

Public Document Pack

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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

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

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



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: Thursday, 23 February 2023

Dear Councillor,

COUNCIL

A meeting of the Council will be held Hybrid in the Council Chamber, Civic Offices, Angel Street Bridgend/ remotely - via Microsoft Teams on **Wednesday, 1 March 2023 at 16:00.**

AGENDA

1. Apologies for absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest from Members/Officers in accordance with the Members' Code of Conduct adopted by Council from 1 September 2008.
3. Corporate Plan 2023-28 3 - 64
4. Medium Term Financial Strategy (MTFS) 2023-24 to 2026-27 65 - 190
5. Capital Strategy 2023-24 Onwards 191 - 232
6. Treasury Management Strategy 2023-24 233 - 274
7. Council Tax 2023-24 275 - 284
8. Urgent Items
To consider any item(s) of business in respect of which notice has been given in accordance with Part 4 (paragraph 4) of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

Note: This will be a Hybrid meeting and Members and Officers will be attending in the Council Chamber, Civic Offices, Angel Street Bridgend / Remotely via Microsoft Teams. 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 or tel. 01656 643147 / 643148.

By receiving this Agenda Pack electronically you will save the Authority approx. £5.62 in printing costs

Yours faithfully

K Watson

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

Councillors:

S Aspey
H T Bennett
A R Berrow
F D Bletsoe
S J Bletsoe
JPD Blundell
E L P Caparros
N Clarke
RJ Collins
HJ David
C Davies
C L C Davies
P Davies
S Easterbrook
M J Evans
N Farr
P Ford

Councillors

J Gebbie
W R Goode
RM Granville
H Griffiths
S J Griffiths
D T Harrison
M L Hughes
D M Hughes
RM James
P W Jenkins
M R John
M Jones
MJ Kearn
W J Kendall
M Lewis
J Llewellyn-Hopkins
RL Penhale-Thomas

Councillors

J E Pratt
E Richards
R J Smith
JC Spanswick
I M Spiller
T Thomas
JH Tildesley MBE
G Walter
A Wathan
A Williams
AJ Williams
HM Williams
I Williams
MJ Williams
R Williams
E D Winstanley
T Wood

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

1 MARCH 2023

REPORT OF THE CHIEF EXECUTIVE

CORPORATE PLAN 2023-28

1. Purpose of report

- 1.1 The purpose of this report is to provide an update on the Council's Corporate Plan and seek approval from Council for the Corporate Plan 2023-28, attached as **Appendix 1**.

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

- 2.1 This report assists in the achievement of the following current 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** – 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.

3. Background

- 3.1 The Council's Medium Term Financial Strategy (MTFS) 2023-2027 is being presented to Council for approval on 1 March 2023 alongside the updated Corporate Plan 2023-28. 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.
- 3.2 The Wellbeing of Future Generations (Wales) Act 2015 ("the Act") states that public bodies, including local authorities, must work to improve the economic, social, environmental and cultural well-being of Wales. The actions the Council must take include:

- a. setting and publishing well-being objectives designed to maximise its contribution to achieving each of the well-being goals; and
 - b. taking all reasonable steps to meet those objectives.
- 3.3 There are 7 wellbeing goals for Wales, set out in the Act. We must demonstrate our contribution to each of these goals, which are:
 - 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
- 3.4 The Council must also consider the 5 ways of working as it develops the new Corporate Plan. These are:
 - Long term - balancing short-term needs with the need to safeguard the ability to also meet long-term needs
 - Prevention - acting to prevent problems occurring or getting worse to help the Council meet its objectives
 - Integration – thinking about how its wellbeing goals will contribute to the 7 national goals, on its other objectives and on partners objectives.
 - Collaboration – working across different parts of the Council and partners to achieve its objectives
 - Involvement - involving people with an interest in achieving the well-being goals, and ensuring those people reflect the diversity of its area.
- 3.5 The Corporate Plan is the Council's main vehicle for demonstrating and communicating the priorities to local people and businesses. It is also an important part of the assurance framework for its regulators. Audit Wales intend to test approaches to developing the Corporate Plan (especially the well-being objectives) across Wales over the next 6 months, including:
 - **Planning** – was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle? Their Key Lines of Enquiry (KLoEs) focus on the Council's use of information, involving others and focusing on long- and short-term activities.
 - **Resourcing and delivery** - has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle? KLoEs focus on the Council's resource allocation and work with partners.
 - **Monitor and review** - has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives? KLoEs focus on measurement and monitoring, self-awareness and reflection on the past.
- 3.6 Welsh Government are also taking a keen interest in the development of well-being objectives, in line with the evolution of the Social Partnership Bill and

guidance. They are keen to see evidence of the Council working with staff and Trade Unions on the development of its well-being objectives and plan.

Use of research, data and information to inform the Corporate Plan

- 3.7 A series of desktop reviews were completed by the Policy, Performance and Public Affairs Team, to reflect on:
- Existing, agreed priorities that the Council should consider in developing its Corporate Plan e.g. Public Services Board (PSB) plan, Regional Partnership Board (RPB) plan, Health board, police and Housing associations' plans, national plans, including the Future Generations Commissioner's plan and Welsh Government's Programme for Government.
 - Views on the Council's existing plans, performance, services and areas for particular improvement in the coming year e.g. self-assessment judgements, budget consultation / other consultations, staff survey, regulator inspections.
 - Local, regional or national data, intelligence and evidence we should use to inform our plan and objectives e.g. PSB wellbeing assessment, RPB population assessment, regulators' national studies, poverty data, wellbeing tool, net zero comparison tool, National Resources Wales (NRW) State of Natural Resources Report (Sonarr) and area plans.
 - Other Councils' corporate plan priorities and measures.
- 3.8 Further research has been completed to look at the use of performance information across Wales, performance indicators included in corporate plans, presentation of performance information, and benchmarking across Wales. This was presented to Corporate Management Board (CMB) on 11 January 2023.

Use of engagement, involvement and consultation to inform the Corporate Plan

- 3.9 Phase 1 of engagement and involvement focused on the approach to the development of the Corporate Plan and wellbeing objectives.
- 3.10 The Council's Phase 1 engagement demonstrated that those involved were largely satisfied with the proposed approach and contributed numerous useful suggestions, including:
- Focus and audience for the report – putting residents first, focusing on responsiveness and communications.
 - Content of the report – focusing on core behaviours and ways of working as well as well-being objectives, clarifying the financial situation in simple terms, introducing the idea of a new operating model with fewer services and additional roles / responsibilities for residents and the third sector, work with specific communities or geographical areas, looking at the long term rather than being reactive, looking at a range of resources to support services and improvement.
 - Format of the report – keeping the report short and making it clear and accessible with infographics, images, videos etc

- Review of the report and performance management framework– learning from other organisations’ corporate plans, having challenging targets and a clear and robust performance and review framework.
- 3.11 Phase 2 engagement focused on the draft ways of working and well-being objectives. Engagement has included:
- A session with Bridgend PSB to discuss how the Corporate Plan fits alongside the PSB plan and other partner plans
 - Questions in the staff survey and discussions with CMB and Heads of Service
 - Monthly discussion and updates with Trade Unions
 - Questions in the ‘Shaping Bridgend’s Future 2022 budget consultation
 - A discussion and engagement session with the Youth Council
 - Discussion sessions with political groups
- 3.12 Phase 2 engagement from the budget consultation showed that 1,009 people responded to the question about the new ways of working for the Council. Of those, 805 people (80%) were satisfied with the proposed new ways of working, a high rate of satisfaction. 1,025 people responded to the questions about the new proposed well-being objectives and 793 people (77%) were satisfied with the proposed Wellbeing Objectives. The main comments and criticisms were:
- Criticism of two of the ways of working (stopping or cutting services and helping communities to find their own solutions) which were felt to be very negative and would need more consideration and consultation
 - There should be more focus on Bridgend Town Centre and tourism in Porthcawl
 - There should be a clear focus on listening to local communities and acting on their views
 - There should be more focus on universal, high-quality services for all Council taxpayers
 - The wording of the Objectives was positive and aspirational but lacked a clear link to Council services
- 3.13 Youth Council, on 18 January 2023 provided the following feedback:
- Criticism of the same two ways of working which were felt to be very negative and would need more consideration and consultation
 - Would like to see a stronger focus on employment for young people
 - Would like to see a stronger focus on arts and music in schools
 - General agreement with the inclusion of a separate Valleys objective, as they believed the challenges faced were different/worse than in the towns
- 3.14 Responses from the Staff Survey showed that 911 people responded to the question about ways of working and objectives, of those 829 people (91%) were satisfied with the ways of working and 840 people (92%) were satisfied with the objectives. The main comments and criticisms were:
- Criticism of two of the ways of working which were felt to be very negative and would need more consideration and consultation
 - There should be more focus on Bridgend Town Centre and tourism in Porthcawl

- There should be something in the objectives to focus on staff welfare, recruitment and pay.
 - The wording of the Objectives was positive and aspirational but lacked a clear link to council services.
- 3.15 Phase 3 engagement focused on the draft Corporate Plan with the Corporate Overview and Scrutiny Committee.
- 3.16 Phase 3 engagement feedback from discussions with the Corporate Overview and Scrutiny Committee were as follows:
- The wording of some of the ways of working (and the icons that represent them) was negative and they should be more focused on positive aims and aspirations for the Council
 - Positive feedback about the cost of services diagram but would like to see the information per household, or even per household per day
 - There should be a clear focus on listening to local communities and acting on their views
 - The Corporate Overview and Scrutiny Committee were keen to be involved in the development of the Corporate Plan Delivery Plan.
- 3.17 The findings from all of the consultation and engagement work has been thoroughly considered and shaped the final version of the Corporate Plan. Some of the feedback was not consistent and therefore the Council has sought to achieve an overall balance. The most significant changes made following consultation and engagement and summarised in paragraph 4.6.

4 Current situation/proposal

- 4.1 The research and early engagement feedback were brought together into a set of draft ways of working and wellbeing objectives, which formed part of the annual budget consultation and the staff survey, and were discussed with Cabinet Members, and political groups.
- 4.2 These ways of working and wellbeing objectives have been brought together in the draft Corporate Plan attached at Appendix 1. It is brief and accessible with simple language, wide use of infographics (although these will be developed by the designers following Council approval) and a focus on ways of working as well as the well-being objectives. There is a focus throughout the report on the financial situation and need for change, putting residents first and improving responsiveness and communications as well as personal / community responsibility alongside Council services.
- 4.3 The research undertaken showed that around half of Welsh local authorities do not include performance indicators in their corporate plans at all, instead develop annual delivery plans to cover Performance Indicators (PIs) and targets. This has many benefits, as detailed below, and it is proposed that this is the approach taken for Bridgend County Borough Council (BCBC):
- Providing less rushed timescales for producing the Corporate Plan
 - Enabling the Council to produce a shorter, more accessible Corporate Plan with less technical detail

- Allowing flexibility to change the course of action when needed
- Allowing for additional engagement and involvement of staff, trade unions and members (particularly Scrutiny Members) in the development of performance indicators in March and April 2023.

4.4 The draft ways of working (which have been updated to reflect the findings of the budget consultation, staff survey and Scrutiny Committee feedback) are:

- Better and more targeted use of resources
- One Council, working well together and with partners
- Improving communication, engagement and responsiveness
- Supporting and empowering communities
- Protecting the services that matter to you the most

The ways of working will need to be properly defined, and the mechanisms to drive them and measure their progress will need to be developed and agreed. This will form part of the Corporate Plan Delivery Plan.

4.5 The draft well-being objectives (which have also been updated to reflect the findings of the budget consultation, staff survey and Scrutiny Committee feedback) are:

- A County Borough where we protect our most vulnerable
- A County Borough with fair work, skilled, high-quality jobs and thriving towns
- A County Borough with thriving Valleys communities
- A County Borough where we help people meet their potential
- A County Borough that is responding to the climate and nature emergency
- A County Borough where people feel valued, heard and part of their community
- A County Borough where we support people to live healthy and happy lives

The detail of the objectives and performance indicators (or key results) will form part of the Corporate Plan Delivery Plan, to be developed alongside the Corporate Overview and Scrutiny Committee in March and April 2023.

4.6 Since initial engagement with the Corporate Overview and Scrutiny Committee, significant changes have been made to the Corporate Plan to reflect the Committee's views, and the views of staff and residents. The main changes are:

- Rewriting the ways of working, and changing the icons that represent them, so they are more positive, aspirational and forward looking
- Adding a small section on context to each wellbeing objective to demonstrate the link with specific council services
- Reconfiguring the diagram on the Council's finances to reflect costs per household, per day
- Adding extra references to town centres and Porthcawl
- Adding information in Wellbeing Objective 2 to focus on staff welfare, recruitment and pay.
- Adding information in Wellbeing Objective 6 to focus on listening to and responding to residents' views
- Adding information on youth employment, and the music service.

5 Effect upon policy framework and procedure rules

- 5.1 Performance against the Corporate Plan forms part of the Council's Performance Management Framework. The draft Corporate Plan proposes an update to the Performance Management Framework.

6 Equality Act 2010 implications

- 6.1 A full Equality Impact Assessment (EIA) has been undertaken on the Council's Corporate Plan (attached as **Appendix 2**). The full 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 they 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.

7 Wellbeing of Future Generations (Wales) Act 2015 implications

- 7.1 The Wellbeing of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of the Council and has major implications for the long-term planning of service provision. The 7 well-being goals identified in the Act have driven the Council's proposed new 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 Corporate Plan, 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 new ways of working and wellbeing objectives will impact on the well-being goals in different ways.
- 7.3 The Council's approach to meeting its responsibilities under the Wellbeing of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in several areas within the Corporate Plan, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none">• Focusing on long term, high level actions before committing to detailed performance indicators and targets• Introducing annual Corporate Plan Delivery Plans to provide an element of flexibility to the Council• Focusing our ways of working on making smarter use of resources with service reductions kept to a minimum and only as a last resort
Prevention	<ul style="list-style-type: none">• Focusing on preventative measures to reduce the burden on more costly statutory services

	<ul style="list-style-type: none"> • Introducing a way of working focused on supporting and empowering communities to help them help themselves
Collaboration	<ul style="list-style-type: none"> • Introduced a way of working focused on acting as one council, working well with partners • Achievements and commitments focus on collaboration and integrated working • Clear actions focusing on Health and Social Care integration
Integration	<ul style="list-style-type: none"> • Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium-Term Financial Strategy • Clear links with the Social Services and Education strategic plans
Involvement	<ul style="list-style-type: none"> • A robust consultation exercise, including surveys and in person engagement, to inform proposals

7.4 The above features are aimed at ensuring the Council's Corporate Plan supports future generations. Although resources are limited, the Council aims to target them in a way that reflects the Council's priorities, including the seven wellbeing goals. The new proposed ways of working focus on better and more targeted use of resources, protecting our priority services and supporting and empowering communities.

8. Financial implications

8.1 There are no direct financial implications arising from this report. The report has been developed in tandem with the Medium-Term Financial Strategy so that they support each other.

9. Recommendation

9.1 Council is recommended to:

- Approve the Corporate Plan 2023-28 attached as **Appendix 1**.

Mark Shephard
CHIEF EXECUTIVE
22 February 2023

Contact Officer: Alex Rawlin
Corporate policy and public affairs manager

E-mail: Alex.Rawlin@bridgend.gov.uk

Postal Address: Legal and Regulatory Services, HR and Corporate Policy
Chief Executives Directorate
Level 4, Civic Offices, Angel Street, CF31 4WB

Background documents: None

Bridgend County Borough Council

Delivering together,
Our Corporate Plan
2023-28

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Foreword

This plan is about you, the people of Bridgend. We've worked with residents, staff, trade unions, elected members and businesses to shape our ambitions for all of us in the next 5 years. In these tough times, a clear set of priorities (and a plan for how to meet them) is more important than ever. This plan does not cover every service we provide or every goal we want to meet. Instead, it tells you how we will work differently and what our priorities will be. It responds to the short and medium-term issues, like the financial crisis, while protecting our natural environment and helping young people meet their potential for the long-term. Sustainability is at the centre of all we do, including our commitment to achieving net-zero carbon status by 2030.

A big challenge for us all in coming years will be the cost-of-living crisis. Rising bills and prices put a strain on our personal finances, and on the Council's budget. This means we will have to work differently in the future.

We all have a part to play in the success of the County Borough. We have a duty to residents, and our residents have a duty to their communities and each other. Our plan sets out what we will do, and what you can do to help build a great future for us all. In 2022 we were one of the best County Boroughs in Wales at recycling. This is an example of a service we provide made possible by your efforts.

After a decade of austerity, with more and more of our residents struggling, we will also continue to improve efficiency and making better use of the resources we have.

This plan also tells you how we will work differently in the future. The pandemic forced us all to rethink how we work. Our staff, from social care to education to waste and recycling, adapted to this change. We need to build-on this to respond to our new and future challenges.

These are challenging times for the whole County Borough. By working together and we can emerge stronger with healthy and vibrant towns and communities.



Cllr. Huw David

Leader of the Council







































Mark Shephard

Chief Executive

Section 1 – What your Council does

Our Corporate Plan

Every 5 years your Council publishes a new Corporate Plan. This plan describes what challenges your Council is facing, how we will work, our priorities for delivery and what success will look like. The Well-being of Future Generation Act 2015 says that public bodies, including your Council, must work to improve the wellbeing of Wales. We have to agree and publish a set of well-being objectives to tell you how we will contribute to the national wellbeing goals. This link is summarised in the table below.

National Well-being Goal	Your Council's Well-being Objectives						
	Protecting our most vulnerable	Fair work, skilled, jobs and thriving towns	Creating thriving Valleys communities	Helping people meet their potential	Responding to the climate and nature emergency	Making people feel valued, heard and connected	Supporting people to be healthy and happy
A prosperous Wales							
A resilient Wales							
A healthier Wales							
A more equal Wales							
A Wales of cohesive communities							
Vibrant culture and thriving Welsh language							
A globally responsible Wales							



We have taken time to learn from the past and from other organisations to help us develop these objectives. We have looked at –

- Our past plans and how we have performed, good and bad
- Other organisations' plans and priorities – partners, the Public Service Board and other Council s
- Other people's views of us – from our regulators, staff and residents
- Data and research that tell us more about how Bridgend is doing

We have also talked to lots of people to see what they think, understand how well you think we are doing, and make sure the priorities make sense to them. We have talked to your councillors, our people and trade unions, our partner organisations, residents and your youth Council.

DRAFT

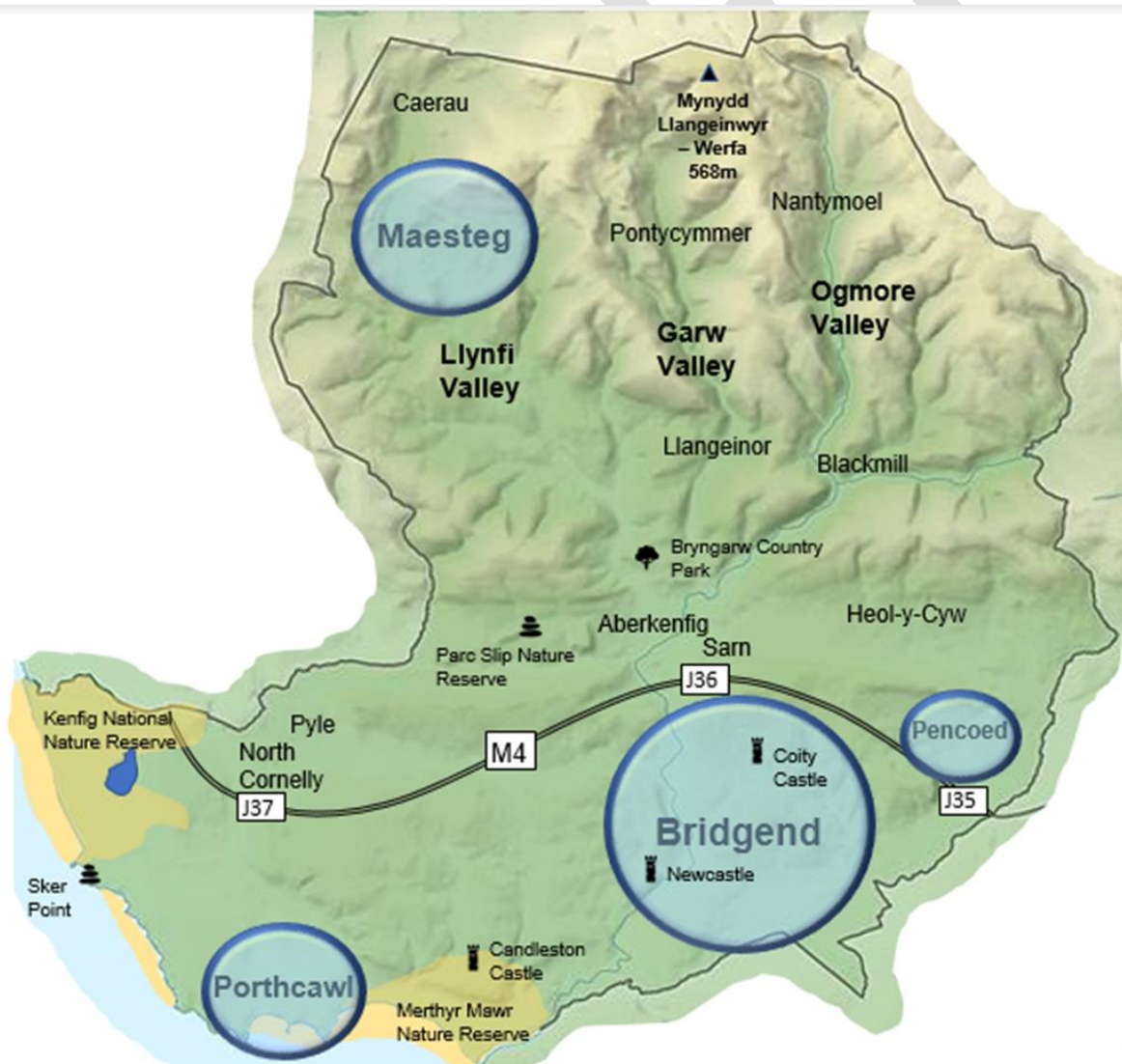
The area we cover

Bridgend County Borough covers around 100 square miles with a population of 145,760 in the 2021 census. In our population –

- 50.6% are female and 49.4% are male.
- 94.4% of people are the same gender as registered at birth, 5.3% didn't answer, 0.12% are a different gender (0.06% trans woman, 0.05% trans man, 0.2% non-binary)
- 91% of people are straight, 6.5% didn't answer the question, 1.35% are gay / lesbian and 0.95% of people are bisexual.
- 1% of people identify as Asian, 0.5% identify as black, 1.2% identify as mixed race, 96.7% identify as white and 0.3% identify as other.
- 17.8% of people are aged 0-15, 61.4% are 16-64 and 20.8% are 65+.
- 22.2% have disabilities that limit their day-to-day activities a little or a lot.

We have a diverse geography, with beautiful valleys in the North to the 12.5 miles of coastline and beaches to the south.

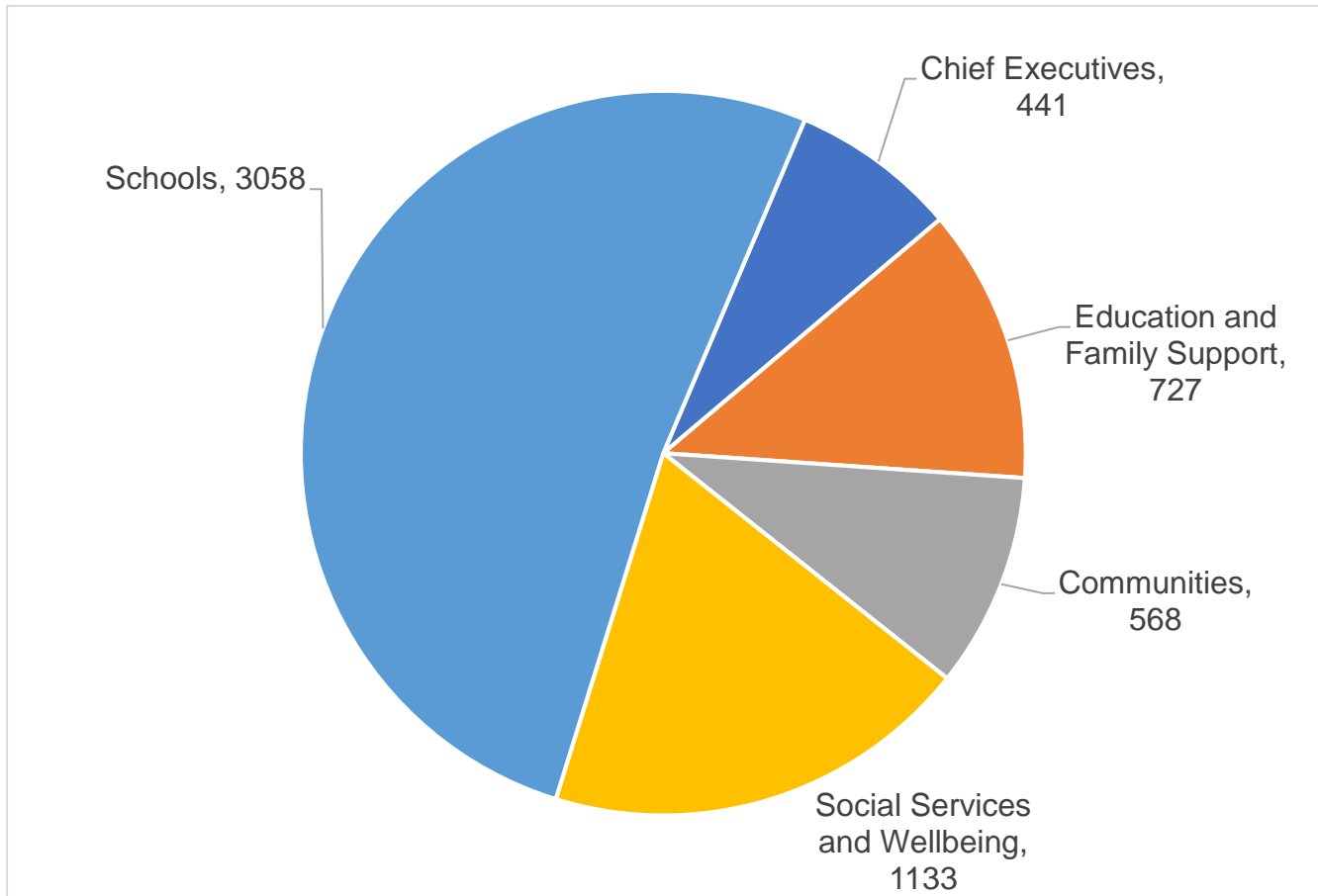
The M4 runs right through the centre of the County Borough, and we have main-line rail links to Cardiff and London to the East, and Swansea in the West.



The resources we use

Our People

The Council is a large organisation employing around 6,000 people. People in our four directorates provide services to support communities through all stages of life. For this, we rely on our people, from engineers to teachers to care workers.



51 Councillors elected by you to represent 28 wards



Our Assets

Our assets help us keep our communities connected and supported. Without our land, buildings and roads / footpaths we wouldn't be able to provide most of our services.

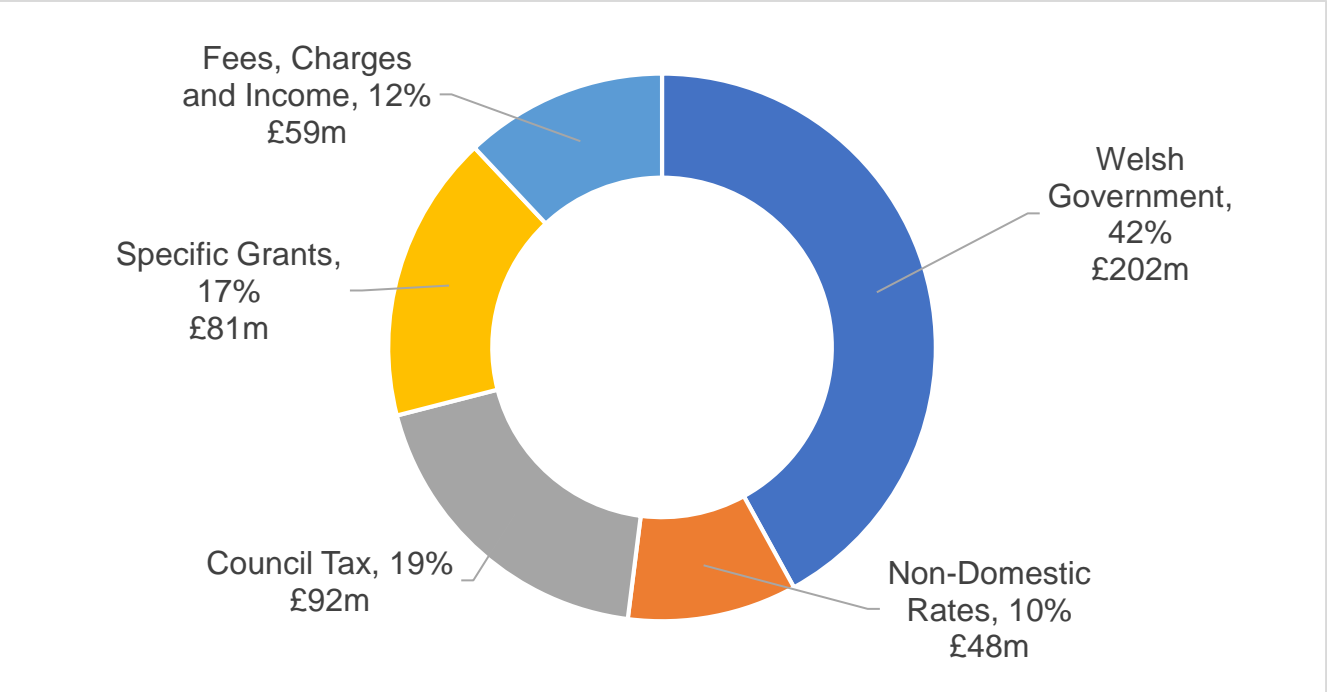
Leisure centres	8	Libraries standalone	4
Primary Schools	48	Libraries in leisure centres	7
Secondary Schools	9	Community centres managed by BCBC	8
Special Schools	2	Community centres leased to 3 rd party	17
Residential homes	10	Recycling centres	3

We also maintain **882km** of road network and **613.72 Km** of public rights of way, which include footpaths. This is further than the distance from Bridgend to John O'Groats!

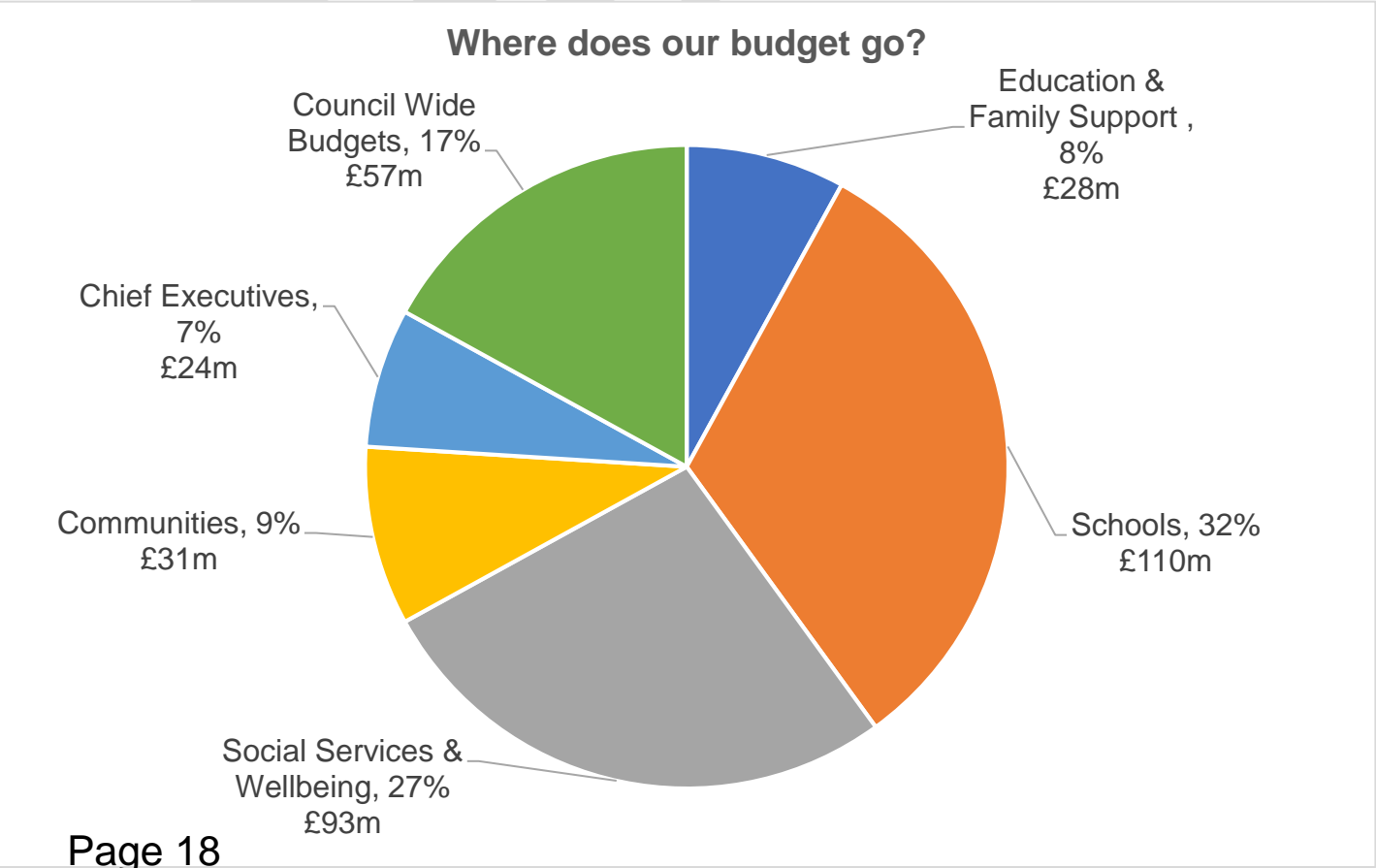
Our Money

We will spend over £485 million in 2023/24. The priorities in this plan have been developed alongside very detailed financial plans, to make sure we can afford to deliver them.

A lot of Your Council's budget comes directly from the Welsh Government, and less than one fifth comes from Council Tax. You can see the detail in the chart below.



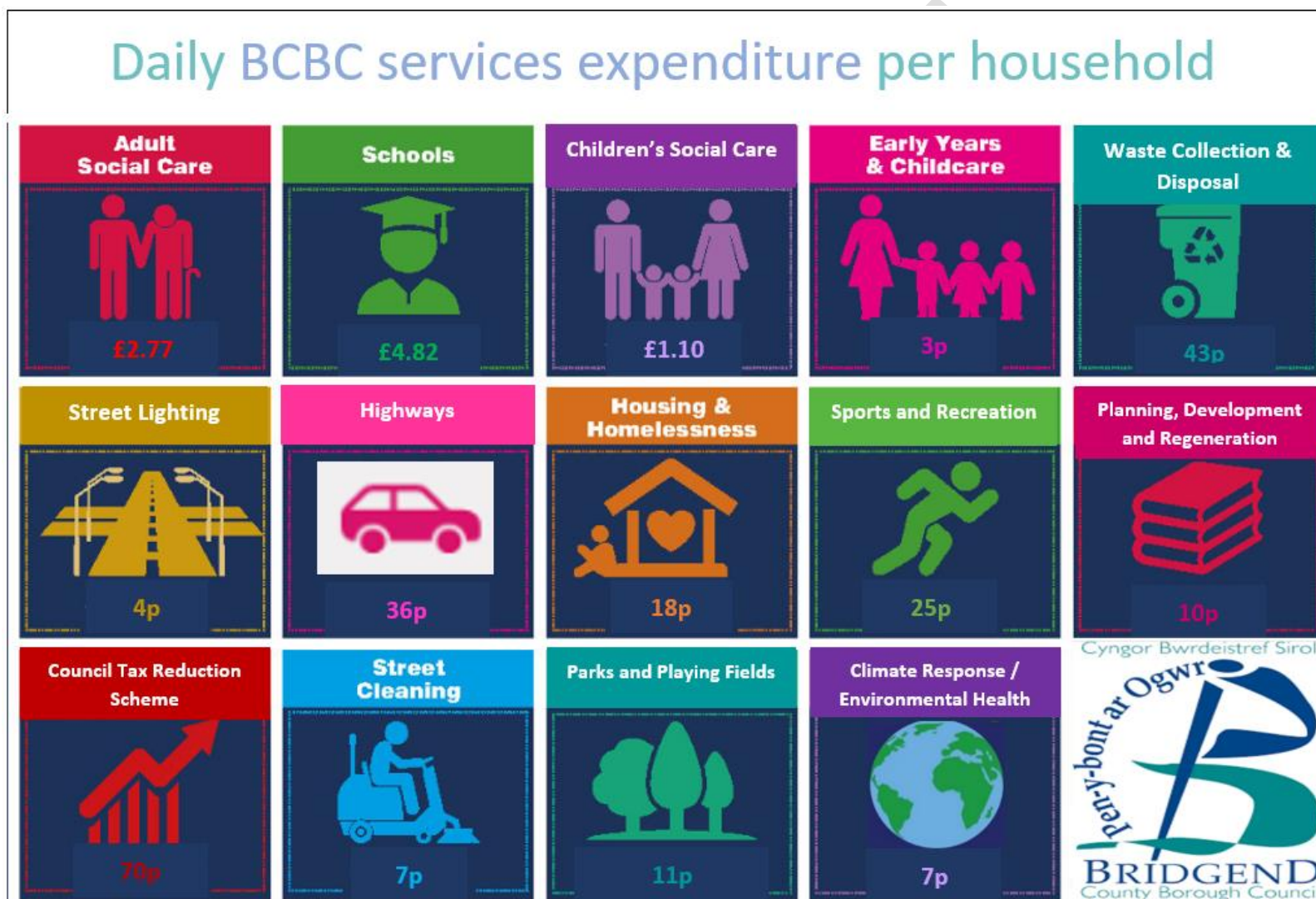
Nearly half of Your Council's budget is spent on our schools and another quarter is spent on social services and wellbeing. You can see the detail in the chart below.





The services we currently provide

We provide around 800 services to the community. This diagram gives an overview of the daily cost of some of our services.



The changing world for local government

The world has changed a lot since the pandemic, and it is having a big impact on the way the Council works. The cost-of-living crisis is making things difficult for you as residents and businesses, and it is making it harder for the Council to manage too. Some of the challenge your Council faces are –

- Increasing energy costs for community centres, care homes, leisure centres and schools
- Increasing fuel costs for school transport, home carers and recycling vehicles
- Changes to the cost and availability of goods like food for residential homes and building materials for new schools
- Pay rises for our staff who provide indispensable services
- National Government asking us to provide extra services like distributing cost of living payments
- Impacts on residents that add demand to services, including increased homelessness and safeguarding referrals
- Funding for the Council not increasing at the same rate as prices

This means we can't provide our services in the same way.

It is important that we understand what matters to our residents. In the economic crisis and during the pandemic, what people want has changed.

- You want cleaner streets, more green spaces and leisure facilities which are affordable, so that there are nice places to spend time with friends and family.
- Your wellbeing is important. Being healthy, including having access to health services is important. As is protecting the most vulnerable and ensuring people have support they need to live the lives they want to lead.
- You want your children to have the best start in life and a bright ambitious future, access to good education and equal opportunities to realise their potential. We all want our most vulnerable children to be safeguarded and protected from neglect and harm. Our care experienced children deserve the best opportunities to meet their full potential.
- You are more aware than ever of the importance of having a secure job and work-life balance and the implications on your families of the problems in the wider economy.
- You want to enjoy and promote the arts in Wales, our culture and heritage and the Welsh language.
- You understand that there is less money to spend so want the services that are provided by your Council to be more focused on the needs of the community, for us to listen to you and act on your views.
- You understand that you have a part to play in making our County Borough a more pleasant place to live such as cleaning up after your dogs, reducing waste and recycling what you can.

We have agreed how we will work differently to adapt to all of these changes.

Section 2 – Our ambition for Bridgend

How we will work differently for you

Over the next 5 years, we want to invest in the right things, the things that make the biggest difference and are most valued by you. We are faced with difficult choices about how we prioritise spending, we won't be able to do everything for everyone.

We will need to get better at working with other organisations and most importantly with local people. We all need to work together to get the best outcomes for the whole County Borough. We will need to focus on supporting local people and directing them to advice and support, as well as directly delivering services.

Because our budget is limited and the demand for services like social care, housing and homelessness keep rising, we will have to make hard decisions about reducing or even stopping some other services. We will do this in an open and transparent way, asking local people about your priorities to inform our decisions.



Your Council's 7 Wellbeing Objectives



Objective One

A County Borough where we protect our most vulnerable



Wellbeing Objective One – A County Borough where we protect our most vulnerable

The main ways we will achieve this are:

- Providing high-quality children's and adults social services and early help services to people who need them
- Supporting people in poverty to get the support they need or help they are entitled to
- Supporting people facing homelessness to find a place to live
- Supporting children with additional learning needs to get the best from their education
- Safeguarding and protecting people who are at risk of harm

What we've done	What we plan to do next
<p>Provided temporary accommodation to 2080 people between 2020 and 2022 who were homeless or in danger of becoming homeless</p> <p>Supported older and disabled people, investing £4.6 million to help them make changes to their homes</p> <p>Supported vulnerable people to stay in accommodation through alcohol, drug and mental health services working with the 3rd sector</p> <p>Spent almost £8 million Housing Support Grant to deliver our homelessness strategy</p> <p>Opened 2 learning resource centres (LRCs) (one English and one Welsh-medium) with space for 23 learners with additional learning needs</p> <p>Created the Early Help and safeguarding Locality Hub at Brynteg School to provide better support for children and their families.</p> <p>Paid over 14,700 winter fuel payments and 50,000 cost of living payments and supported over 16,000 residents to pay Council Tax.</p> <p>Provide support for families with issues such as school and education, behaviour, health, or housing, through Team Around the Family (TAF). 73% of interventions ended with a positive outcome in 2021-2022.</p>	<p>Develop a new homeless strategy with partners to deliver new projects to prevent and reduce homelessness</p> <p>Invest £750K 'safer streets' funding on extra CCTV, youth activities and women's self-defence classes</p> <p>Improve the process and access to grants for older and disabled people who need to make changes to their home</p> <p>Provide training to at least 60 school-based staff about ALN reform and how to support children with Additional Learning Needs (ALN).</p> <p>We will continue to improve early help services by increasing the number of team around the family (TAF) interventions that close with a positive outcome.</p> <p>Support eligible residents to pay their energy bills by administering the UK Government's Energy Bill Support Scheme.</p> <p>Raise awareness of financial support available to residents.</p> <p>Help communities become more resilient, so more people will find help and support they need in their community, with the 3rd sector.</p> <p>Support the wellbeing of unpaid carers – adults and young carers - to have a life beyond caring.</p>

<p>Provided unpaid carers with early support and advice to prevent the need for formal support or services.</p> <p>Supported over 5000 vulnerable people through the pandemic working with BAVO and communities.</p> <p>Made sure that all parts of the Council understand their safeguarding responsibilities.</p> <p>Improved Children's Social Care which has improved outcomes for our most vulnerable children and families</p> <p>Created seamless community health and social care services, to keep people healthy, independent and well-connected</p> <p>Improved social work assessments to focus on what matters to each person and care plans to support them to live the lives they want to live.</p> <p>Improved advocacy services, mental health and learning disability services working with people</p> <p>Developed an Exploitation Strategy to safeguard children and young people at risk of criminal and sexual exploitation.</p> <p>Reduced numbers of young people going into the criminal justice system from 167 per 100,000 aged 10-17 in July 2018 to 121 in 2022.</p>	<p>Work as one Council on a strategic plan to improve our safeguarding arrangements</p> <p>Safeguard children, young people and adults at risk of exploitation.</p> <p>Improve Children's Services by delivering the actions in our 3-year strategic plan.</p> <p>Improve adult social care with a new 3-year strategic plan to tackle physical and mental health impacts of Covid-19 on people with care and support needs, and our workforce.</p> <p>Change the way our social workers work to build on people's strengths and reflect what matters to our most vulnerable citizens, the relationships they have and help them achieve their potential.</p> <p>Address the gaps in important social care services such as care and support at home, specialist care homes for children and adults and recruiting more foster families identified by the Council and partners.</p> <p>Support the development of 'warm hubs' in partnership with Welsh Government and other partners.</p> <p>Identify children who are more likely to offend and provide them with support to reduce offending behaviour.</p>
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How you can help us...

- Consider becoming a foster carer or adopting
- Let us know about someone rough sleeping so we can try and assist
- If you are concerned about a vulnerable child, friend or neighbour tell us so that we can help
- Submit eligible, accurate claims for financial support to speed up the payment process
- Engaging with schools and the Council to support children in a way that best meets their needs.
- Become a community volunteer to assist Bridgend Youth Justice Service delivery
- Signposting people who you feel would benefit from early help support

Objective Two

**A County Borough with fair
work, skilled, high-quality
jobs and thriving towns**

Wellbeing Objective Two – A County Borough with fair work, skilled, high-quality jobs and thriving towns

The main ways we will achieve this are: -

- Helping our residents get the skills they need for work
- Making sure our young people find jobs or are in education or training
- Improving our town centres, making them safer and more attractive
- Attracting investment and supporting new and existing local businesses

What we've done	What we plan to do next
<p>Awarded over £2m in Transforming Town capital grants to 14 projects which have transformed old and derelict properties into new assets within our town centres.</p> <p>Awarded £255K in capital grants to 17 town centre business to help economic recovery and adapt how they operate post pandemic.</p> <p>Invested £595K in CCTV and added free public access wifi in Bridgend, Porthcawl and Pencoed town centres</p> <p>Facilitated the development of a new £48m Bridgend College Campus in the town centre working with Bridgend College and Welsh Government, which will be help town centre regeneration.</p> <p>Secured over £22m of investment from the Shared Prosperity Fund for economic and community projects, with 3rd sector and charities.</p> <p>Supported 550 new business start-ups since 2021 and awarded 23 business start-up grants in this current round, to encourage a thriving business community.</p> <p>Developed the Inspire 2 Work Programme helping over 460 young people aged 16-24 with CVs and interviews to help them find jobs or training.</p> <p>Supported 300 sixth-form students to attend Bridgend Jobs Fair in September 2022.</p>	<p>Deliver a further £1.3m of Transforming Town investment across our town centres in partnership with Welsh Government over the next three years to improve the economic sustainability of our town centres.</p> <p>Prioritise the replacement of the Penprysg Road Bridge and removal of the level crossing in Pencoed and seek funding from UK Government for this project.</p> <p>Redevelop Bridgend Central Station, including improving the front public area with a transport interchange at the rear, providing links between bus services and trains, in partnership with Welsh Government and Network rail.</p> <p>Invest £22m of Shared Prosperity Funding in Projects in the County Borough by 2025, with third sector partners, including in people and skills, supporting local businesses, and developing communities and place.</p> <p>Invest in Business Start up's in the County Borough by providing both professional and grant support, supporting key growth sectors like research and development, finance and the green economy.</p> <p>Increase employment / training opportunities in BCBC for young people aged 16 to 24-years-old.</p> <p>Encourage our suppliers to become real living wage employers</p>

<p>Bridgend Music Service has run regular visits to Wellington Barracks, London for learners to experience life as a professional army musician.</p> <p>Supported the local economy by improving the way we procure our goods and service, making contracts more accessible to local and small businesses</p> <p>Gained Real Living Wage employer accreditation, with the biggest impact on low paid employees and increased the number of Apprentices and Graduates we employ, growing our own workforce for the future.</p> <p>Set up a new, Council employee wellbeing group and appointed a Health and Wellbeing Officer. We have also brought-in Hybrid working so employees can work more flexibly and improve work life balance.</p> <p>Provided over £54m in grant funding from Welsh Government to support local businesses, through the Pandemic.</p> <p>Used over £7m in grant funding from the Cardiff City Region (CCR) to help with our projects and benefitted from working together as a region, investment support and training.</p>	<p>Employ and develop a well-motivated, well supported, qualified social care workforce in the Council and with partners. Fill vacancies in our social care services and reduce dependence on agency workers.</p> <p>Bridgend Music Service will further develop links with Universities and Conservatoires to develop music skills in young people that lead to jobs.</p> <p>Helping local businesses to tender for public sector work through our SRM project and external procurement webpage, supporting local businesses to be viable post-covid</p> <p>Help people with care and support needs to overcome barriers to work and get jobs</p> <p>Improve the Council 's culture as an employer, offering fair work opportunities to current and potential employees. Use the views of our workforce to make improvements, develop and motivate employees and improve staff retention.</p> <p>Work with the Cardiff City Region (CCR) and its 10 local authorities to think regionally about planning, transport and economic development</p>
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How you can help us...

- Be ambitious, starting your own business or get a new job
- Support local businesses by buying local
- Access the support available to make the most of your business
- If you run a business, consider taking on an apprentice or work with schools to help students think about careers
- If you run a business, bid to provide goods and services for public sector partners
- Support child/ren to take advantage of the offer for application and interview skills support
- Signpost young people to the Inspire 2 Work programme
- If you are an employer, pay the real living wage

Objective Three

**A County Borough with
thriving valleys communities**

Wellbeing Objective Three – A County Borough with thriving valleys communities

The main ways we will achieve this are:

- Investing in Maesteg town centre and creating more jobs in the Valleys
- Improving community facilities and making them more accessible
- Improving education and skills in the Valleys
- Investing in our parks and supporting tourism to the Valleys

What we've done	What we plan to do next
<p>Invested £8m into the restoration, refurbishment, and extension of the Grade II listed Maesteg Town Hall, providing a unique community and arts facility.</p> <p>Secured £3.5m from Cardiff City Region to remediate Ewenny Road site in Maesteg, with the neighbour, to develop over 200 homes, public open space, transport interchange and enterprise hub.</p> <p>Awarded £360k of capital grants to 51 Valley business and facilities to help with economic recovery.</p> <p>Built two new (1 English-medium, 1 Welsh-medium) primary schools in Bettws, with state-of-the-art learning for 420 learners aged 4 to 11 plus nursery provision.</p> <p>Redeveloped Maesteg Sports Centre for the community after its use as a covid vaccination centre.</p> <p>Invested in community centres to make them more digitally connected in partnership with Cwmpas and health partners</p>	<p>Complete a Placemaking Strategy for Maesteg town centre to improve the environment and support future investment bids.</p> <p>Develop a regeneration strategy for the Ogmore and Garw Valleys</p> <p>Progress with Community Asset Transfers in the valleys, including Llangynwyd Playing Fields, to protect these valuable community assets for future generations.</p> <p>Develop a commercial property enhancement grant for all valley high streets, to make them look better and bring properties back into commercial use.</p> <p>We intend to establish 3 new Flying Start provisions, offering free childcare for two-year-olds in Nantymoel, Ogmore Vale and Pontycymmer.</p> <p>Redevelop the Ewenny Road site, including new and affordable homes, an enterprise hub, open space and green infrastructure, in partnership with the adjoining landowner.</p> <p>Develop funding bids for our Valleys, to enhance the economy and stimulate new job opportunities.</p> <p>Open Welsh-medium childcare in the Ogmore Valley and Bettws, with 32 full-time-equivalent childcare places</p>

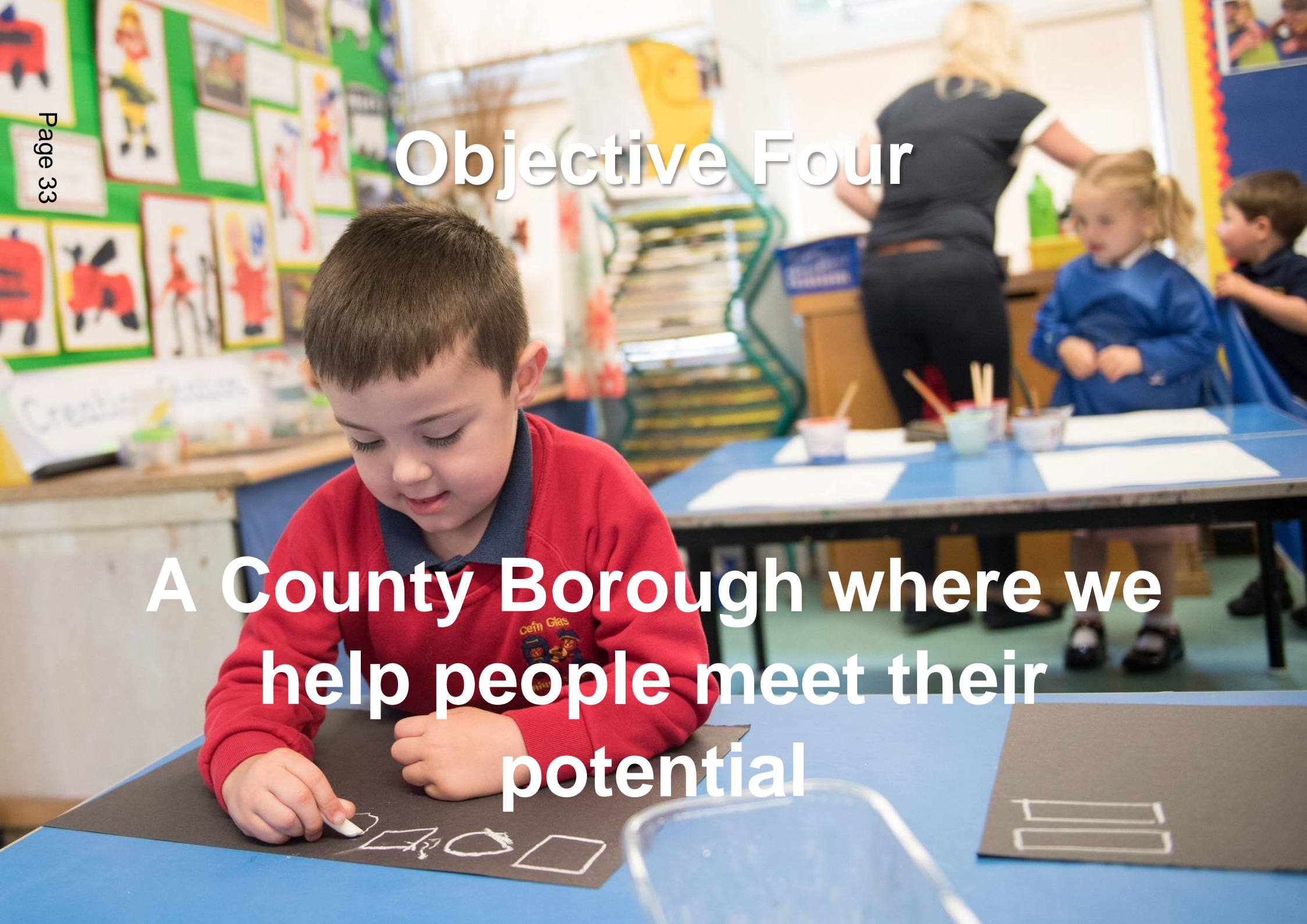
<p>Secured £1m capital funding through the Valleys Regional Park for Awen Cultural Trust (£636k) for Bryngarw Park and Wildlife Trust for South and West Wales (£391k) for Parc Slip nature reserve to improve visitor facilities.</p> <p>Invested in CCTV and free public access wifi in Maesteg town centre</p>	<p>Increase participation in physical and mental wellbeing programmes and leisure activities at Maesteg Town Hall, Garw and Ogmore Valley Life Centre, Maesteg Swimming Pool and Maesteg Sports Centre</p> <p>Promote and encourage the development of new social housing in the Valleys. Encourage the development of self-build homes on infill plots, to increase the range of housing available</p> <p>Provide new facilities for supported training for people with learning disabilities at Wood B and B-Leaf in Bryngarw</p> <p>Deliver additional activities in community venues in the Valleys, including digital activities.</p> <p>Work with the Cwm Taf Nature Network Project to improve access to high quality green spaces</p> <p>Increase the amount of land and premises available for businesses, including industrial starter units, in the Valleys.</p>
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How you can help us...

- Support local businesses – keep more of your money in your community
- Take part in activities in our community centres and hubs
- Use our parks and nature reserves across our Valleys
- Use the health and leisure facilities in your Valleys
- If you're looking for business premises, consider sites in the Valleys
- Volunteer and get involved in your communities

Objective Four

A County Borough where we
help people meet their
potential



Wellbeing Objective Four – A County Borough where we help people meet their potential

The main ways we will do this are -

- Providing safe, supportive schools with high quality teaching
- Expanding Welsh medium education opportunities
- Modernising our school buildings
- Supporting and encouraging lifelong learning
- Being the best parents we can to our care experienced children
- Offering youth services and school holiday programmes for our young people

What we've done	What we plan to do next
<p>Employability Bridgend has worked with 5,650 residents, bought 1,762 training courses, and helped 1,868 residents to find jobs since January 2018.</p> <p>Supported all schools and trained 1,841 teachers and school-based staff to provide the new curriculum, working with the consortium.</p> <p>Built 5 new primary schools and remodelled a secondary school for learners with ALN.</p> <p>Helped schools to review how they provided the best possible learning opportunities to children and young people.</p> <p>Delivered safeguarding training to all schools to help them protect children from harm.</p> <p>Deliver adult learning courses that people in the community said they wanted, with 222 adult learners on courses.</p>	<p>Employability Bridgend will work with funders and partners, including the Inspire to Work Project, to deliver a comprehensive employability and skills programme</p> <p>Help schools achieve their school improvement plans by analysing needs in the plans and offering training to address them. This will make sure that all schools will be judged by Estyn as 'not requiring any follow-up'.</p> <p>Build 2 Welsh-medium and 2 English-medium primary schools and a 300-place replacement Heronsbridge School. Open a larger, new Welsh Medium Primary School in Cornelly, a community replacement school on a single site in Kenfig Hill, expand and relocate the Welsh Medium School Ysgol Bro Ogwr in Brackla.</p> <p>Make additional digital learning training available to all school staff to improve teaching and learning in our schools</p> <p>Ensure all Bridgend schools are rated as 'green' following their safeguarding audit and provide support they need to improve.</p> <p>Run more sessions that communities have expressed an interest in. Following feedback from the public, provide 20 more in-person training sessions.</p> <p>Deliver the actions in the Welsh Language Promotion Strategy and Welsh in Education Strategic Plan (WESP)</p>

<p>Set-up Welsh language immersion support which 10 children have taken part in.</p> <p>Helped care experienced children, young carers and children with additional needs improve their wellbeing through summer hub activities, and discovery days.</p> <p>Employed Local Community Co-ordinators to support communities and connect them to local opportunities working with our partners at BAVO.</p> <p>Engaged and listened to children in all aspects of children's social care</p> <p>Consulted with care experienced children to improve our understanding of what they need from our services</p> <p>Opened new youth centres at Brackla and Bryntirion.</p> <p>Delivered a 'Food and Fun' Programme to 71 pupils in years 4, 5 and 6 in summer 2022.</p> <p>Reviewed the quantity and quality of play opportunities in Bridgend.</p>	<p>Work with local schools to promote the Council as an employer and promote apprenticeships</p> <p>Develop of our future wellbeing programmes with people who are going to use them.</p> <p>Make our leisure and culture programmes more accessible to children with additional needs.</p> <p>Support communities to develop their own services</p> <p>Give care experienced children love, care, safe homes to live in and opportunities to try new activities, gain new skills and fulfil their potential working across the Council and partners</p> <p>Give young adults with learning disabilities chance to try activities, gain new skills and fulfil their potential working across the Council and partners</p> <p>Develop a Corporate Parenting Strategy with care experienced children to explain what public services will do to help them meet their potential and celebrate their 'rights of passage'.</p> <p>Extend the 'Food and Fun' Programme in Summer 2023 to at least 80 pupils.</p> <p>Improve the digital offer to young people, including a youth led interactive website.</p>
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How you can help us...

- Encourage your child to attend school regularly and get there safely
- Support your child to get the best out of their education
- Support your local school, take part in fundraising events, consider joining the PTA or governors
- Take part in lifelong learning courses and events and promote them to your friends and family
- Report any safeguarding concerns to the local Multi-Agency Safeguarding Hub
- Engage with schools when they ask for your views and take part in consultations about new schools
- Let us know what adult learning courses you are interested in and take part in our adult learning courses
- Use our food and fun summer holiday programmes

Objective Five

**A County Borough that is
responding to the climate and
nature emergency**

Wellbeing Objective Five – A County Borough that is responding to the climate and nature emergency

The main ways we will do this are -

- Moving towards net zero carbon
- Improving the energy efficiency of our buildings and services
- Protecting our landscapes and open spaces and planting more trees
- Reducing, reusing or recycling as much of our waste as possible
- Improving flood defences and schemes to reduce flooding of our homes and businesses

What we've done	What we plan to do next
Saved over 7,000 tonnes of carbon from our operations as part of our approved 2030 Net Zero Carbon Strategy, playing our part in the Climate Emergency.	Keep reducing our carbon footprint by changing our Council vehicles to electric and further energy efficiency schemes
Developed a draft Air Quality Action Plan to help us improve air quality in the Park Street Air Quality Management Area.	Use feedback from the consultation to agree an Air Quality Action Plan and start work on the measures to improve air quality along Park Street.
Invested £9.5 Million in renewal / improvement of sea defences in Porthcawl to provide flood protection in partnership with Welsh Government.	Invest in and improve flood mitigation measures in our valleys communities to reduce the flood risk.
Invested over 500k in flood improvement schemes across the County Borough, including the use of alarms in storm culverts, to protect homes and businesses.	Deliver projects such as woodland protection, develop and protect our natural environment in partnership with our communities as part of our Bridgend Biodiversity Plan.
Planted over 13,000 trees, designated Bedford Park as a new nature reserve and extended the Frog Pond Wood nature reserve to improve and protect the biodiversity of our County Borough.	Plant a further 10,000 trees a year and provide a Community Planting scheme to green our County Borough.
Invested £1.5m in a Refit Energy Scheme for 19 schools to improve energy efficiency, lower energy costs and improve sustainability, replacing lighting with LEDs, upgrading lighting controls and installing solar photovoltaic panels.	Invest in a second round of the Refit Energy Scheme to offer energy efficiency improvements to Council buildings including schools. Develop our Future Waste Services Model, improving our recycling targets further and converting our vehicles. We will consult on the options with residents in 2024.

Increased our recycling rate to 72.6% in 2022, the 2nd best in Wales, with the support of our residents	Build five new net zero carbon schools.
Converted all our 16,000 streetlights to Energy Efficient LED light fixtures, to save energy and running costs.	Deliver more frontline social care services with workers using the Council's electric vehicles
Included carbon reduction criteria in our procurement process	Ensure that the new Community Recycling Centre at Pyle is opened
Piloted electric vehicles in our home care teams	Work with the Cwm Taf Nature Network Project to enhance and improve access to high quality green spaces in our County.
Invested over £580K in green spaces, parks and nature reserves as part of the Cwm Taf Nature Network Project.	

How you can help us...

- Reuse and recycle more, recycle right. Think about your buying habits and how we can reduce our waste.
- Take pride in our County Borough by not dropping litter, fly tipping or fly posting and cleaning up after your dog.
- Use our County Borough's parks and greenspaces to get out, have fun and improve your own health and wellbeing.
- Think greener, live greener, reduce use of single use plastics and energy where possible.
- Get involved with environmental volunteering such as litter picking.
- Take responsibility for your local area by resolving, recording and reporting any issues.
- Buy local to reduce your own carbon footprint
- Think about how you can make your home more energy efficient.

Objective Six

**A County Borough where
people feel valued, heard and
part of their community**



Wellbeing Objective Six – A County Borough where people feel valued, heard and part of their community

- Improving the way we engage with local people, including young people, listening to their views and acting on them
- Offering more information and advice online and in your libraries and community buildings, not just in Civic Offices
- Helping clubs and community groups take control of and improve their facilities and protect them for the future
- Make sure you can talk to us and hear from us in Welsh
- Celebrating and supporting diversity and inclusion and tackling discrimination

What we've done	What we plan to do next
<p>Worked to deliver our equalities commitments, including supporting Pride events, raising awareness of hate crime, helping disabled people to apply for jobs in the Council and many other activities</p> <p>Consulted with residents, including on the budget, the local development plan and school modernisation, and consulted with staff through our staff survey. All to inform our plans and decisions.</p> <p>Made our website more accessible and intuitive. Invested in 'my account' our digital platform, to help people report issues, pay for things, resulting in a monthly average of 6500 online transactions</p> <p>Made sure our communications and information about services can all be accessed bi-lingually</p> <p>Invested over £1.1m in more than 30 Community Asset Transfers, helping clubs and community groups to improve their facilities and protect their facilities for the future.</p> <p>Engaged with the Community on major planning issues including the Bridgend Town Centre Master Plan and the Porthcawl</p>	<p>Finish the work on our current Strategic Equalities Plan and work with communities to develop a new one, supporting Welsh Government on race equality and LGBTQ+ action plans</p> <p>Review how we communicate and engage with residents, including children and young people to help us become more customer focussed and responsive.</p> <p>Develop more 'community hubs' in libraries and other Council buildings, so that residents can get more information and help without travelling to the Civic Offices.</p> <p>Invest a further £400K in Community Asset Transfers and support Clubs and Community Groups with equipment grants to improve and safeguard these facilities</p> <p>Provide new opportunities for the community to engage with us on our Regeneration Plans, holding workshops with key stakeholders including Town Councils, Learners and Community Groups.</p> <p>Encourage people, communities, children and young people to talk to the Council about issues that are important to them, and influence the decisions that affect their lives</p>

Placemaking Strategy, using responses to shape the new strategies.

Talked to adults and older adults about becoming a more Age Friendly Community and a great place to grow older.

Community navigators and connectors have helped people find the services and support they need in the place they live

Make Bridgend a great place to grow old, working with partners to improve leisure activities, accessible housing, care and support as an Age Friendly Council

Develop a more coordinated approach with partners to helping people find activities and groups in their communities (and develop new ones where there are gaps)

Develop the Bridgend County Borough Climate Citizens Assembly to allow our communities to shape our 2030 Net Zero Carbon Agenda.

How you can help us...

- Responding to consultations, taking part in Council events, engagement and focus groups and using petitions when you need to
- Reporting issues as you see them on the report it app
- Accessing Council services digitally wherever possible
- Talking up your County Borough – be proud of the great things here and tell others about it
- Encouraging young people to be heard

Objective Seven

A County Borough where we
support people to live healthy
and happy lives



Wellbeing Objective Seven – A County Borough where we support people to live healthy and happy lives

The main ways we will do this are -

- Improving active travel routes and facilities so people can walk and cycle
- Offering attractive leisure and cultural activities
- Improving children's play facilities and opportunities
- Providing free school meals and expanding free childcare provision
- Integrating our social care services with health services so people are supported seamlessly
- Improve the supply of affordable housing

What we've done	What we plan to do next
<p>Invested over £5m in active travel routes, to enable communities to make greener travel choices, with support from Welsh Government.</p> <p>Invested over £1.5m in improvements to play facilities across the County Borough with 9 facilities being completed to date.</p> <p>Brought in £18m levelling up funding for the redevelopment of the Grand Pavilion in Porthcawl</p> <p>Delivered free school meals to all reception pupils since September 22, covering 617 pupils every day</p> <p>Tried out a Dare2Explore project to support 56 learners with emotional difficulties</p> <p>Supported 1350 children (aged 0-3 years) through Flying Start every year. This was recently extended to include a further 151 children.</p> <p>Invested £400,000 and led the regional Super Agers programme supporting older adults to become more active</p> <p>Invested £1.2 million in improved wellbeing hub facilities at Bridgend and Maesteg and supported accessibility improvements in swimming pools.</p>	<p>Improve the quantity and quality of play opportunities. We will Invest in all Children's play areas and make sure inclusive play equipment is provided to allow opportunities for all.</p> <p>Improve sustainable and active travel choices, including the Metrolink Bus facility in Porthcawl, to increase connectivity and greener travel choices.</p> <p>Redevelop Porthcawl Grand Pavilion to increase the use of the new facilities and extend social and leisure facilities, in partnership with Awen Cultural Trust.</p> <p>Provide free school meals to all primary school learners by September 2024.</p> <p>Increase the number of affordable homes in Bridgend in partnership with Welsh Government and social landlords</p> <p>Get a better understanding of housing and support needs and work with social landlords to provide homes to suit those needs</p> <p>Improve the way we deal with empty homes</p>

<p>Expanded “books on wheels” and access to digital resources through the library service and Awen to reach more people.</p> <p>Bridgend Music Service provides after school youth music ensemble activities during term time. This includes rehearsals, concerts and social events.</p> <p>Provided an exercise referral programme helping 2,408 people with physical or mental health problems to become more active, working with Halo leisure.</p> <p>Integrated our community health and care services in community teams so people are supported by the right person at the right time</p> <p>Worked faster and more effectively with partners during the pandemic to support all homeless people</p> <p>Delivered 522 affordable houses Working in partnership with Welsh Government and Registered Social landlords.</p>	<p>Roll-out the Dare2Explore project in at least 1 more school</p> <p>Work with childminders, nurseries and others to roll-out universal childcare for all two-year-olds.</p> <p>Develop an Active Leisure offer for older adults to improve physical and mental wellbeing</p> <p>Increase the use of the exercise referral programme by people who may have found it hard to participate in the past</p> <p>Complete the refurbishment of Pencoeed library</p> <p>Develop a long-term Active Bridgend plan and leisure strategy</p> <p>We will increase the range of after school music ensembles and activities to ensure more pupils benefit from this provision.</p> <p>Increase participation in leisure and cultural activities.</p> <p>Work even more closely with the NHS so all people receive the right health or care service at the right time.</p>
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How you can help us...

- Attend and take part in events and activities and encourage others to get involved too.
- If you are part of the County Borough’s artistic community, work with us to strengthen our cultural offer.
- Use our culture and leisure facilities
- Take part in sports or get involved by volunteering to run a local team in your area.
- Leading active and healthy lives and encouraging your children to do the same
- Signpost friends and family to check if they are eligible for the funded childcare provision for two-year-olds
- Use greener travel options – walking, cycling, car sharing and low emission vehicles.
- Encourage young musicians to attend youth music ensembles.
- If you are a landlord, provide quality homes

How we will measure and show you our progress

Our corporate plan tells you our priorities, and actions needed to achieve them. But we also need to report back regularly so we can tell you whether we are on track.

We use a standard 'Plan, Do, Revise, Review' model to do this.

- Identify needs
- Set priorities, develop targets and actions
- Set budgets



- Deliver services
- Achieve commitments
- Gather information
- Monitor performance

- Research changing environment
- Check priorities, targets and actions
- Use lessons learned

- Review performance
- Review budgets and risks
- Review and challenge at CPA and scrutiny

We regularly take performance reports to Corporate Management Board and to your elected members. We use meetings of the Cabinet, Scrutiny committees and Council to do this, as well as a special meeting called Corporate Performance Assessment (or CPA). Here, the Council's senior managers, Cabinet and Scrutiny Chairs get together to assess and challenge performance and make service changes where needed. The cycle over a year looks like this -

	Quarter 1 (September)	Quarter 2 (December)	Quarter 3 (March)	Quarter 4 (June)
CPA	<ul style="list-style-type: none"> • Review and challenge targets • Make changes where needed 	<ul style="list-style-type: none"> • Review performance and trend data for quarter 2 • Agree actions needed if targets aren't being met 	<ul style="list-style-type: none"> • Review performance against targets for quarter 3 • Make changes where needed 	<ul style="list-style-type: none"> • Review the year's performance • Review our annual self-assessment report
Corporate Overview and Scrutiny (COSC)		<ul style="list-style-type: none"> • Challenge under performance • Refer detail to scrutiny committees 		<ul style="list-style-type: none"> • Analyse end year performance • Compare • Refer detail to scrutiny committees
Overview and scrutiny committees		<ul style="list-style-type: none"> • Investigate performance issues 		<ul style="list-style-type: none"> • Investigate performance issues

Our regulators and our own self-assessment told us we need to improve the way we manage performance. We will do this over the next 5 years, looking at –

- The quality and accuracy of our data
- Culture, roles and responsibility for performance management
- Capacity of staff and teams to manage performance
- Our performance system
- The way we compare our performance over time and with others

How we will use your views

Every year, we will consult on and then publish a self-assessment of how we have done in the previous year.

We will also keep asking you about our priorities and performance in our annual budget survey.

Specific performance and service issues also regularly form part of our Citizens Panel and Youth Council engagement.

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:	Bridgend County Borough Council Corporate Plan 2023-28
Brief description and aim of policy or proposal:	The Corporate Plan is the strategic plan for the county borough and sets out the long-term outcomes we want to achieve. Every 5 years the Council publishes a new Corporate Plan. which describes the Council's priorities, why they are important and what success will look like. The priorities, or well-being objectives, show our commitments to our citizens and our contribution to Wales's seven well-being goals:
Who is responsible for delivery of the policy or proposal?	Chief Executive, Mark Shephard
Date EIA screening completed:	Screening not completed due to scale of the plan and significance to BCBC activities, therefore full EIA undertaken

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.

Group or persons consulted	Date/venue and number of people	Feedback/areas of concern raised	Action Points
Bridgend Youth Council (Young People)	A discussion and engagement session with the Youth Council was held on 18 Jan 2023 at Evergreen Hall (12 attendees,	Youth Council, on 18 January 2023 <ul style="list-style-type: none"> • Criticism of two of the principles which were felt to be very negative and would need more consideration and consultation 	Points raised in the discussion and engagement session have been taken into account and included in the final plan

	<p>8 were members of the youth council)</p> <p>The Consultation team provided the Youth Council with a link to the youth version of Shaping Bridgend's Future 2022 budget consultation which included questions regarding the proposed 5 ways of working and 7 wellbeing objectives.</p>	<ul style="list-style-type: none"> • Would like to see a stronger focus on employment for young people • Would like to see a stronger focus on arts and music in schools • General agreement with the inclusion of a separate Valleys objective, as they believed the challenges faced were different/ worse than in the towns 	<p>The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy</p>
Bridgend Community Cohesion and Equality Forum	N/a	<p>The consultation team sent the survey link and associated communications e.g. posters and infographics, to be distributed to all forum members, to encourage completions.</p>	<p>The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy.</p>
Menter Bro Ogwr (MBO)	N/a	<p>The consultation team developed an article promoting the consultation and sent it to MBO with a QR code to be included in their newsletter "Hogwr"</p>	<p>The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy.</p>

<p>If you undertook a full public consultation please enter the details and a summary of the findings here:</p>	<p>Questions related to the proposed 5 ways of working and 7 wellbeing objectives were included within the he Council's Medium Term Financial Strategy (MTFS) consultation, which ran from 19 December 2022 to 22 January 2023. The consultation received 1,441 interactions from a combination of survey completions, attendance at engagement events (face-to face drop in sessions), social media engagement and via the Council's Citizens' panel.</p> <p>Details of the consultation were shared with the following stakeholders: general public/residents, Citizens' panel members, elected members, Bridgend County Borough Council employees, businesses, Bridgend Business Forum members, local media, town councils, school governors, Bridgend Community Cohesion and Equality Forum (BCCEF) members.</p> <p>Details of the consultation were also sent to HALO who were asked to help raise the profile through their own organisation and its social media channels.</p>
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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 Bridgend College to promote the consultation amongst their learners as well as school staff and parents/carers.

Engagement from the budget consultation showed that 1,009 people responded to the question about the new principles to support the proposed new objectives of the Council and 1,025 people responded to the questions about the new proposed well-being objectives. Of those, 805 people (80%) were satisfied with the proposed principles, a high rate of satisfaction. Similarly, 793 people (77%) were satisfied with the proposed Well-being Objectives. The main comments and criticisms were:–

- Criticism of two of the principles which were felt to be very negative and would need more consideration and consultation (stopping or cutting services and helping communities to find their own solutions)
- There should be more focus on Bridgend Town Centre and tourism in Porthcawl
- There should be a clear focus on listening to local communities and acting on their views
- There should be more focus on universal, high-quality services for all council taxpayers
- The wording of the Objectives was positive and aspirational but lacked a clear link to council services

Points raised have been considered and included in the final plan.

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 19 December 2022 to 22 January 2023, previous corporate plan EIA screening documents, evidence gathered during various phases of drafting the corporate plan as detailed in the cabinet report.

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			<p>From the 2021 census there were 145,500 people living in the county borough comprising of a gender split of 49.4% male (71,800) and 50.6% (73,600) female.</p> <p>Within the consultation, 749 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> • Female – 342 • Male – 391 • Prefer not to say – 16 <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny,</p>

				<p>The Corporate Plan does not prioritise services by sex therefore there is no positive or negative impact on any sex. Neither the vision nor the priorities outlined in the Corporate Plan favour or discriminate within this group. However, some of the commitments will impact carers, parents and children. As the vast majority of caring and parenting responsibilities are undertaken by women; some commitments may have a differing positive impact for women.</p>	<p>with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Disability	X			<p>From the 2021 census, 11% of Bridgend residents were identified as being disabled and limited a lot.</p> <p>Of the 746 people responding to the question on the consultation survey, 126 (17%) stated they considered themselves disabled.</p> <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p> <p>The Corporate Plan vision and priorities do not impact negatively on this group. The plan seeks to have a positive impact, reduce health inequalities and improve health outcomes for all residents, as well as improving access to services including providing more community hubs, helping people with care and support needs to overcome barriers to employment, improved access to grants for disabled people, and provide greater support for children with additional learning needs in education.</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>

Race	X			<p>From the 2021 census there are 4,691 BAME people living in Bridgend comprising of 3.2% of the total population.</p> <p>The responses to the public consultation exercise were from:</p> <ul style="list-style-type: none"> • Welsh – 466 • English – 51 • British – 215 • Scottish – 5 • Other – 9 • Prefer not to say – 6 <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> • White – 716 • Mixed/multiple ethnic groups – 4 • Prefer not to say – 20 • Other ethnic group – 5 <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p> <p>It is unlikely that the Corporate Plan will have any negative impact on this group. The following commitment aims to have a positive impact “Finish the work on our current Strategic Equalities Plan and work with communities to develop a new one, supporting Welsh Government on race equality and LGBTQ+ action plans”</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Religion and belief			X	<p>From the 2021 census 52.3% of residents reported having ‘No religion’, 40.4% described themselves as Christian and 5.6% did not state their religion.</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p>

				<p>The responses to the public consultation exercise were from:</p> <ul style="list-style-type: none"> • Buddhist – 5 • Christian – 335 • Hindu – 1 • No religion – 355 • Other – 12 • Prefer not to say – 39 <p>No impacts were identified as part of the public consultation feedback or other research and engagement exercises completed</p> <p>It is unlikely that the Corporate Plan will have any negative or positive impact on individuals from different beliefs. Any negative impacts identified will need to be monitored and remedied by services.</p>	<p>Additional work on identifying impact will be completed when the delivery plan is written, and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Sexual Orientation	X			<p>From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> • Heterosexual/Straight – 662 • Gay man – 9 • Gay woman/lesbian – 7 • Bisexual – 1 • Other – 6 • Prefer not to say – 43 <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p> <p>It is unlikely that the Corporate Plan will have any negative impact on this group. The following commitment aims to have a positive</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written, and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p>

				<p>impact “Finish the work on our current Strategic Equalities Plan and work with communities to develop a new one, supporting Welsh Government on race equality and LGBTQ+ action plans”</p>	<p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Age	X			<p>From the 2021 census the age breakdown of people living in Bridgend is:</p> <ul style="list-style-type: none"> • 0 – 14 = 16.7% (24,300) • 15 – 64 = 62.6% (91,100) • 65+ - 20.7% (30,200) <p>From the consultation exercise, the following data was gathered from the 747 people who provided a response to this question:-</p> <ul style="list-style-type: none"> • Age 18 to 24 – 7 • Age 25 to 34 – 69 • Age 35 to 44 - 125 • Age 45 to 54 – 146 • Age 55 to 64 – 191 • Age 65 to 74 – 134 • Age 75+ - 64 • Prefer not to say - 11 <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed</p> <p>Due to the wide range of commitments and services covered by the plan it is likely that there will be differences in the way the commitments will impact on different age groups. Whilst many</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written, and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>

				of the commitments are focused on improving outcomes and accessibility of services for all residents, others are more focused on certain age groups, such as improving learner outcomes for young people, increase employment / training opportunities in BCBC for young people aged 16 to 24 years-old, free school meals etc, and making Bridgend a great place to grow old, working with partners to improve leisure activities, accessible housing, care and support as an Age Friendly Council.	
Pregnancy & Maternity			X	<p>From the consultation exercise, the following data was collected:</p> <ul style="list-style-type: none"> • Pregnant – 10 <p>No impacts were identified as part of the public consultation feedback or other research and engagement exercises completed</p> <p>It is unlikely that the Corporate Plan will have any specific impact on individuals who are pregnant but there may be benefits from commitments to improve or extend services provided to assist and support families and improve health outcomes for residents.</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written, and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>

Transgender	X			<p>From the public consultation exercise the following data was collected of those who took part (not all respondents choose to share this information):</p> <p>749 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> • Female – 342 • Male – 391 • Prefer not to say – 16 <p>No negative impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p> <p>It is unlikely that the Corporate Plan will have any negative impact on this group. The following commitment aims to have a positive impact “Finish the work on our current Strategic Equalities Plan and work with communities to develop a new one, supporting Welsh Government on race equality and LGBTQ+ action plans”</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written, and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Marriage and Civil partnership			X	<p>From the public consultation exercise the following data was collected of those who took part:</p> <ul style="list-style-type: none"> • Single – 99 • Married/Civil partnered – 445 • Divorced - 41 • Partnered – 94 • Widowed – 41 • Prefer not to say - 28 	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written and service areas complete their business plans and agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny,</p>

				<p>No impacts were identified as part of the public consultation feedback or other research and engagement exercises completed.</p> <p>It is unlikely that the Corporate Plan will have any negative or positive impact on this group</p>	<p>with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</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		
Socio-economic disadvantage	X			<p>The plan aims to support those experiencing or at-risk of socioeconomic disadvantage. For example, providing eligible residents with support to pay energy bills and raising awareness of financial support available to residents, helping communities become more resilient, so more people will find help and support they need in their community,</p>	<p>Work is underway on analysis of the finer details of the consultation feedback which will inform us further.</p> <p>Additional work on identifying impact will be completed when the delivery plan is written and service areas complete their business plans and</p>

				<p>supporting the well-being of unpaid carers, helping our residents get the skills they need for work, Reducing the number of young people not in employment, education or training. Also Increasing the number of affordable homes in Bridgend in partnership with Welsh Government and social landlords and providing free school meals and expanding free childcare provision</p>	<p>agree the specific activities linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p> <p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
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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"> • secure positive or more positive effects • avoid adverse effects or secure less adverse effects
	Positive impact(s)	Negative impact(s)	No impact		
Will the policy or proposal impact on opportunities for people to use	X			Data from the 2021 census, informs us that there were 22,070 people living in the county borough who can read, speak or write Welsh (15.2%).	Additional work on identifying impact will be completed when the service areas complete their business plans and agree the specific activities

the Welsh language				<p>As part of the recent public 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"> • Speak Welsh – 77 • Read Welsh – 82 • Write Welsh - 63 	<p>linked to the corporate plan commitments</p> <p>Key activities and measurable targets will be included in the corporate plan delivery plan and will be monitored quarterly at CPA and by scrutiny, with annual progress detailed in our self-assessment report at year end.</p>
Will the policy or proposal treat the Welsh language no less favourably than the English language	X			<p>The Corporate Plan will not impact negatively or positively the way the Council meets its statutory requirements of the Welsh Language Measure or the Welsh Language Standards.</p> <p>There is not expected to be any negative impact on the use of Welsh language from the aims and commitments detailed in the plan. There is likely to be a positive impact with focus on improving use of the welsh language highlighted in several of the commitments.</p> <p>Examples of these commitments include, providing welsh medium childcare, improving/expanding welsh medium education by building additional welsh medium schools and delivering actions in the Welsh Medium Promotion Strategy. It also aims to ensure the public can communicate with the council in welsh.</p>	<p>Any negative impacts identified during the cycle of the plan will be monitored and remedied by relevant service areas.</p> <p>The Corporate Plan will be available and published in both Welsh and English. The Council continues to promote the Welsh language and complies with the Welsh Language Standards in all of its activities</p>

Wider impact

Cumulative impact

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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)

The Corporate Plan describes the Council's overall approach to working across the Borough, and it therefore applies to the whole Borough. It is intended to focus on the 7 wellbeing objectives in order to protect our priority services, improve outcomes for our residents in both the long and short term, and help to negate negative impact of budget reductions and the current cost of living crisis for our residents, and reduce inequalities.

The overall impact of the plan is positive. The finer detail of how the objectives, aims and commitments will be achieved and how success measured will be included within the delivery plan and the directorate business plans, and will give greater clarity on potential impacts on each of the protected groups and any mitigation activities required. As these plans develop and the ways of working are implemented the way the impact differs within the protected groups will become more evident. It is recommended that an EIA is completed for the Corporate Plan Delivery Plan which will be produced over the coming months.

It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.

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.

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 Corporate Plan. The aims, objectives and commitments contained within the Corporate plan cover a wide range of services and therefore it is inevitable that implementation of the plan will impact on the local population in different ways. In developing the plan 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, as well as ensuring the potential positive impacts are achieved.

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?

	Please place an X in the relevant box:
Yes	
No	X

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?

	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	X	<p>The EIA has not identified any negative impacts. There are instances where there are differing positive impacts within a protected group however the overall impact is positive.</p> <p>The finer detail of how the objectives, aims and commitments will be achieved and how success measured will be included within the delivery plan and the directorate business plans, and will give greater clarity on potential impacts on each of the protected groups and any mitigation activities required. As these plans develop and the ways of working are implemented the way the impact differs within the protected groups will become more evident.</p> <p>It is recommended that an EIA is completed for the Corporate Plan Delivery Plan which will be produced over the coming months.</p> <p>It is recommended that comprehensive and detailed equality analysis is carried out which will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Continue with the policy or proposal in its current form even though negative impacts have been identified		
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

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
EIA to be completed for the Corporate Plan Delivery Plan which will be produced over the coming months. Complete equality analysis to help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.	Relevant Corporate Director / Head of Service with support and advice from the Consultation Engagement and Equalities Team	To be undertaken as proposals are taken forward.	Support and advice from the Equalities Team..	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	February 2024
EIA to be completed on Corporate Plan Delivery Plan.	30 June 2023

Approval

Date Full EIA completed:	14 February 2023
Name of the person completing the Full EIA:	Alex Rawlin
Position of the person completing the Full EIA:	Corporate Policy and Public Affairs Manager

Approved by (Head of Service or Corporate Director):	Kelly Watson – Chief Officer Legal & Regulatory Services, HR and Corporate Policy
Date Full EIA approved:	15 February 2023

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

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

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

1 MARCH 2023

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2023-24 to 2026-27

1. Purpose of report

- 1.1 The purpose of this report is to seek Council approval of the Medium Term Financial Strategy 2023-24 to 2026-27, attached at **Annex 3** (along with associated appendices), which includes a financial forecast for 2023-27, a detailed revenue budget for 2023-24 and a Capital Programme for 2022-23 to 2032-33. This is subject to Cabinet approval on 22 February 2023.

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 2023-24.

3. Background

- 3.1 The Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 are currently as set out in paragraph 2.1, but these are being reviewed as part of the process of developing a new Corporate Plan for approval by Council, to be implemented from April 2023.
- 3.2 This MTFS has been significantly guided by these and our proposed new objectives. 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 £485 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 2023-2027, and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's well-being objectives and the resources directed to support them.

4. Current situation/proposal

- 4.1 This report is presented to Council to provide details of the Council's Medium Term Financial Strategy for the four year period 2023-24 to 2026-27. 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 as a result of the Covid-19 pandemic, immediately followed by the existing cost of living crisis. 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 2022-23 have outlined in detail the impact on the budget of the additional cost pressures faced by the Council throughout the year as a result of the worsening economic climate, rising inflation and interest rates. These have been reflected in rising prices, higher than anticipated pay increases and significant tender price increases for goods and services. Whilst some of these additional pressures are not recurrent, a number will become core pressures for the Council going forward, and these are reflected in the MTFS.
- 4.5 The announcement of the final local government settlement for 2023-24 is once again approximately two months later than previous years. The final settlement is not due to be announced until the end of February. As a result this budget is being proposed on the basis of the provisional settlement received in December 2022. 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 2023-24 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

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

- 7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives, which are designed to complement each other and be part of an integrated way of working to improve well-being for people in Bridgend County. In developing the MTFS, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.
- 7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the well-being goals in different ways. A Well-being of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.
- 7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none">• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.• Majority of savings generated from making smarter use of resources with 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.• Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.

Prevention	<ul style="list-style-type: none"> Investment in preventative measures to reduce the burden on more costly statutory services.
Collaboration	<ul style="list-style-type: none"> Savings generated from collaboration and integrated working.
Integration	<ul style="list-style-type: none"> Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy.
Involvement	<ul style="list-style-type: none"> A robust budget consultation exercise, including surveys and social media debates, to inform proposals.

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

8. Financial implications

- 8.1 This report outlines the financial issues that Council is requested to consider as part of the MTFS 2023-24 to 2026-27. 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 over the level of Welsh Government funding, unprecedented levels of inflation, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 9, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.
- 8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.
- 8.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2023-24 and beyond.

9. Recommendations

- 9.1 Council is asked to approve the MTFS 2023-24 to 2026-27, including the 2023-24 revenue budget and the Capital Programme 2022-23 to 2032-33. In particular it is asked to approve the following specific elements:
- The MTFS 2023-24 to 2026-27 (**Annex 3**).

- The Net Budget Requirement of £342,047,227 in 2023-24.
- A Band D Council Tax for Bridgend County Borough Council of £1,675.26 for 2023-24 (Table 15 of the MTFS).
- The 2023-24 budgets as allocated in accordance with Table 10 in paragraph 4.1.3 of the MTFS.
- The Capital Programme 2022-23 to 2032-33, attached at **Appendix G** of the MTFS.

Carys Lord
CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE AND SECTION 151
OFFICER
March 2023

Contact Officer:	Deborah Exton CPFA Deputy Head of Finance
Telephone:	01656 643604
Email:	deborah.exton@bridgend.gov.uk
Postal Address :	Civic Offices Angel Street Bridgend CF31 4WB
Background Documents:	None

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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 2023-24 to 2026-27
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 2023

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.

Group or persons consulted	Date/venue and number of people	Feedback/areas of concern raised	Action Points
Bridgend Youth Council (Young People)	N/a	The consultation team sent the link of the youth version of the survey to the Youth Council to encourage completions.	The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy.
Bridgend Community Cohesion and Equality Forum	N/a	The consultation team sent the survey link and associated communications e.g. posters and infographics, to be distributed to all forum members, to encourage completions.	The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy.

Menter Bro Ogwr (MBO)	N/a	The consultation team developed an article promoting the consultation and sent it to MBO with a QR code to be included in their newsletter "Hogwr"	The results of the public consultation will be presented to Cabinet for their consideration in finalising the Medium Term Financial Strategy.
<p>If you undertook a full public consultation please enter the details and a summary of the findings here:</p>		<p>The Council's Medium Term Financial Strategy (MTFS) consultation ran from 19 December 2022 to 22 January 2023. The consultation received 1,441 interactions from a combination of survey completions, attendance at engagement events (face-to face drop in sessions), social media engagement and via the Council's Citizens' panel.</p> <p>Details of the consultation were shared with the following stakeholders: general public/residents, Citizens' panel members, elected members, Bridgend County Borough Council employees, businesses, Bridgend Business Forum members, local media, town councils, school governors, Bridgend Community Cohesion and Equality Forum (BCCEF) members.</p> <p>Details of the consultation were also sent to HALO who were asked to help raise the profile through their own organisation and its social media channels.</p> <p>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 Bridgend College to promote the consultation amongst their learners as well as school staff and parents/carers.</p>	
<p>Please list any existing documents, reports, evidence from previous engagement, previous EIAs, service user information etc. which have been used to inform this assessment.</p>		<p>Assessment is based on Shaping Bridgend's Future consultation exercise undertaken between 19 December 2022 to 22 January 2023.</p>	

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 the detail in the Initial Screening EIA that “the impact on women and men may differ based on the demographics of the county borough rather than service delivery/provision. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.” From the 2021 census there were 145,500 people living in the county borough comprising of a gender split	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. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or

				<p>of 49.4% male (71,800) and 50.6% (73,600) 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, 749 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> • Female – 342 • Male – 391 • Prefer not to say – 16 <p>Additionally, 10 respondents said they were pregnant.</p>	barriers for particular groups are taken account of, and if possible mitigated.
Disability		X		<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2021 census, 11% of Bridgend residents were identified as being disabled and limited a lot. 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 746 people responding to the question on the consultation survey, 126 (17%) stated they considered themselves disabled. Whilst the</p>	There may be an impact on people with disabilities as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.

				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.	
Race		X		<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2021 census there are 4,691 BAME people living in Bridgend comprising of 3.2% of the total population. The full impact of the budget restrictions is currently unknown however we will continue to monitor the impact and introduce mitigating actions where possible. The Council currently provides information in languages other than Welsh, English and British Sign Language. The full impact will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered. The responses to the consultation exercise were from:</p> <ul style="list-style-type: none"> • Welsh – 466 • English – 51 • British – 215 • Scottish – 5 	There may be an impact on race as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.

				<ul style="list-style-type: none"> • Other – 9 • Prefer not to say – 6 <p>In terms of ethnicity, the following data was captured:</p> <ul style="list-style-type: none"> • White – 716 • Mixed/multiple ethnic groups – 4 • Prefer not to say – 20 • Other ethnic group – 5 <p>We will continue to monitor the impact of our proposed budget reductions on this protected characteristic.</p>	
Religion and belief		X		<p>The Full Equality Impact Assessment reinforces the detail in the Initial Screening EIA which is that “from the 2021 census 52.3% of residents reported having ‘No religion’, 40.4% described themselves as Christian and 5.6% did not state their religion. In terms of religion and belief there were:</p> <ul style="list-style-type: none"> • Buddhist – 5 • Christian – 335 • Hindu – 1 • No religion – 355 • Other – 12 • Prefer not to say – 39 <p>The full impact of the budget reductions is currently unknown however we will continue to monitor</p>	<p>There may be an impact on religion and belief as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>

				the impact and introduce mitigation where possible.	
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> <ul style="list-style-type: none"> • Heterosexual/Straight – 662 • Gay man – 9 • Gay woman/lesbian – 7 • Bisexual – 1 • Other – 6 • Prefer not to say - 43 	There is not expected to be an impact on sexual orientation as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.
Age		X		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	There may be an impact on people of varying ages as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will

				<p>service delivered and the service user. From the 2021 census the age breakdown of people living in Bridgend is:</p> <ul style="list-style-type: none"> • 0 – 14 = 16.7% (24,300) • 15 – 64 = 62.6% (91,100) • 65+ - 20.7% (30,200) <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 747 provided a response to this question. From the consultation exercise, the following data was gathered:-</p> <ul style="list-style-type: none"> • Age 18 to 24 – 7 • Age 25 to 34 – 69 • Age 35 to 44 - 125 • Age 45 to 54 – 146 • Age 55 to 64 – 191 • Age 65 to 74 – 134 • Age 75+ - 64 • Prefer not to say - 11 	<p>follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
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</p>	<p>There may be an impact on pregnancy and maternity as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be</p>

				<p>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"> • Pregnant – 10 	<p>implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</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</p>	<p>There is not expected to be an impact on transgender people as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to</p>

				<p>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, 749 people responded to the question regarding gender as follows:</p> <ul style="list-style-type: none"> • Female – 342 • Male – 391 • Prefer not to say – 16 	<p>enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.</p>
Marriage and Civil partnership			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 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"> • Single – 99 • Married/Civil partnered – 445 • Divorced - 41 • Partnered – 94 • Widowed – 41 	<p>There is not expected to be an impact on marriage and civil partnership as a result of some of the proposed budget reductions. The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are</p>

				<ul style="list-style-type: none"> Prefer not to say - 28 	taken account of, and if possible mitigated.
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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		
Socio-economic disadvantage		X		The Full Equality Impact Assessment reinforces that the full impact of the MTFS will be unknown until a consultation exercise has been undertaken with the public where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.	The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.

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"> • secure positive or more positive effects • avoid adverse effects or secure less adverse effects
	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 2021 census, there were 22,070 people (out of a county borough total of 145,500 people – 15.2%) 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"> • Speak Welsh – 77 • Read Welsh – 82 • Write Welsh - 63 <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
Will the policy or proposal treat the Welsh language no less favourably than the English language			X	<p>From the 2021 census, there were 22,070 people (out of a county borough total of 145,500 people – 15.2%) 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>	The Council continues to promote the Welsh language and complies with the Welsh Language Standards in all of its activities

				<ul style="list-style-type: none"> • Speak Welsh – 77 • Read Welsh – 82 • Write Welsh - 63 <p>There is not expected to be a negative impact on the Welsh language.</p>	
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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)

The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.

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.

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?

	Please place an X in the relevant box:
Yes	
No	X

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?

	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, the finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.
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

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

Comprehensive and detailed equality analysis to be carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated.	Relevant Corporate Director / Head of Service with support and advice from the Consultation Engagement and Equalities Team	To be undertaken as proposals are taken forward.	Support and advice from the Equalities Team..	Each relevant service area
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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:	2 February 2023
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:	6 February 2023

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.

Page
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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

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

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

Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2023-24 to 2026-27

Section 1 Complete the table below to assess how well you have applied the 5 ways of working.

Long-term	<p>1. How does your project / activity balance short-term need with the long-term and planning for the future?</p> <p>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:</p> <ul style="list-style-type: none"> • 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	<p>2. How does your project / activity put resources into preventing problems occurring or getting worse?</p> <p>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.</p>

Integration	<p>3. How does your project / activity deliver economic, social, environmental & cultural outcomes together?</p> <p>The Medium Term Financial Strategy is closely aligned to the Council's Corporate Plan, with explicit links between resources and well-being objectives. The MTFS has been guided by its current and draft well-being objectives. The development of the Corporate Plan and MTFS are both the responsibility of Cabinet and the Corporate Management Board.</p>
Collaboration	<p>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</p> <p>A number of budget reduction proposals are achievable through inter-agency working, with the Third Sector, Social Enterprises, other local authorities and partners. These include joint services across local authorities, and with the Health Service, and new models of working internally to provide more resilient services. A number of services already collaborate with other partners and these continue to improve performance whilst operating with reducing resources.</p>
Involvement	<p>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?</p> <p>A full budget consultation was launched on 19 December 2022 and will run until 22 January 2023. The aim of the consultation is to seek views on the priority areas for residents, in order to enable us to review and prioritise the budget and make Bridgend 'Fit for the Future'. It is recognised that budget planning for 2023-24 is more uncertain than ever before, and that the Council is facing even more cost pressures than experienced in previous years, as a result of the cost of living crisis, conflict in Ukraine and worsening economic circumstances. We need to know what has worked well, and where we need to continue to make changes or improvements to ensure that the Council is able to deliver sustainable and effective services for the next five to ten years. The consultation includes an online survey, attendance at engagement events, a social media / web campaign and via the Authority's Citizens' Panel, and targeted a range of stakeholders.</p> <p>Respondents are asked to share their views on a range of areas including:</p> <ul style="list-style-type: none"> • Prioritising council services • Council tax levels • How the council has performed over the past 12 months • What should our future priorities be • Digitalisation of council services

	The results will be collated and presented to Cabinet on 7 February 2023 in order to further inform final decisions on the MTFS.
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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		
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)?
A prosperous Wales 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.	<ul style="list-style-type: none"> Improved educational outcomes for children and young people leading to a well-educated and skilled population to meet future skills needs. Improve future outcomes for young people including educational attainment, cohesive safe communities are more attractive and easier places to do business. Increase productivity, employment and skills. Encourage a lower carbon economy. 	<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>Funding is targeted in line with these priorities and in line with the 13 MTFS Principles.</p>
A resilient Wales 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).	<ul style="list-style-type: none"> Break long term cycles to secure better outcomes for people and communities. Stronger individuals and communities are more resilient to change. Communities place a greater value on their environment and more 	<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>people get involved in local issues and recognise the importance of green space in wellbeing and as a prevention factor.</p> <ul style="list-style-type: none"> • 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. 	
<p>A healthier Wales</p> <p>A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<ul style="list-style-type: none"> • Improved future physical and mental well-being, by reducing health harming behaviours. • Promote more involvement in communities to benefit mental health, social and physical activity. • Focus on healthy lifestyles and workplaces, increased income linked to health. 	<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>A more equal Wales</p> <p>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"> • 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. • Recognising that communities are becoming more diverse. Addressing barriers that some groups have in feeling part of communities. • Address income inequality and health inequality, focus on disability, 	<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>

	older people and other equality groups. Focus on increasing income and reducing the skills gap.	
A Wales of cohesive communities Attractive, viable, safe and well-connected communities.	<ul style="list-style-type: none"> Increased number of confident secure young people playing an active positive role in their communities. 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. 	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.
A Wales of vibrant culture and thriving Welsh language 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.	<ul style="list-style-type: none"> Cultural settings provide support sensitive to our increasingly diverse communities and help us identify opportunities to increase the number of Welsh speakers. Importance of culture and language as a focus for communities coming together. Bringing more people from different cultures together. More people identifying with their community. Encourage take up of sports, arts and recreation initiatives through the workplace. Ensure Welsh culture and language are a part of this. Welsh language 	Compliance with the Welsh Language act and specific Welsh Language Standards will be monitored as part of the annual report.

	skills are beneficial to businesses and in increasing demand.	
A globally responsible Wales 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.	<ul style="list-style-type: none"> • Diverse, confident communities are resilient to change. Promotes a better knowledge of different cultures and a better knowledge of the local environment. • Healthy lifestyles include cultural activities that promote understanding of diversity of communities, different cultures, races. Promote apprenticeships to people from different backgrounds. 	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.

Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts			
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:	Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user.		This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs).
Gender reassignment:	See above		This will vary according to the service provided and will be considered through individual EIAs.
Marriage or civil partnership:	See above		This will vary according to the service provided and will be considered through individual EIAs.
Pregnancy or maternity:	See above		This will vary according to the service provided and will be considered through individual EIAs.

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

Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive members and/or Chief Officers	
Cabinet	
Compiling Officers Name:	Deborah Exton
Compiling Officers Job Title:	Deputy Head of Finance
Date Completed:	20/12/2022

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

MEDIUM TERM FINANCIAL STRATEGY

2023-24 to 2026-27



MEDIUM TERM FINANCIAL STRATEGY 2023-24 to 2026-27

2023-24

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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 2023-24 and outline proposals for 2024-25 to 2026-27.
- The capital programme for 2022-23 to 2032-33, 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 2023-2027 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

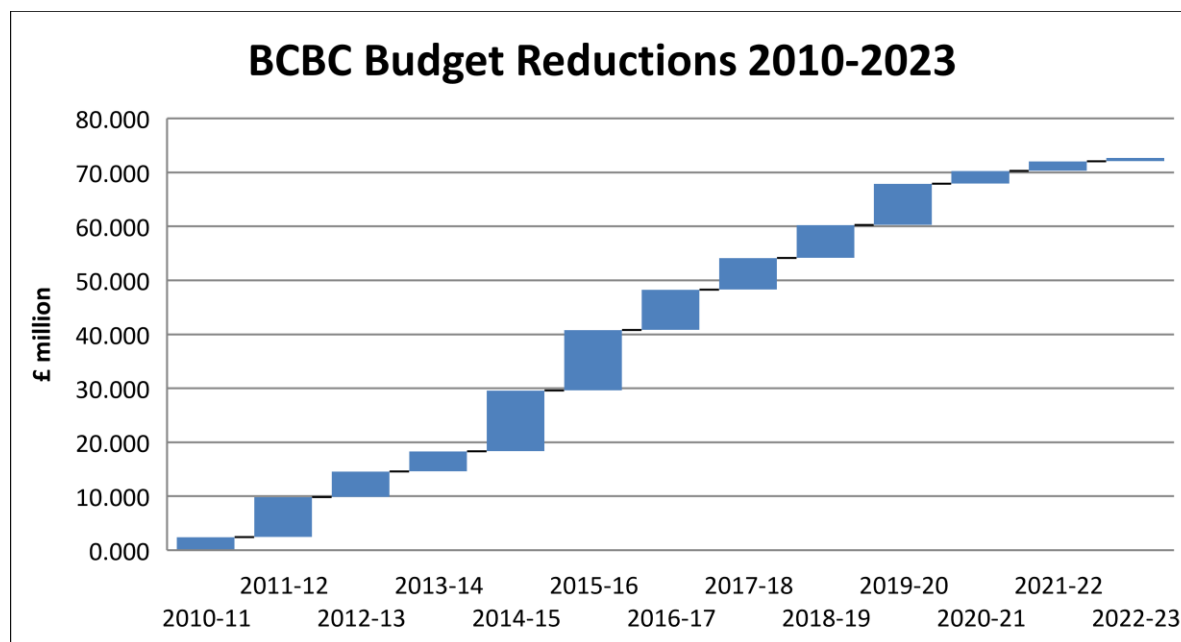
strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFS and the Corporate Plan.

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 Since austerity began in 2010 the Council has made almost £73 million of budget reductions, as shown below, which represents almost 23% of the Council's current net budget, and towards which school delegated budgets contributed £2.7 million. However the percentage of savings and cuts has not been equal across all Council services, with relative protection given to some areas such as schools' budgets for example.

Chart 1: Bridgend County Borough Council (BCBC) Budget Reductions 2010 to 2023



While the Council's net revenue budget is planned at £342.047 million for 2023-24, 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 £485 million in 2023-24. 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 £200 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 (WG) 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 around 27% of the budget. This means that for every £1 spent on services provided by the Council, only around 27 pence is funded from council tax.
- 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 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. Not all new legislative changes are fully funded by Welsh Government, and for some the Council does not have the capacity to deliver them in a timely and efficient manner.
 - An increase in need in children's social care – increase in contacts, assessments, historically high levels of child protection reviews and also very high numbers of care experienced children, particularly in Bridgend. This is further exacerbated by Care Inspectorate Wales's continued 'serious concerns' in respect of Bridgend children's services. In addition, Welsh Government has developed proposals to eliminate private profit from the care of looked after children, the result of which is driving an increase in costs of independent placements and increasing numbers of bespoke arrangements which have significant financial implications.
 - 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. More investment is needed to support the Welsh Government's policy of discharge to recover and assess, in order to alleviate the pressures on adult social care. 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 during the cost of living crisis.
- 1.3.5 The quarterly reports to Cabinet on the revenue position for 2022-23 have outlined in detail the increased difficulty in managing and monitoring the budget, in view of significant and rapidly worsening 'in-year' pressures which include residual cost pressures and loss of income from the Covid-19 pandemic, additional inflationary

pressures arising as a result of the conflict in Ukraine, and the impact of the cost of living crisis on both pay and prices, particularly fuel and energy prices. Whilst some provisions were made in the 2022-23 budget to mitigate some of these costs, the changing economic climate during the financial year has been unprecedented with rising inflation around the world, particularly as a result of rising energy prices, with the UK at the high end of international comparisons of large economies, and supply bottleneck.

- 1.3.6 Budget planning for the financial year 2023-24 is therefore more uncertain and challenging than usual, with even more cost pressures presenting themselves going forward than has been experienced in previous years, and fewer opportunities to cut services in a climate that requires more support for our older and more vulnerable members of society with substantial increased demand for many services. In addition, there are higher expectations on the Council to address homelessness more robustly, and on a longer term sustainable basis, compounded by the additional challenges to also house Ukrainian refugees and additionally to strengthen and support social care, which is experiencing increased demand and costs as well as more complex cases in both adult and children's services.
- 1.3.7 In these circumstances setting a balanced budget for 2023-24 is even more challenging than usual, particularly on the back of 13 years of significant budget savings during the austerity years.
- 1.3.8 The Council has developed a new 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 currently 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. The effective and efficient use of resources will continue to inform our principles and ways of working in the new corporate plan, as well as being tested through the corporate self-assessment process.

- 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 2023-24 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 the current economic climate has brought to the population. This will mean that any increased charges above the current levels of inflation are likely to be unrealistic.

Alternative Delivery Models

We will continue to seek alternative ways of delivering services if that can ensure greater sustainability and efficiency. Over the past year there has been a significant acceleration in the Community Asset Transfer (CAT) Programme, which is releasing savings 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. This is being developed through the Council's Future Service Delivery Model, and the Hybrid Working Policy, which sits at the heart of the model, and provides a framework for more flexible working, yet retaining service quality at its core.

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 more than a decade of substantial budget savings, opportunities for large scale savings of this sort are now very scarce, but where they emerge, they remain an important component of the MTFS.

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 next year, additional savings are proposed from a further review and rationalisation of

office accommodation following the implementation of the new service delivery model for office based staff. Specifically, it is intended to accelerate shared use of space with public sector partners, in particular South Wales Police, and to market office space such as the unused 'wings' in Ravens Court. 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.

Changes to Service Provision

Unfortunately, despite the settlement we will receive for 2023-24 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 proposed well-being objectives for 2023-24 onwards are:

1. A county borough where we protect our most vulnerable
2. A county borough with fair work, skilled, high-quality jobs and thriving towns
3. A county borough with thriving valleys communities
4. A county borough where we help people meet their potential
5. A county borough that is responding to the climate and nature emergency
6. A county borough where people feel valued, heard and part of their community
7. A county borough where we support people to be healthy and happy

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

	2012-13 £m	2022-23 £m	% increase
BCBC Council Budget	234.175	319.514	36.44%
WG Funding	179.665	232.368	29.33%
Council Tax Income	54.509	87.146	59.87%
% of Budget funded by Council Tax	23.28%	27.27%	17.14%

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 (2022-23) Financial Performance

The in-year financial position as at 31 December 2022 is shown in **Table 2** below.

Table 2 – Comparison of budget against projected outturn at 31 December 2022

Directorate/Budget Area	Original Budget 2022-23 £'000	Revised Budget 2022-23 £'000	Projected Year end spend Q3 2022-23 £'000	Projected Over / (Under) Spend 2022-23 £'000	Projected Over / (Under) Spend Qtr 2 2022-23 £'000
Directorate					
Education and Family Support	131,430	138,068	138,863	795	(217)
Social Services and Wellbeing	78,434	85,076	94,497	9,421	7,499
Communities	28,995	31,013	30,680	(333)	(526)
Chief Executive's	21,895	23,498	22,326	(1,172)	(658)
Total Directorate Budgets	260,754	277,655	286,366	8,711	6,098
Council Wide Budgets					
Capital Financing	7,329	7,203	6,481	(722)	(438)
Levies	8,177	8,210	8,226	16	0
Apprenticeship Levy	650	650	650	0	0
Council Tax Reduction Scheme	16,054	16,054	14,885	(1,169)	(900)
Insurance Premiums	1,363	1,363	1,236	(127)	(138)
Repairs & Maintenance	670	670	470	(200)	(200)
Pension Related Costs	430	430	430	0	0
Other Corporate Budgets	24,087	7,279	1,501	(5,778)	(989)
Total Council Wide Budgets	58,760	41,859	33,879	(7,980)	(2,665)
Total	319,514	319,514	320,245	731	3,433

The overall projected position at 31 December 2022 is a net over spend of £731,000 comprising £8.711 million net over spend on directorates and a net under spend of £7.980 million on Council wide budgets. The overall position has slightly improved since quarter 2, but there are still significant directorate budget pressures, particularly in social services and wellbeing, which is currently projecting an over spend of £9.4 million. The quarter 3 revenue budget monitoring report was presented to Cabinet on 17 January, providing details on the reasons for the main projected over and under spends. Whilst there is currently a projected under spend on 'Other Council Wide Budgets' the current level of inflation is significantly higher than experienced in recent years, and is putting pressure on all services. We do not yet know whether further funding will need to be allocated from this budget to support services for the remainder of the financial year.

The projected over spend on the Council budget at quarter 3 still significantly masks the underlying budget pressures in some service areas that were reported in 2021-22 and still persist in 2022-23. The main financial pressures are in Social Services and Wellbeing and Homelessness.

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 in 2022-23 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 £10.110 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 2021-22 outturn position was impacted by unexpected grant funding from Welsh Government of around £8.7 million, which the Council would have been unaware of when setting and approving its 2021-22 budget. Given the favourable outturn position, the Council used a significant element of this funding to establish new earmarked reserves to support pressures continuing into 2022-23, particularly social care pressures, and to enable investment through the Council's capital programme. Earmarked reserves are one-off and cannot be used to offset future budget savings or reduce council tax.

Table 3: Historical Financial Outturn Position 2019-2022

	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council Budget	270,809	286,885	301,659
Outturn	261,354	269,180	269,543
(Under) Spend	(9,455)	(17,705)	(32,116)
Accrued Council Tax Income	(1,502)	(1,702)	(2,463)
Appropriations to Earmarked Reserves	10,394	18,975	34,241
Transfer to Council Fund	563	432	338
Draw Down from Reserves	8,299	4,104	8,995

Usable Reserves

In terms of financial reserves, the Council Fund balance has steadily risen over the last 10 years, to its current value of £10.110 million, as shown in **Table 4**. This represents 3.2% of the net revenue budget for 2022-23 or 4.7% 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 2019-2022

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves
	£'000	£'000	£'000	£'000	£'000
2019-20	9,340	55,222	18,608	317	83,487
2020-21	9,772	82,848	21,519	288	114,427
2021-22	10,110	106,733	21,773	6,047	144,663

In total, usable reserves have increased over the 3 year period. There was little draw down on the capital receipts reserve in 2021-22 due to slippage of some capital schemes into 2022-23 plus the receipt of a number of capital grants from Welsh Government at year end, which displaced the Council's capital funding in the short term. 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. 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 2022 the balance was £40.024 million, which constituted 37% of the total Earmarked Reserves balance, leaving £67 million for other pressures, including:

- £1.881 million Insurance
- £3.399 million Building / Asset Management
- £9.245 million Equalisation Funds and Grants
- £24.064 million Specific Directorate Pressures
- £14.228 million School Balances

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 Sustainable Communities for Learning 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.

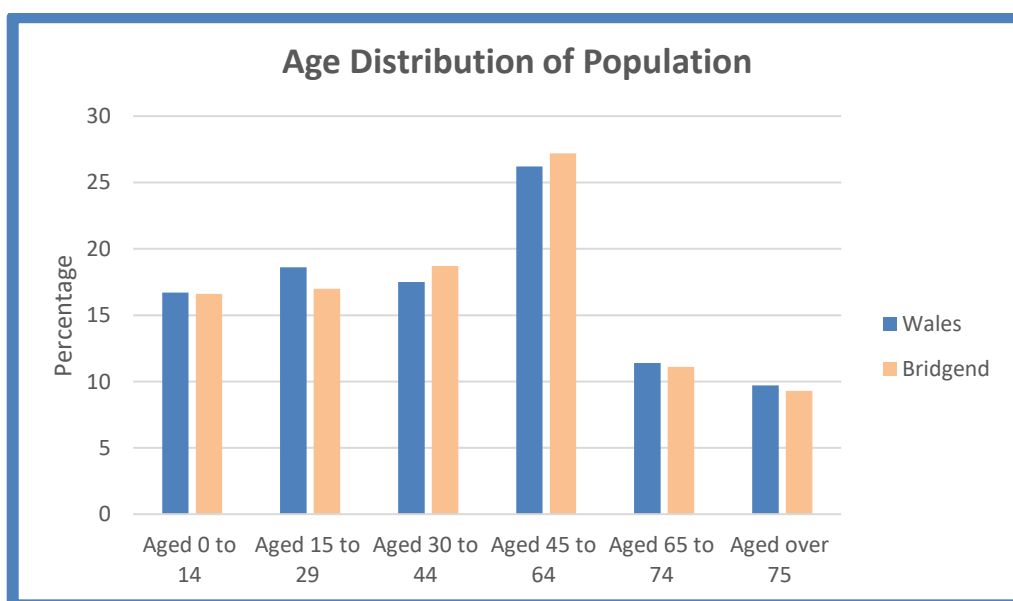
2.2.2 Non-Financial Statistics:

Population

Bridgend has a population of 145,500 (Census 2021). Based on Welsh Government's mid-year estimates this is expected to continue to rise 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** shows the age distribution of the population based on Welsh Government's mid-year estimate for 2020.

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 21st Century Schools Programme and has also committed to spending a further £19 million of capital funding under Band B of the current 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. A five week consultation 'Shaping Bridgend's Future' was undertaken between 19 December

2022 and 22 January 2023, the emphasis of which was to seek views on the priority areas for residents, in order to enable us to review and prioritise the budget and make Bridgend 'Fit for the Future'. It was recognised that budget planning for 2023-24 is more uncertain than ever before, and that the Council is facing even more cost pressures than experienced in previous years, as a result of the cost of living crisis, conflict in Ukraine and worsening economic circumstances. We needed to know what has worked well, and where we need to continue to make changes or improvements to ensure that the Council is able to deliver sustainable and effective services for the next five to ten years. The consultation included an online survey, attendance at engagement events, a social media / web campaign and via the Authority's Citizens' Panel, and targeted a range of stakeholders. The results were collated and presented to Cabinet on 7 February 2023 in order to further inform decisions on the MTFS.

- 2.3.2 A wide variety of methods of communication were used including surveys, social media, radio adverts, posters, quick polls and media releases. The consultation was supported by a full communications and promotional plan.
- 2.3.3 Overall, the Council received 1,441 interactions (1,115 last year) from a combination of survey completions, engagement events, social media engagement and via the Authority's Citizens' Panel. In total there were 1,079 responses (737 last year) to the online survey: from our standard, Citizen Panel, Easy read, large print and youth versions.
- 2.3.4 A summary of the main headlines arising from the consultation is provided in **Table 5** below.

Table 5 – Headline Figures from Public Consultation

Headlines from the Public Consultation
Prioritising Council Services
<ul style="list-style-type: none"> The top 3 responses to what services are important to our residents are: Street cleaning (768), Care for Older people and Disabled Adults (755) and Street/Road repairs (659). The top 3 services that were viewed to not be a priority were: Improvements to council buildings (741), improving the council's website and online services (614), and Making the Council more commercial (573).
Council Tax Levels
<ul style="list-style-type: none"> There were a total of 1,046 responses on setting the council tax for 2023/24. 481 responses (46%) chose to keep council tax at the same level, which would result in a reduction in the level of services provided. This was followed by 432 responses (41%) to increase council tax a bit to help protect the most important services, and 76 responses (7%) voted to increase council tax more significantly to protect more services.
Performance over the past 12 months
<ul style="list-style-type: none"> A total of 956 responses were received as to how the Council has performed over the past 12 months. The majority of respondents (52%) chose "OK", when asked their thoughts on how BCBC have helped to support communities and individuals to create their own solutions and reduce dependence on the council. 38% chose "badly" or "very badly", with the remaining 95 (10%) respondents choosing "well" or "very well".
Well-being Objectives
<ul style="list-style-type: none"> Out of a total of 1,028 responses, the majority of respondents (76%) stated that the council has not improved our town centres that make Bridgend County a great place to live, work and visit, improving the quality of life for citizens. This compared to 83 (8%) respondents who stated the council had improved our town centres with the remaining respondents being unsure. Out of a total of 1,023 responses, 59% of respondents stated that the council has not helped to create conditions for growth and enterprise to make Bridgend County an attractive place to do business. This compared to 9% who stated the council had helped, with the remaining respondents (32%) being unsure.
Digitalisation of Council Services
<ul style="list-style-type: none"> Out of a total 1,009 responses, 80% responded "Yes" to agreeing with the ongoing development of our online services. Out of a total of 985 responses 88% agreed that they intend to continue accessing services online. Out of 989 responses, 80% would support the development of community hubs so those residents who choose not to access council services digitally can access these services within their local communities.

2.3.5 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Panel (BREP) over the last five or six months to facilitate the budget planning process. The draft budget report approved by Cabinet in January 2023 has also been scrutinised by the Council's Overview and Scrutiny Committees, resulting in a report to Cabinet on 7 February 2023 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**.

2.3.6 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 final budget based on the comments and responses received. This includes:

- protecting our most vulnerable citizens
- maintaining funding to support regeneration of our towns
- continuing to provide support for homeless individuals
- investment to meet the 2030 decarbonisation agenda
- continuing to invest in our highways and infrastructure
- a lower level of council tax increase than originally proposed to support residents with the current cost of living crisis.

2.3.7 When the draft budget was published in January, it was stated that until more detailed information was made available from Welsh Government on some of the significant grants, it was prudent not to allocate all additional funding in the budget at that stage, mindful that some funding may be needed to sustain these core services. Following a review of grant information currently available, and reconsideration of budgets available for pay and price pressures, along with other Council wide budgets, a number of changes have been made to the final budget, as outlined later in the report.

2.4 Service Overview

2.4.1 This overview summarises the continued and significant investment in public services that the Council will make. It sets out how the Council aims to change particular areas of service delivery, and the financial consequences of this. Cabinet has requested that the following principles should underpin the development of the budget for the coming financial year:

- The Council will seek to protect the most vulnerable people in our communities;
- The Council will seek to limit service growth in the coming financial year;
- All budgets across the Council should be reviewed to identify savings for the coming year;
- Where possible “back office” services will be prioritised for service reductions;
- The Council should consider whether schools are able to contribute to the overall savings required in the coming year; and
- In setting the budget for 2023-2024 consideration needs to be given to the anticipated budget pressures in the following financial years.

2.4.2 Education

The Council is proposing to spend £137 million on services delivered by the Education and Family Support Directorate in 2023-24, prior to the allocation of additional funding for pay and price increases. The majority of this money will be spent by Bridgend’s 59 schools and one pupil referral unit.

In addition to the £110 million proposed budget to be initially delegated to schools in 2023-24, 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 21st Century School Modernisation Band A Programme and has provisionally committed to a further £19 million as part of the newly renamed Sustainable Communities for

Learning 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, strategic outline cases, and outline business cases (that is, in respect of capital schemes) submitted by the Council around our aspirations for Band B funding. Full business case approval will be required for all schemes, and Welsh Government approval will be sought once tender prices have been received.

The concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in our two special schools. 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 (for example, 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 2023-2024, whilst schools have been tasked with finding budget reductions totalling 2% of their budget, to be found as far as possible from efficiency savings, in order to help balance the Council's budget, they will receive additional funding for a range of pay and price increases that should significantly outweigh this budget reduction. The risk on pay and prices will therefore rest with the Council during the coming year.

The forecast pressure on Council budgets for future years is such that further efficiency savings of 1% per annum may be unavoidable for schools for 2024-2025 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

The Council's well-being objectives have and will likely continue to prioritise supporting vulnerable people and helping them to be more self-sufficient. Early intervention is an important part of this – taking steps wherever possible to prevent people becoming reliant on Council services. As well as being of great social value to individuals and communities, this approach is more cost effective. Successful intervention at an early age and at an early stage can prevent needs from escalating and requiring more costly and complex help later on.

In seeking to protect our investment in education and early intervention, 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 strengthening practice, improving the 'whole system' and targeted preventative services, supporting our workforce. For many years it has been understood that working in this way can result in less dependency on commissioned social care services for many individuals and more effective and

cost-effective use of statutory services. For many years it has been evidenced in budget monitoring and outturn reports that social services' financial performance has been highly dependent on short term grant funding with deficits in core budgets to meet the needs of the vulnerable population. Whilst 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 is more challenging than ever before with increasing need and demand for statutory support from children and families in the County Borough and the impact of extended lock down periods and delays in NHS treatments on the physical and mental health of an ageing population. The population of Bridgend is growing quickly, the third fastest growth of any Welsh Local Authority, and this means the number of people with care and support needs is also increasing. In addition, there is considerable challenge on the 'supply side' of social care in respect of both workforce (employed by the Council and providers with an increasing reliance on more agency workers) and social care provision, particularly children's residential, with some providers making business decisions to close particular provision, and adult care and support at home.

Children's social care has a 3 year improvement plan, overseen by an Improvement Board chaired by the Chief Executive of the Council and advised by an independent professional advisor. In August 2022 Care Inspectorate Wales (CIW) published the outcomes from a Performance Evaluation Inspection which, whilst noting improvements since their previous quality assurance check, also noted their 'serious concerns' with regard to Bridgend children's social care. They continue to monitor progress with improvements closely and are clear in their analysis of the need for continued corporate support for children's social care. There has been a significant increase in the need for statutory children's social care, most evident in historically high numbers of children requiring the protection of child protection registration. Meeting statutory duties requires significant investment of resources in the workforce and service provision. A whole system review is being progressed to ensure there is the most efficient and cost effective set of arrangements for children and families in Bridgend with the right model of practice and targeting of preventative services to prevent escalation of need. The reason for the 2021-22 under spend was the significant grant income received in 2021-22, including one-off grants such as the Social Care Recovery Fund (£2.9 million) and the Social Care Pressures Grant (£2.2 million). The Social Care budget has been dependent for many years on short term grant funding to meet statutory duties with underlying deficits and these have been highlighted in financial monitoring reports. There are increasing numbers of children who require residential accommodation, care and support which is resulting in a significant budget pressure in that area.

A further area of pressure is the volume and complexity of need for statutory social care services from the vulnerable population of the county borough. Practice continues to be strength based and eligibility criteria rigorously applied in adult services but the whole systems pressures are clearly evident with delays in people having their needs for care and support met. As with children's social care, there is a need for a sustainable service and financial plan as CIW correspondence to the Council set out 'the importance of maintaining focus and oversight on all elements of service delivery, in adult services as well as children's services'. The inspectors noted that there are 'actions being taken to strengthen capacity for oversight and professional leadership in adult services alongside those in children's services'. Pressures are evident in learning disability services, mental health services and services for older people.

The supply side costs for commissioned care providers (domiciliary, residential and nursing) linked to inflation (food and fuel are particularly impactful) and the need to increase the pay of staff to compete with retail and hospitality, and the increased reliance on agency staff (particularly registrant nurses), have meant that some councils have reported having to look at applying across the board increases in their fees during the past year. A small number of providers are facing financial difficulties and there is market exit probability in both adult and children's services which will place more pressure on Council budgets as the Council will always be a safety net provider in such circumstances.

The 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, whilst progressing commissioning strategies and workforce plans which ensure the right person provides the right intervention and support in the most timely and preventative way. The exponential increases in need from both children and vulnerable adults needs to be understood and reflected in service transformation and aligned financial planning.

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 funded via this funding are both broad and diverse. This is done 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 2023-24 the Council is likely to receive around £4 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is around £22 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 2023-24.

The seven year contract with Kier is now moving towards the final years 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 has seen 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 high 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 2023-24. Work will also commence on looking at the provision of waste and recycling services post April 2024, when the Kier contract ends, and this will be reported to Cabinet during 2023-24.

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. Increasingly the Council will seek to enable and facilitate partnerships to help to deliver some services, including more meaningful engagement with local residents regarding the role they can play in working effectively with us.

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 between 2021-22 and 2023-24 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 (CCR) 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 £2.2 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 implementation of the Placemaking Strategy. Other schemes include the redevelopment of Ewenny Road in Maesteg for both housing and employment uses, where the remediation of the site is being funded by a £3.5 million Housing Viability Grant from the CCR. 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 £3 million for 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 future successful bid to the UK Government Levelling Up Fund. The completion of the £8 million redevelopment and refurbishment of the Maesteg Town Hall in the summer of 2023, will bring state of the art community, music, performance and library facilities to the heart of the Llynfi valley, and will safeguard this 141 year old listed-building for future generations.

We are also in the process of delivering a replacement Local Development Plan (LDP). This has been submitted to Welsh Government's Planning and Environment Decisions Wales (PEDW) for examination in public and if successful could be adopted by the summer of 2023. 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. There is some £116 million of Section 106 contributions that will be forthcoming from an adopted LDP and these are essential

for delivering high quality new infrastructure, such as roads, new schools and play facilities in development areas within the Borough.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the proposed regeneration of the waterfront at Porthcawl, including the Salt Lake site, the redevelopment of Maesteg Town Hall as stated above, and investment in initiatives to improve the town centre in Bridgend. This includes the development of a new £48 million Bridgend College Campus on the former police station site at Cheapside, in the town centre. The construction is due to commence in summer 2023 with a completed college building anticipated by September 2025. Much of this investment is not the Council's own money, but funded via the College itself and Welsh Government. However skilled BCBC teams are required to work alongside the College to enable the site to be cleared appropriately and that the development fits well into its town centre setting in terms of transport planning and public realm.

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. The Council has been awarded over £20 million from the Shared Prosperity Fund (SPF) to undertake various programmes with partners across the County over the next two years, including training and new business start-up grants. In addition, two detailed funding bids were submitted to the UK Government's Levelling Up Fund (LUF), a £20 million bid for the complete refurbishment of the Grand Pavilion in Porthcawl and a £25 million Transport Bid for the replacement Penprysg Road Bridge and removal of the level crossing in Pencoed. The outcome of these bids was received in January 2023. The Grand Pavilion bid was successful and has been awarded £18 million of grant funding.

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 Registrar service that deals primarily with the registration of Births, Deaths and Marriages. The service also undertakes Civil Partnership and Citizenship ceremonies and provides a replacement certificate facility.

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 enables us to better 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 decarbonisation strategy entitled "Bridgend 2030", was developed with the Carbon Trust and is supported with a detailed action plan, setting out how the Council will reach a net zero carbon position in Bridgend by 2030. This was approved by Cabinet in December 2022.

The service will continue to review its processes in 2023-24 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 lawfully. 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 external expertise when necessary. Almost half of our in-house legal team is specifically focussed on child protection cases.

The service is very lean and will have to prioritise caseloads on a risk assessed basis.

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 supporting 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 have already successfully recruited a number of Graduates and apprentices and will continue this approach next year.

Working closely with our recognised trade unions, we maintain positive and transparent employee relations arrangements.

Overall the significant workforce issues the Council is facing have led to a considerable increase in demand for these services, with the number of advertisements for new staff increasing substantially and the development of training to meet new skills requirements also creating additional workload. The provision of more well-being support for staff has also been an area of greater focus with many staff teams fatigued and depleted following the pandemic and post pandemic issues, and unwelcome staff vacancies increasing the pressure and challenging the resilience of those staff and teams still in work in some services.

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, through the development and digitising of information-intensive processes, freeing up capacity and making efficiencies.

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 in-house career progression.

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 and the Council has adopted a Corporate Procurement Strategy which supports this approach. There have been sustained increases in the costs of goods and services in the last two years. This is as a result of inflationary pressures, rise in fuel costs and shortages in the supply chain. We have been unable to award some contracts as they cannot currently be delivered within the agreed budget. Contractors are experiencing similar challenges and, on some occasions, have terminated their contracts as they are unable to fulfil the contract due to their increased costs.

Democratic Services

The Council is a democratic organisation with 51 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. 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 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 When Welsh Government announced the Final Local Government Settlement for 2022-23 on 1 March 2022 they provided indicative all-Wales uplifts to AEF for 2023-24 and 2024-25 of 3.5% and 2.4% respectively. However, they did state that these figures were indicative and dependent on both their current estimates of non-domestic rates income over the multi-year settlement period, and the funding provided to them by the UK Government through the 2021 comprehensive spending review. This was also before the impacts of the conflict in Ukraine and the cost of living crisis took hold.
- 3.1.2 The UK Government announced a mini-budget on 23 September 2022, to try to address the economic challenges. This was subsequently followed by a number of updates, changes and new announcements during October 2022, in a bid to steady the financial markets. Then, on 17 November 2022 the Chancellor announced his Autumn Statement, against the backdrop of inflation at a 40-year high and the ongoing cost-of-living and cost-of-energy crisis for people, public services and businesses.
- 3.1.3 In his Statement the Chancellor said that the government would deliver a plan to tackle the cost of living crisis and rebuild the UK economy, with his priorities being stability, growth and public services. He stated that forecasts from the Office for Budget Responsibility (OBR) showed that the economy would grow by 4.2% this year, with higher energy prices explaining the lower-than-expected growth forecasts. The Chancellor said that, in respect of public spending, government spending will continue to increase in real terms every year for the next five years but at a slower rate, and that “public spending discipline” must be shown through a “challenging period”. He said that departments will need to make efficiencies. However, overall spending will “continue to rise in real-terms” for the next five years.
- 3.1.4 In response to the Autumn Statement the Welsh Government Finance Minister said that it would mean that people are paying more for less. She also said the Statement confirms that the country is in deep recession, and that the Statement *‘doesn’t even come close to providing the funding needed to protect public service budgets against the immense challenges caused by record inflation’*. She indicated that *‘Inflation has eroded the Welsh Government’s budget to worrying levels and local authorities and NHS organisations are reporting significant shortfalls in funding as a result of inflation, pay pressures and rising energy costs. The Chancellor’s statement today fails to address this significant funding gap’*.
- 3.1.5 Welsh Government announced their draft budget on 13 December 2022, and the provisional local government settlement on 14 December 2022. The final local government settlement is not due to be announced until the end of February 2023, so the Medium Term Financial Strategy and the budget for 2023-24 are proposed on the basis of the provisional settlement.
- 3.1.6 The Welsh Government draft budget set out updated revenue and general capital spending plans for 2023-24, alongside planned allocations for 2024-25. The Minister

indicated that the budget was to be used to “support the Wales of today and shape the Wales of tomorrow.” She stated that it had been one of the hardest budgets since the start of devolution and that difficult decisions had been made to maximise support for public services and for people and businesses most affected by the cost-of-living crisis and the recession. This included investing an additional £165 million in NHS Wales to help protect frontline services, along with an additional £227 million for local government to help safeguard the services delivered by councils. This included recurrent funding of around £70 million to enable local authorities and health boards in Wales to ensure social care workers continue to receive the real living wage, which will increase from the current rate of £9.90 an hour to £10.90 an hour, by June 2023. The uplift is intended to support recruitment and retention, as well as delivering the Real Living Wage in social care. Funding is also being provided to support Wales’ ongoing humanitarian response to the war in Ukraine.

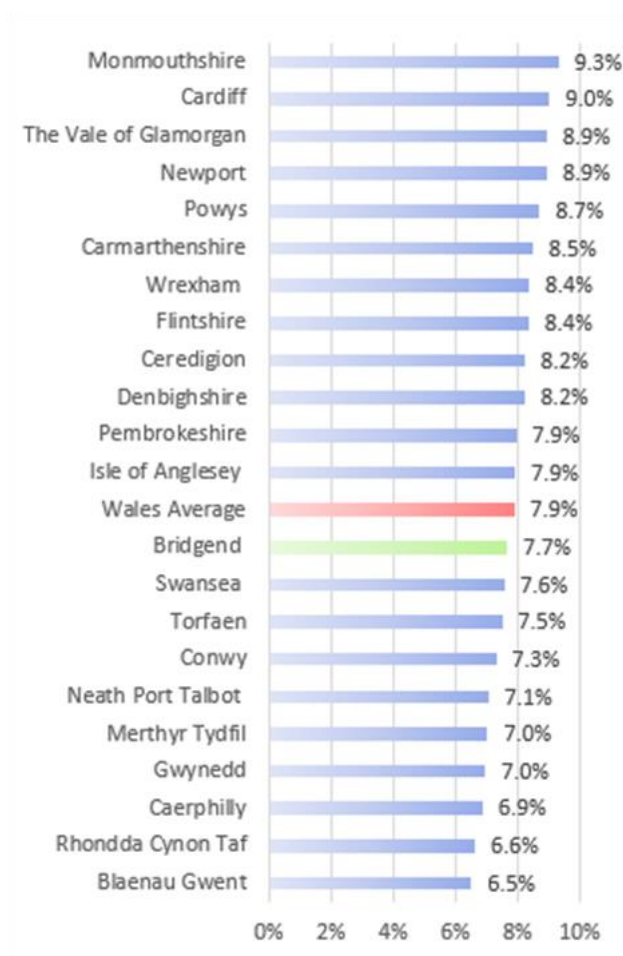
- 3.1.7 The budget will also tackle inequality and invest in future generations through an additional £320 million to continue a long-term programme of learning and education reform. This includes an additional £30 million for childcare and early years provision; £40 million for Flying Start and Families 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.
- 3.1.8 To support businesses which are struggling to cope with the impacts of high inflation and surging energy costs, £140 million has been provided for 2023-24 in additional non-domestic rates relief to businesses in the retail, leisure and hospitality sectors, to support 75% rates relief, a rise from the 50% relief provided in 2022-23.
- 3.1.9 In terms of capital investment the Minister indicated that Welsh Government had received a limited capital settlement from the Spending Review in 2021, and received no further capital funding in the Autumn Statement in November 2022. The impact of high levels of inflation had also eroded what could be afforded within existing budgets. However, within the draft budget were allocations of £50 million of additional social care capital and a total capital investment of £1.8 billion in respect of Wales’ response to the climate and nature emergency, as well as £900 million of capital funding to improve the quality of school buildings through the 21st century schools’ programme, now called the Sustainable Communities for Learning programme.

3.2 Welsh Government Local Government Settlement

- 3.2.1 Bridgend’s draft MTFS was presented to Cabinet on 17 January 2023, based on the provisional settlement, before being submitted for scrutiny. Councils are not expected to receive their final settlements from Welsh Government until the end of February 2023, so the final MTFS is based upon the provisional settlement. The headline figure is an overall increase, after adjusting for transfers, of 7.9% across Wales and, for Bridgend, a reported increase of 7.7% in Aggregate External Finance (AEF), or £17.5 million. The settlement includes funding to enable local authorities to continue to meet the additional costs of paying the Real Living Wage to social care workers. Further funding was included within the provisional settlement as a result of budget consequential, following spending decisions made in relation to education in England in the Autumn Statement. There are not intended to be any significant changes in the final settlement, which will be announced at the end of February 2023.

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 2023-24

- 3.2.2 In announcing the provisional settlement the Minister for Finance and Local Government, stated *'I know local government has been facing significant pressures and has sought to recognise the impact of inflation on the living standards of those who work in local government as well as the broader community. I hope that this increased Settlement enables you to continue to deliver the services your communities need as well as supporting national and local ambitions for the future.'*

Transfers into and out of the 2023-24 Revenue Settlement

- 3.2.3 As mentioned in the draft MTFS report to Cabinet in January 2023, the provisional settlement does not include any transfers of funding from Welsh Government into the Revenue Support Grant (RSG).

Specific Grants

- 3.2.4 The picture on changes to specific grants is available at an all-Wales level for most grants, but not yet at an individual authority level. Many of the grants remain unchanged from 2022-23 figures, and some are yet to be finalised. Funding for Free School Meals during school holidays has ended, but there are allocations of

£70 million in 2023-24 and £90 million in 2024-25 to support the increased entitlement to free school meals for all primary aged pupils as agreed as part of the Plaid Cooperation agreement.

- 3.2.5 While many of the grants remain unchanged from the 2022-23 figure at an all-Wales level, including the Social Care Workforce Grant which remains at £45 million across Wales for both 2023-24 and 2024-25, there are changes to the Children and Communities Grant, as a result of changes to some of the programmes within the overall grant, some of which will be separate grants going forward e.g. Communities for Work Plus. There is also an increase in the grant to support proposals relating to eliminating profit from the care of looked after children – from £7.6 million in 2022-23 to £15.5 million in 2023-24 and £19.3 million in 2024-25. No information is yet available on the level of the Sustainable Waste Management Grant, although no major changes are anticipated. 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 2023-24 to 2026-27 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 2022-23, 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 2023-24 Aggregate External Finance (AEF) figure is an increase of 7.7% for Bridgend. In the MTFS 2022-23 to 2024-25, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2023-24 of an annual 0% change in AEF and an assumed increase in council tax of 4.5% for 2023-24 to 2024-25, recognising the ongoing uncertainty around our funding in future years. However, given the unprecedented challenges and demands facing the Council currently and over the coming year, it is proposed to increase council tax by 4.9% for 2023-24. This is lower than the 6% increase proposed in the draft budget in January, which has been reduced following concerns raised from Members and the public through the budget consultation process. Funding to meet this reduction has been secured from funding unallocated within the

provisional settlement due to the uncertainty around specific grants, and another rigorous review of all budgets, particularly pay and price budgets, but it does place the Council at some risk should pay awards and price inflation exceed current estimates.

- 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 current economic uncertainties, particularly in respect of levels of inflation, 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 Going forward, for 2024-25 Welsh Government has given an indicative increase of 3.1% but said that this is dependent on current estimates of non-domestic rates income and any 2024-25 UK budgets. Given that the published figure is an average, and the settlement often includes new responsibilities on local authorities, we have assumed slightly lower figures in our assumptions. However, for 2025-26 onwards, and given the level of funding uncertainty in future years, as well as unknown pay and price increases, the original 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 – MTFS Scenarios: % Change in AEF

	2023-24	2024-25	2025-26	2026-27
Best Scenario	+7.7%	+2.5%	+1.0%	+1.0%
Most Likely Scenario	+7.7%	+2%	0%	0%
Worst Scenario	+7.7%	+1.0%	-1.0%	-1.0%

- 3.3.7 The financial forecast for 2023-2027 is predicated on £17.2 million of 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, which is difficult to predict going forward following the unprecedented increases in energy costs, food and fuel costs over recent months, which are anticipated to continue. The consumer price index (CPI) rate rose above 11% in the 12 months to October 2022, a 40-year high, and has hovered around that rate since.
 - 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, potential additional responsibilities arising from UK government's

proposed new Protect Duty, 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 2022) in line with the Council's Fees and Charges Policy, approved by Cabinet in October 2021, unless determined otherwise.
- Increases in staffing costs, including a confirmed 10.1% increase in the Real Living Wage (from £9.90 to £10.90 per hour), a 9.7% increase in the national living wage from April 2023 (from £9.50 to £10.42), along with the impact of staff pay increases in both 2022-23 and 2023-24. These include the full year effect of the teachers' pay increase of September 2022 (5% increase), the unknown teachers' pay increase in September 2023 and increases for non-teachers for 2023-24, which are still to be determined.
- Partially offsetting this is the reversal of the April 2022 increase in the Council's employer National Insurance Contributions following the introduction of the Health and Social Care Levy. Following the change in Prime Minister for the UK in September 2022 it was announced that the 1.25% National Insurance Contributions (NICs) increase, introduced in April 2022, would be reversed from 6 November 2022. The saving to the Council from this is estimated to be in the region of £2.2 million across both BCBC and commissioned staff. This will be used to offset other pressures elsewhere within the budget.

3.3.8 **Table 7** below shows the Council's potential net budget reduction requirement based on the forecast resource envelope, assumed council tax increases and inescapable spending assumptions outlined above.

Table 7 – Budget reduction scenarios

	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	Total £'000
Best Scenario	-2,608	-463	-3,961	-3,737	-10,769
Most Likely Scenario	-2,608	-1,712	-6,521	-6,324	-17,165
Worst Scenario	-2,608	-4,211	-9,045	-8,823	-24,687

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 may have to be met from the Council Fund and / or a further increase in Council Tax while additional budget reduction plans could be developed, however using reserves to support recurrent expenditure is not prudent financial management, and will be avoided where possible. 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 2023-24 to 2026-27

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
2023-24	230	260	2,118	2,608	0	2,608
2024-25	65	0	1,059	1,124	588	1,712
2025-26	0	0	1,059	1,059	5,462	6,521
2026-27	0	0	1,059	1,059	5,265	6,324
Total	295	260	5,295	5,850	11,315	17,165
Percentage of total required	2%	1%	31%	34%	66%	100%

3.4 Corporate Risk Assessment

- 3.4.1 The Council's Corporate Risk Assessment identifies the key corporate risks facing the Council, along with mitigating actions. The latest version, presented to the Governance and Audit Committee in January 2023, 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 during the financial year by the 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 2023-24

4.1 Revenue Budget 2023-24

- 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 2023-24 budget requirement and how it will be financed.

Table 9 – Net Budget Requirement

	2023-24 £'000
2022-23 Net Budget (Table 2)	319,514
2023-24 Pressures (para 4.1.3)	25,141
2023-24 Budget Reductions (para 4.1.18)	-2,608
2022-23 Net Budget Requirement	342,047
<i>Financed by:</i>	
2022-23 Net Budget (Table 2)	319,514
Net Cash Increase in AEF (para 3.2.1)	17,527
Council tax increase at 4.9% plus impact of change in tax base	5,006
2023-24 Net Funding Total	342,047

2023-24 Revenue Budget

- 4.1.3 **Table 10** presents the detailed net revenue budget for 2023-24, which includes:
- An additional £14 million for the above known pay and price pressures.
 - Inter-directorate transfers to offset reduced employer contributions for national insurance and non-teacher pensions, as outlined below.

In addition, each year consideration is given to any inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £10 million of inescapable pressures have emerged during 2022-23 and are explained in more detail in the paragraphs below. Conscious that more pressures may emerge in-year, a small amount of funding has also been retained within this budget to meet these as they arise.

In total, the Council has identified pressures of £25 million for 2023-24.

Table 10 – Net Revenue Budget 2023-24

	Revised Budget 2022-23	Inter-Directorate Transfers (Pensions / Nat. Insurance)	Pay / Prices	Budget Pressures	Budget Reduction Proposals	Opening Revenue Budget 2023-24	Potential In-Year Allocations for Pay and Prices *	Potential Final Budget 2023-24
	£000	£000	£000	£000	£000	£000	£000	£000
Service Directorate Budgets:								
Central Education & Family Support	27,497	-89	132	200	-40	27,700	1,700	29,400
Schools	110,437	-463	1,932		-2,118	109,788	7,900	117,688
Education and Family Support	137,934	-552	2,064	200	-2,158	137,488	9,600	147,088
Social Services & Wellbeing	84,956	-393	54	8,174	0	92,791	4,100	96,891
Communities	31,013	-115	22		-375	30,545	4,100	34,645
Chief Executives	23,489	-112	1	700	-75	24,003	1,000	25,003
Total Directorate Budgets	277,392	-1,172	2,141	9,074	-2,608	284,827	18,800	303,627
Council Wide Budgets:								
Capital Financing	7,203					7,203		7,203
Levies	8,210			697		8,907		8,907
Repairs and Maintenance	670					670		670
Council Tax Reduction Scheme	16,054					16,054		16,054
Apprenticeship Levy	650					650		650
Pension Related Costs	430					430		430
Insurance Premiums	1,363					1,363		1,363
Other Council Wide Budgets	7,542	1,172	11,904	1,325		21,943	-18,800	3,143
Total Council Wide Budgets	42,122	1,172	11,904	2,022	0	57,220	-18,800	38,420
Net Budget Requirement	319,514	0	14,045	11,096	-2,608	342,047	0	342,047

* Actual amounts will depend upon final agreed pay awards and inflationary increases / contractual increases

4.1.4 The net budget for 2023-24 will be funded by:

Table 11 – Net Budget Funding

	£	%
Revenue Support Grant	202,269,300	59.13
Non-domestic Rates	47,625,526	13.92
Council Tax Income	92,152,401	26.94
Total	342,047,227	100%

Non-Domestic / Business Rates Revaluation 2023

4.1.5 The Valuation Office Agency (VOA) regularly reassess and update the rateable values of all business properties, usually every five years. The last revaluation took place in April 2017, with the next scheduled for April 2023 to factor in the economic impact of the Coronavirus pandemic. The main purpose of revaluation, and the associated setting of the multiplier, is to adjust the liability of properties relative to others within the nondomestic rates (NDR) tax-base. This ensures the rates liability is spread fairly between ratepayers and is based on up-to-date rental values. At each revaluation, all properties are assigned a new rateable value. The multiplier is then reset by the Welsh Government to ensure the NDR tax-base can broadly generate the same level of funding after revaluation as before. All the revenue raised from non-domestic rates in Wales is used to fund local government services and revaluation helps to ensure that a stable funding stream is maintained for this purpose.

4.1.6 The VOA has updated the rateable values of all business and other non-domestic, property in England and Wales, based on property values as at 1 April 2021, and these will take effect from April 2023. The financial impact of the revaluation across all Council buildings needs working through as there will be transitional arrangements

in place to support ratepayers. However, it is not anticipated that there will be a significant impact overall, although budgets may need re-aligning in-year to meet the impact of any changes. The Welsh Government has announced that it will provide all ratepayers whose liability is increasing by more than £300, as a consequence of revaluation, with transitional relief. Any increase in non-domestic rates liability as a result of revaluation will be phased in over two years. A ratepayer will pay 33% of their additional liability in the first year (2023-24) and 66% in the second year (2024-25), before reaching their full liability in the third year (2025-26). The Welsh Government has also announced that, due to the current economic climate, it will also freeze the non-domestic rates multiplier for 2023-24. In terms of the financial impact on the Council, the Council does not retain the rates that it collects. Rates collected are paid into a central pool and are then redistributed by the Welsh Government to local authorities across Wales to pay for services.

Pay, Prices, Pensions and Demographics

- 4.1.7 Pay awards for teachers, National Joint Council (NJC) and Joint Negotiating Committee (JNC) staff for 2022-23 have recently been agreed. They included an increase of 5% on all teachers' pay scales and allowances, although discussions are still underway in this respect, and a flat rate increase of £1,925 on all NJC and JNC Chief Officer and Chief Executive pay points. In relation to future pay awards, the Minister for Education and Welsh Language has said that he is mindful to accept the Independent Welsh Pay Review Body's recommendations for a 3.5% uplift for teachers from September 2023, although this will be kept under review and revisited if there is a significant change in economic conditions compared with the current forecasts. The NJC unions have begun consulting their members on the 2023 pay claim, which is for an increase of Retail Price Increase (RPI – 13.4% in December 2022) + 2%. No proposals have yet been submitted in respect of pay increases for JNC officers. With so much uncertainty it is difficult to determine what the pay pressure will be in 2023-24, but with a staff budget of £200 million, every additional 1% increase will add a further £2 million pressure to the Council's pay budget.
- 4.1.8 Within the 2022-23 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 applied to in-house and externally commissioned staff. In March 2022 Bridgend County Borough Council was officially recognised as a Real Living Wage accredited employer by the Living Wage Foundation, and all BCBC-employed staff, including social care staff, were paid at the level of the Real Living Wage. The additional funding provided by Welsh Government was used to increase the rates for those externally commissioned social care services for the 2022-23 financial year. In September 2022 it was announced by the Real Living Wage Foundation that the Real Living Wage would increase by 10.1%, from £9.90 to £10.90 per hour. The rate was to be implemented as soon as possible, but by 14 May 2023 at the latest, and this will be included in calculations of new rates for commissioned social care services from April 2023. Additional funding has been included in the provisional settlement by Welsh Government for this purpose.
- 4.1.9 Funding for price inflation, including provision for the projected significant increases in energy costs (circa £6 - £7 million), 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. As mentioned above, Welsh

Government has already announced that there will be no increase in the business rates multiplier for next year.

- 4.1.10 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. Wales, as a whole, has an ageing population. In Bridgend, the older people's population size has increased by over 8% in the last 5 years, resulting in increased pressure on a number of service areas, including residential care, home care and the assessment and care management teams.

Non-Teachers' Pensions

- 4.1.11 The Council has received the provisional results of the triennial actuarial valuation of the Local Government Pension Fund as at 31 March 2022. The valuation shows that, based on the performance of the fund at that time, the employer's contributions required by the authority from April 2023 for the next three years is a potential reduction from the current 19.8% to a proposed 19.4%. This is based on high asset performance in the fund, specifically gains on investments, changes to membership and financial assumptions, since the last valuation. The impact of this is a potential reduced cost of employer's contributions of £352,000 per annum, the budget for which has been top-sliced from directorate budgets and centralised, to be used to fund some of the unavoidable budget pressures that the Council is facing.

School Delegated Budgets

- 4.1.12 School budgets were again protected from the proposed 1% annual efficiency target for 2022-23. However, despite the better than anticipated provisional settlement for 2023-24, given the unprecedented level of pressures facing the Council in 2023-24 and beyond, and the uncertainty around Council budgets for future years, it was felt to be almost impossible not to include a 2% efficiency saving in school budgets (£2.118 million) for 2023-24, given that school budgets account for around a third of net revenue expenditure.
- 4.1.13 There are a significant number of pressures on school delegated budgets for 2023-24 and beyond, not least the full year cost of the teachers' pay award for April to August 2023, new pay award for teachers from September 2023, which is currently estimated to be at least 3.5%, non-teachers' pay award from April 2023 and rising inflation, particularly in respect of energy costs. Whilst schools will need to mitigate the 2% efficiency saving, to contribute towards the corporate budget reduction target, this will be more than offset by the significant funding that will be provided to them during 2023-24 to offset these additional pay and price pressures, which could reach £9 million based on current estimates.
- 4.1.14 It should be noted that the 1% efficiency target is maintained for schools for 2024-25 and beyond, in recognition of the pressures stated above, potentially lower future budget settlements and mounting external pressures across Council services.

Budget Pressures

- 4.1.15 The final schedule of budget pressures is attached at **Appendix C** and presents a number of recurrent pressures for 2023-24, totalling £9.77 million, with a further £1.3 million available to support emerging pressures, which will be allocated out during the financial year once the full details are known. A number of these are demographic or

statutory in nature, and therefore unavoidable. There are already additional pressures identified for future years, of at least a further £3.226 million.

4.1.16 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. Whilst there are emerging pressures, it is prudent to retain this funding centrally at this moment and until such time as the full implications are known. All in-year allocations will be reported as part of the quarterly revenue monitoring reports.

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

- Costs associated with supporting and protecting our most vulnerable residents, especially children.
- Continuing costs arising from the Social Services and Well-being (Wales) Act 2014.
- Increased demand on our homelessness budget.
- Increased costs of commissioned services following retender exercises, especially with current high levels of inflation.
- Increases in the older persons' population, which place additional pressures on adult social services.
- Longer term costs resulting from the Covid-19 pandemic.
- Increased costs of commissioned services in the social care sector following the 10.1% increase in the Real Living Wage, and in general following the 9.7% increase in the National Living Wage announced by the UK government.

Budget Reductions

4.1.18 Budget reduction proposals totalling £2.608 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in **Appendix D**. Since the draft MTFS was presented to Cabinet in January 2023, and following recommendations from Corporate Overview and Scrutiny Committee, a number of budget reduction proposals have been removed. The proposals removed are:

EFS1	Removal of Home to College Transport	£131,000
COM1	Removal of the Strategic Regeneration Fund	£279,000
COM5	Removal of support to the RNLI for Lifeguards at Porthcawl Beaches	£38,000
COM8	Removal of the Waste Enforcement Team	£200,000

4.1.19 Partnership Working

As part of the MTFS process this year, and in view of the particularly challenging financial circumstances the Council faces, a commitment was also made to review each of our main strategic partnerships to identify any potential cost savings. A summary of the main findings is set out below:

- The Shared Regulatory Service (SRS), which is operated in partnership with Cardiff and the Vale of Glamorgan Councils, have reviewed their operating costs and identified a saving to all partners of 3 % for the coming year,

equivalent to £42,500 for Bridgend, to contribute towards pay and price pressures.

- The partnerships with Halo Leisure and Awen Cultural Trust to run our leisure facilities and library and cultural facilities respectively, were also thoroughly reviewed. These services have been particularly hard hit by the Covid pandemic and a loss of overall income that is yet to recover to historic levels, and furthermore the significant increase in energy costs has also impacted negatively on them. For this year therefore it has not been possible to identify savings, but moving forward we are in continuing dialogue and exploring other ways in which we may achieve either savings or increased value from these successful partnerships. Things like extending contracts to provide greater stability and cost certainty or extending the role of facilities to embrace the 'community hubs' the Council wishes to develop are all under discussion.
- The Central South School Consortium, responsible for school improvement services across Bridgend, Cardiff, Merthyr, Rhondda Cynon Taf and Vale of Glamorgan Councils, have undertaken to carry out a full and independent options review to inform future direction and decision making, but again this work will be completed too late to impact on the budget for this year.
- Finally, full Council resolved in November 2022 to request that the ten local authorities who are members of the Cardiff Capital Region City Deal (CCRCD) have their annual contribution to the deal reduced for next year. Legal advice was received that set out that the terms of the formal Joint Working Agreement did not allow this and in any case, based on informal soundings, there was little appetite from the other participating local authorities to pursue this. Instead it has been agreed with CCRCD that the first year's overhead and operating costs of the Corporate Joint Committee, which is now legally required to be established, will be covered from the CCRCD reserve. This has the net effect of avoiding costs for Bridgend next year of just over £24,000.

Council Wide Budgets

- 4.1.20 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.
- 4.1.21 The South Wales Fire and Rescue Authority (SWFRA) covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. The SWFRA published its Revenue and Capital Budget Determination for 2023-24, for consideration at its meeting on 13 February 2023. For 2023-24 the levy on Bridgend, and consequently its council tax payers, is proposed to be £8,522,690, an increase of £978,658 or 12.97% from 2022-23. However, this increase assumes that the Welsh Government's Scape grant, previously paid to the Fire and Rescue Authority to assist with the increased costs of

employer's fire service pension contributions, will be transferred to constituent Councils in the final local government settlement. The funding to be transferred to Councils is expected to be the same amount as that then to be paid over to the Fire and Rescue Authority, so there would be no impact on Council budgets. As BCBC is not expected to receive the final settlement until the end of February, this budget is set on a pre-Scape grant transfer basis. The actual increase in the Council's contribution from 2022-23 pre-Scape is slightly higher than outlined in the draft MTFS at £697,665, an increase of 9.25% overall, and £60,000 more than the draft MTFS. This increase in contribution is as a result of unavoidable pay and price increases, similar to those facing the Council and, in terms of the additional increase, as a result of the removal of the Firelink grant, which supported the cost of running the emergency services communications network, by Welsh Government. The total increase equates to an additional 0.7% on the council tax for the County Borough. Should the Scape grant be transferred into the final settlement, an updated report on the Council's will be presented to full Council in March. This is the only anticipated change.

Fees and Charges

- 4.1.22 Generally, fees and charges will be increased by CPI (as at December 2022), 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 Council's Fees and Charges Policy, which was approved by Cabinet in October 2021. A full 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 2023-24 budget and are above the general increase are shown in **Appendix E**.
- 4.1.23 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.
- 4.1.24 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 2023-24 areas where this applies include school meals and car parking.

2023-24 Budget

- 4.1.25 **Appendix F** details the Directorate Base Budgets for 2022-23. As mentioned earlier in the report, Cabinet has reflected on the responses received through the budget consultation to shape the budget for 2023-24. This resulted in the removal of a number of proposed budget reductions which were stated to be important to the citizens of Bridgend, and additional investment in some key areas, such as the 2030 decarbonisation agenda, alongside a reduction in the proposed increase in council tax. A number of proposals for 2023-27 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time, including:
- 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 previously 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 12** shows, whilst the number of budget reductions is small compared to some previous years, the majority will be delivered 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 12 – Budget Reduction Proposals 2023-24 to 2026-27

	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	Total £'000	%
Smarter Use of Resources	2,503	1,059	1,059	1,059	5,680	97%
Managed Service Reductions	65	25	0	0	90	2%
Collaboration & Service Transformation	0	0	0	0	0	0%
Policy Changes	40	40	0	0	80	1%
Total Identified to date	2,608	1,124	1,059	1,059	5,850	100%

- 4.1.27 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 2022-23 to 2032-33, 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 2023-24. 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 2023-24 provides General Capital Funding (GCF) for 2023-24 of £180 million across Wales and of £8.008 million for the Council for 2023-24, of which £3.951 million is un-hypothecated supported borrowing, with the remaining £4.057 million provided through general capital grant. This is in line with previous forecasts. An indicative figure of £180 million for 2024-25 has also been provided on an all-Wales basis, in addition to £20 million each year for Local Government Decarbonisation.

- 4.2.3 The original capital budget approved by Council on 23 February 2022 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2021-22, slippage into 2023-24 and any new schemes and grant approvals. Following approval by Council of the Capital Strategy in February or March 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 also been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers have not been asked to submit capital bids for funding at this stage, although it is accepted that there are a number of capital pressures that will need financing going forward, including regeneration, decarbonisation, homelessness and digitalisation. There are also other financial pressures arising as a result of the impact of the war in Ukraine and cost of living crisis, 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, 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. The only amendment proposed to these is to include an additional annual allocation of £400,000 per annum to support the decarbonisation agenda. This will enable works to be undertaken to support decarbonisation across the county borough and provide match funding for any external capital bids. Decisions on how this funding is allocated will be via the 2030 Decarbonisation Programme Board. The proposed allocations are shown in **Table 13** below.

Table 13 – 2023-24 Proposed Annual Allocations of Capital Funding

	Proposed 2023-24 £'000
Highways Structural Works	340
Carriageway Capital Works	250
Disabled Facilities Grant	1,950
Housing Renewal / Empty Property Schemes	100
Minor Works	1,130

	Proposed 2023-24 £'000
Community Projects	50
Corporate Capital Fund (Renewals / Match Funding)	200
Street lighting / Bridge infrastructure replacement	400
ICT equipment replacement	400
2030 Decarbonisation	400
Total	5,220

4.2.6 Since the latest capital programme was approved by Council on 18 January 2023 there are a number of changes that need making to the programme, including :

- new schemes funded from BCBC funds – highways refurbishment, children's playground refurbishment, ICT data centre;
- amendments to existing schemes within the programme – Sustainable Communities for Learning, Porthcawl Metrolink Bus Terminal (additional funding approved by Council on 8 February 2023), Cosy Corner.
- newly approved grant funded schemes – capital element of Shared Prosperity Fund (£5.6 million), Levelling Up Funding for the Grand Pavilion (£18 million), Schools' Capital Maintenance Grant (£2.3 million).
- removal of the Levelling Up match funding (£2.5 million) from the capital programme for the Penprysg Road Bridge until such time as the future of the scheme is clear. Whilst further work is undertaken on this, the funding will be kept in an earmarked reserve.

More detail is provided on some of the changes below:

Highways Refurbishment (£2 million)

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. This was alongside funding provided by the Council both in February 2022 (£2 million) and June 2022 (£1.5 million for highways carriageway and footway refurbishment and £500,000 to upgrade unadopted roads) to continue with this important investment. It is proposed to include a further sum of £2 million in the Council's capital programme, met from a combination of unallocated capital and prudential borrowing, funded from capacity within our capital financing budget, to enable the authority to continue to invest in and proactively maintain our highways infrastructure.

Children's Playground Refurbishment (£2 million)

The local authority has over 100 equipped children's play areas across the county borough. An assessment has been carried out which identifies that equipment is in need of renewal at a number of these authority-run play areas. Council has allocated

new capital funding over recent years (including £460,000 in June 2021 and £500,000 in June 2022 to address the works in a number of play areas), but this additional funding will enable more play areas to be either fully or partially upgraded in play equipment and surfacing to provide safe opportunities for outdoor play. This additional funding will be met from a combination of unallocated capital and prudential borrowing, funded from capacity within our capital financing budget.

ICT Data Centre (£1.26 million)

The ICT data centre infrastructure that forms the core of all ICT operations was purchased in 2017 and is now approaching the end of its usable life. ICT have engaged with technology suppliers on a suitable replacement infrastructure and have chosen converged infrastructure technology, which is a software defined, unified system that combines all the elements of storage, compute, networking, and management in one. It also requires far less hardware which, in turn, requires less physical data centre space, electricity, and cooling. The procurement of this datacentre technology will require £1.26 million and will be in place for a minimum of five years. Funding has been set aside in earmarked reserves to meet the cost of this capital infrastructure.

Schools' Capital Maintenance Grant (£2.325 million)

In January 2023 the Welsh Government announced an additional £50 million of capital funding across Wales to support capital maintenance and energy efficiency works across the school estate. Bridgend's allocation is £2,325,410 and the funding can be used, for example, for priority health and safety works, measures to improve energy efficiency and ventilation, capital repairs and maintenance and supporting community use of school buildings. As the grant must be used in the 2022-23 financial year, the grant will be used to displace existing capital maintenance expenditure and the displaced funding (e.g. capital receipts, earmarked reserves) carried forward into 2023-24 to fund eligible expenditure under this grant.

Sustainable Communities for Learning (Band B Programme)

In January 2023 WEPco invoiced BCBC for the stage 1 development fees in respect of the Bridgend West Mutual Investment Model (MIM) scheme. WEPco is the Welsh Education Partnership, a joint venture between the Development Bank of Wales (Welsh Government) and Meridiam to design, build, finance, operate and maintain education infrastructure over 25 years. The invoice total of £594,898 included development fees of £522,916 and additional surveys of £71,982. Welsh Government (WG), on approval of the Outline Business case for the scheme, fund 65% of the total (so WG commitment will be £386,684 and BCBC £208,214).

The expenditure incurred at stage 1 is in excess of what was originally anticipated at New Project Request (NPR) stage, since additional design and surveys were required and, as per the terms of the NPR, the fees are also subject to RPI Indexation (from the date of the Strategic Partnership Agreement signing). The total increase is £102,557, of which WG will fund £66,662. BCBC's increased contribution of £35,895 will be met from a virement from the School Modernisation capital budget.

Cosy Corner

The Cosy Corner Porthcawl Resort Investment Focus (PRIF) project aims to redevelop the Cosy Corner site into a modern visitor and retail attraction and support enhancements to the public realm of the area. In December 2020 the following were proposed to, and agreed by, Cabinet as a set of guiding principles for the way forward for the development of Cosy Corner, based on information available at the time:

- Desire to ensure funding allocated for Cosy Corner is retained for Cosy Corner
- Adopting a partnership approach with key stakeholders
- Taking action in a suitable timeframe
- Minimising the period of time that Cosy Corner remains in its current condition
- Minimising the on-going maintenance requirements and costs for BCBC
- Enhancing the tourism offer of Porthcawl

The capital budget for the scheme for 2022-23 and 2023-24 is currently £2.675 million. An additional £180,000 is now proposed to be vired to this scheme from the Strategic Regeneration Fund, along with £100,000 from the unallocated capital budget. Design amendments have been necessary since the start of the scheme and an instruction has been issued to include a further two banks of solar panels to the south facing roof elevations. The solar panels will bring this development to a carbon positive asset for the authority, the first in BCBC's portfolio. In addition, further unforeseen, and currently estimated, costs have arisen as a result of further testing of ground conditions on the site. Allocating additional funds to the development at this time will assist the project team in efforts to efficiently remedy these issues in the remaining few months of the contract without having to delay delivery and incur penalties and ensure that the deadlines set by the funder are met.

4.2.7 Any further new proposals for capital funding will be considered in light of, and in line with, the proposed Capital Strategy 2023-24 to 2032-33, and resources available, and will be brought back to Council for approval at a later date.

4.2.8 The proposed capital programme includes a number of existing projects which will help to support, and provide much needed investment in, the economy including:

- the redevelopment of Maesteg Town Hall, a scheme designed to improve community facilities, as well as offering improved accessibility for visitors and creating jobs.
- 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.
- extensive investment in all of our town centres, with works progressing on the Porthcawl Waterfront Regeneration Scheme for example.

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.

- 4.2.9 There is also significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes. This is supplemented by the analogue to digital telecare transition, which will provide a more reliable and integrated service that better supports our more vulnerable adults.
- 4.2.10 A key component of the Council's capital programme going forward is the Schools' Modernisation Programme under the Welsh Government's Sustainable Communities for Learning Programme. Work is accelerating 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.
- 4.2.11 In addition, Council has previously approved significant investment in upgrading existing buildings through the capital minor works programme 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.
- 4.2.12 The revised capital programme is attached as **Appendix G**. This includes the amendments outlined above.

Capital Receipts

- 4.2.13 The disposals strategy for the period to 2030 is currently being drafted and it is anticipated that the majority of the receipts will emanate from Porthcawl Waterfront Regeneration and Ewenny Road (Maesteg) sites, which will be the focus of the disposal programme in the future. Good progress is being made on two of these projects, most notably with the recent completion of the sale of 2 acres at Porthcawl Salt Lake to Aldi Stores, which produced a significant capital receipt for the Council. 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

- 4.2.14 Total Prudential Borrowing taken out as at 1 April 2022 was £47.608 million, of which £22.640 million was outstanding. It is estimated that the total borrowed will increase to £54.532 million by the end of this financial year.
- 4.2.15 Future prudential borrowing could include an estimated £2 million towards the costs of highways refurbishment, £1.236 million towards the cost of fleet vehicles replacement, £2.3 million towards the costs of highways schemes for 21st Century Band B schools and £0.972 million towards the Bridgend Smart System and Heat Programme.

4.3 Council Reserves

- 4.3.1 The Council's Reserves and Balances Protocol attached at **Appendix H** 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 2022 it was £10.110 million, which is 4.84% of the 2022-23 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 reserves is undertaken at regular intervals. **Appendix H** sets out the movement in the Council's earmarked reserves as at 31 December 2022. It is anticipated that there will be drawdown of a number of reserves during the final quarter of 2022-23 including:
- The estimated draw down of £7.470 million from the Capital Programme reserve, which does rely on capital spend being incurred from January until March 2023. This includes estimated draw down of £1.778 million towards highways infrastructure and the purchase of land for Band B Schools programme, £650,000 for the development of the Children's Residential Hub, £0.969 million for Porthcawl Coastal Defence works and £0.32 million for the purchase of electric vehicles;
 - Draw down of £0.210 million of funding for feasibility;
 - Draw down of £5.621 million from Directorate Earmarked Reserves and a further £2.511 million of equalisation and grant earmarked reserves.
- 4.3.3 In line with the Protocol, a further review will be undertaken at the end of the current financial year and transfers may be 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 present it is anticipated that there will be insufficient funding available to set aside reserves, however, this will be reviewed at the year end and if funds are available Directors will be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2023-24 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole.

Table 14 – Summary of Earmarked Reserves

Opening Balance 01 April 2022 £'000	Reserve	Net Additions/Re classification £'000	Draw-down £'000	Unwound £'000	Closing Balance 31 December 2022 £'000
(106,732)	Total Usable Reserves	-	5,210	144	(101,378)

4.4 Council Tax

- 4.4.1 Based on the proposed budget of £342.047 million, there will be a 4.9% increase in council tax for 2023-24. This is lower than the rate of inflation but is required to enable the Council to meet the significant and unprecedented budget pressures that it is facing, to enable it to set a balanced budget, including higher than anticipated pay, price and service pressures. It takes into account the better than anticipated settlement, but is mindful of the ongoing pressures still facing the Council.
- 4.4.2 As mentioned above, council tax only provides around 27% of the Council's funding. The majority of funding comes from Welsh Government, via the Revenue Support Grant and the Council's share of non-domestic rates. An increase in council tax of 1% therefore only provides around £870,000 of additional funding.
- 4.4.3 The implications in terms of the Council Tax increase for 2023-24 (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in **Table 15**.

Table 15 – Council Tax Increase 2023-24

2022-23 Band D	£1,597.01
2023-24 Band D	£1,675.26
% Increase	4.90%
Weekly Increase	£1.50

SECTION 5. LONGER TERM OUTLOOK

5.1 Longer Term Financial Outlook Considerations

- 5.1.1 The assumptions included in this Medium Term Financial Strategy are based upon the best available information at the time, although given one year budget settlements and constantly changing economic situations, there is clearly a degree of estimation in this, and the assumptions will change over time. This section of the report is to provide information on the Council's longer term financial outlook and the probable impacts that current trends and future decision-making will have on the financial health of the Council in the years to come.
- 5.1.2 The longer term outlook is not intended to be a 10 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:

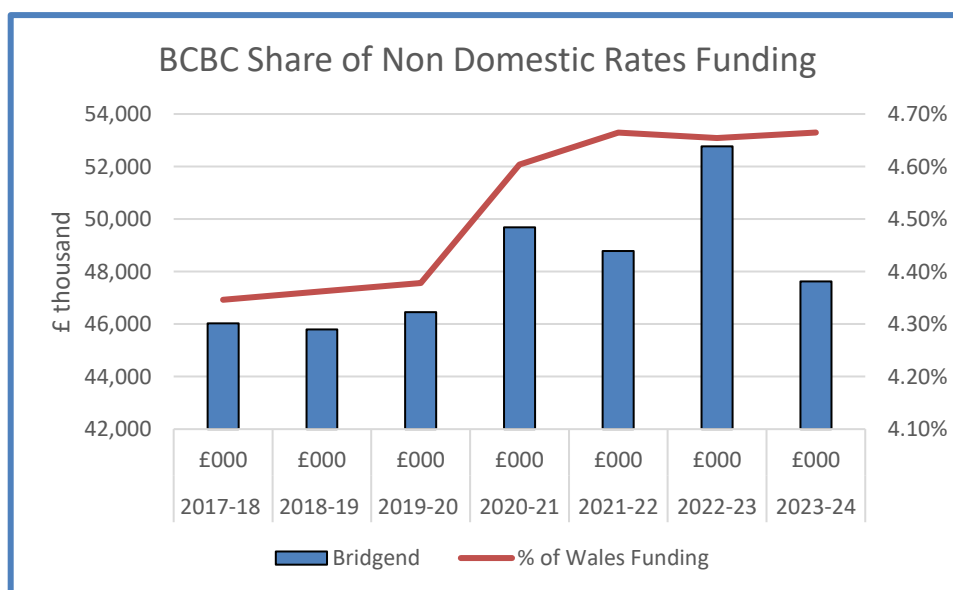
- Welsh Government Revenue Support Grant (RSG),
- Share of Non-Domestic Rates (NDR) / Business Rates,
- Council Tax

- 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 remained fairly consistent over the last 10 years as is seen in **Chart 4**. The increase in quantum for 2022-23 was as a consequence of a technical adjustment to the distribution of non-domestic rates between local authorities and police forces. This was offset by a subsequent reduction in revenue support grant to compensate. Bridgend's percentage share has remained at around 4.66% in recent years.

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 around 27% of the budget. Going forward, the MTFS includes an assumption that council tax will increase annually by 4.5%. 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 cost of living crisis.

- 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:

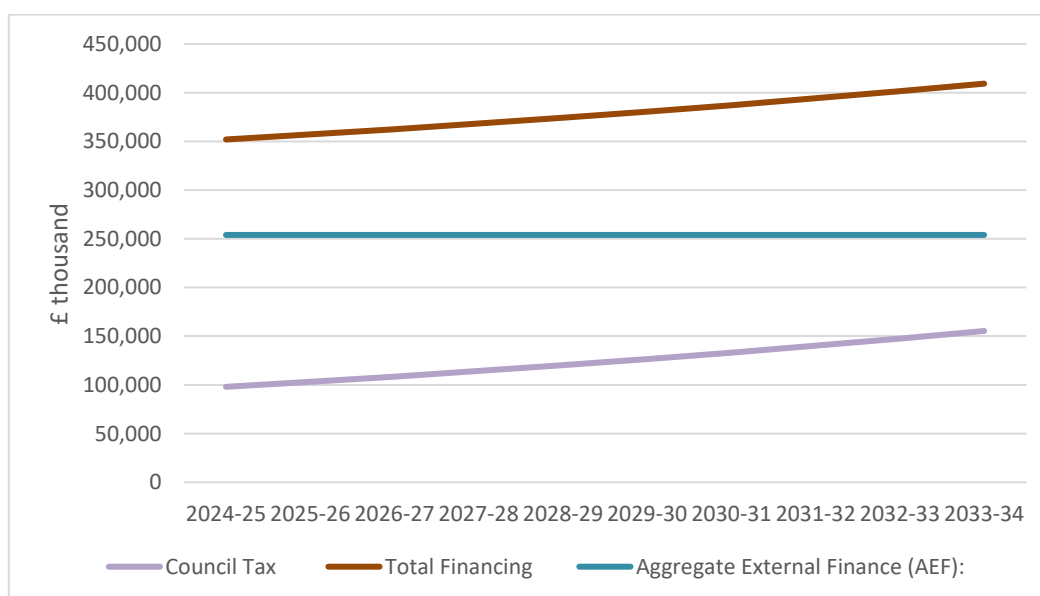
- no changes to Welsh Government funding.
- council tax increases of 4.5%.

5.2.3 **Chart 4** showed that since 2017-18 Bridgend's amount and percentage share of Welsh Government's distributable amount of non-domestic rates has increased, from 4.35% to 4.66%. 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 climate, especially as a result of the cost of living crisis and resulting from the war in Ukraine, 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 2024-25 and 2033-34 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 38%.

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

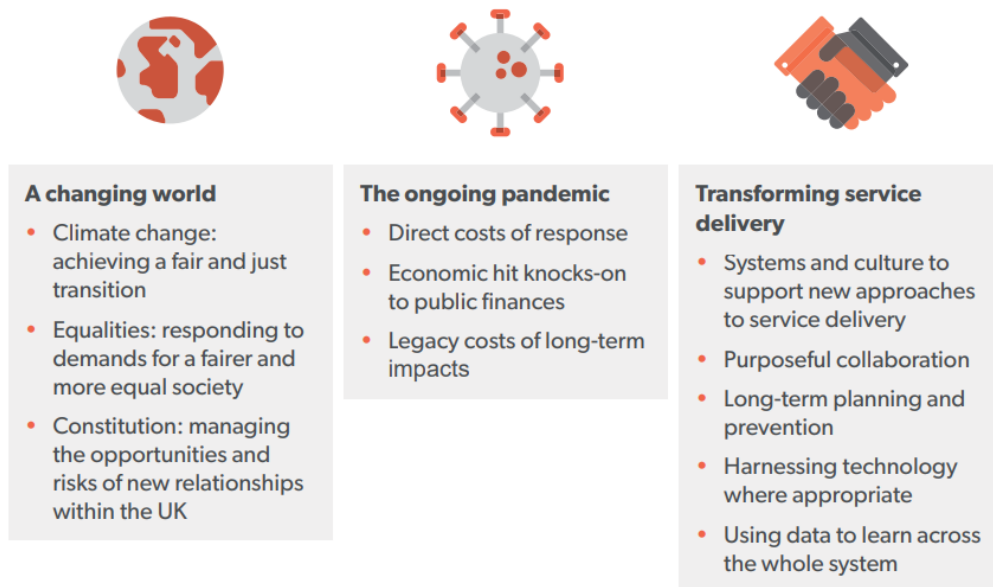


However, even with this level of funding, it is unlikely to be sufficient to meet the various pressures that the Council will face, which will be outlined in the next section, and this will result in significant budget reduction requirements going forward.

5.3 Future Cost Pressures and Risks

5.3.1 The Auditor General for Wales has previously 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.
The ongoing pandemic	
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.
Transforming service delivery	
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.

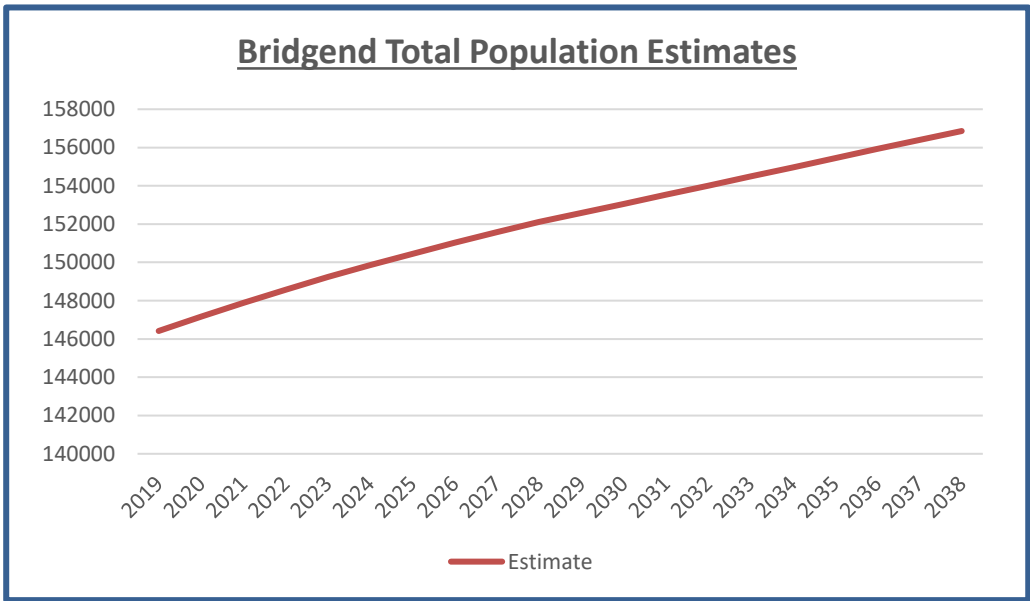
* © 2021 Auditor General for Wales – Picture of Public Services 2021

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 16** below shows that there has been a significant increase in secondary and special school pupils over the period, with a recent 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 16 - Bridgend Pupil Numbers

	Primary	Secondary	Special	Totals
September 2018	13,127	9,289	376	22,792
September 2019	13,101	9,425	407	22,933
September 2020	13,012	9,631	399	23,042
September 2021	12,844	9,795	390	23,029
September 2022	12,566	9,901	422	22,889

Pay awards

- 5.3.4 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 evidenced in the recently agreed pay increases for National Joint Council workers, whereby those on the lowest scale point received an increase of 10.5%. This is in addition to rises in the National Living Wage which is currently at £9.50 (rising to £10.42 in April 2023) but for which the Government had set a new target for it to reach two-thirds of median earnings by 2024. Similarly, Welsh Government included funding through the Local Government settlement in 2022-23 to enable authorities to meet the additional costs of starting to pay the Real Living Wage to social care workers from April 2022. The announcement in September 2022 of an increase from £9.90 to £10.90 per hour means a 10.1% increase in pay provision for the Council's in-house and commissioned services.

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:

Table 17 – Main Multi-Year Contracts

Contract	Contract Length	Expiry Date	Current Annual Cost
Waste Collection	7 years	31/3/24	£7.3 million
Home to School Transport	Varies (taxis 1 year plus optional 1 year, buses 4 years plus optional 2 years)	Varies (taxis 2024, buses 2028)	£8 million
Awen Cultural Trust	20 years	2035	£3.318 million
HALO Leisure Contract	15 years	April 2027	£1.530 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, 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 2024-25 with an annual revenue commitment of around £820,000.

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

Bridgend County Borough Council declared its own climate emergency in June 2020 and set up its Climate Emergency Response programme. This has a commitment to achieve Net Zero carbon emissions by 2030 across its operations, to respond to the climate emergency declared by Welsh Government in April 2019. A Net Zero Carbon Strategy has been developed, and was approved by Cabinet in December 2022, as an initial strategic step in achieving this commitment.

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.

**Bridgend County Borough Council
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CF31 4WB

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SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

	Scrutiny Recommendation:	Cabinet Response
<u>National Legislative Commitments</u>		
1	That Cabinet raise with Welsh Government, the Panel's expectation that all national legislative commitments must be fully funded to allow the Council to have the capacity to deliver them in an efficient manner. (BREP & Endorsed by SOSC 1)	This issue continues to be consistently raised by both the Chief Executive and Leader whenever the opportunity arises in an appropriate forum. To note, it is often the indirect 'costs' in terms of officer time and the opportunity cost of having to forego other work that erodes capacity and can be most onerous, and this is often 'unknown' at the time new legislative or policy commitments are made.
2	That the Committee continue to lend their weight to lobbying of Welsh Government and central Government that has already taken place so that the Revenue Support Grant is not affected by any policy changes. (COSC)	Noted
<u>Council Tax</u>		
3	That it was essential that the public be informed of the proposed increased level of Council Tax as soon as possible with clear reasons and rationale for the increase. (BREP & Endorsed by COSC)	The budget process remains incomplete at the time of writing but as soon as there is clarity on the likely final level of Council Tax that will be communicated through the usual channels.
4	In light of the cost of living crisis, the Panel recommend that when determining any change to Council Tax, Cabinet consider the impact of any potential increase in Income Tax by Welsh Government. (BREP)	It is unlikely there will be an income tax rise imposed by Welsh Government this year, although of course Cabinet are cognisant of the pressures on individuals and families and will seek to keep any rise as low as is possible without unduly impacting on valuable services.
5	The Committee also felt that it should be appropriately communicated to the public that for every £1 spent on services provided by the Council, only around 27 pence is funded from Council Tax. (COSC)	The relative level of Council Tax income compared to the overall Council spend and the proportion per pound spent on each service are already part of the 'budget explainer' used to consult with the public. This will also be made clear in the budget report to Council and any subsequent information shared with the public re the budget.
<u>Consultation and Engagement</u>		
6	The Panel acknowledged the difficult situation the Council found itself in and the tough decisions that would have to be made on the budget which could have quite serious implications for services and residents of the borough. It was therefore felt communication and engagement with the public	

SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

	Scrutiny Recommendation:	Cabinet Response
	<p>was vital to get this message across and to be open and transparent about the challenges the Council faced. The Panel noted that similar concerns had been raised at a COSC meeting on 27 October 2022 where Members had requested that any press release regarding the upcoming budget consultation be mindful of improving communication to residents and improving understanding of the budget and purpose of reserves held.</p> <p>a) The Panel therefore endorse this and further recommend that the Authority, as a matter of urgency, start preparing its residents for the possibility of difficult reductions to services and communicating the potential impact of these to ensure transparency and openness.</p> <p>b) Further to this, following any future budget or resulting service reductions, the Authority work with the community or communities involved to establish how the Council can assist in enabling them to take up the service provision, thereby reducing the potential negative impact.</p> <p>c) Given the fact that other Local Authorities are experiencing similar budgetary issues, the Panel recommend that Officers look at how other Local Authorities are communicating this to their residents to ensure they are well informed and aware of the potential impact on services received.</p> <p>(BREP)</p>	<p>There have been a number of press releases to this effect since the autumn and features in various newspapers and online.</p> <p>A proposed Well-being Objective in the forthcoming new Corporate Plan is explicitly about how communities can be assisted and enabled to help find their own solutions and proposed our 'ways of working' are intended to set out more clearly our role as a Council and the complementary role that residents can play to ensure valuable services continue to be delivered effectively.</p> <p>Various fora already exist at officer and elected member level to share good practice and learn from the experiences of other local authorities.</p>
7	<p>In light of the majority of responses to the public budget consultation indicating that respondents supported Council Tax remaining the same, that a response be provided to respondents who engaged to ensure they understand the rationale behind the budget and the reason for decisions</p>	<p>Cabinet will consider all of the responses that have been made and use them to inform and shape the final budget proposal. Communication will be prepared explaining the rationale for the final proposals including the level of Council Tax set, which is likely to be around the keeping Council Tax as low as possible but balancing that against the impact on</p>

SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

	Scrutiny Recommendation:	Cabinet Response
	taken to ensure they feel that their views are valued and have been taken into consideration. (BREP & Endorsed by COSC)	services and on the overall Council budget if the level of income from this source is diminished too much.
8	That targeted consultation, focusing on particular groups and representative organisations be developed and rolled out in the future. (BREP)	The budget consultation process is reviewed every year to see how it can be improved within the parameters of the resource available.
9	That there be a communication to residents to improve understanding of the purpose of reserves and earmarked reserves held by the Council. (COSC)	This will be developed as part of the information to be shared with residents.
10	The Committee expressed disappointment at being unable to receive any outcome of the public consultation of the MTFS 2023-27 and recommended that this be sought for next year's annual scrutiny budget meetings to apprise the Committee of the views of the public to enable them to make more informed and effective recommendations. (SOSC 3)	The public budget consultation was run later than in previous years in view of the rapidly changing and worsening budget situation over the last six months. This was necessary in order to make the consultation as meaningful as possible, however it had the impact of meaning that because it only closed in late January full details of the feedback were unable to be shared with scrutiny committees. The timing of next year's consultation will be reviewed and implemented based on the specific circumstances that apply next year.
Council Reserves		
11	Whilst appreciating that the Council Fund should be maintained at a level of 5% of the Council's net budget, Members queried the size and use of the Authority's reserve budgets, given the difficult financial situation this year and future budget forecast. The Committee recommend that a review be undertaken of the Council's reserves, particularly historical reserves, with consideration and explanation of how they are managed and operated. (SOSC 3)	The Council Fund is there to manage the impact of uneven cash flows and unexpected events and emergencies. Earmarked reserves have been established to meet known or predicted requirements and are normally established on a needs basis in line with planned or anticipated requirements. They have been built up over a number of years and have been identified to ensure that the Council meets its priorities and policy commitment for the coming years. The reserves are reviewed throughout the year to ensure that they are being used appropriately and in accordance with the decisions made in the budget setting process.

SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

Scrutiny Recommendation:		Cabinet Response
<u>Deliverability of budget reduction proposals</u>		
12	Given that the risk status for the majority of the budget reduction proposals are marked red and have not fully developed, it is imperative that Cabinet consider the deliverability of the proposed budget reductions and the implication on setting a balanced budget. (BREP)	The deliverability of the budget proposals is always discussed in full by the Corporate Management Board and Cabinet. It is not unusual at this point for many proposals to be 'red' or 'amber' in status as with over a decade of austerity behind us it is increasingly difficult to propose savings or cuts that are easily implemented and without controversy or difficulty. This is particularly true this year in view of the volatility of many Council budgets and the significantly increased demand on many services.
<u>Legal Services, Human Resources and Organisational Development</u>		
13	The Committee acknowledged the importance of back-office services such as, HR and legal and that emphasis should be on the necessity to ensure operational delivery is not compromised. (COSC)	Clearly it is undesirable that many 'back office' services are running at sub-optimal resource levels, compounded by undesirable vacancies across many services where it has proved difficult to appoint to positions. However, in order to protect our front line services, particularly those to the most vulnerable in society, we have not been in a position in the main this year to prioritise and strengthen our commitment and invest in these other important services. This is one of a number of very significant challenges and dilemmas with setting this year's budget.
14	In order to meet the recommendations and conclusions from the Care Inspectorate Wales Inspections, the authority must have an adequate legal team and paralegals in place, rather than a reliance on agency staff. The Committee noted that whilst these roles were not entirely visible to the public, they had a crucial role in ensuring services are improved and recommended that Cabinet be mindful of that when considering the budget in areas of human resources and organisational development. (COSC)	As above, we are not in a position to invest in all of the services that ideally would be strengthened. Were we to do so it would have to be offset by less investment or cuts to other services. There is a strong desire (and many initiatives in place) to reduce the use of agency staff across the Council, including in legal, but unfortunately the market is such that currently there is often no choice than to engage staff on that basis to ensure essential work is carried out.
<u>Discretionary and Statutory Services</u>		
15	Whilst acknowledging the benefits of discretionary services in terms of their potential to prevent further issues and expenditure for the future, given the overall current financial situation the Committee recommend:	

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	Scrutiny Recommendation:	Cabinet Response
	<p>a) that Cabinet give greater consider to all discretionary options available to them for budget reductions proposals and that they be presented to full Council for consideration of the MTFS.</p> <p>b) that a greater proportion of budget reductions should be as a result of policy changes.</p> <p>(SOSC 1)</p>	<p>This matter has been discussed at length at scrutiny committees and it has been accepted that it will not be possible this year to present additional information in this way. It is also well rehearsed that it is not as simple as looking at discretionary services in terms of looking for additional savings, in view of the direct link many of those services have to reducing demand on some statutory services.</p> <p>Noted, but we are not aware of any proposals from scrutiny committees of their suggestions as to which policies should change.</p>
16	<p>The Committee further recommend that a review of all discretionary services within the Education Directorate be undertaken to evaluate the costs of delivering them and the value they provide to the Local Authority and its residents, to inform the future MTFS with a view to protecting school delegated budgets as much as possible.</p> <p>(SOSC 1)</p>	<p>This could be a significant undertaking; especially if a full cost/benefit analysis (for example, of nursery/post-16 home-to-school transport and/or of nursery education) is required. In addition, we need to determine whether protecting school budgets is the organisation's/the directorate's top priority.</p>
Schools Delegated Budgets		
17	<p>Given the proposed 2% reduction on schools delegated budgets and the indicative 1% reduction every year thereafter for the MTFS period, that Cabinet provides more detail on how they are going to deliver the proposal and consider what impact that would have on individual schools and whether it would push any individual schools into a deficit position.</p> <p>(COSC)</p>	<p>To deliver the proposal, we would reduce the total delegated schools' budget by 2% before applying the current funding formula. It is difficult to determine what impact the proposed cut would have individual schools and this would take some work to determine. It is important to note that changes in the quantum of the schools' delegated budget is only one of several issues that could affect a school's budget (for example, changes in pupil numbers, retrospective budget adjustments and changes in grant funding). It is also worth noting that seven schools are already projecting a deficit budget.</p>
18	<p>The Committee acknowledged that the Education directorate needed to play its role in balancing the budget. However, following the grave concerns highlighted by the Chair and Vice Chair of the Schools Budget Forum regarding the feasibility of the 2% budget reduction proposal and the fact that these proposals have not yet been fully developed and</p>	

SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

	Scrutiny Recommendation:	Cabinet Response
	<p>are high risk in terms of delivery, the Committee recommend that:</p> <p>a) Cabinet reduce the proposed budget efficiency against School Delegated Budgets to 1%.</p> <p>b) That Cabinet consider all discretionary options available to them across the Corporate wide budgets and other Directorates, to comprise the remaining £1,059,000 required as a result of reducing the proposed education budget reduction by 1% in order to balance the Council's budget.</p> <p>(SOSC 1)</p>	<p>This is not considered achievable for the current budget round.</p> <p>The only areas of discretionary spend (if cut) that would generate £1m are home-to-school transport and nursery education. No meaningful savings could be realistically deliverable during the 2023-24 financial year due to legal requirements and statutory guidance (including public consultation periods).</p>
	School Agency staff	
19	<p>The Committee queried the use of agency staff in schools and recommend that it be explored whether schools could adopt a cohesive approach across the County Borough that could potentially assist with staff cover costs for such things as sickness.</p> <p>(SOSC 1)</p>	<p>Many local authorities in Wales previously managed a 'pool' of teaching staff for schools to use as required. Bridgend (in line with most, or all, other local authorities in Wales) dispensed of this function many years ago and there is no intention of re-establishing this facility. The main reasons for this are as follows:</p> <ul style="list-style-type: none"> • it is expensive to manage; • due to professional learning requirements or staff, it would be a significant undertaking for any local authority to develop; and • several agencies provide the same facility.
	Collaboration and Value for Money / Joint Working	
20	<p>That consideration be given to more joint working across Directorates and more collaboration within the authority and external partners; working towards a 'One Council' approach.</p> <p>(COSC)</p>	<p>There is already considerable working across Directorates and collaboration within the authority and with external partners, it is the default position. Many examples were given in the various scrutiny committee meetings. This recommendation would benefit from examples of where scrutiny feel this is not happening and where the 'One Council' approach is not being evidenced, as we know from experience that how people define 'One Council' can differ greatly and some suggestions are not achievable.</p>

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	Scrutiny Recommendation:	Cabinet Response
21	<p>Having queried with Officers whether the Authority were utilising our partners to their full potential, Members did not feel 100% reassured of this, using the example of the Central South Consortium. Members therefore recommended that Cabinet and Officers consider evidence of collaboration with partners, as part of their deliberations over the budget proposals, to ensure value for money for the full MTFS period 2023-2027.</p> <p>(SOSC 1)</p>	All major partnerships have been reviewed as part of the budget setting this year to see if savings could be achieved and/or whether the current collaborations best meet the Council's needs. This includes the Central South Consortium where currently a full review of the service and future options has been commissioned that will inform decisions moving forward.
<u>Social Care Workers</u>		
22	<p>The Committee recognised the physical and emotional demand on social care workers and recommended that Cabinet review the wages for social care workers, in light of external pressures and consider how to ensure that these staff feel appropriately supported and valued.</p> <p>(SOSC 2)</p>	Within the parameters that we can operate we have already reviewed and regraded many social worker posts, applied market supplements where appropriate to do so based on a business case, and introduced other measures around the work of social workers intended to make the job more attractive and assist with recruitment and retention. This is an example where the introduction of national terms and conditions would be beneficial as any further local changes to wages, as suggested, is likely to lead to job evaluation and equal pay issues for the organisation.
<u>Budget Pressures</u>		
23	<p>The Committee noted that the majority of the budget pressures were within the Social Services and Wellbeing Directorate and, following detailed consideration and discussions with Officers and Cabinet Members, the Committee were content that they are sufficient and necessary.</p> <p>(SOSC 2)</p>	Noted
<u>RNLI Support (COM 5)</u>		
24	<p>In relation to COM5, the Budget Reduction Proposal of £38,000 by removal of support to RNLI for Lifeguards at Porthcawl Beaches, discussions be held with Porthcawl Town Council and the operators of Trecco Bay regarding potential funding and consideration also be given to decreasing the proposed budget reduction.</p>	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving. The operators of Trecco Bay contribute to the RNLI separately, however discussions will take place with Porthcawl Town Council to see whether any financial assistance in future years can be supported from this organisation.

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	Scrutiny Recommendation:	Cabinet Response
	(BREP & COSC)	
25	The Committee also expressed concerns about funding provided to a golf tournament to actively encourage the public to visit Porthcawl and that this Budget Reduction Proposal would put the public at risk. (COSC)	Noted – The sponsorship funding for the Senior Open Golf Tournament was agreed in the 2021-22 financial year and a legal agreement entered. The event takes place in June 2023. Please see point 24 above about the RNLI saving.
26	A) The Committee expressed concern over the proposed reduction to support to the RNLI for Lifeguards at Porthcawl Beaches, particularly given that Officers reported that this was focused primarily at support to Rest Bay. Given the dangerous Rip tides at Rest Bay, the increased popularity of water sports at this beach and the number of visitors each summer, Members were alarmed at the risk any reduction to support for the RNLI would pose. The Committee therefore recommend that the reduction not be progressed. B) The Committee recommended that discussion be held with Town and Community Councils within the County Borough regarding potential funding for the RNLI. C) There was also a minority view from some Members of the Committee recommending that the reported £35,000 funding to Kier for biodiesel be considered as an alternative to the RNLI budget reduction as it was felt that the use of biodiesel would not have an immediate benefit or contribute to the Council's 2030 net zero carbon target. (SOSC 3)	A) Please see the narrative in point 24 above. B) Please see the narrative in point 24 above. C) The use of biodiesel in the Refuse Collection Fleet reduces the carbon emissions from waste collection operations by 80%. Therefore this reduction is having an immediate effect on the Council's carbon footprint and is contributing positively to the 2030 Net Zero Carbon Agenda.
Strategic Regeneration Fund		
27	The Committee reiterated the fact that whilst discretionary, the Strategic Regeneration Fund was a clear 'invest to save' fund (for every £1 invested, the Council received £9 back) and that the quantum of the proposed budget reduction of 93% be reviewed to a more palatable level. (BREP)	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving.
28	The ability for the Strategic Regeneration Fund to lever other external funding, to invest in feasibility and development	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving.

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	Scrutiny Recommendation:	Cabinet Response
	studies and help secure private investment outweighs the saving achieved by reducing this budget. The Committee therefore recommend that any potential reduction to this fund be revisited. (BREP)	
	Waste Enforcement Team	
29	The Panel considered the proposed removal of the waste enforcement team would be counterproductive and lead to increased costs in the areas of waste and fly tipped waste removal. The Panel recommended that alternatives to a complete removal of the team be explored and supported the proposal of possibly merging teams to provide a reduced service rather than a complete removal of the waste enforcement team. (BREP & Endorsed by COSC)	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving.
30	That Cabinet carefully considers the impact and cost of any necessary intervention by statutory services due to the removal of discretionary services, such as the Waste Enforcement Team in the Communities Directorate. (COSC)	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving.
31	The Committee expressed concern over the removal of the Waste Enforcement Team and the impact this could have on tackling waste management issues such as fly-tipping, and particularly given the potential counterproductive nature of the reduction where it could result in an increase in costs. The Committee therefore recommend that this budget reduction not be progressed. (SOSC 3)	The concern of the scrutiny committees has been noted and Cabinet will now reconsider this proposed budget saving.
32	The Committee supported education in terms of tackling waste management, however, recommend that the Local Authority look towards its partner organisations to assist with this rather than relying on Council staff, who could then look more towards their enforcement role, thus utilising all resources to their full potential.	Noted

SCRUTINY RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2026-27

Scrutiny Recommendation:		Cabinet Response
(SOSC 3)		
<u>Collaboration with Town and Community Councils (TCCs)</u>		
33	<p>The Committee highlighted the potential benefits of working collaboratively with TCCs to alleviate future budgetary pressures and maintain services. It was therefore recommended that the Authority utilise the TCC Forum more effectively and efficiently to develop this, commencing with the creation of an Action Plan to demonstrate the various collaborative work that is currently being undertaken by the Authority with TCCs. Members requested that this be presented alongside guidance and explanation on what the Authority can offer and how collaborative work with TCCs can be expanded further. Additionally, the Committee stressed that it was essential that these discussions take place as soon as possible in the new financial year so as to inform the TCC precept.</p> <p>The Committee agreed that this work would be monitored by the Scrutiny Committee as it advanced.</p> <p>(SOSC 3)</p>	<p>The Council is always open to working with partners to ensure service continuity. The new Corporate Plan will stress the importance of these working arrangements and an ongoing dialogue at the Town and Community Council Forum can inform budget setting discussions for future years.</p>
<u>BREP Process 2023/24</u>		
34	<p>That the BREP process in 2023/24 commence as soon as possible in the financial year to allow for more detailed discussions on the budget to enable the Panel to provide more meaningful Recommendations. The Panel requested that they be presented with:</p> <ul style="list-style-type: none"> a) the full budget book breakdown to include all the various options being considered by Cabinet; b) greater narrative by cost centre; and c) information about discretionary and statutory services, a cost breakdown of what is statutory and what is discretionary and the impact of any potential budget reductions on each. 	<p>It was not possible to start the BREP process earlier for the coming financial year due to the level of financial uncertainty in the past 6 months. The engagement of BREP will commence earlier for the 2024-2025 budget setting process supported by the consideration of detailed financial and service information to support the debate and decision making process.</p>

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	Scrutiny Recommendation:	Cabinet Response
	(BREP & Endorsed by COSC)	
35	Concerns were expressed over the high risk of deliverability of the proposed budget reductions given that the risk status for the majority of the proposals are marked red and have not been worked up yet. The Panel would have liked more narrative from Corporate Directors/Officers setting out how they were to achieve the proposed reductions and recommended that this information be provided to future Meetings of BREP. (BREP & Endorsed by COSC)	Consideration will be given to how savings proposals are assessed taking into account service implications, timelines required, policy implications and financial implications.
36	That when the BREP considers school budget reduction proposals in future, the Panel be provided with feedback from the School Budget Forum (subject to the timing of their meetings) and input from Head teachers and Chairs of Governors. (BREP)	Agreed. It must be noted, however, that it is unlikely that any headteacher or chair of governors would be supportive of any cut to their school's budget at any time.

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No.	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
			Control method	Date Risk assigned	Li	Im	Total										
COR-2019-01	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 ongoing 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. Significant increases in inflationary pressure, most acutely in areas such as energy and also likely pay awards, mean that there is inevitably a greater focus on the "here and now" and the cost of living crisis makes medium term planning more difficult in view of the huge uncertainties around future budget and increasing demand for many services.	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. The Council was able to meet most of the savings required in 2022/23. The in year pressures during 2022/23 have been unprecedented due to inflationary pressures on both pay and non pay costs. Elected members were all briefed on this position during the year	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 2023-27, 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. It is clear that in the short term there will need to be a concerted "One Council" approach to identify and agree the immediate priorities while continuing to try to put the right changes and measures in place to develop an effective and sustainable longer term plan for the organisation	CMB	Jan-2023	Apr-2023	Feb-2023 then ongoing quarterly review	4	5	20	Smarter use of resources
COR - 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 delivery of the universal free school meal offer and the 21st Century School Modernisation Programme, 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 submitted it's Bridgend 2030 Decarbonisation Strategy and Action Plan to Cabinet and Council for approval.	Further development of a 'One Council' culture and transformational change was progressed in recent years and 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. Transformation projects such as the Future Service Delivery Programme, and increased activity in areas such as "Grow Your own" and helping to change the way the Council does its business and other strategically important projects such as our Digital Transformation Programme continue to progress. Clearly the uncertain future budget position may impact in due course on priorities such as 2030 decarbonisation and where significant investment is required, so this will need to continue to be monitored and reviewed regularly.	CMB	Jan-2023	Apr-2023	Ongoing	4	4	16	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. Clearly there is an increased risk that the Council will no longer be able to make some of the capital investment to the same level that was envisaged even as recently as May 2022. In addition, the cost of borrowing has also now risen making it more difficult for the Council to afford all of its ambitions around investing in its infrastructure and the level of available external funding has fallen since the end of the relevant European programmes, risking further deterioration in some key assets.	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 capital programme is regularly reviewed and updated but it is already evident that the costs of most projects have risen, sometimes significantly, and the availability of contractors has often become more limited reducing competition.	The Council will consider and 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-2023	Apr-2023	Complete with ongoing review	4	5	20	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 due to the decline of a sufficient experienced workforce, 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. While the Council continues to prioritise this area of work and works effectively with key partners, the demand for services continues to significantly increase. This is particularly evident in referrals into MASH/Information Advice and Assistance and the level of assessment activity. The Child Protection Register is at the highest level in the history of the County Borough indicating the level of concern of partners in respect of safeguarding risks to children. Children in Wales have written to the Chief Executive and Director of Social Services and Well-being to set out their serious concerns. A high profile Child Practice Review has resulted in particular focus on the effectiveness of multi-agency safeguarding arrangements. This is partly a post Covid legacy but also as a result of other local circumstances increasing safeguarding referrals and compounded by the increased demand for housing and 'wrap around' services from Ukrainian refugees. While staff teams have been strengthened where possible, there is still an over reliance on agency staff in some areas and there is a further risk with the worsening financial position that all of the investment required will not be possible on a sustainable basis whilst it must be understood that the Council has statutory duties to provide sufficient resources to safeguard children and adults as well as to set a balanced budget and could face intervention from Welsh Government if it fails in either duty	5	5	25	Treat	Jan-19	A number of different actions are being taken to address these concerns. In reaction to staffing matters additional staff have been employed to ensure the service is able to meet the increasing demand for services, the Council's Market Supplement Policy has been invoked to support the recruitment of staff to the childcare teams, resource has been found to support increased numbers of staff accessing the social work training scheme and work has been done to establish an overseas recruitment programme. Working practices in the service are being reviewed. There is a reporting structure in the service to monitor the work required to address the range of issues and this feeds up to a Gold meeting which consists of senior officers and the Leader and Deputy Leader of the Council.	A new Corporate Safeguarding Officer has been appointed to enhance the support to corporate safeguarding arrangements. The Regional Safeguarding Board is developing common quality and performance reporting via the steering group to include clear trigger points of escalated action. A reflective lessons learned exercise has been undertaken into the issues which led to the critical incident in IAA services to ensure lessons have been learned and sustainable improvements made to reduce the risk of such an escalated position being required again.	CMB	Jan-2023	Apr-2023	Ongoing	4	5	20	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. An increased risk to energy security and financial sustainability has increased this risk.	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. Ongoing work on resilience and business continuity will help mitigate the risks but keeping the Council services running effectively this winter and beyond becomes more challenging	CMB	Jan-2023	Oct-2023	Ongoing	4	4	16	All Well-Being Objectives
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	5	20	Treat	Jan-19	The labour market remains very challenging in many disciplines, including social care. Some measures have been implemented to seek to mitigate and treat the risks including use of the new market supplement policy, an enhanced grow your own programme for both apprentices and graduates and more innovative practise around things like international recruitment. However, out of necessity, while clearly undesirable, the use of agency staff remains high in some areas and vacancies impact on the capacity of the organisation to deliver all of its objectives and can lead to an impact on wellbeing and increased pressure on the depleted number of staff in work, and some frustration among the public and elected members about the pace of some responses and action	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. Action plans are in place and being developed to address challenges in the Social Services and Wellbeing Directorate.	CMB	Jan-2023	Oct-2023	Ongoing	4	5	20	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. There is increasing evidence that this risk is becoming more apparent and prevalent. In particular in areas such as Home to School Transport, but also in residential care and construction there are increasing numbers of cases of market failure, companies falling into administration and increased costs being demanded to provide services or contracts will be handed back, which are difficult to mitigate as often there are very limited options to provide services, some of which are statutory.	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. Services are also doing more to work with providers to ensure an early dialogue when services are under pressure to work towards an agreed outcome	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-2023	Apr-2023	Ongoing	4	4	16	Helping people and communities to be more healthy and resilient and smarter use of resources

IDENTIFIED RISK															ACTION PLAN					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				
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.	The return of many individuals and staff groups to the office has been successfully managed and the introduction of the new ' hybrid working policy ' has been broadly supported by Trade Unions in line with the preference of most of their staff members for a more flexible approach to working. Hybrid meetings for both public Council meetings and internal officer/member meetings has also been introduced. Clearly new ways of working are yet to be fully embedded and we must be aware of new waves of Covid during the winter period. We must also be cognisant of the potential impact of the Cost of Living crisis on the working patterns of individuals. Overall however evidence suggests that with a continued focus on 'business first ' there is no detriment to productivity from new ways of working but there is increased demand for many services and ever increasing expectations create further challenges around capacity in the organisation as we continue to see some of the post Covid impact continue in areas such as homelessness and social care	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.	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'.	CMB	Jan-2023	Apr-2023	Ongoing recovery as the impact of the pandemic eases, subject to future waves.	4	4	16	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.	The rapidly increasing cost of living crisis and political and market / financial uncertainty is impacting both individuals and local businesses. There has been increased demand for financial support , such as Cost Of Living payments and Council Tax reduction and a corresponding increase for other relevant Council advice and support services . May local businesses are particularly impacted by the huge inflationary increases particularly in energy costs meaning it is inevitable that it will be a difficult winter ahead	5	4	20	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. The Council continues to act on behalf of Welsh Government through the administration of small business rates relief and the Cost of Living grants. Through its own Cost of Living Scheme the Council has been able to widen its support to individuals and families	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. Including the recently announced Shared Prosperity Fund which can be used to fund Employability/ skills based initiatives and replaces the previous European Funding Mechanisms.	CMB / Economic Recovery Panel	Jan-2023	Apr-2023	Ongoing	5	4	20	Supporting a successful sustainable economy			
COR- 2022 - 01	The hangover effects of the pandemic, coupled with heightened geo-political tensions emerging from invasion of Ukraine, is impacting global economy, financial systems, supply chains and energy security	The continuing impact of Brexit and the war in the Ukraine are resulting in •Increased supply issues in relation to workforce for contractors and materials for major projects Increased inflationary pressures impacting costs of pricing and materials in construction sector, delaying or disrupting capital projects •Increased pricing of commodities –gas, oil and silicon chips could have a direct impact on certain projects, costs and performance of key sectors •Increased risks around energy supply and capability, to potentially impact delivery of the Energy Strategy	4	5	20	Treat	Apr-22	•Ongoing economic analysis •Agreed energy strategy •Heat network project	The impact on the Council will be continually monitored as the position becomes clearer. To achieve this, we will work closely with suppliers either via existing forums or through the contract management process. Work is being undertaken regionally to develop frameworks which will achieve economies of scale. As new services are tendered, potential inflationary costs and timeline pressures are being factored into the procurement process at an early stage. The impact on service delivery and the budget will be determined as part of this process and will be reported to Cabinet and Council as part of the normal reporting processes.	CMB	Jan-2023	Apr-2023	Ongoing	4	5	20	All Wellbeing Objectives			
SS- 2023- 01	Significant service pressures in the health and social care services could impact on the ability of services to support vulnerable individuals	The health and social care system is not able to meet the health and care needs of people in a timely way resulting in harms and excess deaths. The immediate risk is that there is not sufficient capacity in community health and social care services to prevent hospital admissions and support timely discharge from hospital.	5	5	25	Treat	Jan-23	There are very regular meetings at senior levels across Health and the Local Authority to understand the current position and to agree the joint actions required to try to address the issues	The Cwm Taf Morgannwg health and social care partners have developed a range of immediate, short, medium and long term actions to enhance community capacity and review pathways of care. The most immediate actions are the enhancement of community beds through additional care home capacity and the implementation of Discharge to Recover and Assess pathways of care. There are timescales attached to the actions agreed. There is also a comprehensive plan to address the capacity issues in care and support at home services. The system is currently experiencing significant pressures so despite the actions the residual risk remains at a very high level and further review in April 2023 should enable evaluation of whether immediate actions have impacted.	CMB	Jan-2023	Apr-2023	Ongoing	5	5	25	All Wellbeing 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
1-9 - Green - Low
10-12 - 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

BUDGET PRESSURES 2023-24 TO 2026-27

			2023-24	2024-25	2025-26	2026-27
Ref	Directorate	Pressure	£000	£000	£000	£000
EFS1	Education and Family Support	Revenue to support the Annual Service Payments for the School Modernisation Programme Band B Bridgend West Schemes under the Mutual Investment Model.		478	342	
EFS2	Education and Family Support	Education Welfare Officer / Attendance Support Worker - additional members of staff. Workload has trebled since 2019 due to the Covid-19 pandemic and additional resource is required to manage the demand to increase attendance and ensure children / young people are safeguarded.	200			
SSW1	Social Services & Wellbeing	Implications of Real Living Wage (RLW) uplifts on commissioned contracts within Social Services and Wellbeing, based on announced increase to RLW from £9.90 in 2022 to £10.90 in 2023	2,480	2,406		
SSW2	Social Services & Wellbeing	Increased Pressure on Mental Health budget due to long term impact of the Covid-19 Pandemic	161			
SSW3	Social Services & Wellbeing	Additional Social Work Support Officers, who provide critical support to the social work teams throughout the Social Services and Wellbeing Directorate, carrying out administrative tasks and freeing up the professional Social Workers to focus on key activities.	242			
SSW4	Social Services & Wellbeing	Increased pressure on Learning Disabilities budget due to long term impact of the Covid-19 Pandemic	758			
SSW5	Social Services & Wellbeing	Children's Residential & Out of County Budget Pressures - additional staffing required in BCBC Residential settings, coupled with increased pressure on out of county residential budget	1,403			
SSW6	Social Services & Wellbeing	Additional permanent resource required in the Information, Advice & Assistance Team to support the Care Inspectorate Wales inspection report.	700			
SSW7	Social Services & Wellbeing	Family Group Conferencing budget pressure, previously funded by one-off funding and grant	140			
SSW8	Social Services & Wellbeing	Appointment of permanent Deputy Head of Children's Services to provide support in terms of managing the Information, Advice and Assistance Service and providing support to the Head of Children's Services	105			

			2023-24	2024-25	2025-26	2026-27
Ref	Directorate	Pressure	£000	£000	£000	£000
SSW9	Social Services & Wellbeing	Increased pressure on the Direct Payments budget for Children's Services	118			
SSW10	Social Services & Wellbeing	Appointment of permanent Responsible Individual for Children's Residential Care Services in accordance with the requirements of the Regulation and Inspection of Care (Wales) Act (2016) (RISCA)	67			
SSW11	Social Services & Wellbeing	Pressures in Adult Social Care service, including demographic pressures, increased demand and increased costs of commissioned services	2,000			
CEX1	Chief Executives	Housing & Homelessness Accommodation - based on increased numbers of households and individuals supported with accommodation	700			
CW1	Council Wide	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 2023 so the final increase may change .	697			
CW2	Council Wide	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.	1,325			
	Total Budget Pressures		11,096	2,884	342	0

Ref.	Links to 7 Wellbeing Goals	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2022-23 £'000	Total Budget Reduction 2023-2027 as % of 2022-23 Budget	2022-23 Budget Reductions £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000	Indicative 2025-26 £'000	Indicative 2026-27 £'000
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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

EDFS1	A more equal Wales	SUR	Delegate some school transport responsibilities to The Bridge Pupil Referral Unit under a new delivery model to deliver efficiency savings	•Minimal impact anticipated. •Alternative service model to be implemented to deliver the identified efficiency. •Increased responsibility for school	182	22%	0	40			
			Total Education and Family Support					40	0	0	0
SCHOOLS											
SCH1	A more prosperous Wales	SUR	Efficiency savings against School Delegated Budgets - 2% for 2023-24, assume 1% 2024-25 onwards	•The annual saving represents a 2% (then 1% per annum) 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 one teacher in our larger primary schools and up to five teachers in our larger secondary schools being made redundant over the MTFS period.	£105.9m - ISB Budget	5% total (2% then 1% per annum)		2,118	1,059	1,059	1,059
			Total Schools					2,118	1,059	1,059	1,059
			Total Education & Family Support Directorate					2,158	1,059	1,059	1,059

COMMUNITIES

COM1	A Wales of cohesive communities	SUR	Closure of each of the Community Recycling Centre sites for one weekday per week	The waste contract related items would require both Contract variation negotiations with Kier to confirm the saving levels proposed along with public consultation regarding the reduced levels of service.	1,523	3%		50			
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Ref.	Links to 7 Wellbeing Goals	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2022-23 £'000	Total Budget Reduction 2023-2027 as % of 2022-23 Budget	2022-23 Budget Reductions £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000	Indicative 2025-26 £'000	Indicative 2026-27 £'000
COM2	A more equal Wales	PC	Charging Blue Badge Holders for parking	There are currently a number of measures which assist in providing equitable access, particularly for those who are participants in the Blue Badge Scheme. These include reserved spaces for Blue Badge Holders in Off-Street Car Parks in convenient locations, guidance on the proportion of disabled parking spaces within new parking facilities, some on-street parking provision in town centre locations, the ability to park on double yellow lines for up to 3 hours as long as no obstruction is caused and the Shopmobility scheme operated within Bridgend Town Centre. In providing parking either at ground level or in multi-storey car parks, the Council incurs both capital and ongoing revenue costs which the Council must source from its own funds. The current position is that a concession is applied in Off Street Car Parks for persons displaying a Blue Badge which provides for unlimited parking free of charge.	N/a - new income target			40	40		
COM3	A prosperous Wales	SUR	Commercially let two wings 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	N/a - new income target			120			
COM4	A Wales of cohesive communities	SUR	Use revenue savings accrued as a result of switching street lighting to LED's across the County.	The savings are predicated from reduced energy bills in 22/23 as a result of the LED street lighting roll out. This may be diminished in future years by rising energy costs overall.	997	10%		100			
COM5	A Wales of cohesive communities	MSR	Reduction to Highways - Road Marking Budget	This reduction could have an impact on the enforcement of restriction as the remaining funding will be focused on markings that have wider safety implications.	75	13%		10			
COM6	A Wales of cohesive communities	MSR	Increase garden waste subscription cost to £46 per household and £42 for pensioners (Currently £41.01 per household or £36.73 for pensioners)	Potential increase in fly tipping. Loss of subscribers	Income Budget £155k	19%		30			
COM7	A Wales of cohesive communities	MSR	Increase bulky waste charges from £21.42 for 3 items to £25.	Potential increase in fly tipping.	Income Budget £110k	45%		25	25		
			Total Communities Directorate					375	65	0	0

CHIEF EXECUTIVES

CEX1	None	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%	0	40			
CEX2	None	SUR	Efficiency saving target targeting supplies and services budgets across the Chief Executive's Directorate	Limited impact as review has identified small historic under spends against this budget category	8,126	0.4%	0	35			
			Total Chief Executive's Directorate					75	0	0	0

Page 175 Ref.	Links to 7 Wellbeing Goals	Categories	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Budget 2022-23 £'000	Total Budget Reduction 2023-2027 as % of 2022-23 Budget	2022-23 Budget Reductions £'000	Indicative 2023-24 £'000	Indicative 2024-25 £'000	Indicative 2025-26 £'000	Indicative 2026-27 £'000
	GRAND TOTAL REDUCTIONS							2,608	1,124	1,059	1,059
	ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)							2,608	1,712	6,521	6,324
	REDUCTION SHORTFALL							0	588	5,462	5,265

230	65	0	0
260	0	0	0
2,118	1,059	1,059	1,059
2,608	1,124	1,059	1,059

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1. FEES AND CHARGES INCREASING BY HIGHER THAN THE STATUTORY MINIMUM OR CPI

Type of Charge	Comment	Detail of Revised / New Fee or Charge
CCTV footage request from insurance companies or legal representatives	Review of charges following CCTV upgrade of system and infrastructure.	Fixed fee - £100 + VAT
Film Licensing	Increase to be in line with film licensing market	£600 + VAT
Planning services – copies of Design Guides, Supplementary Planning Guidance (SPG), Unitary Development Plans (UDP) and Development Briefs	Increase in cost to reflect full cost recovery, including printing and postage	Fixed fee - £25 + VAT
Garden Waste subscription	COM9 – Medium Term Financial Strategy Budget Reduction proposal – to increase garden waste subscription to £46 per household and £42 for pensioners (currently £41.01 per household or £36.73 for pensioners)	£46 per household £42 for pensioners
Bulky Waste collection	COM10 – Medium Term Financial Strategy Budget Reduction proposal – to increase bulky waste charges (currently £21.42 for 3 items)	£25 for 3 items

2. NEW FEES AND CHARGES

Type of Charge	Comment	Detail of Revised / New Fee or Charge
Charging Blue Badge Holders for parking	COM3 – Medium Term Financial Strategy Budget Reduction Proposal – to charge Blue Badge Holders for parking	Car parking charges to also apply to Blue Badge Holders

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DIRECTORATE BASE BUDGETS BY SERVICE AREA

APPENDIX F

Page 119 BASE BUDGET BY SERVICE AREA	Revised Budget 2022- 23	Adjustments for virements within Directorates	Inter- Directorate Transfers (Pensions / Nat. Insurance)	Pay/Prices	Budget Pressures 2023-24	Budget Reduction Proposals 2023-24	Revenue Budget 2023-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Central Education & Family Support</u>							
LEARNER SUPPORT	6,650	-30	-37	77	0	0	6,660
FAMILY SUPPORT	3,078	-83	-22	8	200	0	3,181
BUSINESS SUPPORT	10,811	0	-21	35	0	-40	10,785
SCHOOLS SUPPORT	669	0	-2	12	0	0	679
SCHOOL MODERNISATION	3,774	0	-2	0	0	0	3,772
VULNERABLE GROUPS SUPPORT	641	154	-4	0	0	0	791
OTHER EDUCATION AND FAMILY SUPPORT	1,874	-41	-1	0	0	0	1,832
	27,497	0	-89	132	200	-40	27,700
<u>Schools</u>			0				
SCHOOL DELEGATED BUDGETS	110,437	0	-463	1,932	0	-2,118	109,788
	110,437	0	-463	1,932	0	-2,118	109,788
<u>Social Services & Wellbeing</u>							
OLDER PEOPLE	24,315	-303	-208	25	2,237	0	26,066
ADULT PHYSICAL DISABILITIES/SENSORY IMPAIRMENT	5,179	0	-10	0	405	0	5,574
ADULTS LEARNING DISABILITIES	19,259	303	-69	18	1,522	0	21,033
ADULTS MENTAL HEALTH NEEDS	4,397	-4	-22	2	467	0	4,840
OTHER ADULT SERVICES	236	4	-1	0	0	0	239
ADULT SERVICES MANAGEMENT & ADMIN	4,266	92	-13	0	867	0	5,212
PREVENTION AND WELLBEING	5,704	0	-37	0	30	0	5,697
CHILDREN'S SOCIAL CARE	21,600	-92	-33	9	2,646	0	24,130
	84,956	0	-393	54	8,174	0	92,791
<u>Communities</u>							
CORPORATE LANDLORD	3,068	-2	-33	14	0	-120	2,927
STRATEGIC MANAGEMENT	283	-4	-3	0	0	0	276
PLANNING & DEVELOPMENT SERVICES	691	-3	-14	0	0	0	674
STRATEGIC REGENERATION	1,693	-8	-3	0	0	0	1,682
ECONOMY, NATURAL RESOURCES & SUSTAINABILITY	1,665	0	-4	0	0	0	1,661
CLEANER STREETS & WASTE MANAGEMENT	11,987	-8	-16	4	0	-105	11,862
HIGHWAYS & GREEN SPACES	11,626	25	-42	4	0	-150	11,463
	31,013	0	-115	22	0	-375	30,545

DIRECTORATE BASE BUDGETS BY SERVICE AREA

APPENDIX F

<div>Page 180</div> <div>BASE BUDGET BY SERVICE AREA</div>	Revised Budget 2022- 23	Adjustments for virements within Directorates	Inter- Directorate Transfers (Pensions / Nat. Insurance)	Pay/Prices	Budget Pressures 2023-24	Budget Reduction Proposals 2023-24	Revenue Budget 2023-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's							
CHIEF EXECUTIVE UNIT	483	0	-2	0	0	0	481
FINANCE	4,133	-133	-32	0	0	-35	3,933
HR & ORGANISATIONAL DEVELOPMENT	2,116	0	-13	0	0	0	2,103
PARTNERSHIPS	2,256	0	-16	0	0	0	2,240
LEGAL, DEMOCRATIC, AND REGULATORY	5,486	133	-20	0	0	0	5,599
ELECTIONS	114	19	0	0	0	0	133
ICT	4,052	0	-13	1	0	-40	4,000
HOUSING & HOMELESSNESS	3,431	0	-9	0	700	0	4,122
BUSINESS SUPPORT	1,418	-19	-7	0	0	0	1,392
	23,489	0	-112	1	700	-75	24,003
TOTAL SERVICE BASE BUDGETS	277,392	0	-1,172	2,141	9,074	-2,608	284,827
Council Wide Budgets							
CAPITAL FINANCING	7,203	0	0	0	0	0	7,203
LEVIES	8,210	0	0	0	697	0	8,907
REPAIRS & MAINTENANCE	670	0	0	0	0	0	670
COUNCIL TAX REDUCTION SCHEME	16,054	0	0	0	0	0	16,054
APPENTICESHIP LEVY	650	0	0	0	0	0	650
PENSION RELATED COSTS	430	0	0	0	0	0	430
INSURANCE PREMIUMS	1,363	0	0	0	0	0	1,363
OTHER COUNCIL WIDE BUDGETS	7,542	0	1,172	11,904	1,325	0	21,943
TOTAL COUNCIL WIDE BUDGETS	42,122	0	1,172	11,904	2,022	0	57,220
TOTAL BUDGETS	319,514	0	0	14,045	11,096	-2,608	342,047

	Total 2022-2033	2022 - 2023							FUTURE YEARS											CUMULATIVE
		Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council Jan 23 2022-23 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage £'000	Revised 2022-23 £'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	2032-2033 £'000	Total 2022 - 2033 £'000
EDUCATION AND FAMILY SUPPORT																				
1 Highways Schemes Band B Schools	3,400	3,400	-	100				100	3,300										3,400	
2 Sustainable Communities For Learning - Band B Schools	65,069	19,070	45,999	400	67	36	229	732	10,525	35,187	17,188	1,437							65,069	
3 Ysgol Bryn Castell Special School	30	30	-	30				30											30	
4 Ysgol Gyfun Gymraeg Llangynwyd	100	100	-	100				100											100	
5 Brynmenyn Primary School	-	-	-	44		(44)		-											-	
6 Land Purchase Band B	2,028	2,028	-	678			(678)	-	2,028										2,028	
7 Gateway to the Valleys (CCYD) Comprehensive School	32	32	-	32				32											32	
8 Garw Valley South Primary Provision	139	139	-	139				139											139	
9 Pencoed Primary School - Band A	53	53	-	53				53											53	
10 Garw Valley Primary Highways Works	30	30	-	30				30											30	
11 Pencoed School Highways Works	56	56	-	56				56											56	
12 Abercerdin Primary School Hub	287	287	-	287			(267)	20	267										287	
13 Brynteg Comprehensive School All Weather Pitch	406	324	82	324			(304)	20	386										406	
14 Brynmenyn Primary Highways Works	-	-	-			(12)		-											-	
15 Schools Minor Works	404	404	-	404				404											404	
16 Schools' Traffic Safety	81	81	-	10				10	71										81	
17 Heronbridge Special School - Additional Accommodation	317	284	33	317				317											317	
18 School Modernisation	406	406	-	386		20		406											406	
19 Pencoed Primary School - Classroom Extension	900	900	-	52				52	450	398									900	
20 Coety Primary School - Extension	1,650	1,650	-	44				44	500	1,106									1,650	
21 Bryntirion Comprehensive School - New Teaching Block	1,800	411	1,389	150				150	1,602	48									1,800	
22 Education S106 Schemes	169	-	169	169				169											169	
23 Mynydd Cynffig Primary School Mobiles	79	79	-	79				79											79	
24 Schools' Capital Maintenance Grant	5,980	2,841	3,139	3,655	2,325		(3,976)	2,004	3,976										5,980	
25 Welsh Medium Childcare Provision - Bettws	534	-	534	534				534											534	
26 Welsh Medium Childcare Provision - Bridgend	550	-	550					-	550										550	
27 Welsh Medium Childcare Provision - Ogmore	747	-	747	747				747											747	
28 Welsh Medium Childcare Provision - Porthcawl	550	-	550					-	550										550	
29 Welsh Medium Childcare Provision - Highways Schemes	100	-	100	100				100											100	
30 Free School Meals	2,790	1,944	846	846				846	1,944										2,790	
31 Community Focused Schools	848		848	930			(630)	300	548										848	
32 ALN Capital Grant	897		897	897				897											897	
33 Y G Bro Ogwr Mobile Classrooms	270		270	50				50	220										270	
34 Porthcawl Welsh Medium Seedling School	370	370	-	370				370											370	
Total Education and Family Support	91,072	34,919	56,153	12,025	2,392	-	(5,626)	8,791	26,917	36,739	17,188	1,437	-	-	-	-	-		91,072	
SOCIAL SERVICES AND WELLBEING																				
Adult Social Care																				
35 Bryngarw Park - Access	23	23	-	23				23											23	
36 Bryn Y Cae	40	40	-	40				40											40	
37 Trem Y Mor	4	4	-	4				4											4	
38 Ty Cwm Ogwr Care Home	331	331	-	331				331											331	
39 Wellbeing Minor Works	135	135	-	135				135											135	
40 Bakers Way	10	10	-	10				10											10	
41 Glan Yr Afon Care Home	51	51	-	51				51											51	
42 Children's Residential Accommodation Hub	2,831	2,223	608	2,831				2,831											2,831	
43 Telecare Transformation Project	1,405	1,405	-	318				318	692	395									1,405	
Culture																				
44 HALO and AWEN Accessibility	11	11	-	11				11											11	
45 Community Centres	226	226	-	226				226											226	
46 Bryngarw House	30	30	-	30				30											30	
47 Porthcawl Grand Pavilion	19,998	2,000	17,998					-	6,009	13,649	340								19,998	
48 Ysgol Bryn Castell Hard-Court	99		99	99				99											99	
Total Social Services and Well-being	25,194	6,489	18,705	4,109	-	-	-	4,109	6,701	14,044	340	-	-	-	-	-	-		25,194	
COMMUNITIES																				
Street Scene																				
49 Community Children's Play Areas	3,286	3,286	-	1,286			(786)	500	1,786	1,000									3,286	
50 Parks/Pavilions/Community Centres CAT	813	813	-	285				285	528										813	
51 Aber Playing Fields	11	11	-	11				11											11	
52 Cardiff Capital Region City Deal	7,691	7,691	-	132				132	2,454	4,005	1,101								7,691	
53 Coychurch Crem Works	1,385	-	1,385	1,385				1,385											1,385	
54 Minor Crossings	392		392	392				392											392	
55 Remedial Measures - Car Parks	135	135	-	50				50	85										135	
56 Civil Parking Enforcement	38	38	-					-	38										38	
57 Road Signs 20mph Default Speed	580	-	580	580				580											580	
58 Road Safety	124	124	-	124				124											124	
59 Pyle to Porthcawl	387	-	387	387				387											387	
60 Active travel Bridgend to Pencoed Phase 3	3,463	-	3,463	3,463				3,463											3,463	
61 Highways Structural Works	3,740	3,740	-	160				160	520	340	340	340	340	340	340	340	340	340	3,740	

		Total 2022-2033			2022 - 2023				FUTURE YEARS											CUMULATIVE
		Total Cost	BCBC Funding	External Funding	Council Jan 23 2022-23	New Approvals / Reductions	Virement	Slippage	Revised 2022-23	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	Total 2022 - 2033
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
62	Carriageway Capital Works	2,750	2,750	-	250				250	250	250	250	250	250	250	250	250	250	250	2,750
63	Road Safety Improvements - Heol Mostyn	169	169	-	169				169											169
64	Prow Capital Improvement Programme	239	52	187	108				108	66	65									239
65	Highways Refurbishment	4,000	4,000	-	2,000				2,000	1,000	1,000									4,000
66	Carriageway Resurfacing & Renewal of Footways	1,500	1,500	-	1,500				1,500											1,500
67	Replacement of Street Lighting Columns/ River Bridge Protection Measures	4,432	4,416	16	416	16			432	400	400	400	400	400	400	400	400	400	400	4,432
68	River Bridge Protection Measures	24	24	-	24				24											24
69	Communities Minor Works	591	591	-	591				591											591
70	Ultra Low Emissions Vehicle Transformation Fund	643	-	643	643				643											643
71	Fleet Transition Ultra Low Emmissions Vehicles	300		300	300				300											300
72	Traffic Signal Replacement	250	250	-	250				250											250
73	Net Zero Carbon Fleet	320	320	-	320				320											320
74	Porthcawl Metro-Link (CCR)	3,837	1,130	2,707	2,304		735		3,039	798										3,837
75	Penprysg Road Bridge - LTF/CCR	24	24	-	735		(735)		-	24										24
76	Residents Parking Bridgend Town Centre	124	124	-	24				24	100										124
77	Fleet Vehicles	1,384	1,384	-	684				684	700										1,384
78	Re-locate Household Waste Recycling Centre - West	5	5	-	5				5											5
79	AHP Waste	24	24	-	24				24											24
80	Extension to Cornelly Cemetery	279	279	-	279				279											279
81	Extension to Porthcawl Cemetery	183	183	-	183				183											183
82	S106 Highways Small Schemes	45	-	45	45				45											45
83	Unadopted Roads	500	500	-	100				100	400										500
84	Fire Suppression System Tondu Waste Depot	140	140	-	140				140											140
85	Puffin Crossing Kenfig Hill	93	47	46	93				93											93
Regeneration & Development																				
86	Business Support Framework	58	53	5	58				58											58
87	Special Regeneration Funding	389	389	-	133		(133)		-	389										389
88	Cosy Corner (PRIF)	2,955	2,079	876	2,200		233		2,433	522										2,955
89	Porthcawl Regeneration	2,920	2,920	-					-	2,920										2,920
90	Economic Stimulus Grant	500	500	-	500				500											500
91	Coastal Risk Management Programme	2,528	2,528	-	2,528				2,528											2,528
92	Ewenny Road Industrial Estate	3,500	-	3,500	3,500				3,500											3,500
93	CESP/Arbed Phase 1	3,505	855	2,650	30			(16)	14	1,271	1,791	429								3,505
94	Llynfi Valley Development Programme	2,177	2,177		2,177				2,177											2,177
95	Bridgend Heat Scheme	3,350	2,323	1,027	500				500	2,850										3,350
96	Maesteg Town Hall Cultural Hub	4,369	1,870	2,499	2,869				2,869	1,500										4,369
97	Town & Community Council Fund	742	742	-	242				242	50	50	50	50	50	50	50	50	50	50	742
98	Porthcawl Townscape Heritage Initiative	124	124	-					-	124										124
99	Brilliant Basics	65	13	52	65				65											65
100	Commercial Property Enhancement Fund	134	134	-					-	134										134
101	Cwm Taf Nature Network	230	-	230	230				230											230
102	Urban Centre Property Enhancement	1,366		1,366	241				241	511	614									1,366
103	2030 Decarbonisation	3,200	3,200	-	-				-	400	400	400	400	400	400	400	400	400	400	3,200
104	Shared Prosperity Fund	5,603		5,603		1,115			1,115	774	3,714									5,603
Corporate Landlord																				
105	Capital Asset Management Fund	773	773	-	773				773											773
106	Corporate Landlord - Energy Savings Strategy	390	390	-	390				390											390
107	Raven's Court	447	447		447			(440)	7	440										447
108	DDA Works	327	327	-	327				327											327
109	Minor Works	11,730	11,730	-	430				430	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	11,730
110	Fire Precautions	239	239	-	239				239											239
111	Bryncethin Depot Facilities	908	908	-	908				908											908
112	Non-Operational Assets	480	480	-	480				480											480
113	Waterton Upgrade	8,144	8,144	-					-	8,144										8,144
114	Evergreen Hall	106	106	-	106				106											106
115	Investing in Communities	47	47	-	47				47											47
Total Communities		105,207	77,248	27,959	38,862	1,131	100	(1,242)	38,851	30,308	14,759	4,100	2,570	2,570	2,570	2,570	2,570	2,170	2,170	105,207
CHIEF EXECUTIVE'S																				
Housing / Homelessness																				
116	Disabled Facilities Grants (DFG)	19,434	19,434	-	1,934				1,934	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	19,434
117	Target Hardening Grants	16	16	-	16				16											16
118	Discretionary Housing Grants	2,400	2,400	-	400				400	200	200	200	200	200	200	200	200	200	200	2,400
119	Housing Renewal / Empty Properties	1,218	1,218	-	218				218	100	100	100	100	100	100	100	100	100	100	1,218
120	Valleys Taskforce Empty Properties Grant	300	105	195	300				300											300
121	Enable Grant	810	-	810	270				270	270	270									810
122	Homelessness and Housing	530	530	-	530				530											530
123	Health and Wellbeing Village	480	-	480					-	480										480
124	Affordable Housing	844		844	844				844											844
ICT																				
125	Investment in ICT	4,698	4,698	-	698				698	400	400	400	400	400	400	400	400	400	400	4,698
126	HWB Schools IT	126	126	-	126				126											126

		Total 2022-2033			2022 - 2023				FUTURE YEARS										CUMULATIVE	
		Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council Jan 23 2022-23 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage £'000	Revised 2022-23 £'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	2032-2033 £'000	Total 2022 - 2033 £'000
127	Digital Transformation	200	200	-	20				20	180										200
128	Replacement CCTV	427	427	-	427				427											427
129	ICT Datacentre Replacement	1,260	1,260						-	1,260										1,260
Total Chief Executive's		32,743	30,414	2,329	5,783	-	-	-	5,783	4,640	2,720	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450	32,743
COUNCIL WIDE CAPITAL BUDGETS																				
130	Corporate Capital Fund	2,373	2,373	-	373				373	200	200	200	200	200	200	200	200	200	200	2,373
131	Unallocated	11,812	11,812	-	580		(100)		480	279	279		1,226	1,458	1,458	1,458	1,458	1,858	1,858	11,812
Total Council Wide Capital budgets		14,185	14,185	-	953	-	(100)	-	853	479	479	200	1,426	1,658	1,658	1,658	1,658	2,058	2,058	14,185
Total Expenditure		268,401	163,255	105,146	61,732	3,523	-	(6,868)	58,387	69,045	68,741	24,278	7,883	6,678	6,678	6,678	6,678	6,678	6,678	268,401
EXPECTED CAPITAL RESOURCES																				
General Capital Funding																				
General Capital Funding - General Capital Grant		38,195	38,195	-	8,282				8,282	4,057	4,057	2,725	2,724	2,725	2,725	2,725	2,725	2,725	2,725	38,195
General Capital Funding - Supported Borrowing		43,479	43,479	-	3,953				3,953	3,951	3,951	3,953	3,953	3,953	3,953	3,953	3,953	3,953	3,953	43,479
Capital Receipts - Schools		2,951	2,951	-	222		(72)		150	187	1,768	846								2,951
Capital Receipts - General		20,318	20,318	-	5,329		(2,178)		3,151	16,589		57	521							20,318
Earmarked Reserves		42,759	42,759	-	10,209		(3,780)		6,429	19,102	14,578	2,651								42,759
Revenue Contribution		1,802	1,802	-	1,500		(357)		1,143	603	56									1,802
Prudential Borrowing (Directorate Funded)		3,228	3,228	-	706				706	2,522										3,228
Prudential Borrowing (Corporately Funded)		6,300	6,300	-	2,100				2,100	3,200	1,000									6,300
Local Govt Borrowing Initiative (Highways Infrastructure)		-	-	-					-											-
Local Govt Borrowing Initiative (Coastal defence)		1,559	1,559	-	1,559				1,559											1,559
SALIX Interest Free Loan - WG		487	487	-	487				487											487
Llynfi Development Site Loan - WG		2,177	2,177	-	2,177				2,177											2,177
Sub-Total General Capital Funding		163,255	163,255	-	36,524	-	-	(6,387)	30,137	50,211	25,410	10,232	7,198	6,678	6,678	6,678	6,678	6,678	6,678	163,255
External Funding Approvals																				
WG - Other		19,799	-	19,799	7,995	3,440	(646)		10,789	3,252	5,758									19,799
WG - 21st Century Schools		45,950	-	45,950		67	165		232	6,228	24,759	14,046	685							45,950
WG - Enable Grant		810	-	810	270				270	270	270									810
WG - Integrated Care Fund (ICF)		1,088	-	1,088	608				608	480										1,088
WG - Welsh Medium Capital Grant		2,751	-	2,751	1,431				1,431	1,320										2,751
Westminster		18,958	-	18,958	485				485	5,977	12,496									18,958
S106		2,528	-	2,528	1,240				1,240	1,240	48									2,528
Cardiff Capital Region (CCR)		5,000	-	5,000	5,000				5,000											5,000
Transport Grant		5,792	-	5,792	5,792				5,792											5,792
Heritage Lottery Fund (HLF)		682	-	682	682				682											682
Sport Wales		99		99	99				99											99
EU		-	-	-					-											-
Other		1,689	-	1,689	1,606	16			1,622	67										1,689
Sub-Total External Funding Approvals		105,146	-	105,146	25,208	3,523	-	(481)	28,250	18,834	43,331	14,046	685	-	-	-	-	-	-	105,146
Total Funding Available		268,401	163,255	105,146	61,732	3,523	-	(6,868)	58,387	69,045	68,741	24,278	7,883	6,678	6,678	6,678	6,678	6,678	6,678	268,401
Funding Shortfall/(Surplus)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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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 disclosed 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 2022 was £10.110 million (£9.772 million at 31 March 2021). This represents 4.84% of the net budget excluding school delegated budgets. It also equates to 2.53% of Gross Revenue Expenditure (GRE). As a comparison the Welsh average was approximately 2.77% (based on available published information).

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 2022-23 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 Council 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 £14.228 million at 31 March 2022.
 - 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 £8.887 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 21st 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 of grant funding 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 2022. It is anticipated that there will be further draw-down of reserves by the 31 March 2023. The table does not include any potential new or increase of reserves over the final quarter of the year.

Opening Balance 01 April 22 £'000	Reserve	Net Additions/ Reclassification £'000	Draw-down £'000	Unwound £'000	Balance as at 31 December 2022 £'000
	Corporate Reserves:				
(16,092)	Education & Family Support	(6,624)	1	-	(22,715)
(672)	Social Services & Wellbeing	(699)	-	-	(1,371)
(10,716)	Communities	(7,924)	595	34	(18,011)
(20,631)	Chief Executives	12,093	176	30	(8,332)
(11,084)	Non-Directorate	2,509	-	-	(8,575)
(59,195)	Total Corporate Reserves	(645)	772	64	(59,004)
	Directorate Earmarked Reserves:				
(841)	Education & Family Support	-	-	-	(841)
(8,870)	Social Services & Wellbeing	-	1,681	-	(7,189)
(10,214)	Communities	644	59	68	(9,443)
(4,139)	Chief Executives	-	605	13	(3,521)
(24,064)	Total Directorate Reserves	644	2,345	81	(20,994)
	Equalisation & Grant Earmarked Reserves:				
(3,283)	Education & Family Support	-	1,465	-	(1,818)
(350)	Social Services & Wellbeing	-	-	-	(350)
(3,800)	Communities	-	500	-	(3,300)
(1,812)	Chief Executives	-	128	-	(1,684)
(9,245)	Total Equalisation Reserves	-	2,093	-	(7,152)
(14,228)	School Balances	-	-	-	(14,228)
(106,732)	Total Usable Reserves	(1)	5,210	145	(101,378)

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

1 MARCH 2023

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

CAPITAL STRATEGY 2023-24 ONWARDS

1. Purpose of report

- 1.1 The purpose of this report is to present to Council for approval the Capital Strategy 2023-24 to 2032-33 (**Appendix A**), which includes the Prudential Indicators, and the Annual Minimum Revenue Provision Statement 2023-24 (**Section 7 of Appendix A**).

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 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** – 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 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 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 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 2023-24 to 2032-33 is attached as **Appendix A**.

- 3.2 As well as the legislation, the Council manages its capital activities in accordance with the Welsh Government (WG) revised Statutory Guidance on Local Authority Investments.

4. Current situation/proposal

- 4.1 The Capital Strategy at **Appendix A** 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.

- 4.2 The principles within the Capital Strategy at **Appendix A** have been applied to the allocation of capital resources and schemes within the Capital Programme included within the Medium Term Financial Strategy (MTFS). The Capital Programme 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 Executive Officer.

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

- Capital Strategy Framework
- Asset Management Planning
- Risk
- Governance and Decision Making
- Capital investment programme and funding
- Managing borrowing
- Prudent Minimum Revenue Provision (MRP) Policy Statement
- Affordability

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

- 4.4 The Capital Strategy reflects the CIPFA Capital Strategy Guidance 2021 and 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 areas of the Strategy are outlined below.

4.4.1 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 5 of the Capital Strategy.

4.4.2 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 latest version of the CIPFA Prudential Code for Capital Finance in Local Authorities. Given the need to borrow to support significant schemes such as Sustainable Communities for Learning (formerly 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.

4.4.3 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.

4.4.4 Capital Investment Programme 2023-24 to 2032-33 and Financing

Section 4.0 of the Capital Strategy summarises the 10-year Capital Programme. It identifies some of the key projects within the programme and references the detailed 10-year Capital Programme at Annex A 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.

4.4.5 Minimum Revenue Provision Policy Statement

The Minimum Revenue Provision Policy Statement is included within the Capital Strategy under section 7.0. This ensures its importance of putting aside revenue resources to repay borrowing.

5. Effect upon policy framework and procedure rules

- 5.1 As required by paragraph 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.

6. Equality Impact 2010 implications

- 6.1 The protected characteristics 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. 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 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.
- **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 strategy, which is considered by Corporate Overview and Scrutiny Committee.

8. Financial implications

- 8.1 The financial implications are reflected within the report.

9. Recommendations

- 9.1 Council is recommended to approve the Capital Strategy 2023-24 to 2032-33 including the Prudential Indicators 2023-24 to 2025-26 and the Annual Minimum Revenue Provision (MRP) Statement 2023-24 at **Appendix A**.

Carys Lord
Chief Officer – Finance, Performance and Change
February 2023

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Background documents:

None

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Capital Strategy

2023-24 to 2032-33



INTRODUCTION

Welcome to the Council's 2023-24 to 2032-33 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 County Borough's towns, to develop innovative decarbonisation 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 continues to work through the impact of challenging economic circumstances such as the war in Ukraine, cost of living crisis and the European Union exit, along with limited financial resources as the Council continues to plan for the future.



Cllr Huw David
Leader of the Council



Mark Shephard
Chief Executive

Image front page: Porthcawl Grand Pavilion

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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 covers an area of 98.5 square miles and is home to nearly 148,000 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 southwest 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. The Council has 51 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework.



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 as well as the impact of current high inflation rates. During this difficult economic climate the Council will need to continue 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.

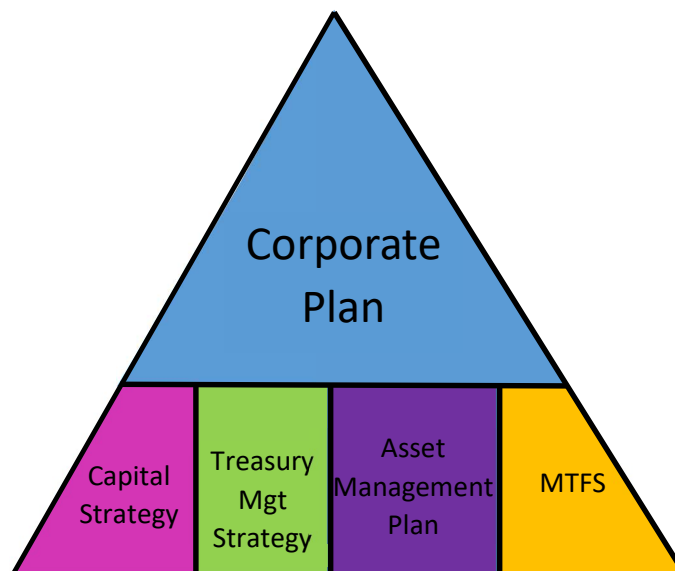
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

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 2023-24 and indicatively to 2032-33
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:

PRINCIPLE 1 : Focus capital investment on delivery of the Council's Well-being Objectives and Priorities
<ul style="list-style-type: none"> • Ensuring that capital investment plans are driven by the Council's Corporate Plan • Ensuring decision-makers are clear on the positive contribution capital investment makes to our well-being objectives • Appraising all investments in the context of objectives/priorities • Ensuring there is a corporate business planning process incorporating service transformation and the impact on property assets
PRINCIPLE 2 : Ensure strong governance over decision-making
<ul style="list-style-type: none"> • 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 • Schemes will only be added to the capital programme once an affordable business plan is in place and it demonstrates value for money • All major capital schemes have a lead Project Sponsor and follow project management principles • The approval process within the Financial Procedure Rules contained in the Constitution are strictly adhered to
PRINCIPLE 3 : Ensure capital plans are affordable, sustainable and prudent
<ul style="list-style-type: none"> • Promote capital investment which allows invest to save outcomes and which contribute to future MTFS savings • Make sure assets perform at an optimal level through effective ongoing asset management and are consistent with levels of investment • Review and challenge the Council's assets, including the need, cost and performance of the estate • Maximise the use of internal borrowing and maintain an under-borrowed position compared to its Capital Financing Requirement if feasible
PRINCIPLE 4 : Maximise and promote the best use of available funds
<ul style="list-style-type: none"> • Generate funding, where possible, from the rationalisation of existing assets with a strong Disposal Strategy

- Minimise the use of ring-fencing capital receipts to ensure a One-Council approach
- Bidding for external funds where appropriate and ensuring that there are effective working relationships with external funders
- Have clear policies for the consumption of our reserves
- Ensuring that there is effective pre- and-post project appraisal including a “lessons learned” exercise.
- Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs



Heol y Goedwig Park Porthcawl

1.0 ASSET MANAGEMENT PLANNING

The Council's Asset Management Plan (AMP) vision has been re-aligned with the Corporate Plan, which was last refreshed in 2022-23 with the focus of:

“To have a lean sustainable estate that enables Bridgend County Borough Council (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.



Bridgend Local Nature Reserve

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 war in Ukraine and cost of living crisis, 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 the higher inflation rates currently in the UK and further afield, as well as 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 Public Works Loan Board (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 £520,000 was spent on acquiring an income-producing leased property. This investment generates a rental income of £56,250 per year or just over 10.8% return on investment. To date the remainder is unspent as no suitable options which meet the Council's criteria have been forthcoming.

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.

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 Sustainable Communities for Learning (formerly 21st Century Schools) 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 £5.585 million at 31 March 2022. This would be expected to generate a rental income of £454,000 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 to the code. 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

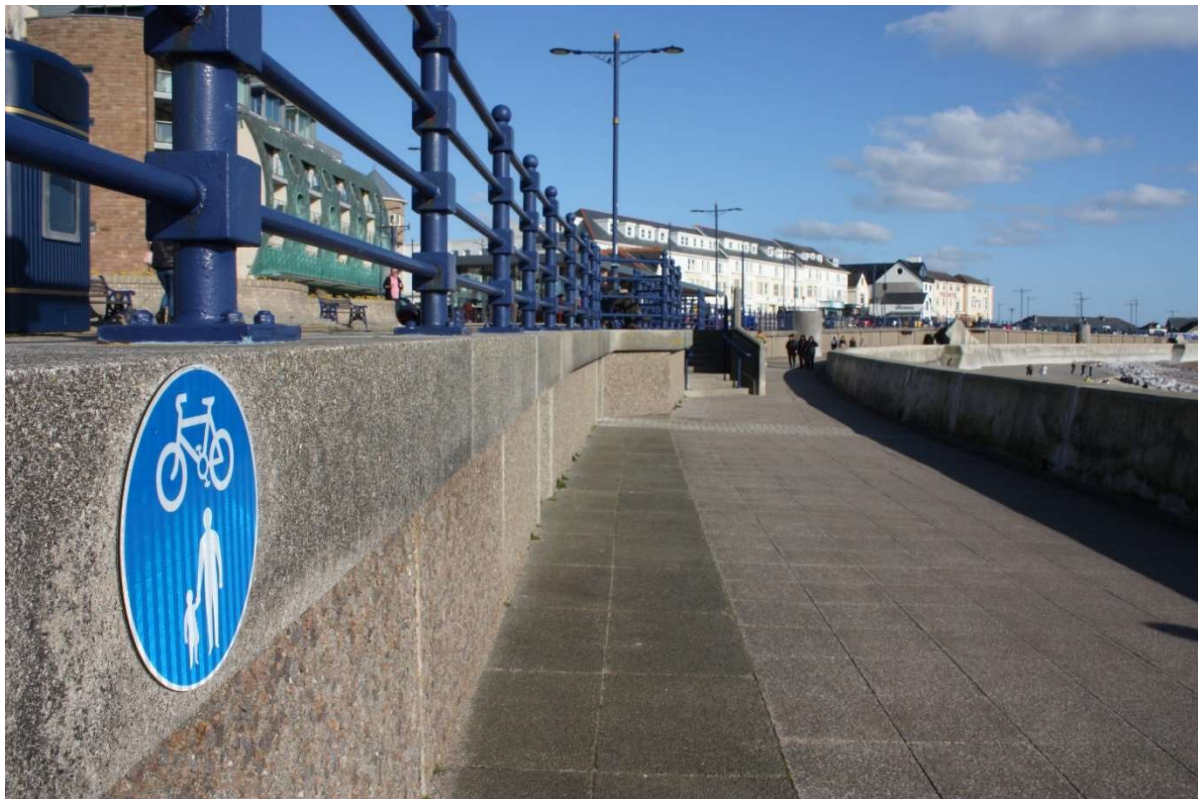
	2021-22 Actual £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Net Revenue Budget	301.820	319.514	342.047	342.047	342.047
Income from Commercial Investments	0.454	0.459	0.459	0.459	0.459
% Ratio	0.15%	0.14%	0.13%	0.13%	0.13%

**Future Net Revenue Budget settlements are unknown so assumed current budget level for future years*

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 Seafront

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 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 Management 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 Management 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 Management Programme Project to deliver MTFS Savings
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As stated, the Council only has limited 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 is 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. It 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 Continuous Professional Development (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 Centre

4.0 CAPITAL INVESTMENT PROGRAMME 2023-24 TO 2032-33

The ten-year rolling programme has been initially set for 2023-24, 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 2023-24, the Council is planning capital expenditure of £69.045 million as summarised below.

Table 2: Prudential Indicator: Estimates of Capital Expenditure

Directorate	2021-22 actual £'000	2022-23 projection £'000	2023-24 budget £'000	2024-25 budget £'000	2025-26 budget £'000
Education and Family Support	4,645	8,791	26,917	36,739	17,188
Social Services and Well-being	799	4,109	6,701	14,044	340
Communities	19,745	38,851	30,308	14,759	4,100
Chief Executive's	4,552	5,783	4,640	2,720	2,450
Council Wide Capital Budgets	-	853	479	479	200
TOTAL	29,741	58,387	69,045	68,741	24,278

**The table above does not take into account the impact of IFRS 16 accounting for leases*

The main capital projects in this period include:

- Sustainable Communities for Learning (formerly 21st Century schools) Band B. Forecast expenditure of £62.900 million is included in the above table for 2023-24 to 2025-26.
- Porthcawl Grand Pavilion – Forecast expenditure of £19.998 million is included above for 2023-24 to 2025-26 for the redevelopment of the building.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.950 million per annum.
- Cardiff Capital Region City Deal - £7.559 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.
- Shared Prosperity Fund - £5.603 million to support local investment.
- Maesteg Town Hall - £1.500 million. Completion of the Maesteg Town Hall Cultural Hub, due to be completed Summer 2023.
- Fleet Vehicles - £0.700 million. Replacing existing fleet vehicles with electric vehicles to support decarbonisation.
- Playgrounds Refurbishments - £2.786 million for 2023-24 to 2024-25.
- Highways Refurbishments - £2.000 million for 2023-24 to 2024-25

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 which includes the following cash resources:

Cash Resources	
Non ring-fenced grants	These are for use on Council determined priorities. These include an annual 'General Capital Grant' from Welsh Government
Ring-fenced grants	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.
External contributions	For example from planning agreements (S106).
Revenue budgets and Earmarked Reserves	Held specifically to support the affordability of capital investment.
Capital Receipts	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:

	Funding Source				
Nature of Capital Expenditure	General Capital Funding / Supported Borrowing	Capital Receipts / Uncommitted Reserves	Interest Free Loan	Unsupported Borrowing - Corporate Funding	Unsupported Borrowing - Directorate Funding
Mandatory					
Well-being Objective					
Schemes which attract Matched Funding					
Invest to Save					

	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 specifically 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, RSG/share of Non Domestic Rates (not ringfenced for supported borrowing), 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

	2021-22 actual £m	2022-23 projection £m	2023-24 Budget £m	2024-25 Budget* £m	2025-26 budget £m
External sources	18.152	36.532	22.891	47.388	16.771
Own resources	1.020	10.873	36.481	16.402	3.554
Net Financing Requirement	10.569	10.982	9.673	4.951	3.953
TOTAL	29.741	58.387	69.045	68.741	24.278

**The table above does not take into account the impact of IFRS 16 accounting for leases*

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, through the Private Finance Initiative (PFI). The total of these are shown in Table 4 below:

Table 4: Replacement of debt finance

	2021-22 actual £m	2022-23 projection £m	2023-24 budget £m	2024-25 budget £m	2025-26 budget £m
Minimum Revenue Provision (MRP)	2.969	2.964	2.989	3.031	3.072
Additional Voluntary Revenue Provision	3.553	1.913	2.414	2.813	2.822
Total MRP & VRP	6.522	4.877	5.403	5.844	5.894
Other MRP on Long term Liabilities	0.801	0.863	0.929	1.001	1.078
Total Own Resources	7.323	5.740	6.332	6.845	6.972

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 £3.342 million during 2023-24, and then decrease in 2024-25 by £1.894 million. 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

	2021-22 actual £m	2022-23 projection £m	2023-24 budget £m	2024-25 budget £m	2025-26 budget £m
Opening Capital Financing Requirement	172.971	176.217	181.459	184.801	182.907
Movement in Financing Requirement	3.246	5.242	3.342	(1.894)	(3.019)
Closing Capital Financing Requirement	176.217	181.459	184.801	182.907	179.887

*The table above does not take into account the impact of IFRS 16 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 implementing the new accounting requirements from 2024-25, 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's forecast use of capital receipts are set out in Table 6.

Table 6: Forecast capital receipts receivable in £ millions

	2021-22 actual £m	2022-23 projection £m	2023-24 budget £m	2024-25 budget £m	2025-26 budget £m
Opening balance	21.519	21.773	21.972	5.196	3.428
Asset sales	0.254	3.500	-	-	-
Applied in capital programme	-	(3.301)	(16.776)	(1.768)	(0.903)
Closing balance	21.773	21.972	5.196	3.428	2.525

As can be seen from the above table, the capital receipts from asset sales will be committed to the capital programme.



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 excluding Salix loans, which are interest-free, at 31 December 2022 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. The Council has a number of energy schemes which are funded via Salix interest free loans. These loans are required to be repaid between 5 and 20 years.

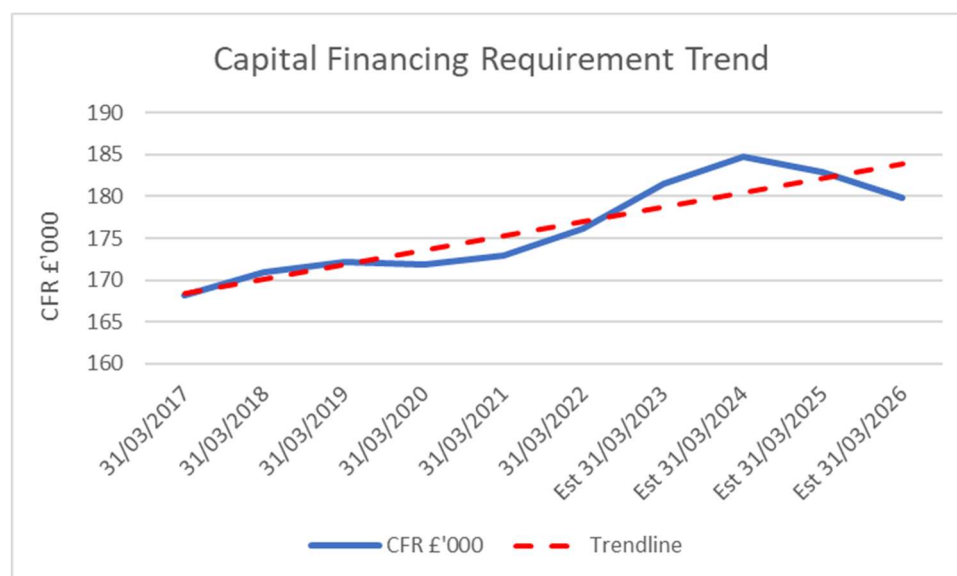
External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association made between individual loans and particular types of expenditure. The Council makes use of internal borrowing 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

	2021-22 actual £m	2022-23 projection £m	2023-24 estimate £m	2024-25 estimate £m	2025-26 estimate £m
Debt (incl. PFI & leases)	114.955	113.609	112.186	105.238	100.134
Capital Financing Requirement	176.217	181.459	184.801	182.907	179.887

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 funded by internal borrowing.



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 £25.78 million in 2024-25 and a further £4.50 million in 2025-26 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 2023-24. 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

	2021-22 actual £m	2022-23 projection £m	2023-24 estimate £m	2024-25 estimate £m	2025-26 estimate £m
Outstanding Borrowing (excl. PFI & Leases)	99.797	99.480	99.163	93.266	89.240
Liability Benchmark	15.868	48.363	97.694	119.042	119.512

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

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Authorised limit – borrowing	170.000	170.000	170.000	170.000
Authorised limit – other long term liabilities	30.000	30.000	25.000	25.000
Authorised Limit Total	200.000	200.000	195.000	195.000
Operational boundary – borrowing	130.000	130.000	120.000	120.000
Operational boundary – other long term liabilities	25.000	25.000	20.000	20.000
Operational Boundary Limit Total	155.000	155.000	140.000	140.000
Total Borrowing and Long Term Liabilities	114.955	113.609	112.186	105.238

The authorised limit and operational boundary for 2024-25 and subsequent years will need to be reviewed in light of changes to lease accounting under IFRS16, due to be implemented from April 2024. 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 estimated borrowing requirement, although actual borrowing may be below this level. The current estimate is that there will be no borrowing requirement for 2023-24 however borrowing will increase by approximately £25.78 million from 2024-25 and a further £4.50 million from 2025-26. 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 twelve years remaining on the term) which will be £13.902 million at 31 March 2023 including the short term liability of £0.929 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 2023-24.

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 public assets, in Bridgend's case, 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 £820,000 and will start to be paid once the buildings are 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 capital 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, the Council will be responsible for taking on those obligations.

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



Bridgend Market

7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2023-24

The annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2023-24 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 2023-24 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/23 £m	2023-24 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)	128.656	2.857
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	2.762	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		36.138	2.414
PFI, Finance Leases and other arrangements – PFI School	(iii)	13.903	0.929
TOTAL COUNCIL FUND		181.459	6.332

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

	2021-22 Actual %	2022-23 Estimate %	2023-24 Estimate %	2024-25 Estimate %	2025-26 Estimate %
General Fund - Net Capital Financing Budget	3.47%	3.26%	3.19%	3.60%	3.60%
General Fund - Gross Capital Financing Budget	3.75%	3.57%	3.49%	3.90%	3.89%

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.



Bryngarw Country Park

Appendix 2

	Total 2022-2033			2022 - 2023					FUTURE YEARS										CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council Jan 23 2022-23 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage £'000	Revised 2022-23 £'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	2032-2033 £'000	Total 2022 - 2033 £'000
EDUCATION AND FAMILY SUPPORT																			
1 Highways Schemes Band B Schools	3,400	3,400	-	100				100	3,300										3,400
2 Sustainable Communities For Learning - Band B Schools	65,069	19,070	45,999	400	67	36	229	732	10,525	35,187	17,188	1,437							65,069
3 Ysgol Bryn Castell Special School	30	30	-	30				30											30
4 Ysgol Gylun Gymraeg Llangynwyd	100	100	-	100				100											100
5 Brynmenyn Primary School	-	-	-	44		(44)		-											-
6 Land Purchase Band B	2,028	2,028	-	678			(678)	-	2,028										2,028
7 Gateway to the Valleys (CCYD) Comprehensive School	32	32	-	32				32											32
8 Garw Valley South Primary Provision	139	139	-	139				139											139
9 Pencoed Primary School - Band A	53	53	-	53				53											53
10 Garw Valley Primary Highways Works	30	30	-	30				30											30
11 Pencoed School Highways Works	56	56	-	56				56											56
12 Abercerdin Primary School Hub	287	287	-	287			(267)	20	267										287
13 Brynteg Comprehensive School All Weather Pitch	406	324	82	324			(304)	20	386										406
14 Brynmenyn Primary Highways Works	-	-	-	12		(12)		-											-
15 Schools Minor Works	404	404	-	404				404											404
16 Schools' Traffic Safety	81	81	-	10				10	71										81
17 Heronsbridge Special School - Additional Accommodation	317	284	33	317				317											317
18 School Modernisation	406	406	-	386		20		406											406
19 Pencoed Primary School - Classroom Extension	900	900	-	52				52	450	398									900
20 Coety Primary School - Extension	1,650	1,650	-	44				44	500	1,106									1,650
21 Bryntirion Comprehensive School - New Teaching Block	1,800	411	1,389	150				150	1,602	48									1,800
22 Education S106 Schemes	169	-	169	169				169											169
23 Mynydd Cynffig Primary School Mobiles	79	79	-	79				79											79
24 Schools' Capital Maintenance Grant	5,980	2,841	3,139	3,655	2,325		(3,976)	2,004	3,976										5,980
25 Welsh Medium Childcare Provision - Bettws	534	-	534	534				534											534
26 Welsh Medium Childcare Provision - Bridgend	550	-	550					-	550										550
27 Welsh Medium Childcare Provision - Ogmore	747	-	747	747				747											747
28 Welsh Medium Childcare Provision - Porthcawl	550	-	550					-	550										550
29 Welsh Medium Childcare Provision - Highways Schemes	100	-	100	100				100											100
30 Free School Meals	2,790	1,944	846	846				846	1,944										2,790
31 Community Focused Schools	848		848	930			(630)	300	548										848
32 ALN Capital Grant	897		897	897				897											897
33 Y G Bro Ogwr Mobile Classrooms	270		270	50				50	220										270
34 Porthcawl Welsh Medium Seedling School	370	370	-	370				370											370
Total Education and Family Support	91,072	34,919	56,153	12,025	2,392	-	(5,626)	8,791	26,917	36,739	17,188	1,437	-	-	-	-	-	-	91,072
SOCIAL SERVICES AND WELLBEING																			
Adult Social Care																			
35 Brynagarw Park - Access	23	23	-	23				23											23
36 Bryn Y Cae	40	40	-	40				40											40
37 Trem Y Mor	4	4	-	4				4											4
38 Ty Cwm Ogwr Care Home	331	331	-	331				331											331
39 Wellbeing Minor Works	135	135	-	135				135											135
40 Bakers Way	10	10	-	10				10											10
41 Glan Yr Afon Care Home	51	51	-	51				51											51
42 Children's Residential Accommodation Hub	2,831	2,223	608	2,831				2,831											2,831
43 Telecare Transformation Project	1,405	1,405	-	318				318	692	395									1,405
Culture																			
44 HALO and AWEN Accessibility	11	11	-	11				11											11
45 Community Centres	226	226	-	226				226											226

	Total 2022-2033			2022 - 2023					FUTURE YEARS										CUMULATIVE
	Total Cost	BCBC Funding	External Funding	Council Jan 23 2022-23	New Approvals / Reductions	Virement	Slippage	Revised 2022-23	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
46 Bryngarw House	30	30	-	30				30											30
47 Porthcawl Grand Pavilion	19,998	2,000	17,998					-	6,009	13,649	340								19,998
48 Ysgol Bryn Castell Hard-Court	99		99	99				99											99
Total Social Services and Well-being	25,194	6,489	18,705	4,109	-	-	-	4,109	6,701	14,044	340	-	-	-	-	-	-	-	25,194
COMMUNITIES																			
Street Scene																			
49 Community Children's Play Areas	3,286	3,286	-	1,286			(786)	500	1,786	1,000									3,286
50 Parks/Pavilions/Community Centres CAT	813	813	-	285				285	528										813
51 Aber Playing Fields	11	11	-	11				11											11
52 Cardiff Capital Region City Deal	7,691	7,691	-	132				132	2,454	4,005	1,101								7,691
53 Coychurch Crem Works	1,385	-	1,385	1,385				1,385											1,385
54 Minor Crossings	392		392	392				392											392
55 Remedial Measures - Car Parks	135	135	-	50				50	85										135
56 Civil Parking Enforcement	38	38	-					-	38										38
57 Road Signs 20mph Default Speed	580	-	580	580				580											580
58 Road Safety	124	124	-	124				124											124
59 Pyle to Porthcawl	387	-	387	387				387											387
60 Active travel Bridgend to - Pencoed Phase 3	3,463	-	3,463	3,463				3,463											3,463
61 Highways Structural Works	3,740	3,740	-	160				160	520	340	340	340	340	340	340	340	340	340	3,740
62 Carriageway Capital Works	2,750	2,750	-	250				250	250	250	250	250	250	250	250	250	250	250	2,750
63 Road Safety Improvements - Heol Mostyn	169	169	-	169				169											169
64 Prow Capital Improvement Programme	239	52	187	108				108	66	65									239
65 Highways Refurbishment	4,000	4,000	-	2,000				2,000	1,000	1,000									4,000
66 Carriageway Resurfacing & Renewal of Footways	1,500	1,500	-	1,500				1,500											1,500
67 Replacement of Street Lighting Columns/ River Bridge Protection Measures	4,432	4,416	16	416	16			432	400	400	400	400	400	400	400	400	400	400	4,432
68 River Bridge Protection Measures	24	24	-	24				24											24
69 Communities Minor Works	591	591	-	591				591											591
70 Ultra Low Emissions Vehicle Transformation Fund	643	-	643	643				643											643
71 Fleet Transition Ultra Low Emmissions Vehicles	300		300	300				300											300
72 Traffic Signal Replacement	250	250	-	250				250											250
73 Net Zero Carbon Fleet	320	320	-	320				320											320
74 Porthcawl Metro-Link (CCR)	3,837	1,130	2,707	2,304		735		3,039	798										3,837
75 Penprysg Road Bridge - LTF/CCR	24	24	-	735		(735)		-	24										24
76 Residents Parking Bridgend Town Centre	124	124	-	24				24	100										124
77 Fleet Vehicles	1,384	1,384	-	684				684	700										1,384
78 Re-locate Household Waste Recycling Centre - West	5	5	-	5				5											5
79 AHP Waste	24	24	-	24				24											24
80 Extension to Cornelly Cemetery	279	279	-	279				279											279
81 Extension to Porthcawl Cemetery	183	183	-	183				183											183
82 S106 Highways Small Schemes	45	-	45	45				45											45
83 Unadopted Roads	500	500	-	100				100	400										500
84 Fire Suppression System Tondy Waste Depot	140	140	-	140				140											140
85 Puffin Crossing Kenfig Hill	93	47	46	93				93											93
Regeneration & Development																			
86 Business Support Framework	58	53	5	58				58											58
87 Special Regeneration Funding	389	389	-	133		(133)		-	389										389
88 Cosy Corner (PRIF)	2,955	2,079	876	2,200		233		2,433	522										2,955
89 Porthcawl Regeneration	2,920	2,920	-					-	2,920										2,920
90 Economic Stimulus Grant	500	500	-	500				500											500
91 Coastal Risk Management Programme	2,528	2,528	-	2,528				2,528											2,528
92 Ewenny Road Industrial Estate	3,500	-	3,500	3,500				3,500											3,500
93 CESP/Arbed Phase 1	3,505	855	2,650	30			(16)	14	1,271	1,791	429								3,505
94 Llynfi Valley Development Programme	2,177	2,177		2,177				2,177											2,177

	Total 2022-2033			2022 - 2023					FUTURE YEARS										CUMULATIVE	
	Total Cost	BCBC Funding	External Funding	Council Jan 23 2022-23	New Approvals / Reductions	Virement	Slippage	Revised 2022-23	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	Total 2022 - 2033	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
95 Bridgend Heat Scheme	3,350	2,323	1,027	500				500	2,850											3,350
96 Maesteg Town Hall Cultural Hub	4,369	1,870	2,499	2,869				2,869	1,500											4,369
97 Town & Community Council Fund	742	742	-	242				242	50	50	50	50	50	50	50	50	50	50		742
98 Porthcawl Townscape Heritage Initiative	124	124	-					-	124											124
99 Brilliant Basics	65	13	52	65				65												65
100 Commercial Property Enhancement Fund	134	134	-					-	134											134
101 Cwm Taf Nature Network	230	-	230	230				230												230
102 Urban Centre Property Enhancement	1,366		1,366	241				241	511	614										1,366
103 2030 Decarbonisation	3,200	3,200	-	-				-	400	400	400	400	400	400	400	400				3,200
104 Shared Prosperity Fund	5,603		5,603		1,115			1,115	774	3,714										5,603
Corporate Landlord																				
105 Capital Asset Management Fund	773	773	-	773				773												773
106 Corporate Landlord - Energy Savings Strategy	390	390	-	390				390												390
107 Raven's Court	447	447	-	447			(440)	7	440											447
108 DDA Works	327	327	-	327				327												327
109 Minor Works	11,730	11,730	-	430				430	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130		11,730
110 Fire Precautions	239	239	-	239				239												239
111 Bryncethin Depot Facilities	908	908	-	908				908												908
112 Non-Operational Assets	480	480	-	480				480												480
113 Waterton Upgrade	8,144	8,144	-					-	8,144											8,144
114 Evergreen Hall	106	106	-	106				106												106
115 Investing in Communities	47	47	-	47				47												47
Total Communities	105,207	77,248	27,959	38,862	1,131	100	(1,242)	38,851	30,308	14,759	4,100	2,570	2,570	2,570	2,570	2,570	2,170	2,170		105,207
CHIEF EXECUTIVE'S																				
Housing / Homelessness																				
116 Disabled Facilities Grants (DFG)	19,434	19,434	-	1,934				1,934	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750		19,434
117 Target Hardening Grants	16	16	-	16				16												16
118 Discretionary Housing Grants	2,400	2,400	-	400				400	200	200	200	200	200	200	200	200	200	200		2,400
119 Housing Renewal / Empty Properties	1,218	1,218	-	218				218	100	100	100	100	100	100	100	100	100	100		1,218
120 Valleys Taskforce Empty Properties Grant	300	105	195	300				300												300
121 Enable Grant	810	-	810	270				270	270											810
122 Homelessness and Housing	530	530	-	530				530												530
123 Health and Wellbeing Village	480	-	480					-	480											480
124 Affordable Housing	844		844	844				844												844
ICT																				
125 Investment in ICT	4,698	4,698	-	698				698	400	400	400	400	400	400	400	400	400	400		4,698
126 HWB Schools IT	126	126	-	126				126												126
127 Digital Transformation	200	200	-	20				20	180											200
128 Replacement CCTV	427	427	-	427				427												427
129 ICT Datacentre Replacement	1,260	1,260	-					-	1,260											1,260
Total Chief Executive's	32,743	30,414	2,329	5,783	-	-	-	5,783	4,640	2,720	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450		32,743
COUNCIL WIDE CAPITAL BUDGETS																				
130 Corporate Capital Fund	2,373	2,373	-	373				373	200	200	200	200	200	200	200	200	200	200		2,373
131 Unallocated	11,812	11,812	-	580		(100)		480	279	279		1,226	1,458	1,458	1,458	1,458	1,858	1,858		11,812
Total Council Wide Capital budgets	14,185	14,185	-	953	-	(100)	-	853	479	479	200	1,426	1,658	1,658	1,658	1,658	2,058	2,058		14,185
Total Expenditure	268,401	163,255	105,146	61,732	3,523	-	(6,868)	58,387	69,045	68,741	24,278	7,883	6,678	6,678	6,678	6,678	6,678	6,678		268,401

	Total 2022-2033			2022 - 2023					FUTURE YEARS										CUMULATIVE
	Total Cost	BCBC Funding	External Funding	Council Jan 23 2022-23	New Approvals / Reductions	Virement	Slippage	Revised 2022-23	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
EXPECTED CAPITAL RESOURCES																			
General Capital Funding																			
General Capital Funding - General Capital Grant	38,195	38,195	-	8,282				8,282	4,057	4,057	2,725	2,724	2,725	2,725	2,725	2,725	2,725	2,725	38,195
General Capital Funding - Supported Borrowing	43,479	43,479	-	3,953				3,953	3,951	3,951	3,953	3,953	3,953	3,953	3,953	3,953	3,953	3,953	43,479
Capital Receipts - Schools	2,951	2,951	-	222			(72)	150	187	1,768	846								2,951
Capital Receipts - General	20,318	20,318	-	5,329			(2,178)	3,151	16,589		57	521							20,318
Earmarked Reserves	42,759	42,759	-	10,209			(3,780)	6,429	19,102	14,578	2,651								42,759
Revenue Contribution	1,802	1,802	-	1,500			(357)	1,143	603	56									1,802
Prudential Borrowing (Directorate Funded)	3,228	3,228	-	706				706	2,522										3,228
Prudential Borrowing (Corporately Funded)	6,300	6,300	-	2,100				2,100	3,200	1,000									6,300
Local Govt Borrowing Initiative (Highways Infrastructure)	-	-	-					-											-
Local Govt Borrowing Initiative (Coastal defence)	1,559	1,559	-	1,559				1,559											1,559
SALIX Interest Free Loan - WG	487	487	-	487				487											487
Llynfi Development Site Loan - WG	2,177	2,177	-	2,177				2,177											2,177
Sub-Total General Capital Funding	163,255	163,255	-	36,524	-	-	(6,387)	30,137	50,211	25,410	10,232	7,198	6,678	6,678	6,678	6,678	6,678	6,678	163,255
External Funding Approvals																			
WG - Other	19,799	-	19,799	7,995	3,440		(646)	10,789	3,252	5,758									19,799
WG - 21st Century Schools	45,950	-	45,950		67		165	232	6,228	24,759	14,046	685							45,950
WG - Enable Grant	810	-	810	270				270	270	270									810
WG - Integrated Care Fund (ICF)	1,088	-	1,088	608				608	480										1,088
WG - Welsh Medium Capital Grant	2,751	-	2,751	1,431				1,431	1,320										2,751
Westminster	18,958	-	18,958	485				485	5,977	12,496									18,958
S106	2,528	-	2,528	1,240				1,240	1,240	48									2,528
Cardiff Capital Region (CCR)	5,000	-	5,000	5,000				5,000											5,000
Transport Grant	5,792	-	5,792	5,792				5,792											5,792
Heritage Lottery Fund (HLF)	682	-	682	682				682											682
Sport Wales	99	-	99	99				99											99
EU	-	-	-					-											-
Other	1,689	-	1,689	1,606	16			1,622	67										1,689
Sub-Total External Funding Approvals	105,146	-	105,146	25,208	3,523	-	(481)	28,250	18,834	43,331	14,046	685	-	-	-	-	-	-	105,146
Total Funding Available	268,401	163,255	105,146	61,732	3,523	-	(6,868)	58,387	69,045	68,741	24,278	7,883	6,678	6,678	6,678	6,678	6,678	6,678	268,401
Funding Shortfall/(Surplus)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

1 MARCH 2023

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

TREASURY MANAGEMENT STRATEGY 2023-24

1. Purpose of report

- 1.1 The purpose of this report is to present to Council for approval the Treasury Management Strategy 2023-24 (**Appendix A**), which includes the Treasury Management Indicators for 2023-24 to 2025-26.

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.

3. Background

- 3.1 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 (2021) and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (2021) (TM Code). This includes a requirement for the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements. The proposed TMS for 2023-24 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 As well as the aforementioned legislation, the Council manages its Treasury Management activities in accordance with the Welsh Government (WG) revised Statutory Guidance on Local Authority Investments.

4. Current situation/proposal

- 4.1 The Treasury Management Strategy 2023-24 at **Appendix A** confirms the Council's compliance with the TM 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 on the UK from the war in the Ukraine, and a deteriorating economic outlook with higher inflation and higher interest rates following the Bank of England's increase in interest rates to 4.0% in February 2023.
- 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 cash set aside for reserves to support its capital expenditure, known as internal borrowing. However this position is a short-term one and as reserves are used and balances reduced, it will be necessary to borrow. This will be closely monitored

during the year as changes to the Capital Programme will influence this position.

- 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 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.
- 4.5 The approved investment counterparties and limits (Table 6 in the Strategy) are in line with the latest advice from the Council's Treasury Advisors Arlingclose. The maximum lending limit to other local authorities has been separately identified and has been reduced to £10 million per authority and 2-year maximum duration. Formerly it was included with other Government entities with a £12 million limit for up to 25 years.

5. Effect upon policy framework and procedure rules

- 5.1 As required by paragraph 22.2 of the Financial Procedure Rules, contained within the Council's Constitution, the Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy for Council to approve prior to the start of each financial year. Paragraph 22.3 of the Financial Procedure Rules 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 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. 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 treasury management activities in both the short and long-term. The

Prudential Indicators are forward looking and are set to support future sustainability.

- **Prevention:** 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 Treasury Management Strategy ensures that funding is available to deliver services across the Council, including those jointly with other organisations. Ensuring effective cash management is crucial to the delivery of services.
- **Involvement:** publication of the report ensures that the public and stakeholders can review the strategy, which is considered by Governance and Audit Committee as part of its role of the scrutiny of Treasury Management activities.

8. Financial implications

8.1 The financial implications are reflected within the report.

9. Recommendation

9.1 Council is recommended to approve the Treasury Management Strategy 2023-24 including the Treasury Management indicators 2023-24 to 2025-26 (**Appendix A**).

Carys Lord
Chief Officer – Finance, Performance and Change
February 2023

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Background documents: None



Treasury Management Strategy 2023-24

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 (2021)* ('CIPFA Code'), which has been updated to reflect changes in an increasingly complex environment and to complement changes to regulations. The CIPFA Code requires 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, including 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.

The Treasury Management Strategy (TMS) has been written with the Welsh Government (WG) Guidance on Local Authority Investments in mind which was first released in November 2019. It 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 TMS should the assumptions on which it is based change significantly. This might be for example, a large, unexpected change in interest rates, the level of its investment balances, 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 will look to borrow money if needed to either 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 (TMPs) 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:

There still continues to be a residual impact on the UK from coronavirus however the current economic situation has been characterised by high oil, gas and commodity prices leading to high inflation. Interest rates have risen in response, all of which is impacting on consumers' "cost of living". With no imminent end in sight to the Russia – Ukraine hostilities and China only now starting to move on from a zero Covid policy there have been severe impacts on global supply chains with little to suggest any imminent change forthcoming.

The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's Treasury Management Strategy for 2023-24.

The Bank of England's November quarterly Monetary Policy Report forecast a prolonged but shallow recession in the UK with Consumer Price Index (CPI) inflation – the rate of change in prices for goods and services, including housing costs - remaining above 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer with the economic outlook remaining weak, with unemployment projected to start rising.

The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the Bank of England forecasts Gross Domestic Product (GDP) – an estimate of UK economic growth based on the value of goods and services produced during a given period - will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation was 10.5% in December 2022 but is expected to fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if the Bank of England's Bank Rate – the rate of interest the Bank of England's Monetary Policy Committee sets to meet the Government's inflation target, which influences the interest rates banks charge people to borrow money or pay on their savings - follows the path implied by financial markets at the time of the November Monetary Policy Report (a peak of 5.25%). However, the Bank of England has said it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November Monetary Policy Report.

The most recent labour market statistics, which include estimates of employment, unemployment and economic inactivity, showed a slight increase in the unemployment rate of 0.1% to 3.7% for the period August to October 2022. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was a reduction of -2.7%. Forecasts suggest the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

Credit outlook: Prices of Credit Default Swaps (CDS), which are financial products used to swap or offset risk, have followed an upward trend throughout the year, indicating higher credit risk. They have been affected by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them to negative from stable.

There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose forecasts that the Bank of England's Bank Rate will rise by a further 0.25% to 4.25% in March 2023. While the Bank of England's Monetary Policy Committee (MPC) remains concerned that domestic inflationary pressure will remain elevated, the CPI rate is projected to fall below target in the medium term as monetary tightening takes effect on economic activity.

The MPC are likely to cut rates in the medium term to stimulate a stuttering UK economy but will be reluctant to do so until services inflation and wage growth eases. Arlingclose anticipate rate cuts in the first quarter of 2024 to a low of 3% by 2025, although the timing and extent of rate cuts remains highly uncertain.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 1.

3.0 EXTERNAL DEBT AND INVESTMENT POSITION

At 31 December 2022, the Council held £99.80 million of Long Term Borrowing comprising:

- Public Works Loan Board (central government) at fixed rates and duration
- Lender's Option Borrower's Option which may be rescheduled ahead of their maturity of 22 January 2054,
- and £2.93 million of Salix interest-free loans on a repayment basis.

In addition, the Council had £94.05 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 2022

	Principal as at 31/12/2022 £m	Average Interest Rate 31/12/2022 %
External Long Term Borrowing		
Public Works Loan Board	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65
Salix Loans (interest Free)	2.93	0.00
Total External Long Term Borrowing	99.80	4.55
Other Long Term Liabilities		
Private Finance Initiative*	14.12	
Other Long Term Liabilities	0.27	
Total Other Long Term Liabilities	14.39	
Total Gross Debt	114.19	
Treasury Investments		
Debt Management Office	29.50	1.40
Local Authorities	33.00	0.61
Banks	11.05	1.27
Money Market Funds**	20.50	1.66
Total Treasury Investments	94.05	1.16
Net Debt	20.14	

* (PFI) arrangement for the provision of a Secondary School in Maesteg 11.25 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. The table assumes that the Public Works Loan Board and Lender's Option Borrower's Option loans will be repayable on their maturity date. However, although shown as maturing in 2054 the £19.25 million of Lender's Option Borrower's Option loans may be rescheduled ahead of their maturity date of 22 January 2054.

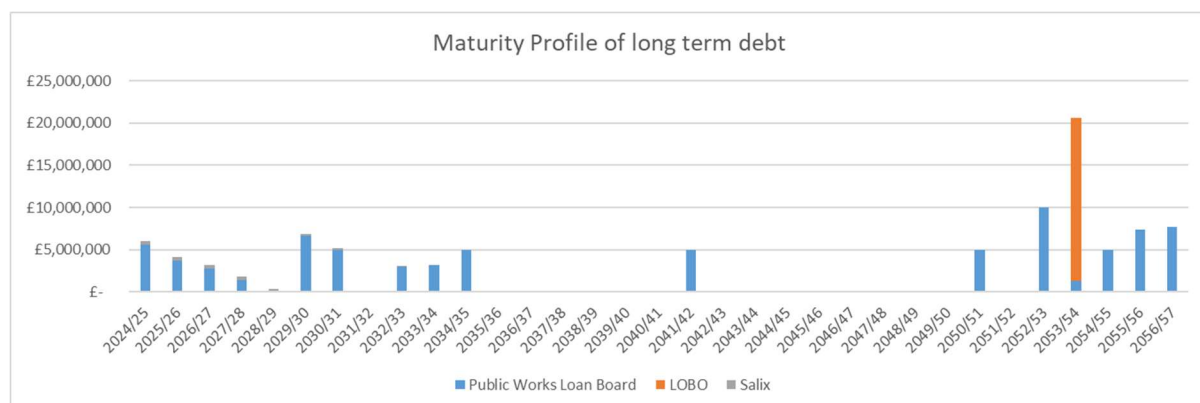


Table 2 below shows forecast changes in borrowing and investments and has been produced using estimates of capital spend and forecasts on usable reserves for the current and next three financial years. The Table shows that the Loans Capital Financing Requirement (CFR), which is the Council's need to borrow to fund capital expenditure, is anticipated to increase from current levels moving forward as opportunities to use cash set aside for earmarked reserves (internal borrowing) reduce.

Table 2: Balance sheet summary and forecast

	31/12/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
Capital Financing Requirement	176.22	181.46	184.81	182.91	179.89
Less: Other Debt Liabilities	(14.76)	(13.90)	(12.97)	(11.97)	(10.89)
Loans Capital Financing Requirement	161.46	167.56	171.83	170.94	169.00
Less: External Borrowing *	(99.80)	(99.48)	(99.16)	(93.27)	(89.24)
Internal Borrowing	61.66	68.08	72.67	77.67	79.76
Less: Usable Reserves	(146.03)	(119.64)	(74.58)	(52.34)	(49.92)
Plus: Working Capital	(9.56)	(9.56)	(9.56)	(9.56)	(9.56)
(Treasury investments) / new borrowing	(93.93)	(61.12)	(11.47)	15.78	20.27

*Shows only loans to which the Council is committed and excludes forecast new borrowing or refinancing

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). This is the amount of capital expenditure which is not funded via grants, capital receipts or contributions from revenue and earmarked reserves, so represents the need to borrow. 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 relatively low and the Council has resources in the short term it can use and can delay borrowing until necessary. The Council is forecasting an increased CFR due to the increased level of prudential borrowing in the capital programme. It is currently anticipated that the Council may need to borrow during the next 3 years. However, this position can change should capital schemes not progress as anticipated, or conversely further schemes be added to the Capital Programme that are not fully funded by grant or revenue contributions, or new schemes added which require additional debt financing. It may be necessary to borrow short term to manage the Council's day-to-day cash flow requirements.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) over the next three years. Table 2 shows that the Authority expects to comply with this recommendation over this period.

IFRS 16 – Accounting for Leases

As a result of a change to the method for accounting for leases under International Financial Reporting Standard (IFRS) 16, operating leases will be required to be 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 recognise the lease liability that was previously not included, within the Council's total liabilities. A further impact of the change to the treatment of leases 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 revenue budgets. The overall interest charge will not change, only its presentation within the financial statements. The implementation of the new accounting requirements is from April 2024. The impact of these changes are not reflected within this Strategy but will be included within the 2024-25 Strategy

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. In other words, what is the minimum amount the Council needs to borrow by using available cash balances to fund capital expenditure in the short term. 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 and the chart 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.

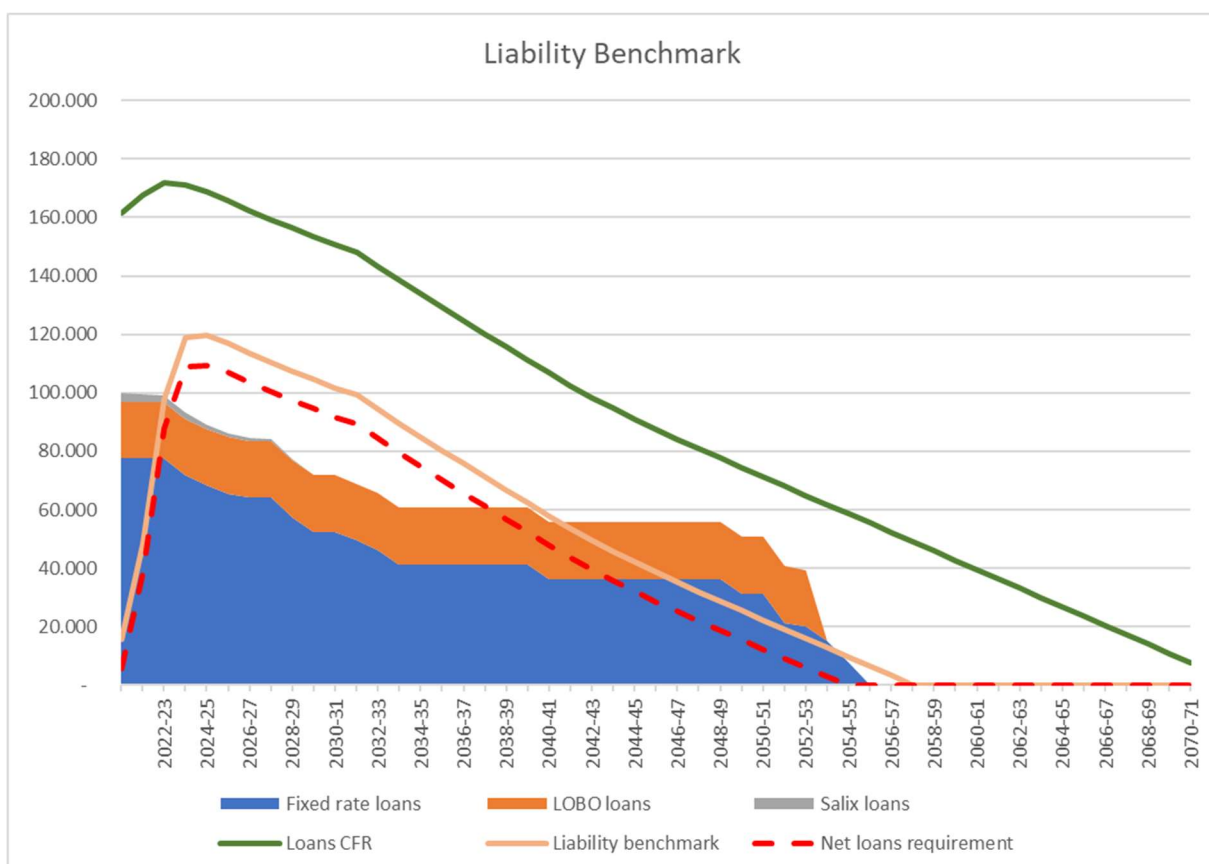
Table 3: Liability benchmark

	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
Loans Capital Financing Requirement	161.46	167.56	171.83	170.94	169.00
Less: Balance Sheet resources	(155.59)	(129.20)	(84.14)	(61.90)	(59.49)
Net Loans Requirement	5.87	38.36	87.69	109.04	109.51
Add: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability Benchmark	15.87	48.36	97.69	119.04	119.51

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

The forecasts in Table 3 above are on the basis that the long-term liability benchmark assumes capital expenditure funded by existing long-term borrowing of £99.8 million, as set out in Table 1.

The Liability Benchmark is shown in the chart below.



4.0 BORROWING STRATEGY

The Council currently holds £99.80 million of Long-Term Borrowing, £96.87 million of which is fixed long term loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 2 above shows that the Council is expected to have a new borrowing requirement in 2024-25 of £15.78 million with a further requirement in the following year as detailed in Table 4. In addition to this the Council will need to hold £10 million for liquidity purposes, and so the forecast total borrowing requirement in 2024-25 is £25.78 million. Similarly the total forecast borrowing requirement for 2025-26 is £20.27 million plus the liquidity allowance of £10

million, a total requirement of £30.27 million. The incremental borrowing from 2023-24 is therefore £4.49 million, as shown in Table 4 below.

Table 2 above identifies a forecast need to borrow over the 3 years 2023-24 to 2025-26. The actual need to borrow will be affected by actual spend within the capital programme and the use of reserves. Should there be slippage in either the capital programme expenditure and/or the use of reserves, the need to borrow will also be delayed. The table below estimates the incremental forecast borrowing need. It is anticipated the Council will need to borrow long term during 2024-25.

Table 4: New Borrowing

	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
New borrowing	0.00	0.00	0.00	25.78	4.49

The requirement to borrow will need to 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 2023-24 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 increased pressures on public expenditure, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow through short-term loans instead if necessary.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with any assessment of the need to borrow.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB). This was the source of funding the last time the Council took long term borrowing of £5 million in March 2012. The Council will however consider long term loans from other sources including banks, pension funds and other local authorities if appropriate. 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.

The Council has loans from PWLB maturing within the next 3 years that it will need to repay. Depending on the level of reserves available these could be repaid or, if insufficient reserves are available, there will be a need to refinance these loans. The value of the loans over the next 3 years are:

	2023-24 £ million	2024-25 £ million	2025-26 £ million
Value of maturing debt	Nil	5.580	3.709

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 held for commercial purposes. Further information regarding the Council's investment assets is included at section 7.

The Council can arrange forward starting loans during 2023-24 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:

- HM Treasury PWLB lending facility (formerly the Public Works Loan Board)
- 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
- UK Municipal Bonds Agency and other 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 Model
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB (80.13%) 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.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

LOBOs: The £19.25 million (19.87%) 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 2023-24 being in July and January each year. With interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options thus an element of refinancing risk

remains. In this case the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. At present total borrowing via LOBO loans will be limited to the £19.25 million which has currently been accrued.

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 older, 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Management Prudential 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 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. Only long term fixed maturity debt has been included as the Salix loans are subject to repayments throughout the duration of the loans. The upper and lower limits on the maturity structure of borrowing are:

Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2023-24

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 TREASURY INVESTMENT STRATEGY

The preparation each year of a Treasury Investment Strategy is central to the Welsh Government Statutory Guidance on Local Authority Investments and the CIPFA code. 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 investments representing income received in advance of expenditure plus balances and reserves as shown in Table 1 in Section 3 above. During 2022-23 the Council's investment balances were £84.07 million at the start of the year and were £94.05 million at 31 December 2022, and it is expected to be around this level at 31 March 2023. This is on the assumption of the use of Earmarked Reserves and Capital Receipts in the final quarter of 2022-23 and does not make any provision for any additional funding received from Welsh Government to 31 March 2023. It is anticipated that the Council's investment balances in 2023-24 will range between £40 million to £80 million with an average investment rate of between 3.5% and 4.0%, depending on the Bank Rate and investment types, based on Arlingclose's interest rate forecast at Appendix 1, which will be reviewed at the half year stage and reported to Council. 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 2022, the Council held investment properties valued at £5.585 million, with an expected return of £0.454 million per annum excluding any vacant or rent-free periods, providing a return of approximately 8.13%. The lessees are responsible for maintenance of these assets detail is shown in Table 11.

Both the CIPFA Code and the Welsh Government Guidance require the Council to invest its funds prudently, have regard to the security and liquidity of its investments whilst also 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 objectives of the Council in order of priority 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

Strategy: The Council's investments have historically been placed in mainly short-term bank unsecured deposits and with local and central government. Investments can also

be made with any building society or public or private sector organisations that meet the credit criteria detailed below.

As demonstrated by the liability benchmark in Table 3, the Council anticipates to continue to maintain its borrowing and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments.

Given the risk of short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes as appropriate, in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested with the Debt Management Office (DMO), 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.

Although short term interest rates have risen recently, they are still currently lower than long-term rates, which are expected to rise modestly, 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.

ESG Policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

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
Other government entities	25 years	£12,000,000	Unlimited
Local Authorities	2 years	£10,000,000	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

This table must be read in conjunction with the notes below

***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.

Secured Investments: These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency. The amount and quality

of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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 higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Government: Loans to, 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 a method which rescues a failing financial institution by cancelling some of its deposits and bonds, the impact of which could result in a reduction in the amount of the deposit and a loss to the investor. Investors may suffer a reduction in their investment but may be given shares in the bank as part compensation. 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.

Local Authority to Local Authority: These are loans made to other Local Authorities throughout the UK normally for a duration of less than a year, though can be for longer. Despite concern over the volatility of funding such organisations receive, the level of risk associated with default is thought to be extremely low, however, to ensure that the Council's exposure to risk is balanced, the TMS sets a maximum amount per authority of £10m and 2 years duration. The Council also receives regular updates from our Treasury Management Advisors and will not make any new loans to a Local Authority which would be contrary to the Treasury Management Advisor's advice.

Other Investments: These are loans, bonds and commercial paper issued by companies that are not covered above. These investments cannot be bailed-in, but are exposed to the risk of the company going insolvent, placing any investment in them at risk. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

Registered providers (Unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or 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.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. These funds have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. 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.

Strategic pooled funds: 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. As set out in Table 6 - Approved investment counterparties and limits, the maximum we would hold in our operational bank account is £3 million. 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, and
- 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 immediately or the next day 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 district, 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. The Council has set this 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 only a **maximum of £20 million** could be invested in these non-specified investments.

Table 7: Non-specified investment limits

Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in the table below; the Council confirms that its current non-specified investments remain within these 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	2023-24 £m	2024-25 £m	2025-26 £m	No fixed date £m
Limit on principal invested beyond financial year end	15	10	10	NIL

Investment Limits: In addition to the above limits, the combined values of specified and non-specified investments with any one organisation are subject to the approved investment limits detailed in Table 9 below.

Table 9: Investments limits

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
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

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 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 16.67% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2023-24 of £95 million.

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 at 31 December 2022.

Interest rate risk indicator	£'000
One year revenue impact of a 1% rise in interest rates	(732)
One year revenue impact of a 1% fall in interest rates	924

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

This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. These assets are valued on an annual basis, which provides security of their value and continued benefit to the Council.

Non-treasury investments	Fair Value £'000
Bridgend Science Park - Units 1 & 2	3,740
Waterton Cross Land	600
Brynmenyn Industrial Estate Plot 53	675
Village Farm Plots 32,119 & 120	370
Tyrewise Bridgend	200
Total	5,585

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 addition, the value of these investments has increased from previous year.

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

Borrower	£'000
Loans to third parties including wholly owned companies and/or joint ventures	3,000
Treasury management investments meeting the definition of a loan	Unlimited

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 until 31 March 2023. Any unrealised capital gains or losses arising from qualifying

investments held as at 31 March are expected to be charged to the Comprehensive Income and Expenditure Statement, subject to any further extension of the statutory override as has happened in England.

10.0 REPORTING ARRANGEMENTS

Council will receive the following reports for 2023-24 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy
- Half-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 Resources 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: Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Climate Change: The Authority's investment decisions consider long-term climate risks to support a low carbon economy to the extent that any investments that do not align with these priorities would not be undertaken if such information is available or known at the time of the investment.

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.

Member training was provided for all Members in February, in advance of Council meeting in March to provide Members with the relevant knowledge to support them in the review, discussion and approval of the Treasury Management Strategy.

Investment advisers: Following a re-tender exercise in August 2020 Arlingclose Ltd were re-appointed as the Council's treasury management advisers. Arlingclose was incorporated in 1993 and is regulated by the Financial Conduct Authority, reference number 417722. They were awarded a four-year contract which to August 2024, 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 2023 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 2023-24.

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Officer – Finance, Performance and Change, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	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-	
SPECULATIVE GRADE	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B
		BB		Ba2		BB	
		BB-		Ba3		BB-	
	Very speculative	B+		B1		B+	C
		B		B2		B	
		B-		B3		B-	
	Vulnerable	CCC+	C	Caa1		CCC+	D
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
		CC		Ca		CC	
	Defaulting	C	D			C	D
		D		C		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 outstanding loans owed 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 capital expenditure and capital receipts, (2) Principal, as in capital gain and capital value, (3) Investments in financial institutions that will absorb losses, before senior unsecured creditors.
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 capital expenditure and decreases with capital finance and MRP.
Capital Receipt	Cash obtained from the sale of an item whose purchase would be capital expenditure. 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 Prudential Code that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its Prudential Indicators 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 counterparty, in order to manage credit risk.
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 credit rating agency of a counterparty's 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 credit ratings. The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a counterparty will default on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a loan, deposit, or bond. (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 financial institution. 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	IFRS 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 financial institutions, brokers, custodians, fund managers and treasury management advisors.
Financial institution	A bank, building society or credit union. Sometimes the term also includes insurance companies.
Financial instrument	IFRS term for investments, borrowing and other cash payable and receivable.
Financing costs	In the Prudential Code, interest payable on debt less investment income plus premiums less discounts plus MRP.
Forward deal	An arrangement where a loan or deposit is made 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.
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.
SONIA	Sterling Overnight Index Average – SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.
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 1 – Arlingclose Economic & Interest Rate Forecast – December 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.

- The MPC will cut rates in the medium term to stimulate a stuttering UK economy but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.20	4.40	4.40	4.40	4.35	4.15	4.10	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	-0.25	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.06	3.20	3.20	3.20	3.20	3.10	3.10	3.10	3.00	3.00	3.00	3.00	3.10
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.19	3.30	3.30	3.30	3.30	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.71	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.43	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	-0.50	-0.70	-0.90	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

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

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

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

1 MARCH 2023

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

COUNCIL TAX 2023-24

1. Purpose of report

- 1.1 The purpose of this report is to provide Council with details of the council tax requirement for the County Borough Council, together with the requirements of the Police and Crime Commissioner for South Wales and Town and Community Councils, and to seek Council approval of the Band D council tax for Bridgend County Borough Council and the community areas for 2023-24.

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 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 Council, as the billing authority, is required to formally approve the council tax for its area. Council tax collected from local residents makes up almost 27% of the funding for the Council's net revenue budget.

3. Background

- 3.1 The final budget proposals have been placed before Council for approval as the Council has to calculate its budget requirement in accordance with Section 32 of the Local Government Finance Act 1992 and set the level of council tax for 2023-24.
- 3.2 Section 33 of the Local Government Finance Act 1992 requires billing authorities to calculate the basic amount of council tax in a financial year. Section 34 of the Act

further requires the billing authority to calculate the basic amount of council tax for dwellings in those parts of its area to which one or more special items relate, such as a Town and Community Council precept requirement.

- 3.3 The Council collects the council tax on behalf of the Town and Community Councils and the Police and Crime Commissioner for South Wales. The monies collected are then paid over to the relevant bodies in line with the amount they have included in their budget to be charged to households in the county borough of Bridgend.
- 3.4 The council tax base determines the amount of council tax which can be raised to fund the Council's budget and is the measure of the relative taxable capacity of different areas within the County Borough. The tax base represents the number of chargeable dwellings in the area expressed as Band D equivalents, taking into account the total number of exemptions, discounts and disabled band reductions, with the net tax base calculated by taking account of the Council's estimated collection rate.
- 3.5 When the council tax base for 2023-24 was approved by Council on 16 November 2022 the estimated collection rate was kept at 97.5%, to reflect the current economic circumstances surrounding the ongoing effects of the Covid-19 pandemic, the higher number of citizens facing economic hardship and current collection rates.

4. Current situation/proposal

- 4.1 Council is expected to approve the Bridgend County Borough Council budget for 2023-24 at its meeting on 1 March 2023, and the proposed budget is shown in Table 1 below:

Table 1: Net Revenue Budget 2023-24

	Revenue Budget 2023-24 £000
<u>Service Directorate Budgets:</u>	
Central Education & Family Support	27,700
Schools	109,788
<i>Education and Family Support</i>	<i>137,488</i>
Social Services & Wellbeing	92,791
Communities	30,545
Chief Executive's	24,003
Total Directorate Budgets	284,827
<u>Council Wide Budgets:</u>	
Capital Financing	7,203
Levies	8,907
Repairs and Maintenance	670
Council Tax Reduction Scheme	16,054
Apprenticeship Levy	650
Pension Related Costs	430
Insurance Premiums	1,363
Other Council Wide Budgets	21,943
Total Council Wide Budgets	57,220
Net Budget Requirement	342,047

- 4.2 The net budget requirement for Bridgend County Borough Council for 2023-24 is £342,047,227, and the amount to be funded from council tax is £92,152,401 as shown in Table 2 below. This equates to a council tax of £1,675.26 on a Band D property, a 4.9% increase from 2022-23. This is lower than the originally proposed increase of 6%, following consideration of responses received through the public budget consultation and budget scrutiny process. In 2022-23 council tax had been frozen on a one-off basis to support the citizens of Bridgend in dealing with the rising cost of living, but due to the immense number of pressures facing the Council for 2023-24 onwards, unfortunately it has not been possible to repeat this for 2023-24.

Table 2 – Net Budget Funding

	£	%
Revenue Support Grant	202,269,300	59.14
Non-Domestic Rates	47,625,526	13.92
Council Tax Income	92,152,401	26.94
Total	342,047,227	100.00

- 4.3 The Police and Crime Commissioner for South Wales has notified the Council that their precept for the financial year ending 31 March 2024 will rise to £17,848,387 which equates to a council tax of £324.47 on a Band D property, a 7.4% increase. The 2023-24 precept was agreed by the South Wales Police and Crime Panel on 7 February 2023.
- 4.4 For the 2023-24 financial year, the Police and Crime Commissioner for South Wales has stated that the following amounts are to be levied by the Council in respect of policing services, in accordance with section 40 of the Local Government Act 1992, for each of the categories of dwellings shown in Table 3 below:

Table 3 – Council Tax Bandings 2023-24 – South Wales Police Precept

Police & Crime Commissioner for South Wales	(£. p)
Band A	216.31
Band B	252.37
Band C	288.42
Band D	324.47
Band E	396.57
Band F	468.68
Band G	540.78
Band H	648.94
Band I	757.10

- 4.5 The average council tax increase for the County Borough for 2023-24 is shown in Table 4 below.

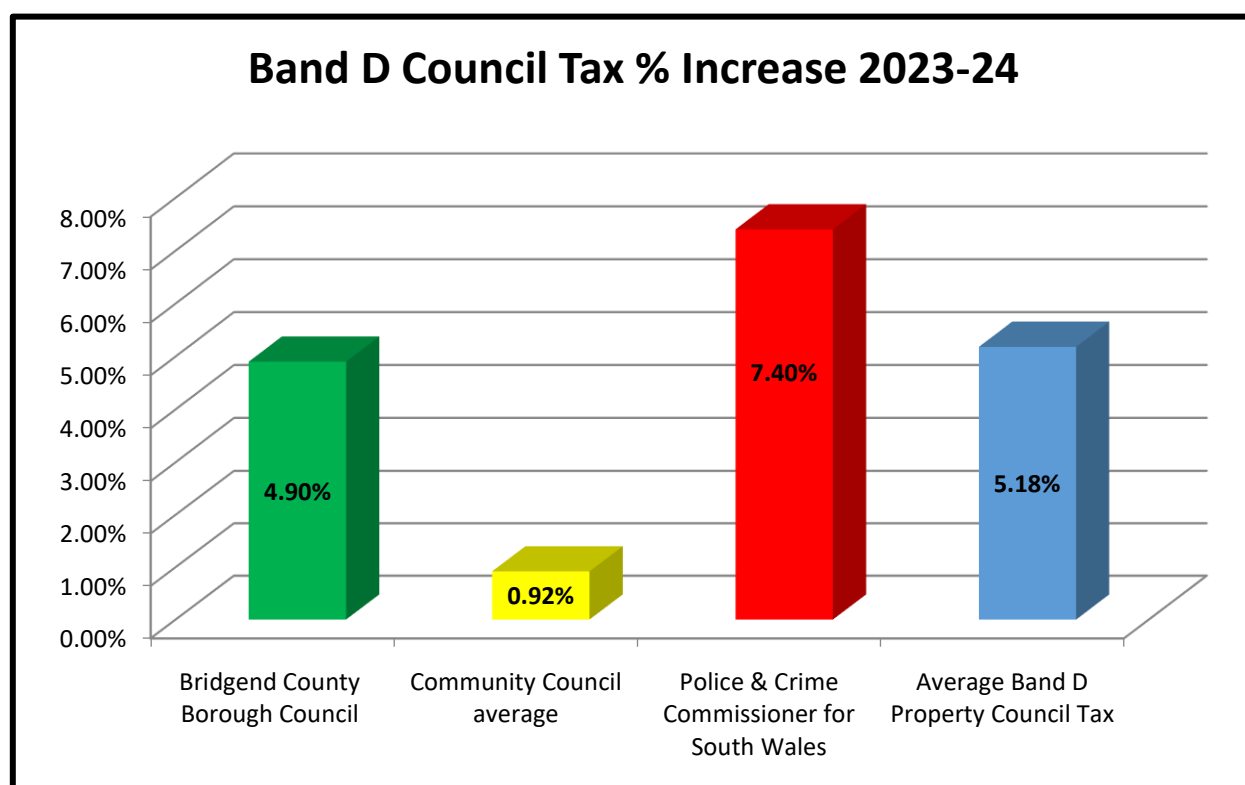
Table 4 – Average Council Tax Increase 2023-24

	2022-23	2023-24	% change
Council Tax Base - Band D equivalents	54,568.51	55,007.82	0.81

	£	£	% change
Bridgend County Borough Council	1,597.01	1,675.26	4.90
Community Council average	52.19	52.67	0.92
Police & Crime Commissioner for South Wales	302.11	324.47	7.40
Band D property average council tax	1,951.31	2,052.40	5.18

- 4.6 The average council tax change by percentage for Bridgend County Borough Council and each of the precepting bodies is provided in Table 5 below:

Table 5 – Average Council Tax Change by Percentage 2023-24



- 4.7 The Council, as the billing authority, is required to formally approve the council tax for its area. This must be set to meet the net budget requirement of the Council and its precepting authorities and is set out in Table 6 below.

Table 6 – Total Average Band D Council Tax Requirement 2023-24

Authority	Requirement £	Net Tax Base	Band D Council Tax (£. P)
Bridgend County Borough Council	92,152,401	55,007.82	1,675.26
<u>Local Precepts</u>			
Brackla Community Council	177,790	4,160.20	42.74
Bridgend Town Council	637,980	5,979.25	106.70
Cefn Cribwr Community Council	42,000	551.74	76.12
Coity Higher Community Council	114,934	4,128.82	27.84
Cornelly Community Council	150,000	2,559.02	58.62
Coychurch Higher Community Council	11,000	352.04	31.25
Coychurch Lower Community Council	40,750	648.02	62.88
Garw Valley Community Council	120,001	2,276.03	52.72
Laleston Community Council	262,000	5,078.43	51.59
Llangynwyd Lower Community Council	9,500	166.53	57.05
Llangynwyd Middle Community Council	72,000	1,037.34	69.41
Maesteg Town Council	301,107	5,601.80	53.75
Merthyr Mawr Community Council	2,000	149.18	13.41
Newcastle Higher Community Council	53,637	1,949.86	27.51
Ogmore Valley Community Council	92,700	2,565.53	36.13
Pencoed Town Council	165,000	3,450.23	47.82
Porthcawl Town Council	418,075	8,127.17	51.44
Pyle Community Council	120,000	2,519.52	47.63
St Brides Minor Community Council	61,957	2,307.76	26.85
Ynysawdre Community Council	45,000	1,399.35	32.16
Borough Budget Requirement (including Community Councils)	95,049,832	55,007.82	1,727.93
Police and Crime Commissioner for South Wales	17,848,387	55,007.82	324.47
TOTAL	112,898,219	55,007.82	2,052.40

- 4.8 The Council is also required to approve the council tax charges for Band D properties for the chargeable financial year beginning 1 April for each of the 20 community areas and these are shown in Table 7 below. All calculations are for a Band D equivalent property.

Table 7 – Council Tax 2023-24 per Town and Community Council

Town or Community Council	Bridgend CBC £	Community Council £	Police & Crime Commissioner for South Wales £	Total £
Brackla Community Council	1,675.26	42.74	324.47	2,042.47
Bridgend Town Council	1,675.26	106.70	324.47	2,106.43
Cefn Cribwr Community Council	1,675.26	76.12	324.47	2,075.85
Coity Higher Community Council	1,675.26	27.84	324.47	2,027.57
Cornelly Community Council	1,675.26	58.62	324.47	2,058.35
Coychurch Higher Community Council	1,675.26	31.25	324.47	2,030.98
Coychurch Lower Community Council	1,675.26	62.88	324.47	2,062.61
Garw Valley Community Council	1,675.26	52.72	324.47	2,052.45
Laleston Community Council	1,675.26	51.59	324.47	2,051.32
Llangynwyd Lower Community Council	1,675.26	57.05	324.47	2,056.78
Llangynwyd Middle Community Council	1,675.26	69.41	324.47	2,069.14
Maesteg Town Council	1,675.26	53.75	324.47	2,053.48
Merthyr Mawr Community Council	1,675.26	13.41	324.47	2,013.14
Newcastle Higher Community Council	1,675.26	27.51	324.47	2,027.24
Ogmore Valley Community Council	1,675.26	36.13	324.47	2,035.86
Pencoed Town Council	1,675.26	47.82	324.47	2,047.55
Porthcawl Town Council	1,675.26	51.44	324.47	2,051.17
Pyle Community Council	1,675.26	47.63	324.47	2,047.36
St Brides Minor Community Council	1,675.26	26.85	324.47	2,026.58
Ynysawdre Community Council	1,675.26	32.16	324.47	2,031.89

4.9 The resulting charges for each Band are set out in **Appendix A**.

5. Effect on policy framework and procedure rules

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

6. Equality 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. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

6.2 The council tax is determined as part of the Medium-Term Financial Strategy (MTFS) budgetary process. The MTFS is reported separately to Council and contains details of the high-level Equality Impact Assessment which has been undertaken on the budget setting process. The proposals contained within that

report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways.

- 6.3 The Council tax reduction scheme helps people on low incomes to pay their council tax. Eligibility is based on claiming job seekers allowance or income support if income is below a certain level or residents are in receipt of universal credit.

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

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

8. Financial implications

- 8.1 These are outlined within the report.

9. Recommendations

- 9.1 Subject to approval of the Council's proposed net budget requirement for 2023-24, Council is recommended to approve:
- a Band D Council Tax for Bridgend County Borough Council of £1,675.26 for 2023-24, and
 - the Council Tax charges for Band D properties for 2023-24 for each of the community areas as outlined in Table 7.

Carys Lord
Chief Officer – Finance, Performance and Change and Section 151 Officer
March 2023

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Background Papers:
Provisional Local Government Revenue and Capital Settlements 2023-24

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	Band 2023-24								
TOWN OR COMMUNITY COUNCIL	A	B	C	D	E	F	G	H	I
Bracla - Brackla	1361.64	1588.59	1815.53	2042.47	2496.35	2950.24	3404.11	4084.94	4765.77
Pen-y-bont - Bridgend	1404.28	1638.34	1872.38	2106.43	2574.52	3042.62	3510.71	4212.86	4915.01
Cefn Cribwr	1383.90	1614.55	1845.20	2075.85	2537.15	2998.45	3459.75	4151.70	4843.65
Coety Uchaf - Coity Higher	1351.71	1577.00	1802.29	2027.57	2478.14	2928.71	3379.28	4055.14	4731.00
Corneli - Cornelly	1372.23	1600.94	1829.65	2058.35	2515.76	2973.17	3430.58	4116.70	4802.82
Llangrallo Uchaf - Coychurch Higher	1353.98	1579.66	1805.32	2030.98	2482.30	2933.64	3384.96	4061.96	4738.96
Llangrallo Isaf - Coychurch Lower	1375.07	1604.26	1833.43	2062.61	2520.96	2979.33	3437.68	4125.22	4812.76
Cwm Garw - Garw Valley	1368.30	1596.35	1824.40	2052.45	2508.55	2964.65	3420.75	4104.90	4789.05
Trelales - Laleston	1367.54	1595.48	1823.40	2051.32	2507.16	2963.02	3418.86	4102.64	4786.42
Llangynwyd Isaf - Llangynwyd Lower	1371.18	1599.72	1828.25	2056.78	2513.84	2970.91	3427.96	4113.56	4799.16
Llangynwyd Ganol - Llangynwyd Middle	1379.42	1609.34	1839.24	2069.14	2528.94	2988.76	3448.56	4138.28	4828.00
Maesteg	1368.98	1597.16	1825.32	2053.48	2509.80	2966.14	3422.46	4106.96	4791.46
Merthyr Mawr	1342.09	1565.78	1789.46	2013.14	2460.50	2907.87	3355.23	4026.28	4697.33
Castellnewydd Uchaf - Newcastle Higher	1351.49	1576.75	1801.99	2027.24	2477.73	2928.24	3378.73	4054.48	4730.23
Cwm Ogwr - Ogmore Valley	1357.24	1583.45	1809.66	2035.86	2488.27	2940.69	3393.10	4071.72	4750.34
Pencoed	1365.03	1592.54	1820.05	2047.55	2502.56	2957.57	3412.58	4095.10	4777.62
Porthcawl	1367.44	1595.36	1823.26	2051.17	2506.98	2962.80	3418.61	4102.34	4786.07
Y Pil - Pyle	1364.90	1592.40	1819.88	2047.36	2502.32	2957.30	3412.26	4094.72	4777.18
Llansantffraid-ar-Ogwr - St Brides Minor	1351.05	1576.23	1801.41	2026.58	2476.93	2927.28	3377.63	4053.16	4728.69
Ynysawdre	1354.59	1580.36	1806.13	2031.89	2483.42	2934.95	3386.48	4063.78	4741.08

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