2025-26. 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 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 2021-22 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 2022-23 is again approximately two months later than 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 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.

## 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 Act 2010 implications

6.1 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see **Annex 1**). The high level EIA considers the impact of the strategy, policy or proposal on the nine protected characteristics, the Socio-economic Duty and the use of the Welsh Language. 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 Individual EIAs are completed for 2022-23 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:

<b>5 Ways of Working</b>	<b>Examples</b>
Long Term	<ul style="list-style-type: none"><li>• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.</li><li>• Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort.</li><li>• The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing.</li></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 MTFFS 2022-23 to 2025-26. 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 MTFFS Principle 9, as set out in the MTFFS, 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 MTFFS provides a firm basis for managing the Council's resources for the year 2022-23 and beyond.

## 9. Recommendations

9.1 Cabinet is asked to approve the MTFFS 2022-23 to 2025-26, including the 2022-23 revenue budget and the Capital Programme 2021-22 to 2031-32, 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 2022-23 to 2025-26 (**Annex 3**).
- 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.

**Carys Lord**  
**Chief Officer – Finance, Performance and Change and Section 151 Officer**  
**February 2022**

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**Background Documents:** Provisional Local Government Revenue and Capital Settlements 2022-23

“Picture of Public Services 2021”, Auditor General for Wales, September 2021

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This document is a multi-purpose tool ensuring the appropriate steps are taken to comply with the [Public Sector Equality Duty](#) Equality Impact Assessment legislation and to demonstrate that we have shown due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage when taking strategic decisions under the [Socio-economic Duty](#). It also ensures consideration of the [Welsh Language Standards](#). [Click here to access more information and guidance to help you complete this EIA.](#)

- This assessment should be carried out **before your policy or proposal commences but after your engagement or consultation activities**.
- Your EIA screening form should have informed your consultation or engagement activities.
- If you are undertaking a full public consultation as part of your policy or proposal this form should be completed after the consultation has concluded.
- The results of your consultation and engagement activities will have helped you to gain a better understanding of the needs of those who may be impacted by the policy or proposal.
- **All sections and all questions require a response and must not be left blank even if they are ‘not applicable’.**

Name of project, policy, function, service or proposal being assessed:	Medium Term Financial Strategy 2022-23 to 2025-26
Brief description and aim of policy or proposal:	The Medium Term Financial Strategy sets out the spending priorities of the Council, key investment objectives and budget areas targeted for necessary savings.
Who is responsible for delivery of the policy or proposal?	Chief Officer – Finance, Performance and Change
Date EIA screening completed:	25 January 2022

**Evidence**

**Record of other consultation/engagement with people from equality groups, people who represent these groups, staff who work with groups, including any sessions run as part of a public consultation.**

<b>Group or persons consulted</b>	<b>Date/venue and number of people</b>	<b>Feedback/areas of concern raised</b>	<b>Action Points</b>
<b>Bridgend Youth Council (Young People)</b>	<b>13/10/21</b> <b>12 people in attendance</b>	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
<b>Bridgend Community Cohesion and Equality Forum</b>	<b>13/09/21</b> <b>10 people in attendance</b>	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

If you undertook a full public consultation please enter the details and a summary of the findings here:

The Council's MTFS consultation ran from 20 September 2021 to 14 November 2021. The consultation received 1,115 interactions from a combination of survey completions, attendance at engagement events (online and face-to face), social media engagement and via the authority's Citizens' panel.

Due to the impact of Covid-19 this year, the council were able to carry out limited face to face engagement within the community. The council therefore relied more heavily on social media, digital communications, the website and online meetings in order to engage with residents throughout the budget consultation.

In order to gather views of young people, the consultation team attended the Bridgend Youth Council on 13 October 2021 – 12 young people engaged in the session.

In order to encourage participation of young people within Bridgend secondary schools and Bridgend College the consultation team wrote to all governing bodies and headteachers as well as the Principal of Bridgend College to promote the consultation amongst their learners as well as school staff and parents/carers.

Two online workshops took place for elected members on 27 October 2021. A total of 18 members attended across the two sessions.

All Town and Community Councils were asked if the Consultation and Engagement 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 119 community councillors attended the meetings.

Members of the Bridgend Community Cohesion and Equality Forum (BCCEF) were given an overview of the consultation at a meeting on the 13 September 2021 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.

Comments regarding the consultation were also invited via social media, letter, email and phone call.



Please list any existing documents, reports, evidence from previous engagement, previous EIAs, service user information etc. which have been used to inform this assessment.

Assessment is based on Shaping Bridgend's Future consultation exercise undertaken between the 20 September 2021 to 14 November 2021.

If you have identified any data gaps then you **MUST** undertake more consultation/engagement/research.

### Assessment of Impact

It is important that you record the mitigating actions you will take when developing your final policy or proposal. Record here what measures or changes you will introduce to the policy or proposal in the final draft which could:

- Reduce or remove any unlawful or negative impact or disadvantage;
- Improve equality of opportunity;
- Introduce positive change;
- Reduce inequalities of outcome resulting from socio-economic disadvantage;
- Provide opportunities for people to use the Welsh Language;
- Ensure that the Welsh Language is treated no less favourably than the English Language.

### Protected characteristics

Based on the data you have analysed, and the results of consultation or engagement, consider what the potential impact will be upon people with protected characteristics (negative or positive). Include any examples of how the policy or proposal 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.**

	What are the impacts of your policy or proposal? Please place an X in the relevant box			Why have you come to this decision? Please provide an explanation and any supporting evidence.	Considerations to mitigate negative impact(s) and/or secure positive impact(s)
	Positive impact(s)	Negative impact(s)	No impact		
Gender		X		The Full Equality Impact Assessment reinforces 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	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

				<p>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.</p> <p>Some of the proposals will impact carers, parents and children. The vast majority of caring and parenting responsibilities are undertaken by women; some proposals therefore regarding caring and children are likely to negatively impact women.</p> <p>Within the consultation, 465 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> <li>• Female – 210</li> <li>• Male – 237</li> <li>• Prefer not to say – 17</li> <li>• In another way - 1</li> </ul> <p>Additionally, 1 respondent said they were pregnant and 4 had given birth in the last 26 weeks</p>	<p>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>
Disability		<b>X</b>		<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,</p>	<p>There may 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</p>

				<p>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.”</p> <p>Of the 467 people responding to the question on the consultation survey, 69 (15%) 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>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		X		<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 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</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 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</p>

				<p>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 – 261</li> <li>• English – 26</li> <li>• British – 145</li> <li>• Scottish – 1</li> <li>• Other – 12</li> <li>• Prefer not to say – 11</li> </ul> <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> <li>• White – 433</li> <li>• Mixed/multiple ethnic groups – 3</li> <li>• Prefer not to say – 20</li> <li>• Not sure – 1</li> </ul> <p>We will continue to monitor the impact of our proposed budget reductions on this protected characteristic.</p>	consultation and engagement exercise.
Religion and belief		X		<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>	<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</p>

				<ul style="list-style-type: none"> <li>• Buddhist – 2</li> <li>• Christian – 241</li> <li>• Hindu – 1</li> <li>• No religion – 189</li> <li>• Other – 6</li> <li>• Prefer not to say – 26</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>	<p>Cabinet / Council. Members will then be in a position to make an informed decision based on a more focussed consultation and engagement exercise.</p>
Sexual Orientation			X	<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 – 412</li> <li>• Gay man – 4</li> <li>• Gay woman/lesbian – 3</li> <li>• Bisexual – 10</li> <li>• Other – 2</li> <li>• Prefer not to say - 31</li> </ul>	
Age		X		<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 717 provided a response to this question. From the consultation exercise, the following data was gathered:-</p> <ul style="list-style-type: none"> <li>• Age 18 – 24 – 8</li> <li>• Age 25 – 67</li> </ul>	<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>

				<ul style="list-style-type: none"> <li>• Age 35 – 44 - 119</li> <li>• Age 45 – 54 – 132</li> <li>• Age 55 – 64 – 169</li> <li>• Age 65 – 74 – 141</li> <li>• Age 75+ - 57</li> <li>• Prefer not to say - 24</li> </ul>	
Pregnancy & Maternity		X		<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 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 – 1</li> <li>• Given birth in the last 26 weeks - 4</li> </ul>	<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>

Transgender			X	<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “the potential impact of the budget reductions on this particular protected characteristic group is unknown as, although consultees are asked to share their personal and sensitive data with the council, this is not always disclosed. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. Further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding reassignment. From the consultation exercise the following data was collected:</p> <p>Within the consultation, 465 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> <li>• Female – 210</li> <li>• Male – 237</li> <li>• Prefer not to say – 17</li> <li>• In another way - 1</li> </ul>	<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>
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Marriage and Civil partnership			<b>X</b>	<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.” From the consultation exercise the following data was collected:</p> <ul style="list-style-type: none"> <li>• Single – 46</li> <li>• Civil partnered – 4</li> <li>• Divorced - 32</li> <li>• Married – 274</li> <li>• Partnered – 45</li> <li>• Widowed – 37</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>
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### Socio-economic impact

Does the evidence gathered suggest that your policy or proposal will have a disproportionate impact on people living in socio-economic disadvantage? This could include communities of place or communities of interest (i.e., where stakeholders, service users, staff, representative bodies, etc. are grouped together because of specific characteristics or where they live).

	What are the impacts of your policy or proposal? Please place an X in the relevant box			Why have you come to this decision? Please provide an explanation and any supporting evidence.	Considerations to mitigate negative impact(s) and/or secure positive impact(s)
	Positive impact(s)	Negative impact(s)	No impact		
<b>Socio-economic disadvantage</b>		<b>X</b>		The Full Equality Impact Assessment reinforces that the full impact of the MTFS will be	For each of the proposed budget reductions included in the Medium Term Financial Strategy a consultation exercise and an

				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.	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.
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### Welsh language

Consider how your policy or proposal ensures that you are working in line with the requirements of the Welsh Language Standards (Welsh Language Measure (Wales) 2011), to ensure the Welsh Language is not treated less favourably than the English Language, and that every opportunity is taken to promote the Welsh Language (beyond providing services bilingually) and increase opportunities to use and learn the language in the community.

	What are the impacts of your policy or proposal for persons to use the Welsh language and in treating the Welsh language less favourably than the English language? Please place an X in the relevant box			Why have you come to this decision? Please provide an explanation and any supporting evidence.	Record of mitigation in order to: <ul style="list-style-type: none"> <li>• secure positive or more positive effects</li> <li>• avoid adverse effects or secure less adverse effects</li> </ul>
	Positive impact(s)	Negative impact(s)	No impact		
Will the policy or proposal impact on opportunities for people to use the Welsh language			X	<p>From the 2011 census, there were 17,796 people (out of a county borough total of 139,178 people – 12.8%) who can read, speak or write Welsh. From the consultation exercise the following data was collected for those able to speak / read / write Welsh either fairly well or fluently:</p> <ul style="list-style-type: none"> <li>• Speak Welsh – 218</li> <li>• Read Welsh – 233</li> <li>• Write Welsh - 285</li> </ul>	The Council continues to promote the Welsh language and complies with the Welsh Language Standards in all of its activities

				There is not expected to be a negative impact on the Welsh language.	
Will the policy or proposal treat the Welsh language no less favourably than the English language			X	<p>From the 2011 census, there were 17,796 people (out of a county borough total of 139,178 people – 12.8%) who can read, speak or write Welsh. From the consultation exercise the following data was collected for those able to speak / read / write Welsh either fairly well or fluently:</p> <ul style="list-style-type: none"> <li>• Speak Welsh – 218</li> <li>• Read Welsh – 233</li> <li>• Write Welsh - 285</li> </ul> <p>There is not expected to be a negative impact on the Welsh language.</p>	The Council continues to promote the Welsh language and complies with the Welsh Language Standards in all of its activities

### Wider impact

#### Cumulative impact

**What is the cumulative impact of this policy or proposal on different protected groups when considering other key decisions affecting these groups made by the organisation?** (You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups more adversely because of other decisions the organisation is making, eg, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, eg, disabled people, older people, single parents (who are mainly women), etc)

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.

## **Public Sector Equality Duty**

The Public Sector Equality Duty consists of a general equality duty and specific duties, which help authorities to meet the general duty.

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The aim of the general equality duty is to integrate considerations of the advancement of equality into the day-to-day business of public authorities. In summary, those subject to the equality duty, must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
- Advance equality of opportunity between people who share a characteristic and those who don't
- Foster good relations between people who share a characteristic and those who don't

How does this policy or proposal demonstrate you have given due regard to the general equality duty?

Consideration has been given to the requirements of the Public Sector Equality Duty throughout the development of the MTFS. The proposals contained within the MTFS 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 the MTFS 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.

## **Procurement and partnerships**

The Public Sector Equality Duty (PSED) requires all public authorities to consider the needs of protected characteristics when designing and delivering public services, including where this is done in partnership with other organisations or through procurement of services. The Welsh Language Standards also require all public authorities to consider the effects of any policy decision, or change in service delivery, on the Welsh language, which includes any work done in partnership or by third parties. We must also ensure we consider the Socio-economic Duty when planning major procurement and commissioning decisions to consider how such arrangements can reduce inequalities of outcome caused by socio-economic disadvantage.

**Will this policy or proposal be carried out wholly or partly by contractors or partners?**

	<b>Please place an X in the relevant box:</b>
Yes	
No	<b>X</b>

If yes what steps will you take to comply with the General Equality Duty, Welsh Language Legislation and the Socio-Economic Duty in regard to procurement and/or partnerships?

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	Steps taken to ensure compliance:
General Equality Duty	N/a
Welsh Language legislation	N/a
Socio-economic duty	N/a

### **Record of recommendation and decision**

What is the recommendation for the policy or proposal based on assessment of impact on protected characteristics, Welsh Language and socio-economic impact?

If you chose to continue with the policy or proposal in its current form even though negative impacts have been identified a full justification should be provided and actions should be identified with the aim to reduce negative impacts.

	Please place an X in the relevant box	Please explain fully the reasons for this judgement.
Continue with the policy or proposal in its current form as no negative impacts have been identified		
Continue with the policy or proposal in its current form even though negative impacts have been identified	X	Whilst the EIA has identified that there may be an impact on certain protected characteristics 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.
Do not continue with this policy or proposal as it is not possible to address the negative impacts.		

## Monitoring action plan and review

### Equality Impact assessment Action Plan

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It is essential that you now complete the action plan. Include any considerations you have identified to mitigate negative impact(s) and/or secure positive impact(s) on protected characteristics, socio-economic impact and Welsh Language. 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 outline how and when this EIA will be monitored in the future and when a review will take place:

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 2023

### Approval

Date Full EIA completed:	1 February 2022
Name of the person completing the Full EIA:	Joanne Norman
Position of the person completing the Full EIA:	Group Manager – Budget Management

Approved by (Head of Service or Corporate Director):	Deborah Exton – Deputy Head of Finance Carys Lord – Chief Officer – Finance, Performance and Change (S151 Officer)
Date Full EIA approved:	1 February 2022

### **Publication of 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 and a copy should also be sent to [equalities@bridgend.gov.uk](mailto:equalities@bridgend.gov.uk)**

**Where a full EIA has been completed this should be included as an appendix with the relevant cabinet report and therefore will become available publically on the website.**

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

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

## Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2022-23 to 2025-26

**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 data-bbox="398 172 2018 209"><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p data-bbox="398 228 2018 368">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 data-bbox="398 467 2018 536"><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p data-bbox="398 555 2018 730">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 data-bbox="398 746 2018 810"><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 data-bbox="398 818 2018 1369">A full consultation “Shaping Bridgend’s Future” was launched on 20 September 2021 and ran until 14 November 2021. The consultation asked citizens to share their views on a range of areas, including performance over the last 12 months, support for business, tourism and the economy, well-being, face to face access to Council services, digitalisation, investment in services, fees and charges, council tax levels and the future of the Council. The intention was to understand what the public felt had worked well, and where we need to continue to make changes or improvements as we recover from the Covid-19 pandemic, to ensure that we deliver effective and efficient services that are right for our communities over the next 5 to 10 years. 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. Due to the impact of Covid-19 and the restrictions on engaging with residents face to face in the community, the council wanted to make sure that 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 versions. Bridgend People First and Bridgend Youth Council supported the consultation team to produce the easy read and youth surveys. 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 data-bbox="398 1409 2018 1473">The results were collated and presented to Cabinet on 14 December 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> 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> 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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<b>Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user.		This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs).
Gender reassignment:	See above		This will vary according to the service provided and will be considered through individual EIAs.
Marriage or civil partnership:	See above		This will vary according to the service provided and will be considered through individual EIAs.
Pregnancy or maternity:	See above		This will vary according to the service provided and will be considered through individual EIAs.
Race:	See above		This will vary according to the service provided and will be considered through individual EIAs.

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

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

Cabinet	
<b>Compiling Officers Name:</b>	Deborah Exton
<b>Compiling Officers Job Title:</b>	Deputy Head of Finance
<b>Date Completed:</b>	14/01/22



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

## MEDIUM TERM FINANCIAL STRATEGY

2022-23 to 2025-26



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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 2022-23 and outline proposals for 2023-24 to 2025-26.
- The capital programme for 2021-22 to 2031-32, 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 2022-2026 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

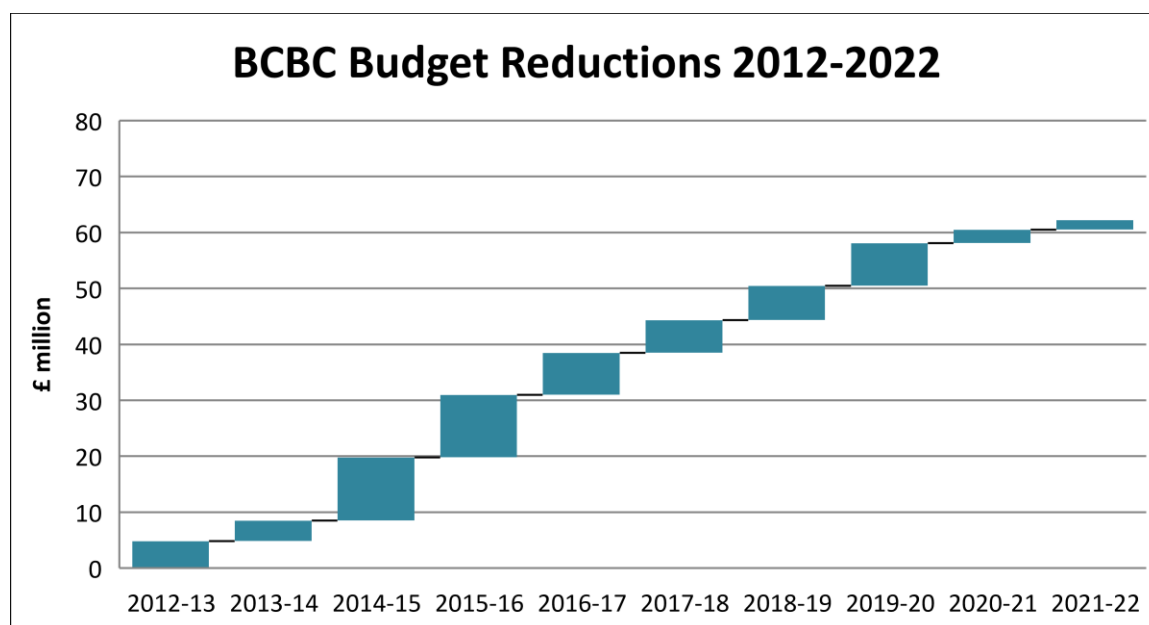
strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFS and the Corporate Plan.

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 Fees and Charges 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 £62 million of budget reductions, as shown below. This represents almost 21% of the Council's 2021-22 net budget:

**Chart 1: Bridgend County Borough Council (BCBC) Budget Reductions 2012 to 2022**



While the Council's net revenue budget is planned at £319.510 million for 2022-23, 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 £459 million in 2022-23. 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 real 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, local authorities' responsibilities in respect of responding to climate change and meeting net zero carbon targets, the implications of the Local Government and Elections (Wales) Act 2021 and the Additional Learning Needs and Education Tribunal (Wales) Act 2018 and legislative changes in social care including new adult protection safeguarding requirements and changes to the Public Law Outline for children.
- Demographic changes – the population is increasing and also 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. This has been exacerbated by the pandemic as there have been delays in access to NHS treatment and an impact on physical and mental health from extended lockdown periods. In addition the complexities and challenges for children and families are very evident.
- 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 following the end of the furlough scheme.

1.3.5 The quarterly reports to Cabinet on the revenue position for 2021-22 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, given that the Hardship Fund is due to come to an end in March 2022.

1.3.6 Budget planning for the financial year 2022-23 is still 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 United Kingdom's (UK) withdrawal from the European Union (EU). While, on the whole, the UK and Welsh Governments have 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 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 of the pandemic and the end of the furlough scheme, and the level of council tax collection is estimated to be lower than pre-pandemic levels. Furthermore, ongoing expenditure on matters relating to public health, such as the test, trace and protect scheme, use of personal protective equipment and

arrangements for the public vaccination programme, as well as other expectations with regard to addressing homelessness more robustly, and supporting social care which is experiencing increased costs and need and demand for services, are likely to be significant.

1.3.7 In these circumstances setting a balanced budget for 2022-23 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 is not 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 came into force on 31 March 2021, reflects 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 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.

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 2022-23 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 an overall total saving of £300,000 will be made as a result of the programme 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, this 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 may allow staff efficiency savings. 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 savings include reviewing and rationalising the Council's supplies and services budgets. Further savings are proposed from a review and rationalisation of office accommodation following the pandemic. The ongoing investment in installing energy efficiency measures in the Council's buildings, including schools, will continue to offer savings. 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 are being considered in relation to the remodelling of social services provision, which may allow some ongoing revenue savings but also provide a better service for individuals following the pandemic.

### **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 two of the Council's major staff offices at Sunnyside and Sunnyside House. For 2022-23, as part of the Council's Future Service Delivery Review, further savings are proposed by commercially letting a wing of Ravens Court to a partner organisation or business. Furthermore, the Council's investment in a new, modern, Community Recycling Centre in Pyle, due to open in 2022-23, will mean the lease for the site at Tythegston can be ended thus realising the 2021-22 saving of £60,000 per year.



## **Changes to Service Provision**

Unfortunately, despite the settlement we will receive for 2022-23 being an increase overall, due to the number of unavoidable pressures we are facing 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	2021-22	% increase
BCBC Council Budget	£232.957m	£298.956m	<b>28.33</b>
WG Funding	£178.719m	£212.192m	<b>18.73</b>
Council Tax Income	£54.238m	£86.765m	<b>59.97</b>
% of Budget funded by Council Tax	23.28%	29.02%	<b>24.66</b>

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 almost 60% 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 (2021-22) Financial Performance

The in-year financial position as at 31 December 2021 is shown in Table 2 below.

**Table 2 – Comparison of budget against projected outturn at 31 December 2021**

Directorate/Budget Area	Original Budget 2021-22 £'000	Revised Budget 2021-22 £'000	Projected Outturn Q3 2021-22 £'000	Projected Over / (Under) Spend 2021-22 £'000	Projected Over / (Under) Spend Qtr 2 2021-22 £'000
<b>Directorate</b>					
Education and Family Support	127,055	127,580	128,599	1,019	1,089
Social Services and Wellbeing	74,043	74,536	73,443	(1,093)	471
Communities	28,137	28,317	28,407	90	(313)
Chief Executive's	21,304	21,520	19,432	(2,088)	(1,417)
<b>Total Directorate Budgets</b>	<b>250,539</b>	<b>251,953</b>	<b>249,881</b>	<b>(2,072)</b>	<b>(170)</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,329	7,329	8,329	1,000	1,000
Levies	7,783	7,797	7,775	(22)	(22)
Apprenticeship Levy	650	650	673	23	17
Council Tax Reduction Scheme	15,654	15,654	15,504	(150)	0
Insurance Premiums	1,363	1,363	1,425	62	67
Repairs & Maintenance	670	670	520	(150)	(100)
Pension Related Costs	430	430	430	0	2
Other Corporate Budgets	14,538	13,110	4,890	(8,220)	(6,882)
<b>Total Council Wide Budgets</b>	<b>48,417</b>	<b>47,003</b>	<b>39,546</b>	<b>(7,457)</b>	<b>(5,918)</b>
<b>Appropriations to Earmarked Reserves</b>				<b>7,004</b>	<b>4,004</b>
<b>Total</b>	<b>298,956</b>	<b>298,956</b>	<b>289,427</b>	<b>(2,525)</b>	<b>(2,084)</b>

The overall projected position at 31 December 2021 is a net under spend of £2.525 million, which comprises a £2.072 million net under spend on directorates and a £7.457 million net under spend on council wide budgets, offset by a net appropriation to earmarked reserves of £7.004 million, the majority of which is to support capital expenditure. Due to the Covid-19 pandemic, the position during this financial year has again been very fluid and has relied heavily on securing additional funding from Welsh Government to support cost pressures and loss of income. At the start of the financial year we had no indication that this funding would be available for the full financial year, so this has led to an overall improved budgetary position for the year. The position on directorate budgets has improved since quarter 2, with the projected under spend increasing by £1.9 million. This is primarily due to additional income relating to Homelessness accommodation costs being received from the Covid-19 Hardship Fund, with £1.313 million being successfully claimed during quarter 3. The main reasons for the increase in under spend on 'Other Council Wide Budgets' are:

- lower than anticipated inflation rates at the start of the financial year, although they have seen significant increases more recently;
- funding from Welsh Government towards teachers' pay increases in September 2021;
- delays in spending on repairs and maintenance and feasibility due to the Covid-19 pandemic.

The projected under spend on the Council budget at quarter 3 significantly masks the underlying budget pressures in some service areas that were reported in 2020-21 and still persist in 2021-22. The main financial pressures are in Home to School Transport, Social Services and Wellbeing, Homelessness and Waste.

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 continues to review its reserves and draws down in line with need before establishing new reserves for emerging pressures. It has also been able to slightly increase the value of the Council Fund to its current level of £9.772 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 2020-21 outturn position was impacted by unexpected grant funding from Welsh Government of over £10 million, which the Council would have been unaware of when setting and approving its 2020-21 budget.

Given the favourable outturn position, the Council used a significant element of this funding for investments to help accelerate the recovery of the County Borough from Covid-19 and to support its residents. 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 2018-2021**

	2018-19 £'000	2019-20 £'000	2020-21 £'000
Council Budget	265,984	270,809	286,885
Outturn	258,131	261,354	269,180
<b>(Under) Spend</b>	<b>(7,853)</b>	<b>(9,455)</b>	<b>(17,705)</b>
Accrued Council Tax Income	(670)	(1,502)	(1,702)
Appropriations to Earmarked Reserves	8,094	10,394	18,975
Transfer to Council Fund	429	563	432
Draw Down from Reserves	9,996	8,299	4,104

### Usable Reserves

In terms of financial reserves, the Council Fund balance has steadily risen over the last 10 years, to its current value of £9.772 million, as shown in Table 4. This represents 3.3% of the net revenue budget for 2021-22 or 5.01% 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 2018-2021**

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves
	£'000	£'000	£'000	£'000	£'000
<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>
<b>2020-21</b>	9,772	82,848	21,519	288	<b>114,427</b>

In total, usable reserves have increased over the 3 year period. There was little draw down on the capital receipts reserve in 2020-21 due to delays in progressing capital

schemes as a result of the Covid-19 pandemic. Alongside this the Council was able to establish a number of new earmarked reserves partly as a result of the significant number of year-end grants provided to the Council from Welsh Government to mitigate the effects of the pandemic, and partly from under spends in services which stopped or reduced during the pandemic. Whilst overall earmarked reserves have increased, 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 2021 the balance was £28.920 million, which constituted 35% of the total Earmarked Reserves balance, leaving £53.928 million for other pressures, including:

- £2.161 million Insurance
- £4.993 million Service Reconfiguration
- £4.793 million Building / Asset Management
- £9.898 million Equalisation Funds and Grants
- £7.209 million Specific Directorate Pressures
- £3.118 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.

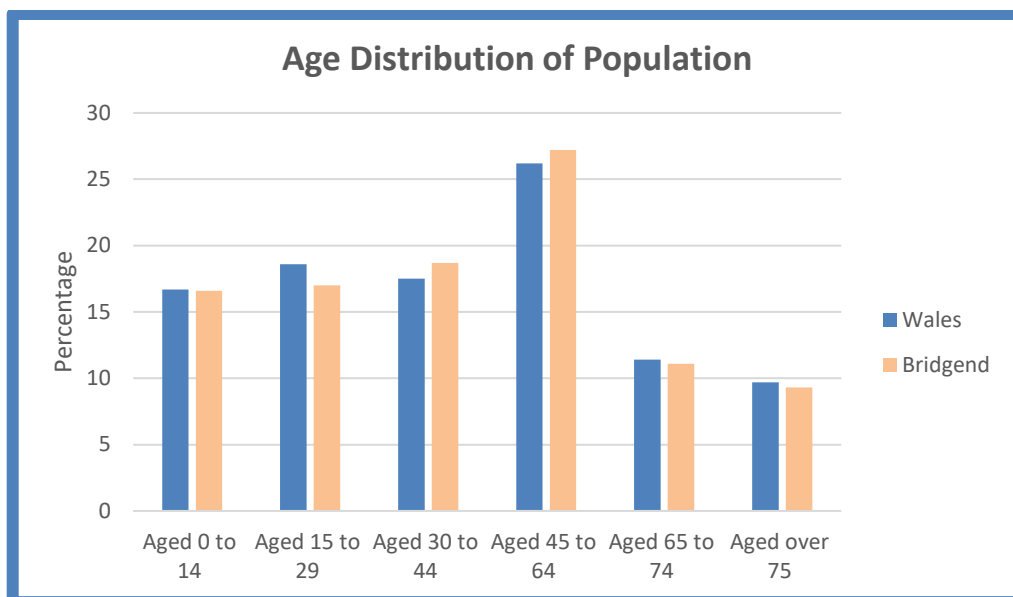
## **2.2.2 Non-Financial Statistics:**

### **Population**

Bridgend has a population of almost 147,539 (mid-year estimate 2020). Between 2010 and 2020 this is an increase of 6.5% and this is expected to continue and reach around 151,600 by 2028, 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 2020**



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 2021, Bridgend's employment rate was 72.4% compared to an all-Wales level of 73.2%, based on the working age population. Bridgend had a lower than average economic activity rate, and consequently a higher than average economic inactivity rate for the working age population. This covers those people who are out of work and not looking for a job, but excludes persons of pensionable age who are generally retired and therefore economically inactive.

The long term impact of Covid-19 and the closure of the Ford plant in September 2020 are likely to have impacted these figures. 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), along with a pupil referral unit, with around 23,000 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 'Shaping Bridgend's Future' was undertaken between 20 September and 14 November 2021, the emphasis of which was on what the public felt worked well during the pandemic, and where we need to continue to make changes or improvements as we recover from the pandemic to ensure that the council is able to deliver sustainable and effective services for the next five to ten years. 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 14 December 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 1,115 interactions from a combination of survey completions, engagement at various meetings, social media engagement and via the Authority's Citizens' Panel. Due to the ongoing impact of Covid-19 this is a decrease



of 716 (39%) on the 1,831 interactions from last year. A total of 737 survey responses were received, a decrease of 48% 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>Performance over the past 12 months</b>
<ul style="list-style-type: none"> <li>Overall respondents stated that the council had not been effective in meeting its values over the past 12 months.</li> <li>Overall respondents did not feel that council had met its strategic aims over the past 12 months.</li> </ul>
<b>Support for Business, Tourism and the Economy</b>
<ul style="list-style-type: none"> <li>Overall respondents stated that support for local businesses, the promotion of the town centres and supporting the visitor economy and the sustainability of culture and leisure venues was important or very important.</li> <li>Respondents also stated that labour market opportunities and business start-up opportunities were important or very important.</li> </ul>
<b>Well-being</b>
<ul style="list-style-type: none"> <li>Overall respondents stated that the council had performed OK in delivering well-being services over the past 12 months.</li> <li>The top three services to be prioritise for the future were support for older people, followed by food poverty and then homelessness.</li> <li>The majority of respondents stated that the council should continue to deliver services such as period dignity, domestic abuse support, flying start, school applications, reporting an issue such as fly tipping, youth justice and youth services remotely/online.</li> </ul>
<b>Customer Face-to-Face Access</b>
<ul style="list-style-type: none"> <li>The most common methods for contacting the council in place of face-to-face services while Civic Offices have been closed were telephone followed by email and then website.</li> <li>The majority of respondents stated that it is a priority for the council to reopen the face-to-face channel to the public.</li> <li>The majority of respondents stated that they would prefer to access services in their local community rather than in Civic Offices.</li> </ul>
<b>Digitalisation</b>
<ul style="list-style-type: none"> <li>The majority of respondents stated that when Civic Offices reopen they will continue to access services online, a further 24% of respondents stated that they always preferred to access services online.</li> <li>When asked what would help you or someone you know access services online the majority stated improved internet access/Wi-Fi followed by digital champions in libraries and then printable 'how to' guides.</li> <li>The majority of respondents stated that had signed up to govDelivery, when asked to rate the content of the weekly emails 20% stated excellent and a further 39% stated good.</li> </ul>
<b>Investment in Services</b>
<ul style="list-style-type: none"> <li>Respondents stated that the council should prioritise spending on regeneration projects followed by roads and then schools.</li> </ul>
<b>Fees and Charges</b>
<ul style="list-style-type: none"> <li>The majority of respondents stated that the council should resume charges for services that have not been charged for during the pandemic.</li> </ul>

<ul style="list-style-type: none"> <li>When asked 'Do you think there are any other services the council could charge for to increase revenue' the most common responses were charge for car parking, followed by reassess current spending and then fines for littering and dog fouling, reduce the number of staff in the council and their pay and recycling and waste collection charges.</li> </ul>
<p><b>Council Tax</b></p>
<ul style="list-style-type: none"> <li>When asked to select which statement best represents your views on setting the council tax for 2022-2023 the majority of respondents (54%) stated to keep council tax levels the same level and 29% of respondents were prepared to increase council tax by 3.5%.</li> </ul>
<p><b>The Future</b></p>
<ul style="list-style-type: none"> <li>When asked 'What do you think our long term priorities for the future should be' respondents selected make more efficiencies in-house i.e. review processes and rationalise the number of offices followed by encourage citizens to take more responsibility i.e. litter, graffiti etc. and then focus on economic growth i.e. supporting businesses.</li> </ul>
<ul style="list-style-type: none"> <li>The three services that had been the most important to residents over the past 12 months were recycling and waste followed by highways and infrastructure improvements and then sport and recreational services (including parks, leisure centres and open spaces).</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 2022 has also been scrutinised by the Council's Scrutiny Committees resulting in a report to Cabinet on 8 February 2022 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 from discussions with and recommendations from BREP 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 digitalisation capabilities
- continuing to invest in our highways and infrastructure
- a freeze in council tax to support residents to meet the significant rise in the cost of living

## 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 £131 million on services delivered by the Education and Family Support Directorate in 2022-23. The majority of this money will be spent by Bridgend's 59 schools and one pupil referral unit.

In addition to the £105 million proposed budget to be delegated to schools in 2022-23, 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. 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 one of our special schools, 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 2022-23 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 the 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 2023-2024 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. We will be investing in our youth services, including through youth centres and digital outreach workers, to provide more social opportunities for young people, and thus reduce the risk of isolation that has increased during the pandemic.

In seeking to protect our investment in education and early intervention, and to provide as much support as possible to pupils following the disruption caused by the pandemic, the Council is making minimal changes to the services delivered at this time. However, we will continue to seek efficiencies in the application of the Council's Home-to-School / College Transport Policy.

### 2.4.3 Social Care and Well-being

After Education, the largest area of Council spend is on social care. This includes social work and 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 can result 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 well-being. 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. It is evident that the complexity of issues facing children and families has increased and requires a high level of professional social work intervention, working closely with partners, as well as access to service provision.

Our strategy for the next few years is to more effectively embed strength based practice and support individuals and families to live their best lives, remodelling the way we work in order to deliver outcome focussed services and approaches which enable people to maximise their independence and families to stay together with targeted support where needed.

Social services is largely a needs led service and whilst the long term strategy is to enable people and families to live well and inter-dependently, 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 £78 million on social care and wellbeing services in 2022-23.

The Council's strategy is to continue to transform how we work with people and ensure that service and financial strategies align. The cost, as well as the need for services, is changing and the Council recognises that all the roles in social care are professional and should be recognised through the terms and conditions which the Council and third party providers pay. 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 strength-based culture and practice. The service has made good progress in achieving the required savings to date, however the increase in demand, complexity and fair price 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 are being 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, and co-produced with the people that such changes impact on with us, as well as the general workforce. This work has

already commenced and the budget saving proposals for 2022-23 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 and children's social work we are implementing strength-based practice 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 care and support at home, day opportunities and accommodation, and care and support for children. There has also been an increased focus on developing the Council's in-house foster care and remodelling residential services.

Importantly these transformations are designed to both better support people to live well and make best use of investments. 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 already 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 (£7.8 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 2022-23 the Council is likely to receive around £4 million of direct Welsh Government revenue 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 £23 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 2022-23.

The seven year contract with Kier is now moving into its fifth 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 was 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, which is expected to benefit the Council financially over time, subject to contractual conditions with our disposal arrangements. However, the Council has seen higher overall domestic waste due to the impact of the pandemic and the higher number of people continuing to work from home. An indicative net saving of £1 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 been made for waste disposal going forward until 2030 or until a regional facility comes online. We expect to spend in the region of £9.4 million on the collection and disposal of waste in 2022-23. 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 during 2022-23.

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 has adopted a flexible approach to community asset transfer (CAT), utilising a 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 sports club support fund) are made available. The Council aims to achieve savings of £300,000 over 2021-22 and 2022-23 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 £2.3 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, including the numerous regeneration projects in Porthcawl such as the regeneration of Cosy Corner, development of a retail store and the Placemaking Strategy. Other schemes include the redevelopment of the Ewenny Road in Maesteg for both housing and employment uses and the comprehensive re-development of Parc Afon Ewenni in Bridgend through City Deal and Welsh Government funding. In addition, through its Metro programme, and together with Welsh Government, the Cardiff Capital Region provides the principal funding mechanism for large strategic transport projects within the region. Current projects include the Porthcawl Metrolink bus facility as well as feasibility and design work on the replacement Penprysg Road/Active Travel Bridge and removal of the level crossing in Pencoed. The delivery of this regionally significant Penprysg Bridge project will be dependent on a successful bid to the UK Government Levelling Up Fund. We are also in the process of delivering a replacement 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 under the Employability Bridgend programme.

#### **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 £1.7 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 Ty'r 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 £85 million in council tax from around 65,000 households across the county borough. Our collection rates in recent 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 Other Council Wide 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 continues to review 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 decarbonisation strategy entitled "Bridgend 2030" is under development with the Carbon Trust and will be supported with a detailed action plan, setting out how the Council will aim to reach a net zero carbon position in Bridgend by 2030. This will be presented for approval to Cabinet in early 2022.

The service will continue to review its processes in 2022-23 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 and graduates 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 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. This was the second single year spending review in succession, and on 25 November 2020 the Chancellor delivered the outcome of the review. On 7 September 2021 the Chancellor of the Exchequer wrote to the Secretaries of State to launch the Spending Review 2021 (SR21), which would conclude on 27 October 2021 alongside an Autumn Budget and set out the government's spending priorities for the Parliament. The three-year review (2022-23 to 2024-25) would set the devolved administrations' block grants for the same period. At its launch the Chancellor stated:

*“At the Spending Review later this year, I will set out how we will continue to invest in public services and drive growth while keeping the public finances on a sustainable path.”*

3.1.2 On 27 October 2021 the Chancellor announced his Autumn Budget, alongside the results of the spending review, which would set out how the government would fund public services for the next three years. The Office for Budget Responsibility (OBR) also published an update on the economic and fiscal outlook on that date. A number of measures were announced in advance of the Budget, including a rise in the National Living Wage from £8.91 per hour to £9.50 and an end to the public sector pay freeze, and in his speech the Chancellor promised that his budget would deliver a "stronger economy for the British people". In terms of the state of the economy, it was reported that the OBR had revised up its forecasts for UK economic growth and now expected gross domestic product (GDP) to expand by 6.5% this year compared to the 4% it forecast at the Budget in March 2021, which is faster than expected. However, the OBR also estimated that inflation is likely to rise to an average 4% over the next year.

3.1.3 The Chancellor pledged a major increase in public spending amid higher than expected economic growth with extra money for schools, tax cuts for businesses and changes to Universal Credit to allow working claimants to retain more of their benefits. In terms of the devolved administrations, the Chancellor said that through the Barnett formula Welsh government funding would go up by £2.5 billion. The Chancellor acknowledged concerns about rising inflation and the cost of living but said that the government would be responsible with the public finances, with borrowing as a percentage of GDP forecast to fall from 7.9% this year to 3.3% next year, and lower again in the following four years.

3.1.4 In response to the Spending Round the Welsh Government Finance Minister stated that:

*“This UK government Spending Review hasn't delivered for Wales. Vital funding priorities, such as the long-term remediation of coal tips and greater funding in rail infrastructure, have been ignored. While the Spending Review does give us some*

*medium term financial certainty and some additional investment, it is more than offset by the inflationary and system pressures that we are facing. The budget fails to meet the scale of the challenge that families, public services and the wider economy are still facing as a result of the pandemic”.*

She also expressed concern over future arrangements for replacing EU structural funds, but stated that she was determined to “*deliver a Budget that builds a stronger, greener, fairer Wales - helping public services and our economy recover from the pandemic, and moving us closer towards being a zero-carbon nation*”.

- 3.1.5 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 20 and 21 December 2021, respectively. This also meant a delay in the announcement of the Welsh Government’s final local government settlement until 1 March 2022, so the Medium Term Financial Strategy and the budget for 2022-23 is proposed on the basis of the provisional settlement.
- 3.1.6 On 20 December 2021 the Minister for Finance and Local Government (the Minister) announced the Welsh Government’s draft budget for 2022-23, and the first multi-year Welsh budget since 2017. The draft budget set out revenue and general capital spending plans for 2022-23, alongside planned allocations for 2023-24 and 2024-25. The Minister indicated that the budget was to be used to support the Welsh Government’s plans to ensure a stronger, fairer and greener future for Wales. She stated that they would use the budget to deliver on their ambitious Programme for Government, and support their path to recovery by continuing to protect, rebuild and develop our public services. This included investing close to an additional £1.3 billion in the Welsh NHS to enable high quality and sustainable healthcare to help us to recover from the pandemic, and prioritising social care.
- 3.1.7 The budget included an additional £60 million direct additional grant funding up to 2024-25 to drive forward reforms to the social care sector, to improve delivery and increase the sustainability of services across the social care sector. To respond to ongoing recruitment and retention issues within the sector Welsh Government has also included funding through the Local Government settlement to enable authorities to meet the additional costs of starting to pay the Real Living Wage of £9.90 an hour to social care workers from April 2022. There is also an additional £100 million targeted at mental health, including more than £10 million for children and young people, recognising the risks of the lasting and long-term impacts of the pandemic. Again, in response to the pandemic, and the ongoing impacts of the UK leaving the European Union, £110 million has been provided for 2022-23 in additional non-domestic rates relief to businesses in the retail, leisure and hospitality sectors, to support 50% rates relief.
- 3.1.8 The Minister outlined that investing in early years and education remains one of their most powerful levers to tackle inequality, embed prevention and invest in our future generations, and that the budget contained an additional £320 million up to 2024-25 to continue their long-term programme of education reform, and ensure educational inequalities narrow and standards rise. This funding included an additional £30 million for childcare and early years provision; £40 million for Flying Start and Families First; £90 million for free school meals; £64.5 million for wider schools and curriculum reform; and £63.5 million investment in post 16 provision.

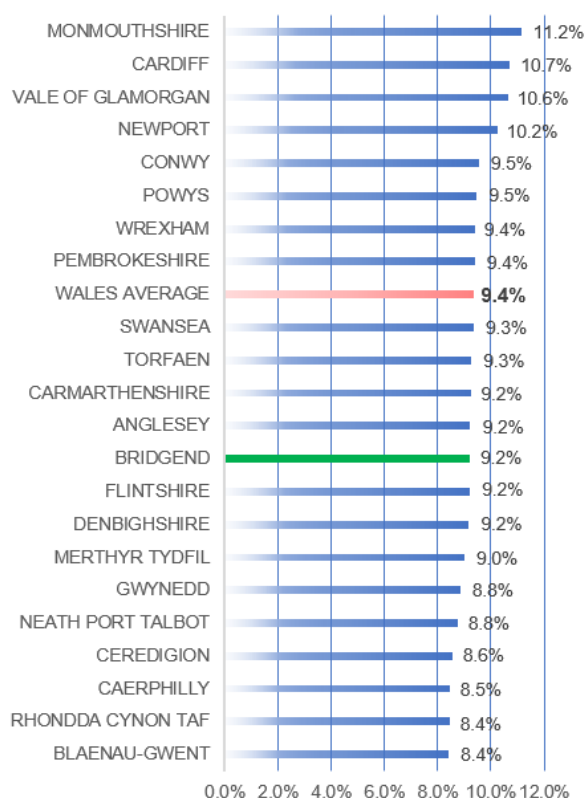
3.1.9 In terms of capital investment the Minister indicated that she has published a new three year Infrastructure Finance Plan underpinned by £8 billion of capital expenditure, including full use of their capital borrowing powers over this three year period. At the heart of this new plan is a £1.8 billion targeted investment in the Welsh Government's response to the climate and nature emergency including the national forest, biodiversity, active travel, decarbonising housing, the circular economy, renewable energy, and flood prevention. Alongside the investment in decarbonising housing they are also investing close to £1.6 billion capital in their housing priorities, including £1 billion in social housing and £375 million for building safety. This was supported by close to £30 million of revenue in support of their housing and homelessness priorities.

## **3.2 Welsh Government Local Government Settlement**

3.2.1 Bridgend's draft MTFS was presented to Cabinet on 18 January 2022, based on the provisional settlement, before being submitted for scrutiny. Councils are not expected to receive their final settlements from Welsh Government until 1 March 2022, so the final MTFS is based upon the provisional settlement. The headline figure is an overall increase, after adjusting for transfers, of 9.4%, across Wales and, for Bridgend, an increase of 9.2% in Aggregate External Finance (AEF), or £19.6 million. The settlement includes additional funding for the costs arising from the 2021-22 teachers' pay deal and funding for the costs arising from the 2022-23 pay deal, as well as funding to cover the increased costs that local authorities will face arising from the UK government's announcement to increase National Insurance Contributions for employers to fund a Health and Social Care levy. It also includes funding to enable local authorities to meet the additional costs of introducing the Real Living Wage for care workers. Further funding was included within the provisional settlement to support the core operations of corporate joint committees, which are to be established under the Local Government and Elections (Wales) Act 2021. There are not intended to be any significant changes in the final settlement, which will be announced in March 2022.

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

### **Chart 3: Revenue Funding for Welsh Councils (Provisional Settlement)**



Source: WG Provisional LGF Settlement 2022-23

3.2.2 In announcing the provisional settlement the Minister for Finance and Local Government, stated *“This is a good Settlement for local government, including Wales-level core funding allocations for 2023-24 and 2024-25. It provides local authorities with a stable platform on which to plan their budgets for the coming financial year and beyond. We have worked closely with local government and we appreciate the pressures local government is facing. We will continue to protect local government, particularly at this difficult and challenging time”*.

#### **Transfers into and out of the 2022-23 Revenue Settlement**

3.2.3 As mentioned in the draft MTFS report to Cabinet in January 2022, the provisional settlement includes information on a small number of transfers into the Revenue Support Grant (RSG), in respect of funding for the Eastern Promenade Coastal Risk Management scheme (£296,000 to fund borrowing costs) and Social Care Workforce and Sustainability Grant (£222,000).

#### **Specific Grants**

3.2.4 The picture on changes to specific grants is available at an all-Wales level for most grants, but not at an individual authority level for all. Many of the grants remain unchanged from 2021-22 figures, and some are yet to be finalised. The biggest change is the end of the Local Government Hardship Grant, for which funding is now included within the settlement. A new grant of £40 million for 2022-23, with further allocations of £70 million in 2023-24 and £90 million in 2024-25 is included in Welsh Government’s budget to support the increased entitlement to free school meals for

all primary aged pupils as agreed as part of the Welsh Government's Co-operation Agreement 2021 with Plaid Cymru.

- 3.2.5 While many of the grants remain unchanged from the 2021-22 figure, there are increases on an all-Wales level in the Pupil Development Grant (10.8%), the Childcare Offer grant (39.5%), Bus Services Support (3.5%) and the Children and Communities Grant of around 2.2%. There are indicative reductions in the Regional Consortia School Improvement Grant of 8.4% and the Recruit, Recover, Raise Standards grant of around 45% in 2022-23 as this tapers out over the next few years. Welsh Government has advised that the specific information will be updated for the final settlement.

### **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 2022-23 to 2025-26 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 2021-22, 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 The published provisional 2022-23 Aggregate External Finance (AEF) figure is an increase of 9.2% for Bridgend. In the MTFS 2021-22 to 2024-25, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2022-23 of an annual 0% change in AEF and an assumed increase in council tax of 4.5% for 2022-23 to 2024-25, recognising the ongoing uncertainty around our funding in future years. However, as stated above, as a result of the significantly better than anticipated settlement for next year, it is proposed to freeze the level of council tax for 2022-23 only, 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.
- 3.3.5 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 percentage changes in AEF shown in Table 6.

- 3.3.6 Given the Welsh Government’s lower indicative changes to AEF for 2023-24 and 2024-25 than that published for 2022-23, the fact that the settlement usually includes funding for new responsibilities, and the other pressures already outlined, not least rising inflation, these assumptions will be maintained, along with an estimated council tax increase of 4.5%. However, they will continue to be monitored and will be amended as further fiscal and economic information is made known.

**Table 6 – MTF5 Scenarios: % Change in AEF**

	2022-23	2023-24	2024-25	2025-26
Best Scenario	+9.2%	+1.0%	+1.0%	+1.0%
<b>Most Likely Scenario</b>	<b>+9.2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Worst Scenario	+9.2%	-1.0%	-1.0%	-1.0%

- 3.3.7 The financial forecast for 2022-26 is predicated on £21.029 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 recent sharp increases in energy costs. However, this is particularly uncertain at present, with inflation rates recently rising above 5% (5.4% in the 12 months to December 2021, up from 5.1% in November), the highest in thirty years, and the Bank of England has warned that UK inflation is likely to hit or surpass 6% by Spring 2022, although they expect it to start to come down after that. There is also a risk to the Council of rising prices following the UK’s departure from the European Union and the impact of the Covid-19 pandemic. The Office of National Statistics has highlighted the impact of supply chain problems, which businesses have been struggling with for several months as they adjust to labour shortages and disruption at container ports. The impact is leading 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, local authorities’ responsibilities in respect of responding to climate change and meeting net zero carbon targets, and the implications of the Local Government and Elections (Wales) Act 2021.
- Fees and Charges will increase by the statutory minimum or CPI (as at December 2021) in line with the revised Fees and Charges Policy, approved by Cabinet in October 2021, unless determined otherwise.

- Increases in staffing costs, including a confirmed 6.6% increase in the national living wage from April 2022 (from £8.91 to £9.50), along with the impact of staff pay increases in both 2021-22 and 2022-23. These include the full year effect of the teachers' pay increase of September 2021 (1.75% increase), the unknown teachers' pay increase in September 2022 and increases for non-teachers for 2021-22, which is still to be determined, and subsequently any increases in April 2022. This also includes the impact on the Council's employer National Insurance Contributions as a result of the introduction of the Health and Social Care Levy. This results in an increase of 1.25% (from 13.8% to 15.05%) in contributions on earnings above the secondary threshold. The cost of this is estimated to be in the region of £1.2 million. 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**

	<b>2022-23</b> <b>£'000</b>	<b>2023-24</b> <b>£'000</b>	<b>2024-25</b> <b>£'000</b>	<b>2025-26</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>Best Scenario</b>	631	4,655	4,455	4,248	<b>13,989</b>
<b>Most Likely Scenario</b>	631	6,978	6,802	6,618	<b>21,029</b>
<b>Worst Scenario</b>	631	9,302	9,102	8,895	<b>27,930</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 2022-23 to 2025-26**

Year	GREEN: Proposal developed and deliverable	AMBER: Proposal in development but includes delivery risk	RED: Proposals not fully developed and include high delivery risk	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	£'000	£'000	£'000	£'000	£'000	£'000
2022-23	73	158	400	631	0	631
2023-24	0	1,080	279	1,359	5,619	6,978
2024-25	0	1,040	0	1,040	5,762	6,802
2025-26	0	1,040	0	1,040	5,578	6,618
<b>Total</b>	<b>73</b>	<b>3,318</b>	<b>679</b>	<b>4,070</b>	<b>16,959</b>	<b>21,029</b>
Percentage of total required	0%	16%	3%	19%	81%	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 new and emerging risks, 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 2022-23

### 4.1 Revenue Budget 2022-23

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 2022-23 budget requirement and how it will be financed.

**Table 9 – Net Budget Requirement**

	<b>2022-23 £'000</b>
2021-22 Net Budget (Table 2)	298,956
Transfers and New Responsibilities (para 3.2.3)	518
2022-23 Pressures (para 4.1.3)	20,667
2022-23 Budget Reductions (para 4.1.18)	-631
<b>2022-23 Net Budget Requirement</b>	<b>319,510</b>
<i>Financed by:</i>	
2021-22 Net Budget (Table 2)	298,956
Net Cash Increase in AEF (para 3.2.1)	20,172
Council tax freeze (0%) (para 3.3.4) plus increase in tax base	382
<b>2022-23 Net Funding Total</b>	<b>319,510</b>

### 2022-23 Revenue Budget

4.1.3 Table 10 presents the detailed net revenue budget for 2022-23. This includes

- An additional £6.006 million for the above known pay and price pressures.
- £2.113 million for increased employer National Insurance Contributions to fund the Health and Social Care Levy.

In addition, each year consideration is given to any inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £12.548 million of inescapable pressures have emerged during 2021-22 and are explained in more detail in paragraphs 4.1.13 to 4.1.17 below.

In total, the Council has identified pressures of £20.667 million for 2022-23.

**Table 10 – Net Revenue Budget 2022-23**

	Revised Budget 2021-22	Specific Transfers to/ (from) WG	NI Increase (Health and Social Care Levy)	Pay / Prices	Budget Pressures	Budget Reduction Proposals	Revenue Budget 2022-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Directorate Budgets:</b>							
Central Education & Family Support	22,388		85	18	3,421	-68	25,844
Schools	104,012		657	825	92	0	105,586
<b>Education and Family Support</b>	<b>126,400</b>	<b>0</b>	<b>742</b>	<b>843</b>	<b>3,513</b>	<b>-68</b>	<b>131,430</b>
<b>Social Services &amp; Wellbeing</b>	<b>74,564</b>	<b>222</b>	<b>180</b>		<b>3,833</b>	<b>-365</b>	<b>78,434</b>
<b>Communities</b>	<b>28,364</b>	<b>296</b>	<b>98</b>		<b>387</b>	<b>-150</b>	<b>28,995</b>
<b>Chief Executives</b>	<b>21,415</b>		<b>93</b>		<b>435</b>	<b>-48</b>	<b>21,895</b>
<b>Total Directorate Budgets</b>	<b>250,743</b>	<b>518</b>	<b>1,113</b>	<b>843</b>	<b>8,168</b>	<b>-631</b>	<b>260,754</b>
<b>Council Wide Budgets:</b>							
Capital Financing	7,329						7,329
Levies	7,797				380		8,177
Repairs and Maintenance	670						670
Council Tax Reduction Scheme	15,654			400			16,054
Apprenticeship Levy	650						650
Pension Related Costs	430						430
Insurance Premiums	1,363						1,363
Other Council Wide Budgets	14,320	0	1,000	4,763	4,000		24,083
<b>Total Council Wide Budgets</b>	<b>48,213</b>	<b>0</b>	<b>1,000</b>	<b>5,163</b>	<b>4,380</b>	<b>0</b>	<b>58,756</b>
<b>Net Budget Requirement</b>	<b>298,956</b>	<b>518</b>	<b>2,113</b>	<b>6,006</b>	<b>12,548</b>	<b>-631</b>	<b>319,510</b>

4.1.4 The net budget for 2022-23 will be funded by:

**Table 11 – Net Budget Funding**

	£	%
Revenue Support Grant	179,590,994	56.21
Non Domestic Rates	52,772,627	16.52
Council Tax Income	87,146,456	27.27
<b>Total</b>	<b>319,510,077</b>	<b>100%</b>

### Pay, Prices, Pensions and Demographics

4.1.5 As outlined above, discussions around the pay award for National Joint Council (NJC) staff in 2021-22 is still ongoing. Unison's ballot closed on 14 February 2022 and turnout was not sufficient to enable industrial action to proceed, despite a 70.2% vote in favour of strike action. Unite is in the process of issuing strike ballot notices to employers and GMB has not yet announced the outcome of its ballot. The latest offer was a full and final offer from the employers of 1.75% on all pay points, with an increase of 2.75% on the lowest pay point. The National Employers will be meeting on 31 January to determine their position. It is impossible to determine what the pay pressure will be in 2022-23 when the 2021-22 position is still so uncertain.

4.1.6 In addition, whilst the teachers' pay award has been agreed for the 2021-22 academic year, up until the end of August 2022, there will be additional pressure from any subsequent pay award to be implemented from September 2022.

- 4.1.7 Within the provisional local government settlement the Welsh Government included funding to enable local authorities to implement the Real Living Wage for social care staff from April 2022. This will apply to in-house and externally commissioned staff. Welsh Government will work with local authorities, health boards and providers to develop guidance for all stakeholders on the detailed approach to implementation. Funding will be held corporately and allocated out during the year in line with the agreed process. As indicated in the report to Cabinet on 16 November 2021 the Council is currently applying to become a Real Living Wage accredited employer. While not currently an accredited organisation, the local authority has committed to paying the Real Living Wage to its own employees for the last two years, but the funding through the settlement will enable this to be extended to all externally commissioned social care staff.
- 4.1.8 Funding for price inflation, including provision for increases in energy costs, rents, allowances and contractual commitments are still largely unknown, especially given rising inflation rates so the inflationary provision will be retained centrally and allocated during the year as any unknown or unforeseen contract price inflation is agreed. Welsh Government has already announced that there will be no increase in the business rates multiplier for next year.
- 4.1.9 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 5 years the average population increase has been around 1.6%, 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**

- 4.1.10 In 2021-22 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 2022-23 onwards, given that school budgets account for around a third of net revenue expenditure. However, following receipt of the better than anticipated 2022-23 provisional settlement from Welsh Government, the additional costs they have incurred during the pandemic, and the pressures to address lost learning, school budgets have again been protected from the 1% efficiency target in 2022-23.
- 4.1.11 There are a significant number of pressures on school delegated budgets for 2022-23 and beyond, not least the full year cost of the teachers' pay award, the increases in National Insurance contributions, and costs of implementing the Additional Learning Needs Educational Tribunal (ALNET) Act (2018). This includes the establishment of new provisions and support for pupils with moderate learning difficulties through the medium of Welsh. The total impact of these pressures is around £1.57 million, and these are included in the proposed budget.
- 4.1.12 It should be noted that the efficiency target is maintained for schools for 2023-24 and beyond, in recognition of the pressures stated above, potentially lower future budget settlements and mounting external pressures across Council services.

## Budget Pressures

4.1.13 The final schedule of budget pressures is attached at **Appendix C** and presents a number of recurrent pressures for 2022-23, totalling £12.548 million, but there are already additional pressures identified for future years, of at least a further £3.6 million. A number of these have arisen as a result of contract renewals and are linked to price increases resulting from the Covid-19 pandemic and the departure from the European Union. Others are demographic or statutory in nature, and therefore unavoidable.

4.1.14 The January draft MTFS report to Cabinet explained that budget pressures identified at that time were subject to change before the final budget was presented. The main changes are identified below. These have been included in **Appendix C** and will be funded from resources released following an updated review of provisions set aside for pay and prices in 2021-22, based on current information available:

**EFS8** – Increased universal youth support and improved digital offer for young people (£188,000)

**CW5** - Inevitably additional pressures will arise during the year as a result of new legislative changes or unanticipated events. Officers have already identified areas where additional resource could be required and a provisional allocation of £500,000 has been set aside for these, whilst further work is undertaken. Funding will be allocated in-year subject to business case approval where necessary.

4.1.15 Some of the more significant pressures facing the Authority include:

- 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 - a combination of historic budget pressures, new costs of transporting nursery pupils more safely, and also cost pressures arising from recent tender exercises.
- 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 costs of commissioned services in the social care sector following the 6.6% increase in the National Living Wage announced by the UK government.

4.1.16 These are in addition to new pressures and responsibilities on the Council as a result of Welsh Government initiatives or legislation, for which funding has been included within the settlement, including the establishment of corporate joint committees, funding for ongoing costs arising from the Covid-19 pandemic, and the payment of the Real Living Wage for care workers. Other one-off pressures have been, and will be, funded from earmarked reserves, as appropriate.

4.1.17 The budget pressure of £2.192 million to prevent homelessness and eradicate rough sleeping, which was included in the MTFS for 2021-22, but which has been funded from the Welsh Government Hardship Fund during 2021-22, remains in the base

budget for 2022-23 onwards. This is particularly crucial now that the Hardship Fund has come to an end to continue to meet this unavoidable pressure.

### **Budget Reductions**

- 4.1.18 Budget reduction proposals totalling £631,000 have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in **Appendix D**. These have not changed since the draft MTFS was reported to Cabinet in January 2022.

### **Council Wide Budgets**

- 4.1.19 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.
- 4.1.20 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 2022-23 the levy on Bridgend, and consequently its council tax payers, is proposed to be £7,544,032, an increase of 2.45% from 2021-22. This is as a result of demographic increases and unavoidable pay and price increases. The final budget is subject to approval by the Fire and Rescue Authority at its budget meeting on 14 February 2022 so the final increase may change, and this will be reported through the quarterly monitoring reports to Cabinet.

### **Fees and Charges**

- 4.1.21 Generally, fees and charges will be increased by CPI (as at December 2021), subject to rounding, or in line with statutory or service requirements, except where a clear decision is taken not to do so, as outlined in the updated Fees and Charges Policy, which was approved by Cabinet in October 2021. A schedule of fees and charges will be published on the Council's website at the start of the financial year. New charges or charges that have been included in the 2022-23 budget and are above the general increase are shown in **Appendix E**.
- 4.1.22 The Fees and Charges Policy 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.
- 4.1.23 In line with the Fees and Charges Policy, where it is proposed not to increase fees and charges for a service in a particular year, this needs approval from the relevant Director and Section 151 Officer. For 2022-23 areas where this applies include school meals, car parking and Shopmobility.



## MTFS Support for Well-being Objectives

4.1.24 **Appendix F** details the Directorate Base Budgets for 2022-23. 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 – 2022-23 Budget by Well-being Objective**

<b>Budget 2022-23 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	9,628	16,216	25,844
Schools	44,130	61,456	105,586
Social Services and Wellbeing	56,314	22,120	78,434
Communities	7,206	21,789	28,995
Chief Executive's	4,127	17,768	21,895
Council Wide Budgets	351	58,405	58,756
<b>NET BUDGET REQUIREMENT</b>	<b>121,756</b>	<b>197,754</b>	<b>319,510</b>

4.1.25 As mentioned in paragraph 2.3.7, Cabinet has reflected on the responses received through the budget consultation to shape the budget for 2022-23. This resulted in additional investment in some key services, such as additional learning needs and support for the ageing population, and a proposal to freeze council tax. A number of proposals for 2023-26 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;

4.1.26 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 over 80% of the required budget reductions through smarter use of resources, such as:

- Smarter use of our assets and energy efficiencies;
- Efficiency savings arising from agile working;
- Rationalisation of services.

**Table 13 – Budget Reduction Proposals 2022-23 to 2025-26**

	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	Total £'000	%
<b>Smarter Use of Resources</b>	166	1,080	1,040	1,040	3,326	82%
<b>Managed Service Reductions</b>	410	279	0	0	689	17%
<b>Collaboration &amp; Service Transformation</b>	0	0	0	0	0	0%
<b>Policy Changes</b>	55	0	0	0	55	1%
<b>Total Identified to date</b>	<b>631</b>	<b>1,359</b>	<b>1,040</b>	<b>1,040</b>	<b>4,070</b>	<b>100%</b>

- 4.1.27 Managed service reductions amount to 17% of the total savings, and generally relate to remodelling of services within social care.
- 4.1.28 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 2021-22 to 2031-32, 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 2022-23. 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 2022-23 provides General Capital Funding (GCF) for 2022-23 of £150 million across Wales and £6.678 million for the Council for 2022-23, of which £3.953 million is un-hypothecated supported borrowing and the remainder £2.725 million is provided through general capital grant. Indicative figures for 2023-24 and 2024-25 have been provided on an all-Wales basis of £180 million for each year, in addition to £20 million in each of those two years for Local Government Decarbonisation.
- 4.2.3 The original budget approved by Council on 24 February 2021 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2020-21, slippage into 2022-23 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.
- 4.2.4 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 general capital bids for funding at this stage, although it is accepted that there are a number of capital pressures that will need financing going forward, including economic recovery, decarbonisation, homelessness, digitalisation and coastal defences. There are also other financial pressures arising as a result of the impact of the pandemic and Brexit, which are being seen in existing tender prices, and will continue to do so for some time going forward, placing pressure on the capital programme overall, including:

- Increased prices of materials, as a result of higher inflation rates and additional costs associated with Brexit, sometimes up to 25% higher than previously estimated;
- Supply chain difficulties leading to higher prices and delays in schemes being completed;
- Inability to recruit to key posts, both within the Council and companies we contract with, resulting in higher wages and overall contract costs;
- Additional requirements on schemes to achieve Welsh Government's Net Zero commitments, which includes an aim of collectively achieving net zero across the Welsh public sector by 2030. This will lead to changes in the way we design and manage our assets, which will likely result in increased costs.

4.2.5 The Capital Programme contains a number of annual allocations that are met from the total general capital funding for the Council. It is not proposed to amend these for 2022-23 and the proposed allocations are shown in Table 14 below. These are already built into the capital programme for future years.

**Table 14 – 2022-23 Proposed Annual Allocations of Capital Funding**

	<b>Proposed 2022-23 £'000</b>
Highways Structural Works	340
Carriageway Capital Works	250
Disabled Facilities Grant	1,950
Housing Renewal / Empty Property Schemes	100
Minor Works	1,130
Community Projects	50
Corporate Capital Fund (Renewals / Match Funding)	200
Street lighting / Bridge infrastructure replacement	400
ICT equipment replacement	400
<b>Total</b>	<b>4,820</b>

4.2.6 Since the latest capital programme was approved by Council on 9 February 2022 there is one new scheme that needs building into the programme:

Highways Refurbishment

As the local highway authority, we have a statutory duty to maintain a safe and efficient network of major roads, adopted residential streets, pavements and footpaths throughout the County Borough. The highway asset is the largest asset that the Council owns. By investing in our highways infrastructure we improve the safety for highways users and cut down on the need for reactive repairs. In recent years (2018-22) the Welsh Government has provided local authorities with a Public Highways Refurbishment Grant to support public highways refurbishment in the local area. To enable the Council to continue with this important investment it is proposed to include a sum of £2 million in the Council's capital programme, met from prudential borrowing and funded from capacity within our capital financing budget, to enable the authority to continue to invest in and proactively maintain our highways infrastructure.

4.2.7 In addition, on 7 February 2022 Welsh Government informed the Council of an additional General Capital Grant of £3.115 million for 2021-22, which is unhypothecated and can be used to support effective management of our capital programmes. However, the letter did outline maintenance of the existing highways network as one pressure facing authorities, and suggested that the grant could be used to enable improvements to be planned instead of less effective reactive patch and mend repairs to make makes roads safer, especially for active travel users. In line with the grant letter, the funding will be slipped into 2022-23 and allocated out accordingly in that financial year. Any updates will be reported as part of the quarterly capital reports to Council.

Any further new proposals for capital funding will be considered in light of, and in line with, the proposed Capital Strategy 2022-23 to 2031-32, and resources available, and will be brought back to Council for approval at a later date.

### Capital Programme link to the Well-being Objectives

4.2.8 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 2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 to 2031- 32 £'000	Total £'000
1. Supporting a Successful Sustainable Economy	17,123	28,961	4,940	903	<b>51,926</b>
2. Helping People and Communities to be more Healthy and Resilient	5,507	5,570	2,220	15,870	<b>29,167</b>
3. Smarter Use of Resources	25,051	27,371	8,621	61,143	<b>122,186</b>
Core Services & Statutory Functions	2,401	8,077	1,879	14,538	<b>26,895</b>
<b>TOTAL</b>	<b>50,082</b>	<b>69,979</b>	<b>17,660</b>	<b>92,454</b>	<b>230,174</b>

#### Supporting a Successful Sustainable Economy

4.2.9 The proposed capital programme includes a number of 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

- 4.2.10 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 has also received Integrated Care Fund capital grant on an annual basis as part of its partnership with Cwm Taf Morgannwg University Health Board. This has been 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

- 4.2.11 The Schools' Modernisation Programme forms a cornerstone of the well-being objective of smarter use of resources. Work is commencing on Band B options, which will result in further capital investment of around £70 million in the Council's schools' estate. This includes 4 new build primary schools (Welsh and English medium) and a new build special school, funded from a combination of BCBC capital, Welsh Government capital grant, and revenue funding from both BCBC and Welsh Government through the Mutual Investment Model.
- 4.2.12 There was a total budget of £1 million made available 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. Funding is still being drawn down against this budget and will ensure more community asset transfers can progress.
- 4.2.13 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 a range of energy efficiency schemes across Council buildings, such as the Refit programme, which has seen schools and public buildings fitted with a range of measures including LED lighting, lighting controls, Building Management Systems and solar PV systems, designed to improve energy performance, reduce energy bills and carbon emissions, and which will be repaid from recurrent revenue savings generated, along with investment in new electric fleet.
- 4.2.14 The revised capital programme is attached as **Appendix H**. This includes the amendment outlined in paragraph 4.2.6.

## Capital Receipts

- 4.2.15 The Council's enhanced disposals programme, which commenced in 2014, was completed in December 2020 having brought in total receipts of £21.36 million against an original estimate of £21 million. In addition to this, there is an additional £176,000 held in escrow, part of which may also be released to the Council.
- 4.2.16 The disposals strategy for the years to 2030 is currently being drafted and it is anticipated that the majority of the receipts will emanate from the Parc Afon Ewenni (Waterton), Ewenny Road (Maesteg) and Porthcawl Waterfront Regeneration sites, which will be the focus of the disposal programme in the future. Good progress is being made on all three of these projects, most notably with an agreed sale of 2 acres at Porthcawl Salt Lake to Aldi Stores, subject to planning being granted for a retail food store. Capital 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

- 4.2.17 Total Prudential Borrowing taken out as at 1 April 2021 was £46.248 million, of which £26.597 million was outstanding. It is estimated that the total borrowed will increase to £49.413 million by the end of this financial year.
- 4.2.18 Future prudential borrowing could include an estimated £1.8 million towards the costs of the Smart System and Heat Programme, £2 million towards highways refurbishment, outlined above, and £2.3 million towards the costs of highways schemes for 21<sup>st</sup> Century Band B schools.

## 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 £8.7 million and at 31 March 2021 it was £9.772 million, which is 5.01% of the 2021-22 net budget excluding school delegated budgets. In the face of continued uncertainty regarding the economy and public finances, the impacts of the Coronavirus pandemic, 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 2021-22. **Appendix I** sets out the movement in the Council's earmarked reserves as at 31 December 2021. It is anticipated that there will be drawdown of a number of reserves during the final quarter of 2021-22 including:
- The estimated draw down of £8.632 million from the Capital Programme reserve, which does rely on capital spend being incurred from January until March 2022. This includes estimated draw down of £4.910 million towards the purchase of land for Band B Schools programme, £342,000 for CCTV and £360,000 for road

improvements at Heol Mostyn. Offsetting this is an increase to the Capital Programme reserve during the year of £7.018 million to meet the cost of potential new capital programme schemes;

- Draw down of £100,000 of funding from the Change Fund;
- Draw down of £375,000 from the Directorate Earmarked Reserves and a further £1.698 million of equalisation and grant earmarked reserves.
- £494,000 of reserves unwound.

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 2022-23 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole.

**Table 16 – Summary of Earmarked Reserves**

Opening Balance 01 April 2021 £'000	Reserve	Net Additions/ Reclassification £'000	Draw-down £'000	Unwound £'000	Balance as at 31 December 2021 £'000
(82,848)	Total Usable Reserves	(7,497)	2,872	494	(86,979)

#### 4.4 Council Tax

4.4.1 Based on the proposed budget of £319.510 million, shown in Table 10, there will be no increase in council tax for 2022-23. This takes into account the better than anticipated settlement and aligns with the response from the budget consultation whereby 54% of respondents stated to keep council tax at the same level. It is proposed that it is frozen on a one-off basis for 2022-23 only, to support the citizens of Bridgend in dealing with the current rising cost of living.

4.4.2 It must be noted that by not increasing the council tax in 2022-23 this will reduce the level of potential funding available to the council in 2022-23 and future years, as it will reduce the base on which future tax rises will be applied.

4.4.3 The implications in terms of the Council Tax increase for 2022-23 (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in Table 17.

**Table 17 – Council Tax Increase 2022-23**

2021-22 Band D	£1,597.01
2022-23 Band D	£1,597.01
% Increase	0.00%
Weekly Increase	£0.00

## 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 year 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 2032 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

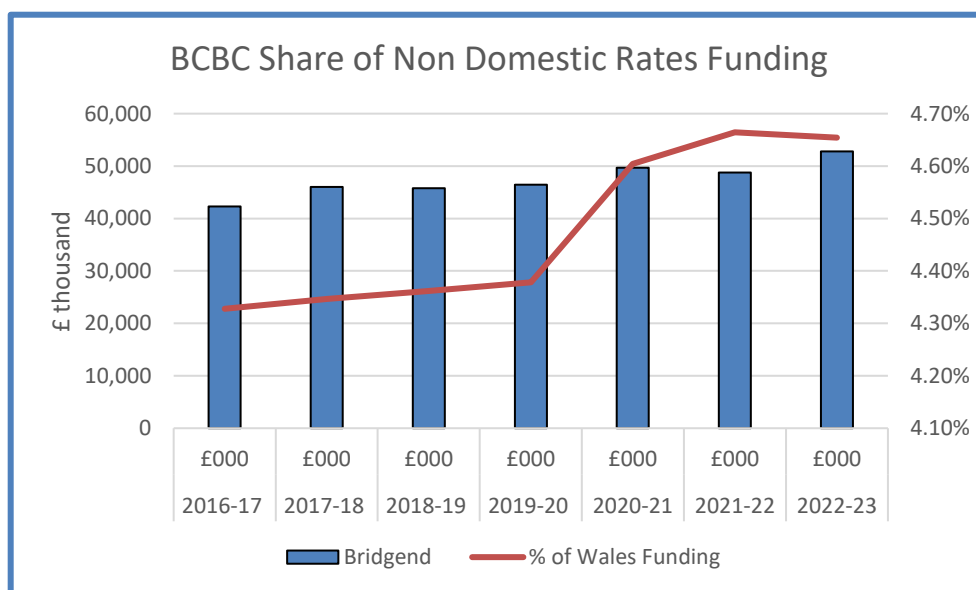


5.2.1 This funding is then supplemented by any income received as a result of charging for services, and any specific external grants to come to the total of what the Council can afford to spend each year.

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 risen in 2022-23 by 8.4% as a consequence of a technical adjustment to the distribution of non domestic rates between local authorities and police forces. This has been offset by a subsequent reduction in revenue support grant to compensate. Bridgend's percentage share has only slightly reduced from 4.66% to 4.65% of the total, reflecting 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, although this has fallen in 2022-23 due to the significant increase in the settlement. 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:

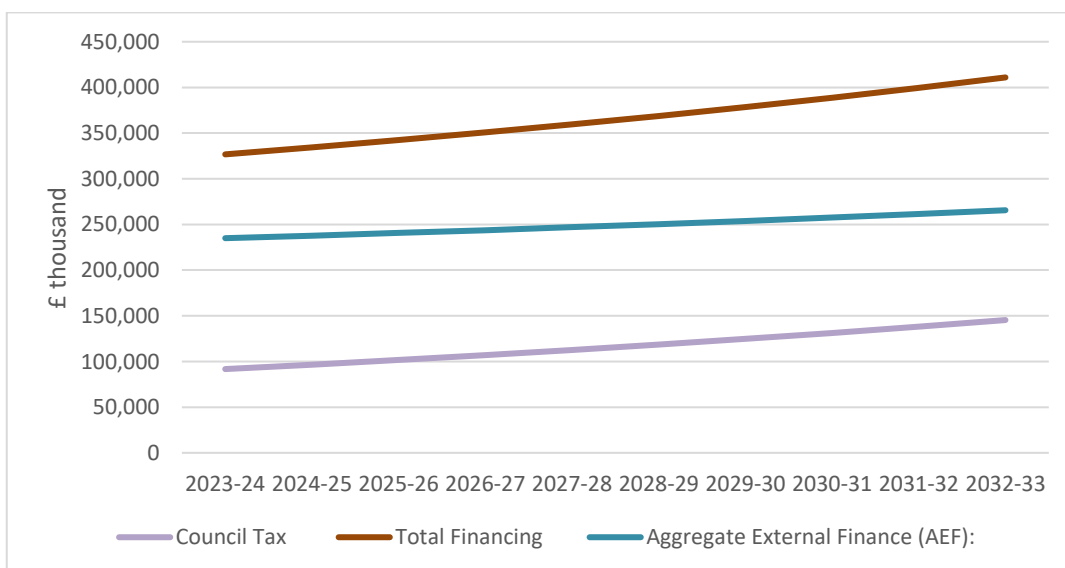
- no changes to Welsh Government funding.
- council tax increases of 4.5%.

5.2.3 Chart 4 showed that since 2016-17 Bridgend’s amount and percentage share of Welsh Government’s distributable amount of non-domestic rates has increased, from 4.33% to 4.65%. 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 alongside a freeze in revenue support grant.

5.2.4 Based on the funding scenarios outlined above, over the 10 year period the estimated freeze 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 2023-24 and 2032-33 if we continue with this model of funding, and the proportion of the budget funded from council tax would increase from its current 27% to 35%.

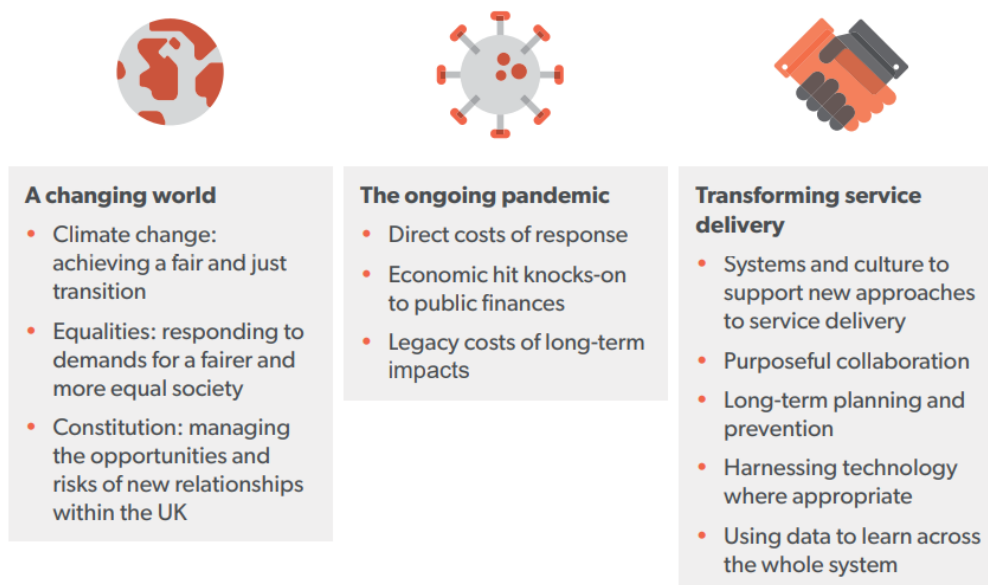
**Chart 5: Estimated Funding over life of Longer Term Financial Strategy**



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. In the Auditor General’s ‘Picture of Public Services 2021’ report (September 2021) they have been encapsulated these into three main categories –



© 2021 Auditor General for Wales – Picture of Public Services 2021

Further detail on some of these key opportunities and challenges is provided below:

A changing world	
Demographic changes	Office for National Statistics data shows that Wales’ population is expected to increase by around 117,000 by 2043. 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. By 2043, it is estimated that 9.1% of the population will be aged 80 and over, compared to 5.4% in 2018*. 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.
Climate change	The Environment (Wales) Act 2016 placed a duty on the Welsh Ministers to ensure that in 2050 net emissions are at least 80% lower than the baseline set in legislation. The Environment (Wales) Act 2016 (Amendment of 2050 Emissions Target) Regulations 2021 increased the minimum percentage from 80% to 100%, ie. net zero emissions.

Brexit	The impact is still widely unknown, but public bodies will need to be alert and adapt swiftly to the risks and opportunities. How the Shared Prosperity Fund (which replaces EU funding) operates will impact on such opportunities.
<b>The ongoing pandemic</b>	
Austerity	The UK government has promised no return to austerity, but funding is still likely to be tight given the cost pressures facing public services. Economic activity fell during the pandemic, with companies and individuals paying less tax. Coupled with higher spending, the UK's overall debt and the annual deficit – the gap between income and expenditure – have grown significantly*. 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 has stated that overall measures of relative poverty were essentially unchanged in recent years, at 22%, the same level as in 2007-08. However, relative child poverty has continued to creep up, and in 2019–20 was 4 percentage points higher than in 2011–12. The impact of the pandemic has been significant, and will continue to do so, with households in relative income poverty prior to the pandemic seeing the largest rises in deprivation at the start of the pandemic along with ethnic minority households who also suffered greater economic hardship. Looking beyond 2021 there are great uncertainties around the prospect for household incomes, and the incomes of poorer households in particular.
<b>Transforming service delivery</b>	
Collaboration	One of the key lessons from the pandemic has been how collaboration has involved getting the right people together working across organisational and professional boundaries towards a common purpose*, but collaboration does need to be purposeful, and lead to tangible benefits, and not for the sake of it.
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.

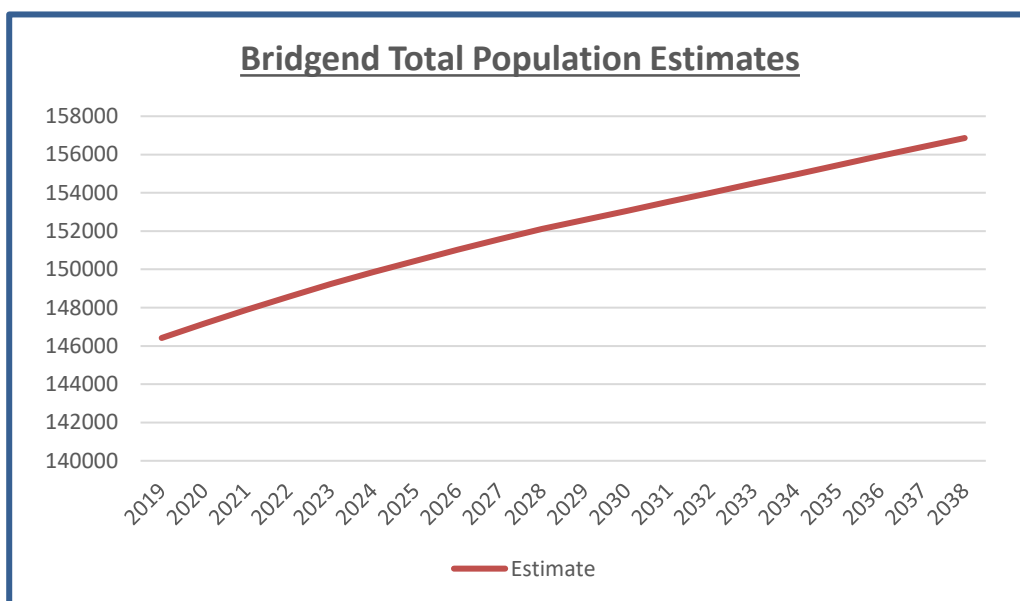
\* © 2021 Auditor General for Wales – Picture of Public Services 2021

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 147,000 in 2021 to 156,000 in 2039, 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. Table 18 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.

**Table 18 - Bridgend Pupil Numbers**

	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>Totals</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	13,012	9,631	399	<b>23,042</b>
September 2021	12,844	9,795	390	<b>23,029</b>
September 2022 - estimated	12,624	9,910	400	<b>22,934</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 £8.91 (rising to £9.50 in April 2022) 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. The September 2021 pay award for teachers brought the starting salary to £27,491 so there is still quite a sizeable gap to fill if this is to be achieved. In addition, despite the Chancellor announcing a pay freeze in 2021-22 for a large number of public sector workers as part of the Spending Review 2020 there is still likely to be a pay increase for NJC staff for 2021-22.

### **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:

<b>Contract</b>	<b>Contract Length</b>	<b>Expiry Date</b>	<b>Current Annual Cost</b>
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)	Varies (buses 2028)	£7.8 million
HALO Leisure Contract	15 years	April 2027	£1.103 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, although this is likely to be offset in part by a reduction in the amount of funding from WG via the Revenue Support Grant. Welsh Government funding through the settlement has been reducing incrementally over the period of the contract but there is likely to be a final reduction in RSG of around £1 million when the contract ends in 2034.

**Bridgend Primary Schools (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, the recently published Prudential Code for Capital Finance in Local Authorities (2021 edition) has been strengthened to include a statement that “local authorities must not borrow to fund primary yield generating investments”. The rationale for this is that it does not constitute the primary purpose of investment and represents unnecessary risk to public funds. It is also to ensure that any commercial investment is consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice. This could restrict any commercial ambitions that the Council may have.

## **Charging policy**

The Council’s Fees and Charges 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. Going forward 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. A Net Zero Carbon Strategy is currently being developed and will be presented to Council for approval in due course.



## **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 MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
1	Cabinet to review how school budgets are being used and how does the local authority demonstrate value for money in how schools are funded, taking an evidenced based approach.	<p>There are systems in place to monitor school spend which includes: the monitoring of school balances on a monthly basis, the local authority and Central South Consortium working in partnership to monitor grant funding that schools receive, and the Performance and Financial Monitoring Board (which includes colleagues from the Finance Team) meeting on a half-termly basis to ensure that schools are being run in an effective way that meets the needs of all learners. As part of this meeting school budgets are discussed.</p> <p>It is proposed that a report is presented to Scrutiny Committee to detail the work that is undertaken to monitor school spend and the action taken if required to address deficit budgets.</p>
2	Cabinet to review Fees and Charges annually going forward.	Cabinet approved an updated Fees and Charges Policy in October 2021. The revised policy includes a number of new and updated sections and responsibilities, including processes to be followed where it is proposed not to increase fees and charges, and Cabinet members' authority to approve fees and charges for new services or increases to fees and charges. The policy also stipulates that charges will be reviewed annually as an integral part of the MTF5 and budget and service planning processes and will be published on the Council's website.
3	<p>Cabinet to seek clarification from Welsh Government in relation to Post 16 bus passes and who is paying for them, ensuring that any cut to Post 16 Transport would not disadvantage those learning in more than one environment, due to the availability of courses.</p> <p>BREP also asks what the Authority has done to explore cost benefit options and arrangements for alternative routes, whilst awaiting the clarification.</p>	<p>The provision of free home-to-school transport for post-16 learners is non-statutory and is therefore unfunded by Welsh Government. The policy arrangement to provide free home-to-school/college transport in place in Bridgend is funded 100% by the local authority. The proposal to remove the policy provision of free transport for post-16 learners was rejected by Cabinet in September 2020.</p> <p>Post 16 (sixth-form) learners use the same buses as those pupils attending secondary schools who are of statutory school age. The routes used by buses are efficient and effective given the cohort of learners is not static and changes annually. For</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
		post-16 learners attending Bridgend College, these use public bus services provided by First Cymru, thereby offering flexible and efficient access transport to students on further education courses.
4	Cabinet to consider the cost of Nursery transportation given the small numbers of children using the facility and the high costs per pupil.	<p>In September 2020, Cabinet recognised that nursery transport provision could not continue in its current form and was required to change due to identified health and safety issues.</p> <p>There has been no change to the local authority's policy of providing transport to pupils attending their nearest suitable nursery school subject to living beyond 1.5 miles. Officers have since procured more suitable transport for nursery pupils at greater expense. No further saving can be made unless Cabinet is minded to remove this eligibility from the local authority's Home-to-School/College Transport Policy in the future. There are currently no plans to do so.</p>
5	Cabinet to review the cost of nursery provision.	<p>For 2021-2022, the funding allocated to primary schools in Bridgend for nursery provision via their delegated budgets is £4.7m. This is based on a weighted average of 1,570 full-time equivalent pupils across 47 schools. The delegated funding allocated per full-time pupil equates to £2,978.07.</p> <p>There are currently no nursery places in Bridgend special schools. The budget to fund nursery places in registered non-maintained settings for 2021-2022 is £391,230 and includes an element for additional support that may be required. There are currently 19 registered non-maintained settings in Bridgend. The number of early years' places funded in the non-maintained sector in the summer term 2021 was 289. Funded provision in the non-maintained sector is for part-time only and up to 10 hours per week. The termly rate payable is £585.</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
6	Cabinet lobbies Welsh Government, through the Welsh Local Government Association to ensure that additional legislation, in terms of the ALN bill, comes with the consequential funding.	<p>There have been additional costs identified with the introduction of the ALNET ACT 2018 which have been mainly staffing for new statutory posts.</p> <p>The true cost of introducing the Act is not yet known as we are in the first year of a three-year phased implementation period.</p> <p>The local authority will continue to liaise with Welsh Government (via ADEW and WLGA) with a view to ensuring appropriate resources are made available to support ALNET Act requirements.</p>
7	Cabinet urgently reviews the School catchment areas to ensure that recent housing developments are taken into consideration in order to also help identify financial, carbon and environmental savings on transport, so at the end they are taken into consideration to also identify financial savings on transport costs.	<p>It would be impracticable to amend school catchment boundaries on a dynamic basis in line with new housing developments.</p> <p>The majority of school catchment areas in Bridgend are mature and require no amendments. Any change to a catchment boundary requires public consultation and a Cabinet decision.</p> <p>Such a catchment change could only be implemented in line with future school admission arrangements. These are required to be approved two years in advance of them coming into force.</p> <p>Significant financial and corresponding environmental benefits can only realistically be made as a result of a policy change to reduce the current generous eligibility for school transport offered in Bridgend, or to create additional schools in local communities thereby bringing school places within walking distance of areas of high population. In the awarding of contracts following the tendering of school transport contracts, carbon reduction measures are an important consideration in scoring suitable school transport operators.</p>
8	BREP acknowledges that due to ageing population and the impact of Covid and long Covid, social care costs are increasing and there will be a potential budget pressure and so proposed budget savings will have to	The 'One Council' approach is already embedded into the principles that underpin the development of the Medium Term Financial Strategy (MTFS). Ten consecutive years of austerity and very substantial 'back office' savings/cuts prior to the better

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
	<p>be found in other ways, by looking more strategically across the whole Council and to explore what can be streamlined and still fulfil statutory duties.</p> <p>Specifically, Cabinet is recommended to take a one-Council approach and look at areas of duplication of functions across the Council and scope for close integration to work smarter e.g. in back office administration, complaints, customer service, referrals and business support in Education and Social Services which was recommended last year.</p>	<p>settlements of the last two years, have meant that opportunities to identify service areas to streamline further are now more difficult. In addition a more recent issue across the organisation is that demand for some 'back office' services to support the delivery of front line priorities has increased significantly, for example in areas such as human resources, business support, property, ICT, legal, procurement and finance. In some cases this has meant that budget growth has been requested to reverse previous savings decisions. However, a commitment remains to increase the effective use of digital service delivery where appropriate as per the agreed strategy, which may in due course lead to some savings opportunities, as well as implement a new service delivery model which may eventually allow further rationalisation of the Council's property portfolio, and to carry out a full phase 2 business support review, in particular across Education and Family Support and Social Services and Early Help during 2022-23.</p>
9	<p>Cabinet is requested to put forward a motion to Welsh Government and Westminster to fund wholesale reform of the social care system with the strategic aim to fund social care fit for the future.</p>	<p>Bridgend Cabinet has worked through the WLGA to strongly influence Welsh Government reform of social care, particularly sustainable funding of social care to enable fair terms and conditions for the whole social care workforce. The funding of real living wage for care workers is a first step in more sustainable funding but significant long term investment is required and we will continue to work with the local government family across Wales to influence the outcome of the Welsh Government inter-ministerial paying for care group. Our priority continues to be well resourced, high quality preventative and improved outcomes for children and adults with care and support needs.</p>
10	<p>Cabinet explores re-balancing the market between commissioned and in-house services in the future and how best that suits the needs of the county borough of</p>	<p>Market stability plans for all regulated services are being developed and will be presented to full Council no later than July 2022 (in accordance with Welsh Government guidance). These plans form the basis of commissioning strategies for social care</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
	Bridgend whilst considering Ethical procurement of services as well.	services and must consider the optimal balance between commissioned and provided services to ensure the best balance. This will differ from service area to service area, for example, the optimal balance between in-house and externally commissioned domiciliary care will differ from residential care which will differ from supported living.
11	Cabinet explores potential for increasing charges in Social Services, and provides BREP with a breakdown of the cost and quantum of support to local residents of the community.	All fees and charges in social services, as in other parts of the Council, are reviewed on an annual basis. Cabinet agrees to keep charges in Social Services under review but anticipates the option to increase charges will be limited by Welsh Government Charging Regulations which place a cap on the weekly charge for community care services. A detailed presentation was provided to BREP setting out the unit costs of social care services provided or commissioned by the Council to meet statutory duties under the Social Services and Wellbeing (Wales) Act (2014) including residential care, supported living and domiciliary care. The unit cost was calculated by dividing the cost of the service by the number of people (or hours) of service provided. This information can be provided to BREP regularly to inform its considerations.
12	Cabinet investigates all new forms of food waste bags, having regard to the environmental impact and to lower the financial cost to the Authority.	This is linked to an MTF5 saving of £35k (COM3) and is being developed currently. We shall move away from the current use of biodegradable bags as they are not compatible with the commissioned anaerobic digester. The department will investigate all forms of alternative food waste bag and ensure that it has regard to environmental impact and will result in an annual saving.
13	Cabinet explores the opportunity of merging Bridgend Bus Station with Bridgend Railway Station into a transport hub, fit for the County as a whole.	This is being explored as part of the Bridgend Town Centre Masterplan work and for improvements to the main Bridgend Railway Station. A project group has been formed with key stakeholders including Network Rail and Transport for Wales to

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
		look at the options for the front and rear of the current station and further links to public and active travel.
14	Cabinet to explore the potential for charging in relation to the administration fee for the issuing and reissuing of Blue Badges.	Cabinet are reflecting on the position as to whether a charge should be levied for issuing Blue badges - no decision has been reached.
15	Cabinet explore the options with regards to the future of Ravens Court.	This is currently being explored and is linked to MTFS budget reduction (COM5), which predicates the commercial letting of a wing for £50k. This covers the utility and other premises costs and generates a rental income. The building is currently being used by the MASH and the ground floor is being used by the Health Board as a vaccination centre. There is a corporate project underway looking at the future new ways of working for the Council. When the projects are completed the Council will be able to make an informed decision as to whether to retain Ravens Court, fully lease space within it or dispose of the building. All of these options are still available.
16	Cabinet to explore options for a dedicated Officer, with flexible hours, to liaise with Town and Community Council's (TCCs) to check if there is any duplication between work done by the local authority and TCC's to see if there are savings in relation to weed spraying, additional grass cutting, etc	Whilst the local authority works in partnership with TCCs it is considered prudent to re-examine the services that are provided at a local level to ensure there is no duplication of public realm works or whether there are opportunities to pass responsibilities on to TCCs to undertake locally.
17	Cabinet to explore the use of compacting bins in parks and review the frequency of collection and duplication of services e.g., Park and Street Scene both collecting bins and Highways and Parks both cutting grass.	The use of compacting street waste bins is being trialled in the County Borough in areas of highest footfall and litter, including at the seafront in Porthcawl. Should they prove successful it may be possible to look at rolling these facilities out to wider areas of the County Borough, where large volumes of waste collected from street litter bins has been recorded.



**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
18	Cabinet to review and simplify the charging structure for car parking and taper the free parking facility.	The concession of 3 hours of free parking will continue in John Street Car Park in Porthcawl and the Rhiw in Bridgend until 31 <sup>st</sup> March 2022. We are currently looking at options to increase footfall into the town centres without the necessity of reduced parking charges. These include monthly markets and activities throughout the summer in addition to drop off and click and collect zones. These will be reported back to Cabinet in due course.
19	Cabinet to explore the option for recycling black plastic and other products not currently recycled.	The recycling of black plastic is not possible under the current waste contract, as there is no identified material recycling centre. Under any new contract from 2024 it is proposed to look at all options for new material streams including black plastic.
20	Cabinet to revisit the relationships with Registered Social Landlords (RSLs) across the county borough to broaden the scope of partnerships and improve the consistency of the operation seen by the public with the local authority to be able to fit different models and provide different solutions with multiple RSLs.	A new Strategic Housing Partnership has been established with RSLs and Terms of Reference are now being agreed. This meeting is at CEO level and is intended to improve partnership working and develop strategic responses to housing and homelessness.
21	Cabinet to revisit the relationship with V2C and renegotiate access to the 25% housing stock that is not currently available for allocation by the local authority housing officers, who manage the common housing register.	The 25% arrangement was put in place during the stock transfer and any amendment to this would require legal advice as to whether it is possible. Regular meetings are held with V2C on an operational level to manage and support the delivery of the Social Housing Allocation Policy to support the statutory housing duty of the Council. In addition, a strategic meeting at CEO level is held to develop partnership working and discuss operational matters or concerns.
22	Cabinet to consider future social housing being provided by the local authority including the options for the next 20 years and exploring a new model and where developers are granted permission the social housing element is prioritised.	The Council does not currently have any mechanisms in place to be a provider or manager of social housing. Investigation of this option would require in-depth legal financial and Corporate Landlord advice in terms of viability and feasibility.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
	BREP further asks what exploration the Authority has undertaken on providing local authority housing.	At this stage the Council has focussed its efforts on working with registered social landlords to increase the amount of social housing provided rather than exploring how it could directly provide housing itself. In the first instance, as the Council has 'stock transferred' a number of years ago, specialist legal advice would be required on whether it is even permissible to do so, and then detailed financial consideration about whether that is something the Council should consider. Again this would be a significant programme of work at a time when the Council is already very stretched pursuing other essential work. Cabinet are however willing to consider this if efforts to work with RSLs, as set out, are unsuccessful.
23	Cabinet to press the Welsh Government to transfer money currently provided on a grant basis directly into the RSG, to save on the significant time/costs of administering, monitoring, and reporting upon grants and the lack of ability to plan ahead for schemes from short term grant funding.	Representations are made through the Society of Welsh Treasurers and the WLGA to streamline grants wherever possible and to give more certainty on longer term funding. We are working with the WG on funding flexibilities.  A reduction on the bureaucracy relating to grants would be welcomed. In terms of the Housing Support Grant, circa £7.8m, which provides support to the Housing Services via the 3 <sup>rd</sup> sector, Welsh Government has given a three year commitment which supports longer term planning and assurance to the 3 <sup>rd</sup> sector providers.
24	Consideration be given to the training / recruitment of apprentices in the Housing service and the use of the market supplement to retain staff.	Consideration is being given to all factors that may ease the current pressure on the housing systems and staff. Proposals for the establishment of a specific Homelessness Team is currently being considered and where applicable apprenticeship opportunities will be evaluated.
25	Cabinet to look at the priorities within the corporate plan with a view to Housing within the Chief Executive's Directorate being included as a priority in the Plan, due	The importance of addressing, as far as is possible, the significant increase in homelessness is acknowledged and fully recognised. However, it is also a complex problem with some

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
	to the significant increase in homelessness and the lack of resources.	restrictions on the type of temporary and quicker solutions that are deemed acceptable to Welsh Government, and a multi-agency approach is required involving registered social landlords and a range of 'wrap around' service providers. Moving forward the additional pressures and demand will mean that this will be a corporate priority. This will become a particularly acute issue if and when additional Welsh Government funding to mitigate the issues ends.
<b>26</b>	Cabinet to renew where the local authority is in terms of the consultation process and whether there are opportunities to improve public engagement, taking into consideration experiences from other local authorities or the public and private sectors.	The process for engaging with the public effectively is always reviewed regularly and good practise from other organisations considered and implemented where appropriate. The requirement to engage effectively with the public as part of the Council's statutory requirement to self-assess its corporate performance will mean effective public engagement and feedback on the way that services are delivered will become an even greater priority moving forward, to help inform and shape future service delivery.
<b>27</b>	Cabinet and the Corporate Management Board reinforce the "One Council" approach and go further to develop a "One Bridgend" approach when working with key partners to deliver community based services. Key partners that can be identified to include but not exclusive to the Police, Health, Social Landlords, Awen, Halo, and Kier.	Agreed - There is already a firm commitment to a 'One Council' approach from both Cabinet and Corporate Management Board. This is evidenced in our approach to the budget, service delivery and to the development of partnerships and further collaboration. The intention of this approach is to ensure that all parts of the Council can make effective contributions to partnerships and that any consequences for other departments are understood and recognised. The prominent role we play in the Public Services Board (PSB) and the Regional Partnership Board (RPB) also contribute significantly to this approach, as well as regular separate meetings with each of the key organisations listed. However, it should also be recognised that sometimes in an organisation that delivers up to 800 different services, there are decisions and actions that need to be made, for various reasons, quickly or in isolation, where it becomes more difficult to demonstrate so obviously that 'One Council' approach.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
<b>28</b>	Cabinet and the Corporate Management Board consider a review of the corporate communication strategy to highlight the specific responsibilities that Bridgend County Borough Council has for the delivery of public services. This may well improve the public's knowledge and understanding of the Council's responsibilities and provide clarity for key stakeholders intrinsically linked to community based services.	Agreed - A number of options are currently being considered as part of the Council's corporate communication approach to put out information that helps the public gain a better understanding of what the Council does, what it is responsible for, and to also address some of the misinformation that currently circulates, particularly on social media.
<b>29</b>	BREP requests clarity upon how its Recommendations have been incorporated into the draft Medium Term Financial Strategy and these particular budget proposals and for the medium term, what Corporate Directors have done to take account of BREP Recommendations, and any that have been rejected, to enable a transparent debate on the recommendations put forward, and that future BREP recommendations ought to inform the budget process from an earlier stage and a written response to each of its Recommendations be provided earlier to enable those considerations to be built into its final Recommendations to Cabinet.	Cabinet is content to receive a proposal from BREP on how it would like feedback on its recommendations from Corporate Directors, and how moving forward it would like to engage with Cabinet with regard to its recommendations as the preparation of the MTFS develops.
<b>30</b>	BREP is looking ahead to the next Council term and the next five years, given the likelihood that the settlement for the next financial year is a one-off and there are likely to be significant cuts needed in the next Council Term, BREP requests a breakdown of which services in each Directorate are discretionary and clear differentiation between statutory services, to provide clarity to BREP Members.	Cabinet is happy to work with BREP to develop a proposal to look at the provision of statutory and discretionary services in a meaningful way, and determine which statutory services are provided beyond the statutory minimum, the range of discretionary services the Council provides, and the link between the two in terms of prevention and early intervention, which can reduce the pressure on statutory services. It is important this is set out and agreed properly with very clear aims and outcomes as this is potentially a very significant piece of work, requiring

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFIS**

	<b>BREP Recommendation</b>	<b>Cabinet Response</b>
		substantial amounts of time and resource, and the results must be worth the effort in terms of establishing potential areas of saving and /or additional investment as appropriate in particular service areas.

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
	<b>Chief Executive's Directorate and Council Wide</b>	
<b>CE1</b>	The Committee recommended that the Medium Term Financial Strategy and the Corporate Plan be reviewed and adjusted based upon the volatility of the funding, the difficulties of financial planning on a 3 to 5 year cycle and the need to be prudent moving forward.	Agreed - There will be an opportunity post local government elections in May, for whoever forms the new administration to review with the Corporate Management Board plans moving forward, based on political priorities but also projections of future settlements, underlying service and cost pressures and legislative requirements.
<b>CE2</b>	The Committee recommended a corporate overview of procurement and tendering process be undertaken and looks at added liabilities to the Authority for staffing costs, which would include National Insurance contributions, national pay / wage increases, etc.	<p>A Corporate Procurement Strategy was approved by Cabinet in September 2021. The strategy is an important document setting out procurement practices and actions the Council will take in respect of its procurements and in line with internal and external policies and procedures.</p> <p>The procurement processes are regularly reviewed to ensure they are compliant with current regulations. Each service area undertakes monitoring of its own contracts and identifies when there are imminent changes that will have financial implications.</p>
<b>CE3</b>	The Committee requested clarification whether the requirement for the Authority to meet increased National Insurance contributions for staff in commissioned services is from employment law or from within the terms of the contracts.	It will be a condition of the contract that the Provider complies with all statutory employment requirements.
<b>CE4</b>	The Committee recommended that the Authority lobbies Welsh Government and UK Government for consequential funding for the additional requirements placed upon Local Authorities from legislative and regulatory pressures, including those relating to: the Additional Learning Needs Act, the Environmental (Wales) Act 2016, the Welsh Government's commitment to eradicate homelessness, local	<p>Agreed - The Welsh Local Government Association (WLGA), on behalf of local government in Wales, lobbies and campaigns regularly to government along these lines. Similarly Chief Officers and Executive Members of the Authority take every opportunity in meetings with government officials and ministers to do the same.</p> <p>In terms of the £19.6 million uplift in funding this is committed as follows:</p>

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	Scrutiny Recommendations	Cabinet Response																						
	<p>authorities' responsibilities in respect of responding to climate change and meeting net zero carbon targets, the implications of the Local Government and Elections (Wales) Act 2021, etc. and asks Welsh Government to identify what within core funding covers these additional responsibilities. The Committee also requested an itemised breakdown of how much the additional legislative / regulatory commitments such as Teachers' Pay, NI Contributions, Real Living Wage, etc, take out of the £19.6 million uplift in funding, in order to receive an accurate indication of the remainder of the 9.2% budget settlement increase.</p>	<table border="1" data-bbox="1128 288 1928 746"> <thead> <tr> <th></th> <th>£'000</th> </tr> </thead> <tbody> <tr> <td>Pay Pressures</td> <td>5,000</td> </tr> <tr> <td>Price / Demographic Pressures</td> <td>3,613</td> </tr> <tr> <td>Unavoidable Budget Pressures including £2.5m for Real Living Wage</td> <td>11,338</td> </tr> <tr> <td>NI Increases External Services</td> <td>1,000</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Total Additional Pressures</b></td> <td><b>20,951</b></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Offset by Budget Reductions</b></td> <td><b>-631</b></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td><b>20,320</b></td> </tr> </tbody> </table> <p>The shortfall in funding over and above the £19.6m will be met from additional council tax arising from the increased council tax base (approved by Council in November 2021) and funding released from a review of pay awards based on latest negotiations.</p>		£'000	Pay Pressures	5,000	Price / Demographic Pressures	3,613	Unavoidable Budget Pressures including £2.5m for Real Living Wage	11,338	NI Increases External Services	1,000			<b>Total Additional Pressures</b>	<b>20,951</b>			<b>Offset by Budget Reductions</b>	<b>-631</b>				<b>20,320</b>
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CE5	<p>The Committee recommended that Cabinet write to Welsh Government urging them to set a multi-year Medium Term financial Strategy budget settlement cycle of 3 or 5 years.</p>	<p>Agreed - This is a long standing issue, and again any letter and representation would more typically come from the WLGA on behalf of all of local government in Wales. The Welsh Government have this year given an indication of an indicative settlement for all of local government for the next two years (three years overall) but we are not given any indication of what our individual settlement might be within that total, and the range of settlements to the 22 local authorities can vary significantly.</p>																						
CE6	<p>In respect of budget pressure CEX1, the Committee recommended consideration be given to continuing to reduce the cost of postage centrally due to the increase in digital service provision, and requested the</p>	<p>Covid-19 has resulted in the organisation working differently with remote working being initially mandated by Welsh Government. The postage budget has been impacted due to the changing work environment. As the organisation moves to a hybrid model of</p>																						

**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTF5**

	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
	savings being made by individual Directorates be identified.	working, it will allow for a review of the postage budget, along with the Print Strategy, to look at alternative channels such as digital, with the intention of reducing the reliance on physical paper.
<b>CE7</b>	In respect of budget pressure CW1, the Committee recommended that the Cabinet requests clarity on the outcome of the consultation undertaken upon Fire and Rescue Service precept / funding.	The Fire and Rescue Authority approved a draft revenue budget for consultation on the 20th December 2021. The consultation commenced after that meeting and the final budget decision will be taken by the Fire and Rescue Authority at its meeting on the 14th February 2022.
<b>CE8</b>	In respect of budget pressure CW3, the Committee expressed concern about whether the £1m would be sufficient to meet the range of potential services it may need to support, given the extent of previous claims from the Welsh Government Hardship Fund by such services e.g., schools, homelessness, etc. and requested itemisation of what the pressure is to support following the ending of the Welsh Government hardship fund.	The £1m figure is an estimate of the total budget we think may be required to pick up additional burdens once the Welsh Government hardship fund is removed from April 2022, and for items not covered by other growth included in the budget. There is currently no itemisation available as currently it remains unknown what and where additional burdens and pressures the Council will need to cover, but we can speculate, for example, that the cost of providing the leisure contract moving forward, if we are minded to want to keep the service the same, might increase as the number of paying customers has reduced significantly. This would be one example of a potential recurring additional cost. For additional costs or burdens that are anticipated to last only for a short period there is additional funding in a Covid reserve.
	<b>Education and Family Support Directorate and Schools</b>	
<b>ED1</b>	The Committee supported the COSC recommendation made on 19 January 2022 for a robust review of the Medium Term Financial Strategy and the Corporate Plan to be undertaken, as they were planned prior to the pandemic. The Committee requested that Cabinet be mindful of the consequences of the pandemic impact including learning catch up, the mental health of	Safeguarding and the mental/physical health of children are priority areas for the Education and Family Support Directorate. Schools can access direct support, advice and information linked to safeguarding via the Education Engagement Team. This will continue to be offered with ongoing training and information being provided via professional development workshops, safeguarding forums and safeguarding training.



**CABINET RESPONSE TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE (COSC) REPORT ON MTFS**

	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
	children and safeguarding issues when looking at this review, and the impact of potential future reductions on schools and teaching.	There is an on-going audit and review of services which support the mental health and wellbeing of pupils and we are adapting resources wherever possible to meet the increased demand.
<b>ED2</b>	In relation to the indicative Budget Reduction SCH1 of 1% for 2023-24 to 2025-26, the Committee recommended that the Cabinet lobby Welsh Government regarding the detrimental effect Covid has had on children and their learning and the need to start examining and discussing funding for schools looking ahead, as Wales has the lowest funding per pupil in the UK and Bridgend is lower than some other Welsh Authorities, and the need to try to protect children's learning from future savings that could potentially impact on the effectiveness of teaching.	Children's wellbeing and learning remains a priority for the local authority. Schools have been in receipt of a wide range of additional funds from Welsh Government (eg Recruit, Recover and Raise Standards RRRS grant) to support the learning recovery following the pandemic and it is acknowledged that such funding is likely to be needed for many years to come.
<b>ED3</b>	The Committee recognised the need to be able to plan ahead for future years in the MTFS and supported the recommendation proposed by COSC on 19 January 2022, that Cabinet write to Welsh Government urging them to set a multi-year Medium Term financial Strategy budget settlement cycle of 3 or 5 years	See response to CE5
<b>ED4</b>	The Committee recommended that consideration be given to the cost of living crisis to try to keep any future Council Tax increase to as minimal as possible.	Cabinet always strive to keep Council tax levels as low as they realistically can be, having taken into account the level of the settlement from Welsh Government, the amount of any additional growth pressures and new burdens and the impact of any cuts that would need to be implemented to offset any lower Council Tax. This is of course a difficult balancing act and the size of the Welsh Government settlement this year allowed Cabinet the opportunity to propose a freeze in Council tax, recognising the current cost of living crisis. That has not been a realistic option in any of the previous years over the last decade. Moving forward those same factors will need to be considered in setting the annual Council tax rate, but the provisional overall settlement for

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		local government over the following two years indicates that this year's freeze is likely to be a one off and that some increase in Council Tax will be necessary in future years.
<b>ED5</b>	In relation to budget pressure EFS6, the Committee recommended that the Authority continue to lobby Welsh Government for the awaited WG review of learner transport, in order to progress the outcome relating to this pressure for home to school transport.	Cabinet Members will continue to liaise closely with Welsh Government Ministers, via the WLGA, to ensure the review of learner travel is published as soon as possible.
	<b>Social Services and Wellbeing Directorate</b>	
<b>SS1</b>	In relation to budget pressure SSW5, the Committee recommended that consideration be given to lobbying Welsh government to set a Welsh national salary, terms and conditions for social workers to alleviate Childrens social worker recruitment and retention pressures for Local Authorities, similarly to the national arrangements for teachers, police and nurses.	BCBC Cabinet Members and senior officers are working closely with Welsh Government and Social Care Wales, through the Welsh Local Government Association and Association of Directors of Social Services Cymru, to promote positively national actions to address the extreme challenges in the social care and social work workforce. There has been some success through the Welsh Government policy to implement the Real Living Wage for care workers as part of the programme for government. However, it is recognised that this is only part of the solution and a national pay and grading system, similar to that for the education workforce and NHS workforce, alongside improved national workforce planning (including student bursaries similar to those available for NHS workers) would be a positive development.
<b>SS2</b>	In addition to the above, the Committee expressed concern at the significant reliance and potential cost of agency staff in Children's Services and requested assurance that the situation is kept under review and all that can be done to reduce it considered.	Vacancy rates in children's social work in Bridgend (as in other local authorities in Wales and across the UK) present a significant risk to the effective delivery of statutory children's services. Agency workers are essential in ensuring that statutory duties are met, but a stable, well supported permanent social work workforce is fundamental in sustainably improving outcomes for children and families. The social work agency market is itself highly competitive and the cost of securing quality agency

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	Scrutiny Recommendations	Cabinet Response
		workers is increasing. These issues have the highest priority for Cabinet and Corporate Management Board. Cabinet will consider a 3 year strategic plan for children's services in February. There are clear actions in this plan to address the workforce challenges. The Corporate Director for Social Services and Wellbeing chairs a fortnightly project board which has set and is overseeing a number of strategic actions to ensure the Council is able to meet statutory duties through a permanent workforce. These actions include strengthening the skill mix in teams so social workers can focus on their professional duties and the 'grow your own' social work scheme which is seconding increasing numbers to the social work degree course which will, over time, mean that there is a considerably enhanced supply of newly qualified social workers contracted to Bridgend.
SS3	In relation to budget reduction proposal SSW1, the Committee recommended consideration is given to ensure that service users are not excluded by the use of technology / digital service delivery.	Technology is a key enabler of effective and efficient care services and has over a number of years enabled people to remain more independent in their own homes. Critical to this success is that the technology is linked to a human response. Good examples are the lifeline service and falls detectors. This approach to combining technology and human to support people to live in their own homes will continue and as technology develops it is important it is used to enhance the lives of people with care and support needs.
SS4	In relation to budget reduction proposal SSW2, the Committee requested assurance that consideration of new ways of working includes options for face-to-face service e.g., for those who are unable to engage in other ways e.g., via telephone completion of forms, etc.	Social care services have, throughout the pandemic, been provided in person as it was not possible to provide them remotely. Other services and approaches were at times provided digitally or through a mix of digital and face to face contact. The usual operating model for Social Services and Wellbeing services will be that which delivers the best outcomes for people most effectively. For most services for people with care and support needs this will be face to face, but supplemented and enhanced

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	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
		by digital communications where this is more effective in achieving outcomes identified.
<b>SS5</b>	In relation to budget reduction proposal SSW3, the Committee suggested that the use of the term service remodelling had negative perceptions which could have adverse impact on staff and service users and did not make clear the extensive advocacy and consultation undertaken to listen to the wishes of service users, and recommended consideration be given to more positive terminology and explanation of the budget line, such as tailoring or ongoing continuous improvement, etc.	Accepted – all changes to the way services are provided should strongly evidence co-production with people whose lives that service impact on. Language is important and if the language used could cause undue anxiety or concerns we must challenge ourselves and change the narrative we use to explain the proposal.
<b>SS6</b>	In relation to general comments relating to budget pressure CW3, the Committee recommended that consideration be given to reviewing the £1M pressure, as due to the extent of the significant reliance on the former Welsh Government hardship fund by a number of services including those within Social Services and Wellbeing, there was concern that the figure may be insufficient and a reduction in service delivery could ensue.	See response to CE8
	<b>Communities Directorate</b>	
<b>CM1</b>	The Committee requested a written breakdown of the list of Community Asset Transfers that had taken place to date with the maintenance costs per site to identify the savings.	A detailed response has been prepared and forwarded to Scrutiny for circulation to its members on the 01/02/22.
<b>CM2</b>	The Committee welcomed that a report would be prepared to Cabinet upon the Community Asset Transfers, including an update upon those community facilities clubs had not expressed an interest in transferring.	The Leader of the Council agreed that a Cabinet Report updating on the progress on the Community Assets Transfer Programme would be brought forward in the Spring.

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	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
<b>CM3</b>	The Committee welcomed the 9.2% uplift in the settlement from Welsh Government but is disheartened that savings are still proposed to the Communities Directorate particularly the Strategic Regeneration Fund, because of its importance for future generations. The Committee recommends that any reductions in the Communities Directorate are the last resort and that the Strategic Regeneration Fund budget particularly is protected as much as possible from reduction, as a priority from the list of Communities Directorate proposed reductions. (Budget reduction proposals, particularly COM1)	Whilst the support of the Scrutiny Committee for the Communities Directorate is acknowledged, future budget recommendations for savings in 2023-24 will be made with full corporate budget visibility as part of next year's MTFS process.
<b>CM4</b>	In relation to budget pressure COM1, COM2 and COM3, the Committee requested information be provided regarding increased tonnages for kitchen waste, blue bag waste and street litter and the percentage increases in respect of each.	<p>The increased tonnage from Waste Collections that relate to the budget pressures are as follows: -</p> <p><b>COM1: Increase in Kitchen Waste tonnage</b></p> <p>2019/20      7,893.42 tonnes recorded  2020/21      8,992.24 tonnes recorded  An increase in kitchen waste tonnage of 14%</p> <p><b>COM2: Increase in Blue Bag Waste tonnage</b></p> <p>2019/20      11,948.23 tonnes recorded  2020/21      13,939.22 tonnes recorded  An increase in Blue Bag waste tonnage of 17%</p> <p><b>COM3: Increase in Street Litter Collection</b></p> <p>2019/20      1,054.33 tonnes recorded  2020/21      1,127.33 tonnes recorded</p> <p>An increase in street litter waste tonnage of 6%</p>

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	<b>Scrutiny Recommendations</b>	<b>Cabinet Response</b>
<b>CM5</b>	The Committee recommended that Cabinet examine all discretionary services to ensure they are all achieving value for money for the local authority.	Clarification on what the Committee are seeking to achieve here is important. The Council runs up to 800 different services, many of which are discretionary in nature. The distinction between statutory and discretionary services can be misleading as the role and value of discretionary services, for example in reducing the demand for some statutory services, is huge. In addition we offer some statutory services beyond the statutory minimum. The extent to which the Council provides and invests in discretionary services is 'examined' every year as part of the budget setting process and as part of ongoing performance assessment. Any more formal 'examination' beyond that on a service by service basis, would be an enormous and onerous undertaking, but Cabinet are happy to look at specific issues if the committee have particular concerns or issues.

No.	IDENTIFIED RISK There is a risk that	Consequences of risk	Raw risk score			ACTION PLAN		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			Well-Being Objective
			Li	Im	Total	Control method	Date Risk score assigned							Li	Im	Total	
CO-2019-01 <b>Page 159</b>	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	Jan-19	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.	Continuously review the assumptions built into the MTFS and update as additional information becomes available. Keep elected members and BREP informed of updated position and re-align MTFS as appropriate. Earlier discussion with members on possible scenarios to get early buy in to the direction of travel. Review scope and direction of BREP to ensure they play a key part in shaping the MTFS. For MTFS 2022-26, more focus on potential areas of saving, even if not currently proposed, rather than just proposed savings. Focus to be more deep dives into targeted areas. MTFS to consider longer term pressures and ensure these are fully considered beyond the life of the 4 year MTFS.	CMB	Jan-2022	Apr-2022	Feb-2021 then ongoing quarterly review	3	5	15	Smarter use of resources
CO-2019-02	The council is unable to deliver transformation including projects and 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 and capital projects, which will lead to it not meeting its commitments within available budgets. Of particular importance here is the actions required to tackle the Climate Emergency, the consequences of which will have a detrimental impact on all areas of the Borough.	4	4	16	Treat	Jan-19	The council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, deliver large scale capital regeneration projects, 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. It also has a well documented decarbonisation programme to tackle the Climate Emergency and will submit its Bridgend 2030 Decarbonisation Strategy and Action Plan to Cabinet and Council for approval in March 2022.	Further development of a 'One Council' culture and transformational change has progressed in recent years and has been accelerated as a response to the Covid-19 pandemic. A much more corporate approach to service provision and transformation has been driven by CMB. Our response to the pandemic has challenged the way that we work across all services, and we will need to quickly adapt and learn any lessons from this that can be embedded into 'new normal' and recovery. The Council has agreed a Digital Strategy and under the Digital Programme Board will progress a number of projects using digital solutions that are designed around the people that use them, to deliver seamless connectivity, and support the vulnerable in our communities. This is complemented by a more digital staff, as a result of the pandemic and the need to work differently and in a more agile way. A review of Council processes over recent months has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. In addition a corporate review of resource requirements and the prioritisation of projects has meant that resources can be directed where required, to ensure successful delivery. The 2030 Programme Board, projects boards and working with The Carbon Trust, will ensure that a robust 2030 Decarbonisation Strategy is prepared and that projects within it are delivered effectively in order to reach an ambitious net zero carbon position in the Council by 2030. 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 has introduced 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-2022	Apr-2022	Ongoing	2	4	8	All Well-Being Objectives
CEX-2019-01	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	Jan-19	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).	The Council will consider all seek external and match funding for projects where possible, in order to maximise its capital programme spending capability. Where feasible the capital earmarked reserve will be replenished on an annual basis to mitigate the decline in available and potential new capital receipts. The Council will continue to operate a strategy where capital receipts are not ring-fenced, to ensure that maximum flexibility is available. All capital bids will be fully considered by CMB and CCMB in line with the Capital Strategy, before inclusion in the capital programme. Schemes must have been subject to a full feasibility assessment. This should inform more accurate costings and profiling of spend to avoid potential overspends or delays in schemes. The procurement process will also be considered and qualification criteria updated to try and avoid supplier issues.	CMB	Jan-2022	Apr-2022	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
SS-2019-01	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	Risks to the safety and wellbeing of children and adults at risk are significant and require an effective, highly skilled response from multi-agency safeguarding partnership with leadership from the local authorities. There is a risk that without adequate budgets and as the decline of a sufficient experienced workforce there is a risk that the Council's safeguarding arrangements will not be effective, and that children and adults at risk will not be kept safe and will experience harm.	5	5	20	Treat	Jan-19	The Council works with key partners in Bridgend and within the Cwm Taf Morgannwg Regional Safeguarding Board to safeguard children and adults at risk. There are well established governance arrangements and culture and practice of transparency and learning to ensure that safeguarding is continuously improving and the safeguarding workforce is supported in their development. The Cwm Taf Morgannwg Regional Safeguarding Board has recently received an independent rapid review of safeguarding arrangements in Bridgend to identify areas where further assurance and improvements should be progressed. In addition, the Council is prioritising investment in the children's services workforce in order to strengthen safeguarding capability and capacity. Safeguarding is a standard agenda item for Cabinet/Corporate Management Board and a safeguarding dashboard has been developed is reported on a monthly basis, supported by the Corporate Safeguarding Group which is chaired by the Statutory Director of Social Services and Wellbeing. Regular reports on safeguarding are brought forward to scrutiny committees and Cabinet.	Bridgend Council is working with safeguarding partners to progress independent audits to provide in-depth quality assurance in key areas identified by the independent rapid review. In addition a Children's Services Strategic Plan will be considered by Cabinet to set out key actions to strengthen children's services workforce, practice, provision and partnerships. Internal audit will undertake a follow up review of corporate safeguarding in Q4 of 2021/22 and any actions will be addressed by the Council wide Corporate Safeguarding Group	CMB	Jan-2022	Sep-2022	Ongoing	3	5	15	Helping people and communities to be more healthy and resilient and smarter use of resources
COR-2019-03	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	Jan-19	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 situation is constantly being monitored on an ongoing basis, ICT are reviewing options to mitigate potential cyber attacks as the attack landscape is continually changing. 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-2022	Apr-2022	Ongoing	3	4	12	All Well-Being Objectives

IDENTIFIED RISK		Raw risk score			ACTION PLAN		Residual risk score			Well-Being Objective							
No.	There is a risk that	Consequences of risk	Li	Im	Total	Control method	Date Risk score assigned	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	Li	Im	Total
COR-2019-04	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 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	Jan-19	In areas where there are recruitment challenges, a variety of approaches are being taken. The marketing of vacancies to reach as wide an audience as possible, promoting specific careers and maximising the use of social media in recruitment advertising, are some examples. Opportunities are being taken to increase capacity and develop skills through trainee type roles, enabling the council to "grow our own", including Apprenticeships; a new Graduate programme and a new Secondment scheme to train staff to become Qualified Social Workers. A market supplement policy has been approved by Council(20 October 2021). The Market Supplement Policy will enable the council, in exceptional circumstances to respond to any established recruitment and retention issues by temporarily increasing the pay awarded to a post, without altering the determined job evaluation grade. Dedicated projects are being established in Social Services and Wellbeing to focus specifically on recruitment and retention in domiciliary care and children's social work.	There is a need to continue to seek alternative approaches to recruit to service areas, acknowledging that one size does not fit all. The benefits of working for the council will be promoted alongside different ways of attracting staff. Consideration will also be given to how the council's agency provider can support this agenda. Different recruitment, advertising and selection methods are being introduced for recruiting Apprentices, to improve the level and quality of applicants and with the aim of developing a pool of Apprentices. The Market Supplement policy will be considered where appropriate to address market issues affecting recruitment. Action plans are in place and being developed to address challenges in the Social Services and Wellbeing Directorate.	CMB	Jan-2022	Apr-2022	Ongoing	4	4	16	All Well-Being Objectives
COR-2019-05	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	Jan-19	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-2022	Apr-2022	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
COR-2020-01	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	Jun-20	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-2022	Apr-2022	Ongoing	3	2	6	Smarter use of resources
COR-2020-02	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	Sep-20	Full risk assessments at a service level 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 has been distributed for self assessment to determine if special measures are required to be implemented to protect those individuals. Revised protocols have been 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. Coronavirus measures are continually updated as and when the advice from Welsh Government is received.	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 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. The Council continues to move to a 'recovery' position whereby as well as continuing to deliver some Covid related services and respond to some of the Covid legacy issues such as significantly increased demand for social care, early help and homelessness services, there is an expectation from the public that other Council services will have returned to 'normal'. Based on business cases some Council services have now partially returned to working in an office environment but the return is still being managed in a cautious and prudent way with employee safety at the forefront of considerations. A report was presented to Cabinet in September and to Overview and Scrutiny in October setting out the direction of travel with regard to a new operating model for the Council, embracing the best of the practices of the last 18 months but also recognising the need to ensure working methods moving forward properly reflect wellbeing concerns and the need for face to face interaction on occasion based most likely on a hybrid working model of some home/remote working and some office based working where appropriate. This was supported by the preferences in the recently completed staff survey.	CMB	Jan-2022	Apr-2022	Ongoing recovery as the impact of the pandemic eases, subject to future waves.	5	3	15	Smarter use of resources
COR-2020-03	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	Sep-20	Planning effectively with our partners a joint Cwm Taf Morgannwg TTP team has been established across the Bridgend, RCT and Merthyr area. There will be ongoing recruitment to this team to deal with peaks and troughs in demand. BCBC officers have assisted in planning and staffing of mass vaccination centres and continue to support regional arrangements. There is enhanced wellbeing support available for staff.	Ongoing monitoring of the performance of the regional TTP team and additional recruitment undertaken when necessary. Continued support to the vaccination programme. SRS continue to advise businesses to promote good Covid practices and ensure relevant risk assessments are in place.	CMB	Jan-2022	Apr-2022	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
COM-2020-01	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 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	Sep-20	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.	Support the aims set out by local economic recovery taskforce and identify and implement the recommended actions through the development of a new Economic Strategy . Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to add to investment provided by BCBC 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 proposals for the UK Government's Levelling Up Fund as well as other external funding sources as considered appropriate.	CMB / Economic Recovery Panel	Jan-2022	Apr-2022	Ongoing	5	2	10	Supporting a successful sustainable economy



IDENTIFIED RISK			ACTION PLAN										Residual risk score	Well-Being Objective				
No.	There is a risk that	Consequences of risk	Raw risk score			Control method	Date Risk score assigned	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
SS-2021-01	The WCCIS (Welsh Community Care Information System) Social care system (national system) will fail to operate. This is an ICT system which holds all BCBC social care records and is supported by an external contractor.	As all of Bridgend social care records and services are held on this system when it fails social work practitioners are unable to check records of individuals known to the service, this could cause safeguarding issues as understanding previous referrals and interactions and undertaking lateral checks are critical to safeguarding decision making. On one occasion when the system failed for 2 days, the Authority was not able to provide advice to other agencies on a Safeguarding issue in a time crucial way - causing a high risk to children and adults at risk. System down time potentially leaves the authority people vulnerable in its safeguarding role. Practitioners would also be unable to update care and service plans and there is therefore a risk to front line care services. Processing of documentation which commence services to vulnerable citizens could cause potential delays to care packages. In addition, services being unable to share social care records to service providers, and partners. The foster care payments system is operated from this system so internal foster carers will not be paid this could potentially result in us losing foster carers if the payments fail regularly. There is also a risk to the ability to in a timely way provide reports and management information for key social care services to WG. The system is currently failing on a daily basis and /or running so slow that makes it unable to function. On one occasion the system has failed for more than a day sometimes these drop outs are planned but often the system fails without warning and the support from the supplier in overcoming issues experienced has not been robust. The performance of the system is causing extreme frustration for practitioners and presents a risk to retention and recruitment as workers may chose to leave and work in LAs with other systems which perform better. This risk will affect the reputation of the Council as well as affecting partnership working as the NHS and other partners (police and probation working in the MASH) will not deploy a system which performs so poorly. This presents further safeguarding risks in respect of poor information sharing. There are also risks to non compliance and the overarching risk is failure to maintain effective and safe services to vulnerable residents of Bridgend. Undertaking contract enforcement action is itself a high risk strategy as a new system would need to be procured. Implementation of a new system would move away from a single integrated system for Wales, would present risks in terms of transfer of records and would incur significant additional costs.	5	3	15	Treat	Jun-21	BCBC SSWV together with the support of BCBC ICT and legal services will develop a local approach to working with the Supplier/Provider to overcome the local WCCIS issues being experienced and are also exploring all possible actions in terms of contract compliance and exit. A review of the local issues facing practitioners and users of the system will be collated jointly by the service and ICT so a full understanding can be presented to senior managers within the supplier in meetings with them to review the ongoing BCBC issues. In addition a review of the contractual obligations will be undertaken by colleagues in legal in order that BCBC can challenge any non contract compliance with the supplier. Action is also being undertaken as part of the all-Wales arrangements with regular links with the programme SRO and exploring co-ordinated action on a national basis, recognising that managing and mitigating risks and issues on a national is important when dealing with such a well resourced supplier.	There is an improvement in the current functionality and operation of the WCCIS system which resulted in the interventions put in place by Advanced in June/July, this was in turn the result of national involvement by Corporate Directors of Social Services expressing grave concerns about the significant issues at that time with the operation of the system day to day. The plan to upgrade the system remains on track at the moment - with Advanced the National Programme Team and local authorities working together to deliver actions which include: * final testing * bug fixes * defect resolution * functionality testing * online e-learning for end users on the new system, and * support to ensure operational readiness for the planned downtime of the system when the transfer onto the new CRM Platform takes place.	CMB	Jan-2022	Apr-2022	Ongoing - Residual Risk to be reviewed	5	3	15	All Well-Being Objectives	

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.

Risk Scores
1-6 - Green - Low
8-12 - Amber - Medium
15-25 - Red - High

Risk ID number follows the sequence
Directorate - year identified - risk number
Directorate codes mentioned above are: SS - Social Service COR - Corporate COM - Communities CEX - Chief Executives

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## BUDGET PRESSURES 2022-23 TO 2025-26

Ref	Directorate	Well-being Objective	Pressure	Proposed 2022-23	Indicative 2023-24	Indicative 2024-25	Indicative 2025-26
				£000	£000	£000	£000
EFS1	Education and Family Support	Supporting a Successful Sustainable Economy	Revenue implications for supporting the School Modernisation Programme (Mutual Investment Model).		500		
EFS2	Education and Family Support	Supporting a Successful Sustainable Economy	Welsh-medium Moderate Learning Difficulties (MLD) Learning Resource Centre (LRC) at Secondary school level	92			
EFS3	Education and Family Support	Supporting a Successful Sustainable Economy	Increase in demand on the Educated Other Than at School (EOTAS) budget - projections indicate that within the next two years around 25 additional places will be required as part of the EOTAS provision. By employing staff directly this will avoid the need to employ tutors (2 teachers and 2 LSO's).	162			
EFS4	Education and Family Support	Supporting a Successful Sustainable Economy	Resources required to support the implementation of the Additional Learning Needs Educational Tribunal (ALNET) Act (2018) particularly to support the increase in age range (0-25). Two Individual Development Plan co-ordinators, one Additional Learning Provision co-ordinator and a Higher Level Teaching Assistant.	173			
EFS5	Education and Family Support	Supporting a Successful Sustainable Economy	Other Local Authority recoupmnt income shortfall due to increased demand from Bridgend pupils to attend Heronsbridge and Ysgol Bryn Castell. Whilst there were 20 OOC placements at the end of 2020-21 this has reduced to 16 with an expectation this will reduce further to 12 from the Autumn Term due to increased demand from BCBC pupils.	200			
EFS6	Education and Family Support	Supporting a Successful Sustainable Economy	Recurrent increased costs of home to school transport - a combination of historical budget pressures, but also the additional requirement for the transportation of nursery pupils, alongside cost pressures arising from the recent tender exercise for buses and minibuses, and the estimated increase in prices following the current tender exercise for special taxis, taxis and special minibuses. The outcome of the WG review of learner transport is still awaited.	2,472			
EFS7	Education and Family Support	Supporting a Successful Sustainable Economy	Investment in the Early Help service, to ensure the full assessment process is completed, reduce waiting times for referrals and improve quality. The capacity within locality hubs will be increased to enable them to provide interventions, along with additional counselling capacity.	226			
EFS8	Education and Family Support	Supporting a Successful Sustainable Economy	To increase the provision of universal youth support (e.g. youth clubs) across the county borough and improve the digital offer to young people (e.g. development of a youth led website with the content, editing and facilitation delivered by young people, for young people).	188			
SSW1	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Increase to 'Connected Persons' Fostering Fees stemming from a National Eligibility Criteria in Wales	191			
SSW2	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Increased pressure on Mental Health Services due to the Covid-19 pandemic and resulting lockdowns	147			
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 announced increase to NLW from £8.91 in 2021 to £9.50 in 2022 (6.6% increase) increasing up to the Government target of £10.50 by 2024.	1,458	808	799	790

				Proposed 2022-23	Indicative 2023-24	Indicative 2024-25	Indicative 2025-26
Ref	Directorate	Well-being Objective	Pressure	£000	£000	£000	£000
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 1.31% in 2021, and for future years the average of the population increases over the last 6 years, being 1.77%, has been used.	274	361	367	
SSW5	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Children's Services workforce pressures, including market supplement to address 30% vacancy rate in Children's Safeguarding and Care Experienced Team, apprentices, information, advice and assistance social work capacity and Independent Reviewing Officers (IRO).	1,026			
SSW6	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Increase in take up of Direct Payments within Children's Services (up 22.5% on 20-21 actuals)	87			
SSW7	Social Services & Wellbeing	Helping People and Communities to be more Healthy and Resilient	Increase in costs of Supported Living Service following re-tender. The budget pressure is based on current levels of need that were identified at the point of going to tender, and therefore could fluctuate either up or down, based on assessed needs and requirements post-Covid.	650			
COM1	Communities	Smarter Use of Resources	Increase in disposal costs due to increased Kitchen Waste tonnages being collected at the Kerbside. This is due to both an increasing number of households in the borough and lifestyle changes due to the pandemic - more people working from home, producing more domestic waste as a result.	37			
COM2	Communities	Smarter Use of Resources	Increase in disposal costs due to increased blue bag waste being collected at the Kerbside. This is due to both an increasing number of households in the borough and lifestyle changes due to the pandemic - more people working from home, producing more domestic waste as a result.	200			
COM3	Communities	Smarter Use of Resources	Increase in disposal costs due to increased Street Litter being collected by the Street Scene Team. This is due to both an increasing number of households in the borough and lifestyle changes due to the pandemic - more people working from home, increased stay-cations, producing more street litter waste as a result.	150			
CEX1	Chief Executives	Smarter Use of Resources	ICT e-Post Room Postages - budget pressure due to increased costs incurred as a result of Covid-19 pandemic, and resulting change in work practices to accommodate this scenario.	30			
CEX2	Chief Executives	Smarter Use of Resources	Funding to implement Phase 2 of the Business Support review, increasing capacity for the provision of cross-Council business support, where additional pressures have been identified, particularly in respect of children's social care and early help, generally and as a result of the pandemic. This extra capacity will enable services to direct professional staff to front line service delivery.	405			
CW1	Council Wide	Core Services and Statutory Functions	Increase in Fire Service Precept to cover pay, price and demographic increases. The final budget is subject to approval by the Fire and Rescue Authority at its budget meeting in February 2022 so the final increase may change .	180			
CW2	Council Wide	Core Services and Statutory Functions	The Local Government and Elections (Wales) Act 2021 provides for the creation and ongoing development of corporate joint committees to allow authorities to work together on specific functions such as transport, economic development and planning. Additional funding has been provided through the settlement to support the core operation of these committees.	200			

				Proposed 2022-23	Indicative 2023-24	Indicative 2024-25	Indicative 2025-26
Ref	Directorate	Well-being Objective	Pressure	£000	£000	£000	£000
CW3	Council Wide	Core Services and Statutory Functions	Following the end of the Welsh Government Hardship Fund in 2021-22 funding has been set aside to meet ongoing budget pressures as a result of the Covid-19 pandemic, both in respect of additional cost pressures and ongoing loss of income. This pressure will be allocated out during the year in line with need and will be reviewed annually to determine whether or not it is still required.	1,000			
CW4	Council Wide	Core Services and Statutory Functions	Funding has been provided through the settlement to enable local authorities to meet the additional costs of introducing the Real Living Wage for care workers. Once a detailed implementation process has been agreed by Welsh Government this funding will be allocated out accordingly.	2,500			
CW5	Council Wide	Core Services and Statutory Functions	To mitigate emerging pressures, details for which are yet to be finalised. To be allocated in line with need and reported through quarterly monitoring reports.	500			
<b>Total Budget Pressures</b>				<b>12,548</b>	<b>1,669</b>	<b>1,166</b>	<b>790</b>

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Budget Reduction Proposals 2022-23 to 2025-26

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 2021-22 £'000	Total Budget Reduction 2022-2026 as % of 2021-22 Budget	2021-22 Budget Reductions £'000	Proposed 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000	Indicative 2025-26 £'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	SUR	Rationalisation of Adult Community Learning Service	Remove the council subsidised support to adult learners although there are other providers - e.g. College. Less opportunity for adults to gain new skills.	129	53%		68			
				<b>Total Education and Family Support</b>				<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**SCHOOLS**

SCH1	A more 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.	£1.040m - ISB Budget	3%			1,040	1,040	1,040
				<b>Total Schools</b>				<b>0</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>

				<b>Total Education &amp; Family Support Directorate</b>				<b>68</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>
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**SOCIAL SERVICES & WELLBEING**

SSW1	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	225	200			
SSW2	A healthier Wales	IP2	MSR	Remodelling day service provision for older people and learning disability services	The recent experience of the pandemic has enabled the service to find new ways of working and the service are proposing to review and refine the operating model for day time opportunities.	3,187	4%	90	115			
SSW3	A healthier wales	IP2	MSR	Remodelling Supported Living Services	A review of the service provision and alternative delivery models based on the current and predicted needs of individuals	2,160	2%		50			
				<b>Total Social Services &amp; Wellbeing Directorate</b>				<b>365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Budget Reduction Proposals 2022-23 to 2025-26

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 2021-22 £'000	Total Budget Reduction 2022-2026 as % of 2021-22 Budget	2021-22 Budget Reductions £'000	Proposed 2022-23 £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000	Indicative 2025-26 £'000
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COMMUNITIES

COM1	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	100%		20	279		
COM2	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			
COM3	A prosperous Wales	IP3	PC	Change the composition of Household Food Waste bags	The current bags cause issues with bio-degrading due to the speed of the food waste digestion process. Change the supply of bags to remove this issue.	51	69%		35			
COM4	A prosperous Wales	IP1	PC	Remove Business in Focus from running Enterprise Centres in Bridgend	This would be dependent on Corporate Landlord picking up the responsibilities and ensuring a higher rate of occupancy of the units to remove voids.	20	100%		20			
COM5	A prosperous Wales	IP1	SUR	Commercially let a wing of Ravens Court to a partner organisation or business.	Savings would be predicated on reduction in utilities from not occupying the space and rental income	133	38%		50			
				<b>Total Communities Directorate</b>					<b>150</b>	<b>279</b>	<b>0</b>	<b>0</b>

CHIEF EXECUTIVES

CEX1	None	IP3	SUR	Reduction of ICT Printing Costs	Due to the increase in working from home across the authority, savings can be found in the ICT Print Strategy area. These savings are in line with the cultural shift towards the paperless office agenda.	76	53%			40		
CEX2	None	IP3	SUR	Efficiency saving targeting supplies and services budgets across the Chief Executive's Directorate	Limited impact as review has identified small historic underspends against this budget category	1,347	4%		48			
				<b>Total Chief Executive's Directorate</b>					<b>48</b>	<b>40</b>	<b>0</b>	<b>0</b>

<b>GRAND TOTAL REDUCTIONS</b>									<b>631</b>	<b>1,359</b>	<b>1,040</b>	<b>1,040</b>
<b>ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)</b>									631	6,978	6,802	6,618
<b>REDUCTION SHORTFALL</b>									<b>0</b>	<b>5,619</b>	<b>5,762</b>	<b>5,578</b>

73	0	0	0
158	1,080	1,040	1,040
400	279	0	0
<b>631</b>	<b>1,359</b>	<b>1,040</b>	<b>1,040</b>



**FEES AND CHARGES PROPOSALS 2022-23**

**APPENDIX E**

<b>1. FEES AND CHARGES INCREASING BY HIGHER THAN THE STATUTORY MINIMUM OR CPI</b>		
<b>Type of Charge</b>	<b>Comment</b>	<b>Detail of Revised / New Fee or Charge</b>
CCTV footage request from insurance companies or legal representatives	Review of charges following CCTV upgrade of system and infrastructure.	Fixed fee - £50 + VAT
Special Day Events e.g. Community Fun Day, Race for Life etc. (Playing Fields)	Increase in cost to reflect full cost recovery.	Adult use of ground - £124.60 per day Junior use of ground - £74 per day
Specialist Pre-Application Advice	Flat rate of £300 removed as developers did not take advantage of it. Fees now tailored based on the involvement of the consultees.	Fee tailored to level of service provided
<b>2. NEW FEES AND CHARGES</b>		
<b>Type of Charge</b>	<b>Comment</b>	<b>Detail of Revised / New Fee or Charge</b>
Domestic Premises – Treatment of fleas and wasps	A procurement exercise was undertaken during 2021-22 and a new contract awarded on the domestic pest control and sewer baiting contract. The charges reflect full cost recovery in line with the new contract for treatment of fleas and wasps. There is no charge for the Treatment of bedbugs, cockroaches, mice, or rats.	Treatment of fleas - £90 Treatment of wasps - £60
Porthcawl Marina – Crane Lifting (in/out)	Introduction of a charge to allow staff at Porthcawl Marina to provide a new service to boat owners.	To be agreed

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DIRECTORATE BASE BUDGETS BY SERVICE AREA

APPENDIX F

Page 11 11	Revised Budget 2021-22	Specific Transfers to/ (from) WG	NI Increase (Health and Social Care Levy)	Pay/Prices	Adjustments for virements within Directorates	Budget Pressures 2022-23	Budget Reduction Proposals 2022-23	Revenue Budget 2022-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	BASE BUDGET BY SERVICE AREA							
<b>Central Education &amp; Family Support</b>								
INCLUSION	2,582		29	5	55	373		3,044
FOUNDATION	988		1		0			989
YOUTH SERVICE	463		6		(4)	188		653
STATUTORY ADVICE & PSYCHOLOGY	390		3		(6)			387
EMOTIONAL HEALTH & BEHAVIOUR	2,402		12	9	(6)	162		2,579
SCHOOL IMPROVEMENT	535		1		68			604
SCHOOLS MUSIC SERVICE	45		3	4	(10)			42
ADULT LEARNING	135		1		(29)		(68)	39
STRATEGIC PLANNING & RESOURCES	3,747		1		(51)			3,697
BUSINESS STRATEGY & SUPPORT	523		3		8			534
SUPPORT FOR CHILDREN&LEARNERS	7,056		9		(59)	2,597		9,603
COMMISSIONING & PARTNERSHIPS	1,423		8		47	101		1,579
STRATEGIC MANAGEMENT	1,400		2		(1)			1,401
YOUTH OFFENDING SERVICE	311		4		(4)			311
HEALTH & SAFETY	388		2		(8)			382
	<b>22,388</b>	<b>0</b>	<b>85</b>	<b>18</b>	<b>0</b>	<b>3,421</b>	<b>(68)</b>	<b>25,844</b>
<b>Schools</b>		<b>0</b>						
SCHOOL DELEGATED BUDGETS	104,012		657	825	0	92	0	105,586
	<b>104,012</b>	<b>0</b>	<b>657</b>	<b>825</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>105,586</b>
<b>Social Services &amp; Wellbeing</b>								
OLDER PEOPLE	21,322		68		(46)	818	(188)	21,974
ADULT PHYSICAL DISABILITIES/SENSORY IMPAIRMENT	4,674		3		(3)	281	(12)	4,943
ADULTS LEARNING DISABILITIES	16,667	41	25		(56)	1,104	(165)	17,616
ADULTS MENTAL HEALTH NEEDS	3,654		10			320		3,984
OTHER ADULT SERVICES	226							226
ADULT SERVICES MANAGEMENT & ADMIN	3,386	81	22		105	144		3,738
PREVENTION AND WELLBEING	5,230		3					5,233
CHILDREN'S SOCIAL CARE	19,405	100	49			1,166		20,720
	<b>74,564</b>	<b>222</b>	<b>180</b>	<b>0</b>	<b>0</b>	<b>3,833</b>	<b>(365)</b>	<b>78,434</b>

DIRECTORATE BASE BUDGETS BY SERVICE AREA

APPENDIX F

Page 1 2 BASE BUDGET BY SERVICE AREA	Revised Budget 2021-22	Specific Transfers to/ (from) WG	NI Increase (Health and Social Care Levy)	Pay/Prices	Adjustments for virements within Directorates	Budget Pressures 2022-23	Budget Reduction Proposals 2022-23	Revenue Budget 2022-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Communities</b>								
CORPORATE LANDLORD MANAGEMENT	2,691		20		(31)		(70)	2,610
STRATEGIC MANAGEMENT - COMMUNITIES	268		2		0		0	270
PLANNING & DEVELOPMENT SERVICES	552		12		0		0	564
STRATEGIC REGENERATION	1,680		4		(33)		0	1,651
ECONOMY, NATURAL RESOURCES & SUSTAINABILTY	1,285		5		52		(45)	1,297
CLEANER STREETS & WASTE MANAGEMENT	10,976		9		0	387	(35)	11,337
HIGHWAYS & GREEN SPACES	10,912	296	46		12		0	11,266
	<b>28,364</b>	<b>296</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>387</b>	<b>(150)</b>	<b>28,995</b>
<b>Chief Executive's</b>								
CHIEF EXECUTIVE	583		2					585
INTERNAL AUDIT	271							271
FINANCE	3,244		30				(10)	3,264
PERFORMANCE	182						(1)	181
HR & ORGANISATIONAL DEVELOPMENT	1,912		11				(1)	1,922
TRANSFORMATION	409		4				(2)	411
COMMUNICATION & ENGAGEMENT	1,637		8				(3)	1,642
LEGAL SERVICES	1,665		9				(4)	1,670
DEMOCRATIC SERVICES	1,583		6				(2)	1,587
PROCUREMENT	283		2					285
REGULATORY SERVICES	1,406						(1)	1,405
ELECTIONS	104							104
ICT	3,778		11			30	(3)	3,816
HOUSING & COMMUNITY REGENERATION	3,354		5				(7)	3,352
BUSINESS UNIT	1,004		5			405	(14)	1,400
	<b>21,415</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>435</b>	<b>(48)</b>	<b>21,895</b>
<b>Service Base Budgets</b>	<b>250,743</b>	<b>518</b>	<b>1,113</b>	<b>843</b>	<b>0</b>	<b>8,168</b>	<b>(631)</b>	<b>260,754</b>
CAPITAL FINANCING	7,329							7,329
LEVIES	7,797					380		8,177

DIRECTORATE BASE BUDGETS BY SERVICE AREA

APPENDIX F

Page 13 BASE BUDGET BY SERVICE AREA	Revised Budget 2021-22	Specific Transfers to/ (from) WG	NI Increase (Health and Social Care Levy)	Pay/Prices	Adjustments for virements within Directorates	Budget Pressures 2022-23	Budget Reduction Proposals 2022-23	Revenue Budget 2022-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
REPAIRS & MAINTENANCE	670							670
COUNCIL TAX REDUCTION SCHEME	15,654			400				16,054
APPENTICESHIP LEVY	650							650
PENSION RELATED COSTS	430							430
INSURANCE PREMIUMS	1,363							1,363
OTHER COUNCIL WIDE BUDGETS	14,320		1,000	4,763		4,000		24,083
<b>Council Wide Budgets</b>	<b>48,213</b>	<b>0</b>	<b>1,000</b>	<b>5,163</b>	<b>0</b>	<b>4,380</b>	<b>0</b>	<b>58,756</b>
<b>TOTAL BUDGETS</b>	<b>298,956</b>	<b>518</b>	<b>2,113</b>	<b>6,006</b>	<b>0</b>	<b>12,548</b>	<b>(631)</b>	<b>319,510</b>

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2022-23 Budget By Well-being Objective

APPENDIX G

Budget 2022-23 by Well-being Objective	Well-being Objective			Total by Well-being Objective £	Core Services & Statutory Functions £	Total Budget £
	Supporting a Successful Sustainable Economy £	Helping People & Communities To Be More Healthy & Resilient £	Smarter use of Resources £			
Central Education & Family Support	7,902,620	1,120,580	604,660	9,627,860	16,216,170	25,844,030
Schools	44,130,030			44,130,030	61,455,970	105,586,000
Social Services & Wellbeing	14,250	56,081,470	218,600	56,314,320	22,119,680	78,434,000
Communities	6,271,640	24,780	909,140	7,205,560	21,789,440	28,995,000
Chief Executive's	103,140	3,248,680	775,570	4,127,390	17,767,610	21,895,000
Council Wide Budgets	304,000	47,000		351,000	58,405,047	58,756,047
<b>Total</b>	<b>58,725,680</b>	<b>60,522,510</b>	<b>2,507,970</b>	<b>121,756,160</b>	<b>197,753,917</b>	<b>319,510,077</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, 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 challenges 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 2021 was £9.772 million (£9.340 million at 31 March 2020). This represents 5.01% of the net budget excluding school delegated budgets. It also equates to 2.59% of Gross Revenue Expenditure (GRE). As a comparison the Welsh average was approximately 2.89%.

### **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 2021-22 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 and are not available to the Council. School balances were £8.490 million at 31 March 2021.
- 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 level of provisions is at £3.915 million.



## 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. 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 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 Council's earmarked reserves position at 31 December 2021. It is anticipated that there will be further draw-down of reserves by the 31 March 2022. The table does not include any potential new or increase of reserves over the final quarter of the year.

Opening Balance 01 April 2021 £'000	Reserve	Net Additions/ Reclassification £'000	Draw-down £'000	Unwound £'000	Balance as at 31 December 2021 £'000
	<b>Corporate Reserves:</b>				
(14,949)	Education & Family Support	(121)	-	6	(15,064)
(520)	Social Services & Wellbeing	-	31	-	(489)
(12,690)	Communities	221	254	280	(11,935)
(10,721)	Chief Executives	(7,100)	151	-	(17,670)
(13,940)	Non-Directorate	(78)	363	13	(13,642)
<b>(52,820)</b>	<b>Total Corporate Reserves</b>	<b>(7,078)</b>	<b>799</b>	<b>299</b>	<b>(58,800)</b>
	<b>Directorate Earmarked Reserves:</b>				
(502)	Education & Family Support	-	18	12	(472)
(3,349)	Social Services & Wellbeing	-	92	42	(3,215)
(8,656)	Communities	(377)	89	141	(8,803)
(2,716)	Chief Executives	(42)	176	-	(2,582)
<b>(15,223)</b>	<b>Total Directorate Reserves</b>	<b>(419)</b>	<b>375</b>	<b>195</b>	<b>(15,072)</b>
	<b>Equalisation &amp; Grant Earmarked Reserves:</b>				
(1,961)	Education & Family Support	68	775	-	(1,118)
(594)	Social Services & Wellbeing	243	-	-	(351)
(2,532)	Communities	-	185	-	(2,347)
(1,228)	Chief Executives	544	171	-	(513)
-	Covid loss of income	(855)	567	-	(288)
<b>(6,315)</b>	<b>Total Equalisation Reserves</b>	<b>-</b>	<b>1,698</b>	<b>-</b>	<b>(4,617)</b>
<b>(8,490)</b>	<b>School Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,490)</b>
<b>(82,848)</b>	<b>Total Usable Reserves</b>	<b>(7,497)</b>	<b>2,872</b>	<b>494</b>	<b>(86,979)</b>

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO CABINET

22 FEBRUARY 2022

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

#### TREASURY MANAGEMENT AND CAPITAL STRATEGIES 2022-23 ONWARDS

##### 1. Purpose of report

- 1.1 The purpose of this report is to present to Cabinet the Treasury Management Strategy 2022-23 (**Appendix A**), which includes 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 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 well-being 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). CIPFA issued a revised Treasury Management Code of Practice in December 2021, with full implementation from 2023-24. The TM code 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 2022-23 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 In December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a new edition of the Prudential Code for Capital Finance in Local Authorities. The Code requires local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The Strategy needs to set out the long-term context in which capital expenditure and investment decisions are made and give due consideration to both risk and reward and impact on the achievement of priority outcomes. The proposed Capital Strategy 2022-23 to 2031-32 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 2022-23 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, including the ongoing impact from coronavirus together with higher inflation and higher interest rates following the Bank of England's increase in interest rates to 0.25% in December 2021 and then again more recently to 0.50% on 2 February 2022.
- 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 3 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 and level of reserves will influence this.
- 4.4 In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). This update includes a significant change in the Code which is, that in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities that have a need to borrow should review options for exiting their financial investments for commercial purposes. Given the investment and borrowing requirement to support the Capital Programme, the Council does not intend to invest purely for financial return.
- 4.5 The approved investment counterparties and limits (**Table 6 in Appendix A**) are in line with the latest advice from the Council's Treasury Advisors Arlingclose. There have been no changes to these for 2022-23.

##### Capital Strategy

- 4.6 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.
- 4.7 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.

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

- Capital Strategy Framework
- Asset Management Planning
- Risk
- Governance and Decision Making
- Capital investment programme and funding
- Managing borrowing

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

4.9 The Capital Strategy has been updated to reflect the latest CIPFA Capital Strategy Guidance 2021 and its layout is much changed from previous years. It aims to provide the strategic context for capital investment, and how the Council manages risk in relation to the Capital Programme. It also provides a focus on managing the level of debt to finance capital expenditure and appropriate levels of borrowing. Some of the key changes are noted below.

#### 4.9.1 Capital Strategy Framework

The Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across the Council's services. It is an integral part of the Council's Budget and Policy Framework, as set out on page 4 of the Capital Strategy.

#### 4.9.2 Risk

All projects involve an element of risk, and managing that risk is crucial in contributing towards the successful completion of projects. A particular risk currently facing the Council is the impact of inflation on costs of capital works and challenges in the timing of securing supplies to undertake such works. This is reflected within the section on Risk. Included also is the potential impact of recent changes to restrict Public Works Loans Board (PWLB) borrowing solely for commercial yield. This is also emphasised in the revised CIPFA Prudential Code for Local Authorities. Given the need to borrow to support significant schemes such as 21st Century Schools Band B programme, it is unlikely the

Council would wish to consider borrowing purely for commercial reasons as this would prevent it from accessing PWLB borrowing for the Band B programme.

#### 4.9.3 Governance and Decision Making

This section brings together the prioritising of capital schemes, what happens with approvals during the year, how the programme is monitored throughout the year and post project evaluation.

#### 4.9.4 Capital Investment Programme 2022/23 to 2031/32 and Financing

Section 4.0 of the Capital Strategy summarises the 10-year Capital Programme in line with the Council's corporate well-being objectives. It identifies some of the key projects within the programme and references the detailed 10-year Capital Programme at **Appendix 2** of the Capital Strategy. Key indicators are then included at section 5.0 – Funding the Strategy and Section 6.0 – Managing the Borrowing Requirement. These Performance Indicators are crucial in determining the effective management of borrowing to support the Capital Programme and are reported to Cabinet and Council on a quarterly basis.

#### 4.9.5 Minimum Revenue Provision Policy Statement

The Minimum Revenue Provision Policy Statement is now included within the Capital Strategy as a separate section, rather than an Appendix. This ensures its importance of setting aside revenue resources to repay borrowing.

### **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 22.2 of the Financial Procedure Rules (FPRs), 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 22.3 of the 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 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of the report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or review of policies, strategies, services and functions. Projects within the Capital Programme will be subject to the preparation of Equality Impact Assessments before proceeding. However, it is considered that there will be no significant or unacceptable equality impacts as a result of this report.

## 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 recommend 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**).



**Carys Lord**  
**Chief Officer – Finance, Performance and Change**  
**February 2022**

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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)  
CIPFA Prudential Code for Capital Finance in Local Authorities (2021)  
Welsh Government Statutory Guidance on Local Government Investments (2019)

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# Treasury Management Strategy 2022-23

## 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')*. In December 2021 CIPFA launched a new edition to the code with full implementation from 2023-24. 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 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 ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022-23.

At its meeting on 2 February 2022 the Monetary Policy Committee (MPC) of the Bank of England voted by a majority of 5-4 to increase bank rates from 0.25%, which had been agreed in November 2021, to 0.50%.

Within the announcement the MPC noted that global economic recovery continued towards the end of 2021. At the time of the November meeting, the economic uncertainty surrounding the Omicron variant of coronavirus was much more prevalent and the forecast for growth was depressed as a result. Since then the uncertainty surrounding this variant has declined and the negative effects that it might have had on the global economy have been shown to be less damaging and more short lived than previously expected. On the other hand, exceptionally strong demand for goods combined with supply chain disruptions and rising energy prices have weighed on activity throughout the early parts of Q1 2022. Although remaining concerns over the Omicron variant somewhat slowed growth in the UK throughout December and January, the MPC expects a recovery in activity throughout February and March leading to output returning to pre-pandemic levels by the start of Q2 2022.

12-month CPI inflation for December was 5.4% which is one percentage point above the expectations set out in the November Monetary Policy Report. Rising energy

prices and core goods prices are the leading drivers of this inflation but services price inflation, and the prices of second-hand cars and hospitality have also risen sharply. Surveys of input and output prices were at historically high levels in January as raw material prices and wage growth lead to surging output prices faced by consumers. The MPC projects CPI inflation will continue its upward trajectory in the coming months to around 6% in February and March before peaking at 7.25% in April 2022.

**Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

**Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that the Bank Rate will continue to rise in the first quarter of 2022 to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose therefore expects Bank Rates to rise to 0.75% in March and 1.0% in May. Despite this expectation, risks to the forecast remain weighted to the upside for 2022, becoming more balanced over time.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted as the MPC will be more cautious given the medium term outlook, assessing the impact of the first round of rises rather than following the market higher.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.

### 3.0 EXTERNAL DEBT AND INVESTMENT POSITION

As at 31 December 2021, the Council held £96.87 million of borrowing and £77.50 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 2021**

	Principal as at 31/12/2021 £m	Average Rate 31/12/2021 %
<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 Long Term Borrowing</b>	<b>(96.87)</b>	<b>4.69</b>
<b>Other Long Term Liabilities</b>		
Private Finance Initiative*	(14.96)	
Other Long Term Liabilities	(2.37)	
<b>Total Other Long Term Liabilities</b>	<b>(17.33)</b>	
<b>Total Gross Debt</b>	<b>(114.20)</b>	
<b>Treasury Investments</b>		
Debt Management Office	10.30	0.01
Local Authorities	41.50	0.15
Banks	12.40	0.10
Money Market Funds**	13.30	0.10
<b>Total Treasury Investments</b>	<b>77.50</b>	<b>0.11</b>
<b>Net Debt</b>	<b>(36.70)</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 12 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.

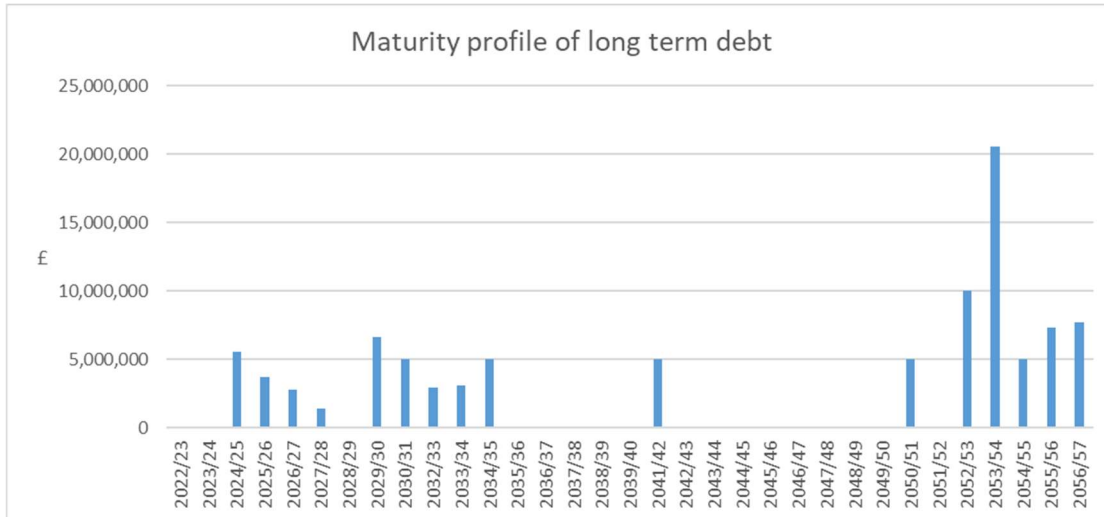


Table 2 below shows forecast changes in borrowing and investments and has been produced using estimates of capital spend and forecasts on usable reserves for the current financial year and the next three years. The Table shows that the Loans Capital Financing Requirement (CFR), which is the Council’s 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 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
<b>Capital Financing Requirement</b>	172.97	181.49	193.92	191.74	189.46
Less: Other Debt Liabilities	(15.57)	(14.77)	(13.90)	(12.97)	(11.97)
<b>Loans Capital Financing Requirement</b>	<b>157.40</b>	<b>166.73</b>	<b>180.02</b>	<b>178.77</b>	<b>177.48</b>
Less: External Borrowing *	(96.87)	(96.87)	(102.91)	(112.27)	(116.33)
<b>Internal Borrowing</b>	<b>60.53</b>	<b>69.86</b>	<b>77.11</b>	<b>66.50</b>	<b>61.15</b>
Less: Usable Reserves	(114.43)	(103.39)	(76.29)	(70.99)	(63.98)
Plus: Working Capital	8.55	8.55	8.55	8.55	8.55
<b>New Borrowing Requirement **</b>	<b>0.00</b>	<b>0.00</b>	<b>9.36</b>	<b>4.06</b>	<b>5.72</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 usable reserves and working capital are the underlying resources available for investment. The Council’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal



borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. The Council is forecasting an increased CFR due to the increased level of prudential borrowing in the capital programme. Also there is a change to the accounting for leases under International Financial Reporting Standard (IFRS) 16 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 created. Whilst the asset and liability values will be equal, the impact of this is that it will increase the Council's liabilities and therefore its borrowing requirement. The current estimate is that the borrowing requirement will increase by approximately £19 million from 2022-23 to 2024-25. A further impact of this change will be that interest charges will be recognised as a financing cost in the comprehensive income and expenditure statement rather than as lease payments within directorate budgets. The overall charge will not change, only its presentation within the financial statements.

**Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated. A liability benchmark is a tool which helps to assess the lowest borrowing options available to an authority, by looking at debt levels in relation to future liquidity to plan for financing. 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 below the liability benchmark as a result of using reserves in the short-term to fund capital expenditure, known as internal borrowing. It should be noted that this is a short-term position and as reserves are used for the purpose they were set aside, the need to borrow will become necessary. More detail is provided in the Capital Strategy.

**Table 3: Liability benchmark**

	31 March 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
<b>Loans Capital Financing Requirement</b>	157.40	166.73	180.02	178.77	177.48
Less: Usable Reserves	(114.43)	(103.39)	(76.29)	(70.99)	(63.98)
Less: Working Capital Deficit	8.55	8.55	8.55	8.55	8.55
Less: Minimum Investments	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)
<b>Liability Benchmark</b>	<b>41.52</b>	<b>61.89</b>	<b>102.27</b>	<b>106.32</b>	<b>112.05</b>

#### 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 new borrowing need over the next three years as detailed in Table 4 below:

**Table 4: New Borrowing**

	31 March 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
New Borrowing	0.00	0.00	9.36	4.06	5.72

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 usable 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 2022-23 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, usable 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 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. However the Council will consider long term loans from other sources including banks, pension funds and other local authorities. The Council will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. As detailed above, it is anticipated that there will be a requirement for new long term borrowing in 2022-23 and for the subsequent two years. 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. In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). This update includes a significant change in the Code, which is that in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. Given the investment and borrowing requirement to support the Capital Programme, the Council does not intend to invest purely for financial return.

Alternatively, the Council could arrange forward starting loans during 2022-23 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
- Mutual Investment Models (for the development of public infrastructure in Wales)
- 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 2022-23 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 local 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:

**Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2022-23**

Refinancing rate risk indicator Maturity structure of borrowing 2022-23	Upper limit	lower limit
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

## 5.0 INVESTMENT STRATEGY

The preparation each year of an Investment Strategy is central to the Welsh Government 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 2021 was £77.50 million. Investments are estimated to drop to between £30 and £40 million by 31 March 2022. This is on the assumption of the contribution of Earmarked Reserves and Capital Receipts to the Capital Programme in the final quarter of 2021-22. The estimated figure for investments above does not make any provision for any additional funding received from WG e.g. Business grants or hardship funds during the last quarter of 2021-22. Based on its cash flow forecasts, the Council anticipates its investment balances in 2022-23 to range between £40 million to £80 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 only seek to invest in investments with negative interest rates if the maximum investment limit is already reached for all other investment types and is therefore a last resort. 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 2021, the Council owned £5.090 million of investment properties with an expected return of £0.452 million for 2021-22. This includes rental discounts as a result of Covid-19. Income excluding discounts would normally be £0.459 million and this is what we would anticipate for 2022-23, representing a rate of return of 9.01%. The lessees are responsible for maintenance of these 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. However, this may not always be possible.

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 increased the risk that the Bank of England would set its Bank Rate at, or below, zero. Whilst this has not yet happened, very short term interest rates with the DMO have recently been negative at times. 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 2022-23, 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 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 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.

**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**

	Category Cash limit
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	2022-23 £m	2023-24 £m	2024-25 £m
Limit on principal invested beyond financial year end	15	10	10

**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**

	<b>Category Cash limit</b>
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	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 2022-23 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 18.75% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2022-23.

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 2021.

<b>Interest rate risk indicator</b>	<b>£'000</b>
One year revenue impact of a 1% rise in interest rates	(537)
One year revenue impact of a 1% fall in interest rates	726

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 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 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	3,670
Waterton Cross Land	600
Brynmenyn Industrial Estate Plot 53	250
Village Farm Plots 32,119 & 120	370
Tyrewise Bridgend	200
<b>Total</b>	<b>5,090</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.

## 8.0 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, 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

## 9.0 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.

## 10.0 REPORTING ARRANGEMENTS

Council will receive the following reports for 2022-23 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy
- Mid-Year Treasury Monitoring Report
- Annual Treasury Outturn Report

The Chief Officer – Finance, Performance and Change (the Council's s151 Officer) will inform the Cabinet Member for Finance of any long-term borrowing or repayment undertaken or any significant events that may affect the Council's treasury management activities. They will maintain a list of staff authorised to undertake treasury management transactions on behalf of the Council.

The Chief Officer – Finance, Performance and Change is authorised to approve any movement between borrowing and other long-term liabilities within the Authorised Limit. Any such change will be reported to the next meeting of the Council.

## 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 Chief Officer – Finance, Performance and Change believes this to be the most appropriate status.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

**Investment advisers:** Following a 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 2022 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	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	C	Caa1		C		CCC+
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.
CIPFA	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</i> or <i>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.
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.

## Appendix A – Arlingclose Economic & Interest Rate Forecast – February 2022

- The post COVID global economy has entered a higher inflationary phase, driven by a combination of resurgent demand and supply bottlenecks in goods and energy markets. Geopolitics are also playing a role, driving energy prices upwards which are being passed onto consumers. Tighter labour markets due to reduced participation rates have prompted concerns about wage-driven inflation, leading central banks to tighten policy to ensure inflation expectations remain anchored.
- Global inflation is riding high. While some indicators suggest supply bottlenecks in goods markets are easing, oil and gas prices have risen significantly and threaten a more sustained level of uncomfortably high inflation than previously expected. In the UK, Ofgem has confirmed a significant rise in retail energy prices, which will maintain relatively high CPI rates throughout 2022  
Supply constraints are also evident in the labour market. Underlying wage growth is running above pre-COVID levels despite employment being lower now than in early 2020. Evidence suggests that labour pools have diminished. Higher wage growth will be a contributory factor to sustained above-target inflation this year .
- The lower severity of Omicron means that the economic impact should be limited. The UK economy had a weak Q4 2021 due to the virus, but growth is likely to bounce back in Q1 2022.
- However, higher inflation will dampen demand. In the UK, households face a difficult outlook. Fiscal and monetary headwinds alongside a sharp reduction in real income growth will weigh on disposable income, ultimately leading to slower growth.
- The Bank of England will tighten policy further over the next few months to ensure that aggregate demand slows to reduce business pricing power and labour wage bargaining power. Markets have priced in a significant rise in Bank Rate, but we believe the MPC will be more cautious given the medium term outlook, assessing the impact of the first round of rises rather than following the market higher.
- Bond yields have risen sharply to accommodate tighter monetary policy, including the run off of central bank bond portfolios. The interplay between slowing growth and falling inflation, and tightening policy, will likely keep yields relatively flat.

### Forecast:

- The MPC will raise Bank rate further to dampen aggregate demand and reduce the risk of sustained higher inflation.
- Arlingclose therefore expects Bank Rate to rise to 0.75% in March and 1.0% in May. Despite this expectation, risks to the forecast remain weighted to the upside for 2022, becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels, which have risen sharply since mid-December 2021. Significant volatility is, however, likely which should offer tactical opportunities for borrowing and investment.
- The risks around the gilt yield forecasts are broadly balanced. While gilt yields may face downward pressure as Bank Rate expectations ease from current levels, the run off of the Bank's corporate bond portfolio, and later the gilt portfolio, as it reverses QE, could impact some upward pressure on yields

	Current	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Downside risk</b>	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
<b>Upside risk</b>	0.00	0.05	0.20	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	0.50	0.85	1.20	1.25	1.15	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
<b>Downside risk</b>	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.35	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
<b>Upside risk</b>	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	1.22	1.20	1.20	1.20	1.20	1.20	1.20	1.15	1.15	1.15	1.15	1.15	1.15
<b>Downside risk</b>	0.00	-0.20	-0.25	-0.25	-0.30	-0.35	-0.40	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>10yr gilt yield</b>													
<b>Upside risk</b>	0.00	0.40	0.45	0.55	0.60	0.65	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Arlingclose Central Case</b>	1.37	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
<b>Downside risk</b>	0.00	-0.20	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60
<b>20yr gilt yield</b>													
<b>Upside risk</b>	0.00	0.40	0.45	0.50	0.55	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
<b>Arlingclose Central Case</b>	1.54	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
<b>Downside risk</b>	0.00	-0.30	-0.35	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>50yr gilt yield</b>													
<b>Upside risk</b>	0.00	0.40	0.45	0.50	0.55	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
<b>Arlingclose Central Case</b>	1.22	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Downside risk</b>	0.00	-0.30	-0.35	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%  
 PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

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# Capital Strategy

2022-23 to 2031-32



## INTRODUCTION

Welcome to the Council's 2022-23 – 2031-32 Capital Strategy. The Strategy sets out the Council's plan for capital expenditure, and how that is to be funded, over the next 10 years. It underpins the Council's vision of contributing to a place where people want 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.

To deliver the Council's vision will require capital investment in new schools, to regenerate the Borough's towns, to develop innovative de-carbonisation schemes to deliver the Council's 2030 Decarbonisation Strategy, and continued investment in IT infrastructure to ensure the Council can deliver its services digitally moving forward.

In developing long term investment decisions, it is crucial that decisions are based on clear information, including a long-term plan of capital expenditure, ensuring affordability and having in place clear asset management plans.

The Capital Strategy is reviewed and updated at least annually to take account of changing plans and guidance as appropriate. There will be challenges ahead as the County Borough recovers from the impact of Covid-19 and the Council continues to plan for the future.



Cllr Huw David  
Leader of the Council



Mark Shepherd  
Chief Executive

## STRATEGIC CONTEXT

Bridgend is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled along the M4 corridor with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of the South Wales industrial and coastal belt. Bridgend as a County Borough is home to over 140,000 residents and continues to grow. The County Borough's towns are undergoing redevelopment and a number of historic buildings and the town centres have been rejuvenated over recent years. To the north is the residential town of Maesteg, to the south west is the coastal town of Porthcawl and to the east is Pencoed. Bridgend County Borough Council is one of 22 Councils in Wales, and accounts for approximately 4.5% of the country's population.

Population	147,049
Land area	98.5 square miles
Households	63,609
Council employees	5,858
Councillors	54



The Council faces significant challenges moving forward. These include demographic pressures including increasing pupil numbers, an ageing population, an increasing number of young people with complex disabilities living into adulthood and requiring care and support, the need for the public sector to decarbonise by 2030 and the continued investment in digitalisation in service delivery. In addition to this there are inflationary pressures arising from specific contractual commitments and significant increases in staffing costs arising from the above inflation increases in the national living wage, and calls to implement the real living wage, especially for Social Care staff. As a result of the Covid pandemic the Council will need to focus on restoring services, supporting communities, particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover.

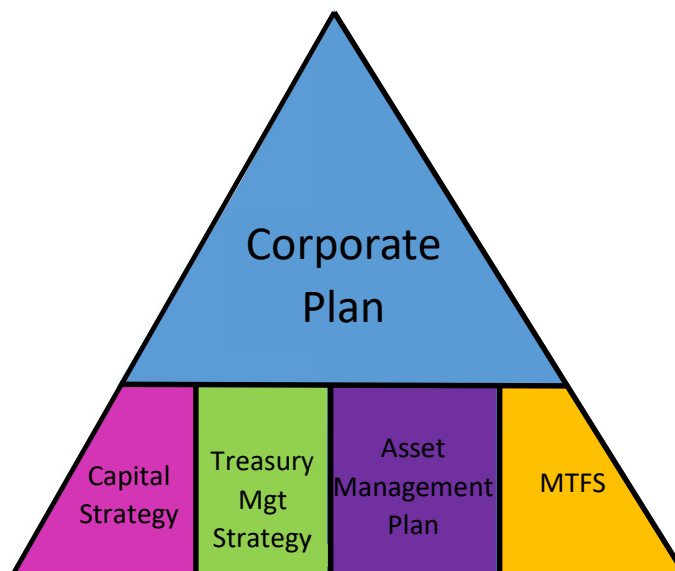
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

## CAPITAL STRATEGY FRAMEWORK

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Financing in Local Authorities (2021) 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.

The Capital Strategy is presented to Council as an integral part of the Council's Budget and Policy Framework. It links with the Corporate Plan, Treasury Management Strategy (TMS), Medium Term Financial Strategy (MTFS) and the Council's Asset Management Plan (AMP).



The Capital Strategy sets out the Council's approach to:

1. asset management planning
2. risk
3. governance and decision making
4. capital investment in 2022/23 and indicatively to 2025/26
5. funding the strategy
6. managing the borrowing requirement
7. prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure
8. affordability



The remainder of this strategy considers these in more detail.

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.

To reflect these the capital strategy is based on the following guiding principles:

<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 to the capital programme 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> </ul>

- |  |
|--|
| <ul style="list-style-type: none"><li>• Minimise the use of ring-fencing capital receipts to ensure a One-Council approach</li></ul>   |
| <ul style="list-style-type: none"><li>• Bidding for external funds where appropriate and ensuring that there are effective working relationships with external funders</li></ul> |
| <ul style="list-style-type: none"><li>• Have clear policies for the consumption of our reserves</li></ul>  |
| <ul style="list-style-type: none"><li>• Ensuring that there is effective pre- and-post project appraisal including a “lessons learned” exercise.</li></ul>                       |
| <ul style="list-style-type: none"><li>• Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs</li></ul>             |



*Ogmores Valley*

## 1.0 ASSET MANAGEMENT PLANNING

The Council's Asset Management Plan vision has been re-aligned with the Corporate Plan 2018-23 and reviewed for 2022-23 "One Council Working Together to Improve Lives" 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 principles drive the decisions on the on-going challenge, management and use of BCBC property assets to support the achievement of our corporate priorities and statutory duties:

1. The AMP 2030 supports and maintains alignment with the MTFs, Capital Strategy and Corporate Plan, linking with other resource strategies and corporate transformation programmes including carbon reduction.
2. The AMP 2030 works to deliver effective management covering not just health, safety and effective maintenance but supporting wider benefits such as carbon reduction.
3. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals. Appraising all investments in the context of objectives/priorities.
4. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget, the capital programme and corporate priorities.
5. A balance will be maintained within the non-operational portfolio between rental income, capital receipts, economic development/ community support.
6. Capital receipts generated will support the capital programme.

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.

## HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. The Council is now in the final phase of the condition survey programme, dealing with queries and ongoing Community Asset Transfer surveys. 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.

Funding is available for a Capital Asset Management Fund and a Highways Asset Management Fund. The purpose of these is to fund 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 2021 were £0.82 million and £0.932 million respectively.



*Ogmore Washeries*

## 2.0 RISK

In undertaking complex projects, decision making needs to be supported by business cases in line with best practice covering strategic, economic, financial, commercial and management cases.

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. 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). 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.

It is accepted that there are a number of capital pressures that will need financing going forward, including economic recovery, decarbonisation, homelessness, digitalisation and coastal defences. There are also other financial pressures arising as a result of the impact of the pandemic and Brexit, which are being seen in existing tender prices, and will continue to do so for some time going forward, placing pressure on the capital programme overall, including:

- Increased prices of materials, as a result of higher inflation rates and additional costs associated with Brexit, sometimes up to 25% higher than previously estimated;
- Supply chain difficulties leading to higher prices and delays in schemes being completed;
- Inability to recruit to key posts, both within the Council and companies we contract with, resulting in higher wages and overall contract costs;
- Additional requirements on schemes to achieve Welsh Government's Net Zero commitments, which includes an aim of collectively achieving net zero across the Welsh public sector by 2030. This will lead to changes in the way we design and manage our assets, which will likely result in increased costs.

These need to be considered at the early stages of project feasibility to ensure that anticipated cost increases are factored into each scheme's forecast budget. Time considerations also need to be considered for any delays in suppliers' ability to source and deliver materials for capital schemes. This could affect external funding particularly grants where schemes have to be completed within a set deadline.

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.

Capital investment can be broadly split into three types:

1. Expenditure on **creation of new assets, specific projects or non-treasury investments to meet strategic aims**. Non treasury investment to meet service or Council obligations could include loans or equity towards capital expenditure incurred by external bodies, Council subsidiaries or joint ventures.
2. Expenditure on **existing assets** to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.
3. Expenditure on **non-treasury investments purely to maximise financial return on assets and generate revenue income**. However, it is unlikely that the Council will pursue any such investments due to the limits it would place on accessing PWLB loan finance.

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.

## **Commercial Activities**

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. In 2014 the Council approved £1 million of capital funding for commercial property investment, of which £560,000 was spent on acquiring an income-producing leased property. This investment generates a rental income of £56,000 per year or just over 9% return on investment. To date the remainder is unspent as no suitable options which meet the Council's criteria have been forthcoming.

The Council is mindful of a recent HM Treasury consultation and subsequent restrictions on borrowing from the Public Works Loans Board (PWLB) solely for commercial yield. 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 does not preclude the Council investing in commercial activities, investing in assets for yield would prevent the Council from accessing PWLB borrowing. The borrowing needed to support the 21st Century Schools Band B programme and the wider capital programme will therefore prevent the Council investing in land or property purely to achieve a financial return.

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 £5.090 million at 31 March 2021. This would be expected to generate a rental income of £456,000 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 income receivable from the commercial property portfolio is not deemed to be a financial resilience risk in terms of being 'un-proportionate' to the Council's overall income. This will be an ongoing consideration where expenditure on the types of non-treasury investments identified previously are proposed, including development of any limits and indicators to determine any risk proportionality.

The table below shows the Prudential Indicator of estimates of net income from commercial and service investments to net revenue stream.

*Table 1: Prudential Indicator: Proportion of Estimates of Net Income from Commercial and Service Investments to Net Revenue Stream*

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Net Revenue Budget	287.326	298.956	319.510	319.510	319.510
Income from Commercial Investments	0.456	0.452	0.459	0.459	0.459
% Ratio	0.16%	0.15%	0.14%	0.14%	0.14%

**Management of Risk**

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.



*Porthcawl Regeneration Artist Impression*



### 3.0 GOVERNANCE AND DECISION MAKING

The Council has robust processes in place to approve, manage and monitor capital projects arising from the Capital Strategy.

#### **Prioritisation, Evaluation and Skills**

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 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.

Ranking assessment:

High	High risk to Bridgend County Borough Council (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
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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 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.

#### 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.

To support prioritisation and to avoid slippage and potentially unanticipated additional costs, the Council will need to ensure access to sufficient skills and capacity both within the Council and externally in order to deliver the investment programme. Such capacity could be project management and development skills, technical and design skills, knowledge, availability of contractors as well as wider market factors.

In procuring any capital goods or works the Council's Contract Procurement Rules must be followed to ensure that the Council achieves value for money and abides by all Procurement legislation. The Council's process and authority for the acquisition and disposal of land or property is set out in the Council's Constitution.

### **Approval, Monitoring and Reporting the Capital Programme**

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 Capital Strategy informs the Council's capital investment programme and Treasury Management Strategy. This integration is one of the reasons why it is deemed that full Council should continue to consider and approve the affordability of the Capital Strategy and detailed programme as part of the Council's budget proposals recommended by Cabinet.

Council approves the capital investment programme having consideration of CIPFA's Prudential and Treasury Management Code indicators highlighting the impact of capital decisions on the revenue budget and affordability, prudence and sustainability.

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 Corporate Management Board and Cabinet to inform future planning decisions
- Quarterly capital monitoring reports will be prepared for Cabinet and Council which should include details of any virements between projects as well as projections of likely year end spend.

The Chief Finance Officer will prepare a Capital Programme for consideration by Corporate Management Board 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 3.4.5 and 3.4.6 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.

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.

### **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.

## **Knowledge and Skills**

Within the Finance section, the Capital Programme and Treasury Management Strategy 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 has access to courses and documentation on developments within the capital and treasury management fields from both CIPFA and the Council's appointed Treasury Management advisors. 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 capital 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.



*Maesteg Town Hall artist's impression*

#### 4.0 CAPITAL INVESTMENT PROGRAMME 2022/23 TO 2031/32

The ten-year rolling programme has been initially set for 2022/23, and on an indicative basis for the nine years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans.

In 2022-23, the Council is planning capital expenditure of £23.43 million as summarised below. The following two year's indicative figures are also shown by Wellbeing Objective in line with the Corporate Plan:

*Table 2: Prudential Indicator: Estimates of Capital Expenditure*

Wellbeing Objective	2020-21 actual £	2021-22 projection £	2022-23 budget £	2023-24 budget £	2024-25 budget £
Supporting a successful sustainable economy	5,748	17,123	<b>28,961</b>	4,940	203
Helping people and communities to be more healthy and resilient	3,484	5,507	<b>5,570</b>	2,220	2,220
Smarter use of resources	13,945	25,051	<b>27,371</b>	8,621	32,098
Core services and statutory functions	284	2,401	<b>8,077</b>	1,879	1,879
Leases recognised under IFRS 16	0	0	<b>6,040</b>	0	0
<b>Total Council Fund Services</b>	<b>23,461</b>	<b>50,082</b>	<b>76,020</b>	<b>17,660</b>	<b>36,400</b>

*\*£6.040m of capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure*

The main Council Fund services projects in this period include:

- 21<sup>st</sup> Century schools (Band B). Forecast expenditure of £38.050 million is included in the above table for 2022-23 to 2024-25.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.950 million per annum.
- Cardiff Capital Region City Deal - £7.691 million. This is an existing scheme which is focused on raising economic prosperity, increasing job prospects and improving digital and transport connectivity across South Wales region.
- Caerau Heat Network - £6.293 million in 2022-23.
- Ewenny Road Industrial Estate - £3.5m in 2022-23 for redevelopment of the site.
- CESP/Arbed Phase 1 - £3.505m in 2022-23 for property remedial works.
- Bridgend Town Heat Scheme - £3.000 million in 2022-23.
- Depot rationalisation – £8.144 million is included in 2022-23 for this scheme.
- Annual commitments to capital minor works of £1.130 million.

The detailed ten-year Capital programme proposed is included at the end of this document in Appendix 2.

## 5.0 FUNDING THE STRATEGY

The Council has several funding streams available to support capital investment. These include the following cash resources:

<b>Cash Resources</b>	
<b>Non ring-fenced grants</b>	These are for use on Council determined priorities. These include an annual 'General Capital Grant' from Welsh Government
<b>Ring-fenced grants</b>	These are to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is from Welsh Government, which in most cases follows an application or bidding process for schemes or distribution of grants on a formula basis. The short-term nature of grant awards makes long term planning and delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.
<b>External contributions</b>	For example from planning agreements (S106).
<b>Revenue budgets and Earmarked Reserves</b>	Held specifically to support the affordability of capital investment.
<b>Capital Receipts</b>	These are as a result of the disposal of Council assets

Further detail is included in **Appendix 1** Capital Funding Sources.

### 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.

### 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.

### **Borrowing to pay for Capital Investment**

There are currently no nationally imposed restrictions to the quantum of borrowing that can be undertaken to pay for capital investment. The Council approves its own affordable borrowing limit as part of the Local Government Act 2003 and this is set at a level consistent with the programme of capital investment proposed. There are two main types of borrowing to pay for capital investment which form part of the Council's borrowing requirement and is managed as part of the Treasury Management Strategy:

- 'Supported Borrowing' – costs of servicing are included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, rent, savings, additional income or sale of assets.

The planned financing of capital expenditure is outlined in Table 3 as follows:

*Table 3: Capital financing*

	2020-21 actual £m	2021-22 projection £m	2022-23 Budget * £m	2023-24 budget £m	2024-25 budget £m
External sources	15.583	21.282	26.078	7.616	24.640
Own resources	1.511	14.674	30.993	5.300	7.016
Net Financing Requirement	6.367	14.126	18.949	4.744	4.744
<b>TOTAL</b>	<b>23.461</b>	<b>50.082</b>	<b>76.020</b>	<b>17.660</b>	<b>36.400</b>

\*£6.040m of capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure

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 4 below:



Table 4: Replacement of debt finance

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
Minimum Revenue Provision (MRP)	2.927	2.969	<b>3.187</b>	3.367	3.401
Additional Voluntary Revenue Provision	1.502	1.832	<b>2.476</b>	2.625	2.625
<b>Total MRP &amp; VRP</b>	<b>4.429</b>	<b>4.801</b>	<b>5.663</b>	<b>5.992</b>	<b>6.026</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.743</b>	<b>0.801</b>	<b>0.863</b>	<b>0.929</b>	<b>1.001</b>
<b>Total Own Resources</b>	<b>5.172</b>	<b>5.602</b>	<b>6.526</b>	<b>6.921</b>	<b>7.027</b>

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. Debt-financed expenditure is that which is **not** funded by grants, contributions, reserves or capital receipts. The CFR is forecast to increase by £12.423 million during 2022-23. However, £6.040 million of this increase is as a result of the changes to accounting for leases expected to be implemented from 1 April 2022. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
<b>Opening Capital Financing Requirement</b>	171.776	172.971	181.495	193.918	191.740
<b>Movement in Financing Requirement</b>	1.195	8.524	12.423	(2.177)	(2.283)
<b>Closing Capital Financing Requirement</b>	<b>172.971</b>	<b>181.495</b>	<b>193.918</b>	<b>191.740</b>	<b>189.458</b>

\*£ 6.040 million of the CFR increase in 2022/23 arises from a change in the accounting for leases

### Lease accounting

Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the Council owning and delivering such assets itself. In consideration of new accounting requirements from 2022-23, the Council will undertake a data gathering exercise to understand materiality and the detailed financial implications.

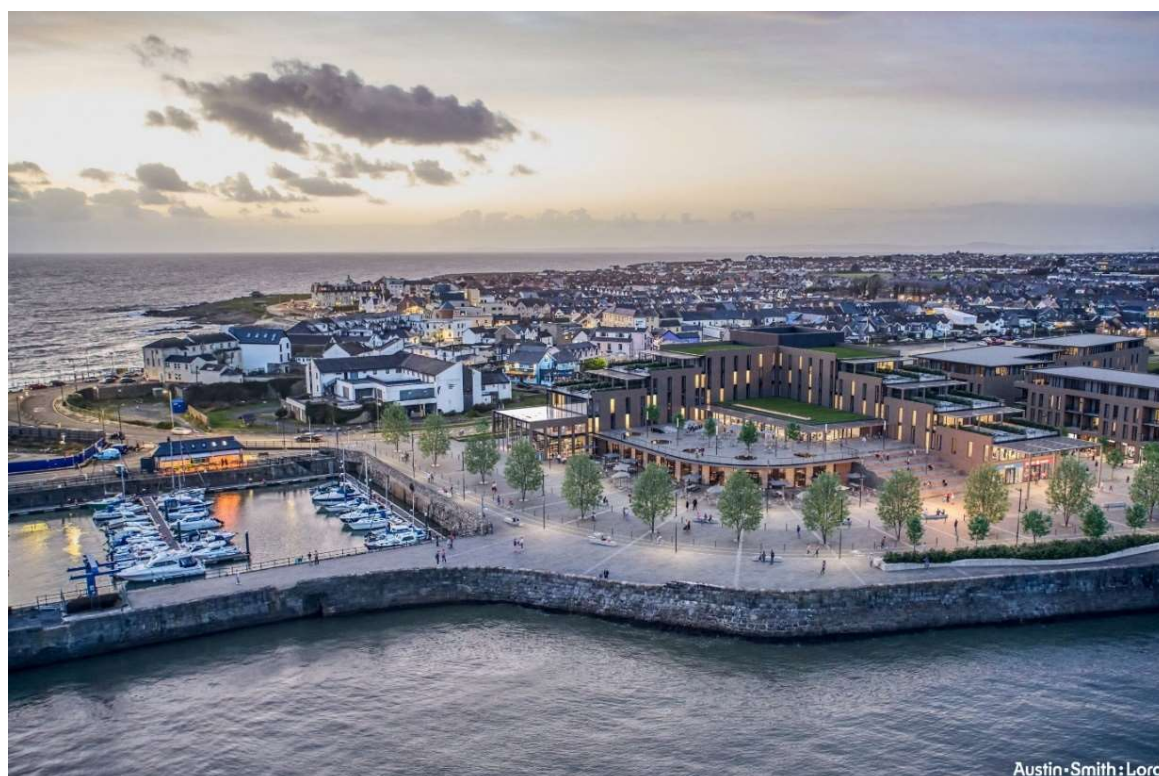
## Asset Disposals

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 receiving around £6.043 million of capital receipts between 2021 and 2023 as set out in Table 6.

Table 6: Forecast capital receipts receivable in £ millions

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
<b>Opening balance</b>	<b>18.608</b>	<b>21.519</b>	<b>19.319</b>	<b>6.064</b>	<b>6.064</b>
Asset sales	3.213	2.543	3.500	-	-
Applied in capital programme	(0.302)	(4.743)	(16.755)	-	(1.762)
<b>Closing balance</b>	<b>21.519</b>	<b>19.319</b>	<b>6.064</b>	<b>6.064</b>	<b>4.302</b>

As can be seen from the above table, the anticipated receipts from asset sales are substantially committed in the capital programme over the 4 years 2022-2025.



Porthcawl Regeneration Artist Impression

## 6.0 MANAGING THE BORROWING REQUIREMENT

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

### Limits to Borrowing Activity

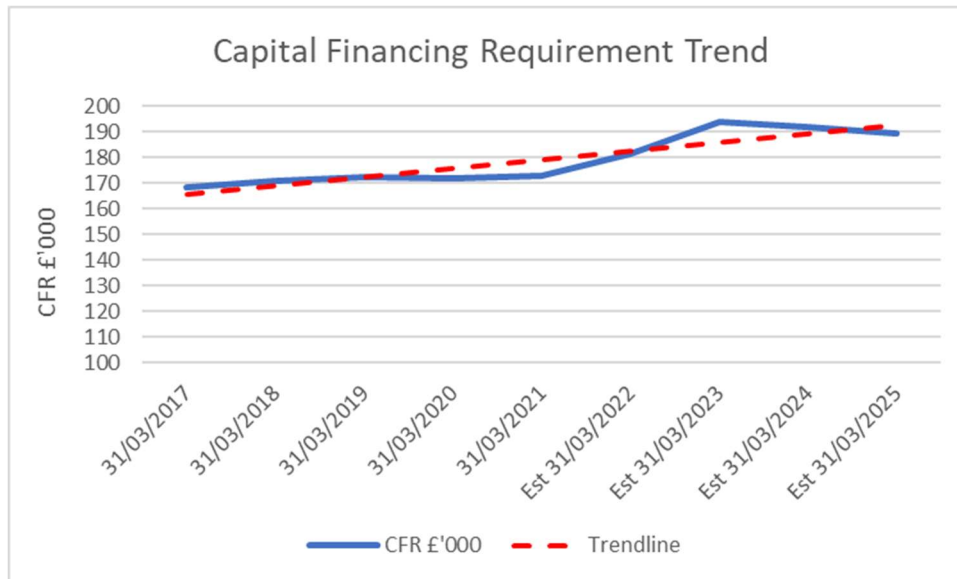
The Council's long-term borrowing at 31 December 2021 was £96.87 million at an average interest rate of 4.69%. The majority of lending is Public Works Loan Board with maturity dates between 2025 and 2057. £19.25 million of borrowing relates to Lender's Option Borrower's Option (LOBO) loans that have 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*

	2020-21 actual £m	2021-22 projection £m	2022-23 estimate £m	2023-24 estimate £m	2024-25 estimate £m
Debt (incl. PFI & leases)	114.768	118.529	<b>123.052</b>	132.002	125.162
Capital Financing Requirement	172.971	181.495	<b>193.918</b>	191.740	189.458

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term. The chart below shows the trend in the CFR from 2017 onwards. The increasing trend reflects the anticipated increases in spend in the capital programme from commitments which are assumed to pay for themselves.



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 £9.36 million in 2022-23 and a further £4.06 million in 2023-24 based on the current 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 2022-23. 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*

	2020-21 actual £m	2021-22 projection £m	2022-23 estimate £m	2023-24 estimate £m	2024-25 estimate £m
Outstanding Borrowing (excl. PFI & Leases)	96.867	96.867	<b>106.230</b>	110.292	116.010
Liability Benchmark	41.525	61.886	<b>102.273</b>	106.325	112.053

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

	2021-22 limit £m	2022-23 limit £m	2023-24 limit £m	2024-25 limit £m
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>114.220</b>	<b>123.052</b>	<b>132.002</b>	<b>125.162</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 £19 million from 2022-23 to 2024-25. It is anticipated that the current limits do not need amending and borrowing will fall within the boundaries set.

### **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.

#### **Mutual Investment Model**

The Mutual Investment Model (MIM) is a new approach to investment in public infrastructure in Wales. Private partners will build and maintain schools, in return for a fee, which will cover the cost of construction, maintenance and financing the project. At the end of a specific period of time, the asset will be transferred to the local authority. Welsh Government has advised that it will present packages of schemes to the market as design and build projects. These packages would be made up of a number of schemes within a geographical area (including across local authority areas) and be of sufficient monetary size overall in order to attract large companies (eg £100 million).

The Council is proceeding with the following developments;

- **Bridgend West – Welsh-medium provision.** Enlargement of Ysgol Y Ferch O'r Sgêr – 2 form entry plus 60-place nursery. The school will be built on the existing school site which is shared with Corneli Primary School and Corneli Integrated Childrens Centre.
- **Bridgend West – English-medium Provision.** New English-medium school – 2 form entry plus 60-place nursery (ie to replace Afon Y Felin and Corneli Primary Schools which will discontinue). The new school will be built on land at Marlas Estate.

Funding of the annual revenue service charge will be met from contributions from Welsh Government (81%) and BCBC (19%). It is currently estimated that Bridgend's annual revenue contribution will be in the region of £400,000 and will start to be paid once the building is operational.

Capital funding will be utilised for the provision of furniture, equipment and ICT. The funding allocation is within the overall Band B funding envelope which has a Welsh Government intervention rate of 65% for mainstream schools.

### **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.

Further details on borrowing are included within the Treasury Management Strategy.



*New strategic employment site Brocastle. Credit: JLL*

## 7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2022-23

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2022-23 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 2022-23 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/22 £m	2022/23 Estimated MRP £m
Capital expenditure before 01/02/2008 and any after 01/04/2008 that does not result in a significant asset (Supported)	(i)	136.039	3.055
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	2.894	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.796	2.476
PFI, Finance Leases and other arrangements – PFI School	(iii)	14.766	0.863
<b>TOTAL COUNCIL FUND</b>		<b>181.495</b>	<b>6.525</b>

## 8.0 AFFORDABILITY

Capital investment and the proposed Capital programme form an integral part of the Council's revenue budget and Medium Term Financial Strategy. The revenue budget impact of capital schemes for Council Tax and Rent payers include:

- The costs of operating/maintaining new assets.
- The capital financing costs of servicing any borrowing required to pay for investment.
- The revenue costs of preparing and delivering projects.
- Abortive costs required to be charge to revenue budgets if schemes do not proceed.

The percentage of the Council's revenue budget that is committed to capital financing costs is increasing in the long term. Given the pressure on revenue budgets, this clearly limits the affordability of other priorities in future years and must be a factor considered by Members when determining the Capital Programme.

Table 10 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. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. A gross ratio is also calculated which indicates the gross financing cost i.e. it represents a worst case scenario

*Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream*

	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund - Net Capital Financing Budget	3.51%	3.43%	3.64%	3.85%	3.85%
General Fund - Gross Capital Financing Budget	3.82%	3.76%	3.96%	4.16%	4.17%



## Appendix 1

### Capital Funding Sources

#### **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.



*Porthcawl Marina*

Appendix 2

	Total 2021-2031			2021-2022					FUTURE YEARS										CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000
<b>Education &amp; Family Support</b>																			
Highways Schemes Band B Schools	3,400	3,400	-					-	3,400										3,400
21st Century Schools Band B	49,505	15,654	33,851	100				100	2,771	6,051	29,528	10,302	753					49,505	
CCYD classrooms	30	30		30				30										30	
Ysgol Bryn Castell Special School	92	22	70	92				92										92	
Ysgol Gyfun Gymraeg Llangynwyd	50	50						-	50									50	
Brynmenyn Primary School	44	44		44				44										44	
Land Purchase Band B	4,910	4,910		4,910				4,910										4,910	
Gateway to the Valleys C C Y D Comprehensive School	135	135	-	135				135										135	
Garw Valley South Primary Provision	139	139		139				139										139	
Pencoed Primary School	55	55		55				55										55	
Garw Valley Primary Highways Works	30	30	-	30				30										30	
Pencoed School Highways Works	55	55	-	55				55										55	
Abercerdin Primary School Hub	300	195	105	300				300										300	
Brynteg Comprehensive School All Weather Pitch	324	162	162	324				324										324	
Brynmenyn Primary Highways Works	12	12	-	12				12										12	
Additional Learning Needs	-	-	-	-				-										-	
Reduction of Infant Class Sizes - Bro Ogwr	15	-	15	15				15										15	
Reduction of Infant Class Sizes - Croesty	-	-	-	-				-										-	
Schools Minor Works	361	361	-	36				36	325									361	
Schools Traffic Safety	208	208	-	208				208										208	
Heronbridge Special School	320	320	-	40				40	280									320	
School Modernisation	393	393	-	60				60	333									393	
Cefn Cribwr Primary School ALN	-	-	-	-				-										-	
Education S106 Schemes	169	-	169	169				169										169	
Complex and Medical Needs Works in Schools	-	-	-	-				-										-	
Mynydd Cynffig Primary School Mobiles	98	86	12	98				98										98	
Schools Capital Maintenance Grant	4,555	2,436	2,119	2,119				2,119	2,436									4,555	
Welsh Medium Childcare Provision - Bettws	747	-	747	747				747										747	
Welsh Medium Childcare Provision - Bridgend	550	-	550	53				53	497									550	
Welsh Medium Childcare Provision - Ogmore	807	-	807	807				807										807	
Welsh Medium Childcare Provision - Porthcawl	550	-	550	53				53	497									550	
Welsh Medium Childcare Provision - Highways Schemes	100	-	100	100				100										100	
WLG A - Additional funding for ICT in Schools	-	-	-	-				-										-	
Brynteg Comp - East Hub	-	-	-	-				-										-	
Maes Yr Haul Primary School Solar Panels	32	32		32				32										32	
Cynffig Comprehensive School External Canopy	42	42		42				42										42	
ICT for School Kitchens	40	40		40				40										40	
Litchard Primary School Solar Panels	43	43	-	43				43										43	
<b>Total Education and Family Support</b>	<b>68,111</b>	<b>28,854</b>	<b>39,257</b>	<b>10,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,888</b>	<b>10,589</b>	<b>6,051</b>	<b>29,528</b>	<b>10,302</b>	<b>753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,111</b>	
<b>Social Services and Well-being</b>																			
<b>Adult Social Care</b>																			
Bridgend Recreation	150	150		150				150										150	
Bryngarw Park- Access	49	49		49				49										49	
Bryn Y Cae	40	40		40				40										40	
Trem Y Mor	175	175		175				175										175	
Ty Cwm Ogwr Care Home	340	340		340				340										340	
Wellbeing Minor Works	163	163		163				163										163	
Ty Penybont	-	-	-	-				-										-	
Bakers Way	10	10		10				10										10	
Glan Yr Afon Care Home	51	51		51				51										51	
Children's Residential Accommodation Hub	2,488	2,374	114	114				114	2,374									2,488	
Hartshorn House	68	68		68				68										68	
ICF Capital Funding	-	-	-	-				-										-	
Extra Care Facilities	-	-	-	-				-										-	

	Total 2021-2031			2021-2022					FUTURE YEARS											CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000	
<b>Culture</b>																				
Bryngarw House	-	-	-	-	-	-	-	-											-	
Community Centres	280	280	-	280				280											280	
Pencoed Library	-	-	-	-				-											-	
HALO and AWEN Accessibility	150	150	-	150				150											150	
<b>Total Social Services and Well-being</b>	<b>3,964</b>	<b>3,850</b>	<b>114</b>	<b>1,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,590</b>	<b>2,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,964</b>	
<b>Communities</b>																				
<b>Street Scene</b>																				
Community Play Areas	796	796	-	100				100	696										796	
Parks/Pavilions/Community Centres CAT	580	580	-	580				580											580	
Aber Playing Fields	11	11	-	11				11											11	
Cardiff Capital Region City Deal	7,691	7,691	-	-				-	3,138	4,451	103								7,691	
Town Beach Revetment Sea Defence, Porthcawl	27	27	-	27				27											27	
Accessibility & Safety Road Improvements	148	-	148	148				148											148	
Coychurch Crem Works	815	-	815	350				350	465										815	
Remedial Measures - Car Parks	135	135	-	-				-	135										135	
Civil Parking Enforcement	38	38	-	8				8	30										38	
Road Safety	336	336	-	200				200	136										336	
Pyle to Porthcawl Phase 1	348	-	348	348				348											348	
Active travel Bridgend to Pencoed Phase 2	1,841	-	1,841	1,841				1,841											1,841	
Road Safety Improvements	339	-	339	339				339											339	
Highways Structural Works	3,825	3,825	-	425				425	340	340	340	340	340	340	340	340	340	340	3,825	
Carriageway Capital Works	2,755	2,755	-	255				255	250	250	250	250	250	250	250	250	250	250	2,755	
Road Safety Improvements - Heol Mostyn	540	540	-	540				540											540	
Prow Capital Improvement Programme	181	181	-	181				181											181	
Highways Refurbishment	2,810	2,000	810	810				810	2,000										2,810	
Carriageway Resurfacing & Renewal of Footways	1,560	1,560	-	1,560				1,560											1,560	
Replacement of Street Lighting Columns	4,388	4,388	-	388				388	400	400	400	400	400	400	400	400	400	400	4,388	
Bridge Strengthening - A4061 Ogmore Valley	51	51	-	51				51											51	
Communities Minor Works	461	461	-	461				461											461	
River Bridge Protection Measures	80	80	-	80				80											80	
Resilient Roads Fund	475	-	475	475				475											475	
Ultra Low Emissions Vehicle Transformation Fund	462	-	462	462				462											462	
Fleet Transition Ultra Low Emissions Vehicles	300	-	300	300				300											300	
Net Zero Carbon Fleet	320	320	-	-				-	320										320	
Pyle Park and Ride Metro	180	-	180	180				180											180	
CCR Metro Plus-Porthcawl Bus station	1,900	-	1,900	-				-	1,900										1,900	
Local Transport Fund - Penprysg Road Bridge	635	82	553	150				150	485										635	
Safe Routes- Sustainable Transport Covid Response	224	-	224	224				224											224	
Residents Parking Bridgend Town Centre	128	128	-	28				28	100										128	
Fleet Vehicles	1,376	1,376	-	-				-	1,376										1,376	
Re-locate Household Waste Recycling Centre - West	798	798	-	798				798											798	
AHP Waste	207	207	-	207				207											207	
Extension to Cornelly Cemetery	301	301	-	66				66	235										301	
Extension to Porthcawl Cemetery	199	199	-	19				19	180										199	
Street Lighting Energy Efficiency	629	629	-	629				629											629	
S106 Highways Small Schemes	60	-	60	60				60											60	
Gully Sucking Equipment	-	-	-	-				-											-	
Traffic Signal Replacement	250	250	-	250				250											250	
Playground Refurbishment	-	-	-	-				-											-	
Footpath Refurbishment	-	-	-	-				-											-	
Fire Suppression System Tondy Waste Depot	140	140	-	140				140											140	

	Total 2021-2031			2021-2022					FUTURE YEARS											CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000	
<b>Regeneration &amp; Development</b>																				
Business Support Framework	135	135	-	135				135											135	
Porthcawl Resort Investment Focus	70	50	20	70				70											70	
Special Regeneration Funding	455	455		455				455											455	
Cosy Corner (PRIF)	2,115	1,115	1,000	150				150	1,965										2,115	
Purchase of Land at Salt Lake Car Park, Porthcawl								-											-	
VRP- Bryngarw Country Park	164	-	164	164				164											164	
VRP - Parc Slip	75	-	75	75				75											75	
Tri Thematic Projects (UCPE and UCLG)	687	-	687	687				687											687	
TRI Standalone projects	-	-	-	-				-											-	
Transforming Towns Bridgend College Relocation	650	195	455	650				650											650	
Porthcawl Regeneration	3,498	3,498	-	100				100	3,398										3,498	
Berwyn Centre and Qgmore Vale Washeries	183		183	183				183											183	
Covid recovery for town centres	334		334	334				334											334	
Economic Stimulus Grant	831	831	-	831				831											831	
Coastal Risk Management Programme	6,459	6,459		4,309				4,309	2,150										6,459	
Ewenny Road Industrial Estate	3,500	-	3,500					-	3,500										3,500	
CESP/Arbed Phase 1	3,505	855	2,650						3,505										3,505	
Llynfi Valley Development Programme	2,260	2,260	-	2,260				2,260											2,260	
Bridgend Heat Scheme	3,390	2,323	1,067	390				390	3,000										3,390	
Maesteg Town Hall Cultural Hub	5,671	2,717	2,954	2,695				2,695	2,976										5,671	
Town & Community Council Fund	724	724	-	74				74	200	50	50	50	50	50	50	50	50		724	
Caerau Heat Network	6,293	1,168	5,125					-	5,904	389									6,293	
Porthcawl Townscape Heritage Initiative	134	134	-	15				15	119										134	
Commercial Property Enhancement Fund	150	150		60				60	90										150	
<b>Corporate Landlord</b>																				
Capital Asset Management Fund	820	820	-					-	820										820	
Corporate Landlord - Energy Savings Strategy	1,279	1,279		1,279				1,279											1,279	
Enterprise Hub - Innovation Centre	1,937	589	1,348	100				100	1,837										1,937	
Raven's Court	447	447		447				447											447	
Electrical vehicle charging points Ravens Court	-	-	-																-	
Relocation of Registrars	-	-	-																-	
Bridgend Market	10	10	-	10				10											10	
DDA Works	408	408	-	408				408											408	
Minor Works	11,595	11,595	-	295				295	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130		11,595	
Fire Precautions	249	249	-	249				249											249	
Bryncethin Depot Facilities	531	531	-	531				531											531	
Non-Operational Assets	480	480	-	480				480											480	
Waterton Upgrade	8,144	8,144	-					-	8,144										8,144	
Evergreen Hall	130	130	-	130				130											130	
Investing in Communities	47	47	-	47				47											47	
<b>Total Communities</b>	<b>105,700</b>	<b>77,683</b>	<b>28,017</b>	<b>30,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,304</b>	<b>50,924</b>	<b>7,010</b>	<b>2,273</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>105,700</b>	
<b>Chief Executive's</b>																				
<b>Housing / Homelessness</b>																				
Disabled Facilities Grants (DFG)	19,492	18,870	622	1,992				1,992	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750		19,492	
Target Hardening Grants	19	19	-	19				19											19	
Discretionary Housing Grants	2,200	2,200		200				200	200	200	200	200	200	200	200	200	200		2,200	
Housing Renewal / Empty Properties	1,118	1,118	-	118				118	100	100	100	100	100	100	100	100	100		1,118	
Valleys Taskforce Empty Properties Grant	300	105	195	300				300											300	
Comfort Safe & Security Grants	4	4		4				4											4	
Western Valley Empty Homes Pilot	260	91	169	260				260											260	
Emergency Repair Lifetime Grant	78	78	-	78				78											78	
Enable Grant	1,008	-	1,008	198				198	270	270	270								1,008	
Health and Wellbeing Village	480	-	480	480				480											480	

	Total 2021-2031			2021-2022					FUTURE YEARS										CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000
<b>ICT</b>																			
Investment in ICT	4,450	4,450	-	450				450	400	400	400	400	400	400	400	400	400	400	4,450
HWB Schools IT	305	305	-	305				305											305
WCCIS Hardware Refresh	1,352		1,352	1,352				1,352											1,352
Digital Transformation	200	200	-	200				200											200
Replacement CCTV	667	667	-	667				667											667
<b>Total Chief Executive's</b>	<b>31,933</b>	<b>28,107</b>	<b>3,826</b>	<b>6,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,623</b>	<b>2,720</b>	<b>2,720</b>	<b>2,720</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>31,933</b>
<b>Council Wide Capital Budgets</b>																			
Corporate Capital Fund	2,173	2,173	-	173				173	200	200	200	200	200	200	200	200	200	200	2,173
Unallocated	18,293	18,293	-	504	3,115		(3,115)	504	3,172	1,679	1,679	343	1,626	1,858	1,858	1,858	1,858	1,858	18,293
<b>Total Council Wide Capital budgets</b>	<b>20,466</b>	<b>20,466</b>	<b>-</b>	<b>677</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>677</b>	<b>3,372</b>	<b>1,879</b>	<b>1,879</b>	<b>543</b>	<b>1,826</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>20,466</b>
<b>Total Expenditure</b>	<b>230,174</b>	<b>158,960</b>	<b>71,214</b>	<b>50,082</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>50,082</b>	<b>69,979</b>	<b>17,660</b>	<b>36,400</b>	<b>15,465</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>230,174</b>
<b>Expected Capital Resources</b>																			
<b>General Capital Funding</b>																			
General Capital Funding - General Capital Grant	35,418	35,418	-	3,963	3,115		(3,115)	3,963	5,840	3,270	3,270	2,725	2,725	2,725	2,725	2,725	2,725	2,725	35,418
General Capital Funding - Supported Borrowing	45,065	45,065	-	3,953				3,953	3,953	4,744	4,744	3,953	3,953	3,953	3,953	3,953	3,953	3,953	45,065
Capital Receipts - Schools	3,184	3,184	-	308				308	268		1,762	846							3,184
Capital Receipts - General	21,443	21,443	-	4,435				4,435	16,487				521						21,443
Earmarked Reserves	33,236	33,236	-	8,837				8,837	13,846	5,300	5,254								33,236
Revenue Contribution	1,486	1,486	-	1,094				1,094	392										1,486
Prudential Borrowing (Directorate Funded)	3,474	3,474	-					-	3,474										3,474
Prudential Borrowing (Corporate Funded)	5,813	5,813	-	1,513				1,513	4,300										5,813
Local Gov Borrowing Initiative (Coastal defence)	5,490	5,490	-	4,309				4,309	1,181										5,490
SALIX Interest Free Loan - WG	2,091	2,091	-	2,091				2,091											2,091
Llynfi Development Site Loan - WG	2,260	2,260	-	2,260				2,260											2,260
<b>Sub-Total General Capital Funding</b>	<b>158,960</b>	<b>158,960</b>	<b>-</b>	<b>32,763</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>32,763</b>	<b>49,741</b>	<b>13,314</b>	<b>15,030</b>	<b>7,524</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>158,960</b>
<b>External Funding Approvals</b>																			
WG - Highways Grant	810	-	810	810				810											810
WG - Other	7,746	-	7,746	2,994				2,994	4,752										7,746
WG - 21st Century Schools	33,802	-	33,802					-	1,100	3,661	21,100	7,941							33,802
School's Capital Maintenance Grant	2,436	-	2,436	2,436				2,436											2,436
WG - Enable Grant	1,008	-	1,008	198				198	270	270	270								1,008
WG - Safe Routes in Communities	563	-	563	563				563											563
WG - Integrated Care Fund (ICF)	1,216	-	1,216	1,216				1,216											1,216
WG - Welsh Medium Capital Grant	2,754	-	2,754	1,760				1,760	994										2,754
WG - Infant Class Size Grant	15	-	15	15				15											15
WG - VRP/Transforming Towns	1,211	-	1,211	1,211				1,211											1,211
WG - TRi	687	-	687	687				687											687
S106	310	-	310	261				261	26										310
Cardiff Capital Region (CCR)	5,000	-	5,000					-	5,000										5,000
Transport Grant	4,407	-	4,407	3,604				3,604	803										4,407
Heritage Lottery Fund (HLF)	682	-	682	682				682											682
Westminster	1,000	-	1,000	390				390	610										1,000
EU	6,493	-	6,493	120				120	5,984	389									6,493
Other	1,074	-	1,074	372				372	702										1,074
<b>Sub-Total External Funding Approvals</b>	<b>71,214</b>	<b>-</b>	<b>71,214</b>	<b>17,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,319</b>	<b>20,238</b>	<b>4,346</b>	<b>21,370</b>	<b>7,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,214</b>
<b>Total Funding Available</b>	<b>230,174</b>	<b>158,960</b>	<b>71,214</b>	<b>50,082</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>50,082</b>	<b>69,979</b>	<b>17,660</b>	<b>36,400</b>	<b>15,465</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>230,174</b>
<b>Funding Shortfall/(Surplus)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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