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Bridgend County Borough Council



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

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Rhowch wybod i ni os mai Cymraeg yw eich  
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**Cyfarwyddiaeth y Prif Weithredwr / Chief  
Executive's Directorate**

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

Gofynnwch am / Ask for:

Ein cyf / Our ref:

Eich cyf / Your ref:

**Dyddiad/Date:** Wednesday, 24 January 2024

Dear Councillor,

**CORPORATE OVERVIEW AND SCRUTINY COMMITTEE**

A meeting of the Corporate Overview and Scrutiny Committee will be held Hybrid in the Council Chamber - Civic Offices, Angel Street, Bridgend, CF31 4WB / Remotely via Microsoft Teams on **Tuesday, 30 January 2024 at 10:00.**

**AGENDA**

1. Apologies for Absence  
To receive apologies for absence from Members.
2. Declarations of Interest  
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members Code of Conduct adopted by Council from 1 September 2008 (including whipping declarations)
3. Medium Term Financial Strategy 2024-25 to 2027-28 and Draft Budget Consultation Process 5 - 26

**Invitees:**

Councillor Huw David – Leader of Council

Councillor Jane Gebbie - Deputy Leader of Council and Cabinet Member for Social Services Health

Councillor Hywel Williams - Cabinet Member for Finance, Resources and Legal

Councillor John Spanswick – Cabinet Member for Climate Change and Environment

Councillor Jon-Paul Blundell - Cabinet Member for Education

Councillor Neelo Farr - Cabinet Member for Community Safety and Wellbeing

Councillor Rhys Goode - Cabinet Member for Housing, Planning and Regeneration

Mark Shephard - Chief Executive

Carys Lord - Chief Officer - Finance, Performance and Change

Lindsay Harvey - Corporate Director - Education and Family Support

Claire Marchant - Corporate Director - Social Services and Wellbeing

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Janine Nightingale - Corporate Director - Communities  
Kelly Watson - Chief Officer Legal and Regulatory Services, HR & Corporate Policy

4. Budget Monitoring 2023-24 - Quarter 3 Revenue Forecast 27 - 58

Invitees:

Councillor Huw David – Leader of Council  
Councillor Jane Gebbie - Deputy Leader of Council and Cabinet Member for Social Services Health  
Councillor Hywel Williams - Cabinet Member for Finance, Resources and Legal  
Councillor John Spanswick – Cabinet Member for Climate Change and Environment  
Councillor Jon-Paul Blundell - Cabinet Member for Education  
Councillor Neelo Farr - Cabinet Member for Community Safety and Wellbeing  
Councillor Rhys Goode - Cabinet Member for Housing, Planning and Regeneration

Mark Shephard - Chief Executive  
Carys Lord - Chief Officer - Finance, Performance and Change  
Lindsay Harvey - Corporate Director - Education and Family Support  
Claire Marchant - Corporate Director - Social Services and Wellbeing  
Janine Nightingale - Corporate Director - Communities  
Kelly Watson - Chief Officer Legal and Regulatory Services, HR & Corporate Policy

5. Corporate Plan / Delivery Plan Review for 2024/25 59 - 72

Invitees:

Councillor Hywel Williams - Cabinet Member for Finance, Resources and Legal

Mark Shephard - Chief Executive

Alex Rawlin - Corporate Policy and Public Affairs Manager  
Kate Pask – Corporate Performance Manager

6. Capital Strategy 2024-25 73 - 110

Invitees:

Councillor Huw David – Leader of Council  
Councillor Hywel Williams - Cabinet Member for Finance, Resources and Legal

Carys Lord - Chief Officer - Finance, Performance and Change  
Deborah Exton – Deputy Head of Finance  
Nigel Smith - Group Manager – Chief Accountant

7. Conclusions and Recommendations

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 643148 / 643694 / 643513 / 643696.

Yours faithfully

**K Watson**

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

Councillors:

H T Bennett  
F D Bletsoe  
P Davies  
RM Granville

Councillors

S J Griffiths  
M L Hughes  
M Jones  
RL Penhale-Thomas

Councillors

T Thomas  
G Walter  
A Williams  
AJ Williams

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# Agenda Item 3

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>30 JANUARY 2024</b>
<b>Report Title:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY 2024-25 TO 2027-28 AND DRAFT BUDGET CONSULTATION PROCESS</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER - LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY</b>
<b>Responsible Officer:</b>	<b>MERYL LAWRENCE SENIOR DEMOCRATIC SERVICES OFFICER – SCRUTINY</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The report relates to the role of Overview and Scrutiny Committees as Consultees in respect of the budget setting process in line with the Budget Policy and Framework Procedure Rules.</b>
<b>Executive Summary:</b>	<b>The report presents the Committee with: a) The final report of the Budget Research and Evaluation Panel (BREP) attached at Appendix A; b) The responses from all the Overview and Scrutiny Committees in relation to the draft Medium Term Financial Strategy, attached at Appendix B.</b>  <b>The report includes background to the considerations and the meetings held.</b>  <b>The Committee is asked to determine whether it wishes to submit the Recommendations in Appendices A and B to Cabinet on 6 February 2024 as part of the budget consultation process, subject to any modifications and amendments that the Committee decides are appropriate.</b>

## 1. Purpose of Report

1.1 The purpose of the report is to present the Committee with:

- a) The final report of the Budget Research and Evaluation Panel (BREP) attached at **Appendix A**;
- b) Responses from each of the Overview and Scrutiny Committees in relation to the draft Medium Term Financial Strategy (MTFS) attached at **Appendix B**.

## **2. Background**

- 2.1 In considering the challenges associated with continued budget reductions, Members recognised the need for a 'whole Council' response to be adopted in managing anticipated reductions to services against a backdrop of increasing demand and the challenging financial outlook.
- 2.2 It was therefore recommended, in 2017, that a Budget Research and Evaluation Panel (BREP) be established to engage Members on budget proposals as well as to enable members to feed in community intelligence gained from their representative role and to engage in shaping future service provision.
- 2.3 The Corporate Overview and Scrutiny Committee (COSC) has the overall responsibility of scrutinising budget monitoring reports throughout the year. As such, it was agreed at a meeting of Council in September 2017 that it would continue this role and appoint BREP members from within the COSC membership.
- 2.4 The purpose of the Budget Research and Evaluation Panel was subsequently agreed as the following:
- To achieve consensus on the direction of the budget over the life of the medium term financial strategy;
  - To achieve a detailed overview and assessment of the budget proposals where the expertise and knowledge of each Committee contributes to a corporate understanding and appreciation of the draft budget proposals;
  - To assist the Council to develop a budget for the forthcoming year that aims to meet the needs of the communities of Bridgend County Borough;
  - To facilitate firmer understanding of the budget setting process and the draft proposals in order to assist the Committees in making informed comments, constructive challenge or recommendations to Cabinet as part of the budget consultation process.
- 2.5 The Panel would be presented with the budget reduction proposals and have the opportunity to discuss these with the Chief Executive and Corporate Directors and be asked to consider the information contained in these reports to determine whether they wish to make comments or recommendations for consolidation and inclusion in the report to Cabinet, as part of the budget consultation process.
- 2.6 Members of Scrutiny Committees would be presented with the draft Medium Term Financial Strategy 2024-25 to 2027-28 and asked to consider the information contained in the report and determine whether they wish to make comments or recommendations for consolidation and inclusion in the report to Cabinet on the MTFS as part of the budget consultation process.

## **3. Current situation / proposal**

- 3.1 The Budget Research and Evaluation Panel (BREP) met on five occasions and was supported by the Democratic Services Manager and Scrutiny Team, Chief Officer –

Finance, Performance and Change and Section 151 Officer, Deputy Head of Finance and the Cabinet Member for Finance, Resources and Legal.

- 3.2 At the BREP meetings the Panel considered information provided by the Chief Officer – Finance, Performance and Change and Section 151 Officer on the financial position for the MTFS 2024-25 to 2027-28, considered draft budget reduction proposals and had the opportunity to question Cabinet Members, the Chief Executive and Corporate Directors on the draft budget proposals.
- 3.3 Each of the four Overview and Scrutiny Committees met and considered the draft Medium Term Financial Strategy 2024-25 to 2027-28, including the proposed budget pressures and budget reduction proposals within the related Directorate and remit of the Scrutiny Committee, and made comments / recommendations for consolidation and inclusion in the report to Cabinet as part of the budget consultation process.
- 3.4 The Corporate Overview and Scrutiny Committee is asked to consider the findings of the Budget Research and Evaluation Panel attached at **Appendix A** and determine whether the Recommendations should be forwarded to Cabinet along with the consolidated responses from all four Overview and Scrutiny Committees at **Appendix B** as part of the budget consultation process.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 A high level Equality Impact Assessment (EIA) will be carried out and included within the Final MTFS in February 2024. 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.
- 4.2 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 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.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 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 seven well-being objectives.
- 5.2 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 budget setting process for both the short-term and in the long-term.
- Prevention - The consideration and approval of this report will assist in the budget setting process by approving and shaping preventative measures provided by Directorates to generate savings.
- Integration - The Medium Term Financial Strategy links to the Corporate Plan and well-being objectives.
- Collaboration - The consideration and approval of this report will assist in the budget setting process by approving and shaping collaboration and integrated working to generate savings.
- Involvement - Publication of the report ensures that the public and stakeholders can view the work that has been undertaken by Scrutiny members.

## 6. Climate Change Implications

- 6.1 The local authority's 'Bridgend 2030 – Net Zero Carbon Strategy' and Welsh Government's carbon reduction commitments will also be addressed through the Medium Term Financial Strategy, where funding allows, particularly through capital investment. Specifically, they will be addressed through a number of schemes, including the School Modernisation Programme, Ultra Low Emission Vehicles, and a recurrent 2030 decarbonisation capital budget, amongst others. However, due to financial constraints, our ambition to achieve Net Zero 2030 may be compromised.

## 7. Safeguarding and Corporate Parent Implications

- 7.1 The Medium Term Financial Strategy is aligned with BCBC's Corporate Parenting Strategy and provides substantial investment in children's services through revenue budget pressures.

## 8. Financial Implications

- 8.1 The report relates to BREP and Overview and Scrutiny responses to the draft MTFS, the budget setting process and the financial implications associated with that.

## 9. Recommendation

- 9.1 The Committee is asked to determine whether it wishes to submit the Recommendations in **Appendices A and B** to Cabinet on 6 February 2024 as part of the budget consultation process, subject to any modifications and amendments that the Committee decides are appropriate.

## Background documents

None.



**Report of the Budget Research and Evaluation Panel in respect of the Medium Term Financial Strategy 2024-25 to 2027-28**

- 1.1. The Budget Research and Evaluation Panel (BREP) met on five occasions to consider draft budget proposals for the year 2024-25 and were supported by the Scrutiny Team, the Democratic Services Manager, the Chief Officer Finance, Performance and Change and Section 151 Officer, Deputy Head of Finance and Cabinet Member for Finance, Resources and Legal.

**Meeting 1**

- 1.2. At the first meeting of BREP in August 2023 the Panel approved Councillor Simon Griffiths as Chair for that meeting, agreed the Panel's Terms of Reference and emphasised the need to focus on innovation, to avoid duplication with the role of the Scrutiny Committees and asked that the Panel receive information on statutory and non-statutory services.
- 1.3. The Chief Officer Finance, Performance and Change presented the financial position for the MTFs and a Benchmarking report to the Committee. Following consideration of both items the Panel agreed the following recommendations, to be sent to Cabinet and CMB informally as part of the ongoing preparations for this year's budget proposals:

**Recommendations:**

- 1. Members referred to a new framework that was being developed for working arrangements in Children's Social Services which was planned to be in place by 2026. In view of the predicted overspend and increasing budget pressures in Social Services, the Panel recommend that Officers and Cabinet explore the possibility of frontloading and accelerating the rollout of this Framework to try and stabilise the service and avoid further cost implications at an earlier stage.**
- 2. In view of the need for the Authority to look at any and all services for potential savings, the Panel recommend that clearer targets be set for each Directorate of what contribution they are required to make or that each Directorate be asked to identify service areas that could be reviewed to identify potential budget savings.**
- 3. Following a discussion around Council Tax, the Panel highlighted that communication with the public was key and recommended that clear information be provided by any avenue possible to inform the public of the reality of the difficult situation the Authority faced with regards to future budget setting. Members highlighted that as part of this, it was paramount that any communication included explanation of what the public receive for their Council Tax.**

1.4 Following consideration of both reports and discussions, the Panel identified a number of themes to focus on as part of their work for the year, including:

- Social Services
- School Delegated Budgets
- Home to School Transport
- Housing
- Economic Development
- Coast Protection
- Sports and Recreation
- Income Generation across the LA
- Consideration of Other Comparative Local Authorities such as Wrexham
- Modelling of Council Tax scenarios
- Earmarked Reserves

1.5 The Panel highlighted once again that key to their consideration of the above themes were receiving associated information on which services were statutory and non statutory as well as the associated cost vs value and impact of these services.

1.6 The Panel also requested that they receive the full budget book breakdown of the approximate 800 service budgets of the Council.

1.7 Linked to **Recommendation 2** above, the Panel offered Cabinet and CMB the opportunity to raise or flag up any particular area they would like the BREP to review to have a fresh set of eyes and views upon, particularly where there may be reduced capacity to undertake such a review.

### **Member Support in the Budget Setting Process**

1.8 The Panel discussed the options for support to political groups when considering an alternative budget and Members expressed concern that any alternative budget should technically receive some form of scrutiny via a scrutiny committee. This would have resulting implications for the proposed timelines, particularly if the alternative budget contained proposals for the level of Council Tax.

### Meeting 2

1.9 This meeting, held on 16 October 2023, was organised solely with BREP Members, to discuss methods of working, work planning and prioritisation of the items to be considered.

1.10 BREP Members appointed Councillor Tim Thomas as Chair of the Panel for the municipal year.

1.11 During this meeting Members expressed concern that a Member Budget Briefing had been scheduled for 25 October 2023, prior to BREP being suitably briefed on the budget position.

- 1.12 Members also concluded from this meeting that someone from Corporate Management Board (CMB) level should attend BREP and advise them of the timescale, plan and process for the budget and how BREP fits into it, as well as when decisions will be made, who will be involved and how will BREP be involved and provide feedback. The Panel felt it was important to understand the whole process in order that they could plan their work out appropriately to ensure BREP have a genuine input and impact.
- 1.13 BREP therefore proposed and unanimously agreed the following motion:
- That by the 26th of October that the CMB and Cabinet present BREP with a proposed Budget process and plan moving forward to the budget meeting next year.
- 1.14 Members also requested a response to the 3 Recommendations made by the Panel on 10 August that were shared with Cabinet and CMB informally, as well as the further information requested, detailed in paragraphs 1.4 to 1.7 above.

### Meeting 3

- 1.15 At the third meeting of BREP held in November 2023, the Chief Officer Finance Performance and Change presented to Members the predicted outturn for 2023/24 and the Five Point Action Plan in place, for:
- Selective vacancy freeze.
  - Only essential goods and services to be purchased.
  - Review of fees and charges for services and increasing them where we can.
  - Ensure all grants awarded are claimed in a timely manner.
  - Review the use of our buildings to rationalise our usage.
- 1.16 She outlined the current position in the budget process and presented a Budget Planning Model which included all of the information available for the next year and outlined the position and potential savings options from using the model.
- 1.17 The Chief Officer Finance Performance and Change had also circulated information via email to all BREP Members prior to the meeting, in response to their request to receive the full budget book breakdown of the approximate 800 service budgets of the Council. This included the Budget Breakdown 2023-24 as follows:
- a. Summary
  - b. Education and Family Support Cost Centre
  - c. Chief Executive Cost Centre
  - d. Social Services and Wellbeing Cost Centre
  - e. Communities Cost Centre  
Council Wide Cost Centre
- 1.18 BREP Members were requested to bring forward any ideas and suggestions for potential options in the upcoming meetings.

- 1.19 The Panel were also asked to be flexible around when it meets as it was highlighted that given the emergency budget from Welsh Government (WG) and potential for this year's budget to be volatile, there may be a need to convene a meeting at short notice.

### Meeting 4

- 1.20 At the fourth meeting held in December 2023 the Chief Officer Finance Performance and Change presented BREP with an update on the current position for the budget setting for 2024-25 including the assumptions being made about WG funding thought to be available next year, the pressures built into the budget assumptions to date and information regarding potential budget savings at that point.
- 1.21 There was a proposal that the next BREP meetings would be held straight after the draft settlement was received to look at each Directorate and put forward any areas identified to look for potential savings.
- 1.22 This was slightly revised with the next BREP meeting held in January 2024, due to a number of assumptions still needing clarification from both WG and Central Government following the draft settlement.
- 1.23 In the interim, BREP members were emailed a list of the 3000 plus duties that the Authority must provide, in response to their request for information regarding whether the 800+ services that the Council provides, are statutory or voluntary. (Members had previously been advised in their October meeting that following contact with the Welsh Local Government Association and the Local Government Association it was not possible to provide a full list of every statutory and non-statutory Local Authority service).

### Meeting 5

- 1.24 At the final meeting held in January 2024, the Chief Officer Finance Performance and Change presented the Panel with an update on the impact of the provisional settlement on the draft budget. She advised that the draft settlement had been an extra half percent than the budget had been drafted on and there had been more money in the settlement equating to £1M, in addition to WG expecting UK Government to fund the Teachers Pensions of circa £3M, which was being clarified, so approximately £4M better off but on the assumption of the Pension funding.
- 1.25 BREP Members then had the opportunity to question Cabinet Members, the Chief Executive and Corporate Directors on the update and the Draft Budget Reduction Proposals and consider any recommendations given the updated position following the provisional finance settlement.
- 1.26 Following discussion with Cabinet Members and Officers, regarding the draft budget reduction proposals, BREP made the following conclusions:

**Recommendations:**

4. The Committee recommended that, given the better than expected settlement equating to an additional £1M and any other potential additional funding received by the Final Settlement, that Cabinet be asked to reconsider the following Budget Reduction Proposals:

**Prioritising the following:**

**SCH1 - Efficiency savings against School Delegated Budgets:**

**That Cabinet look specifically at reducing the impact on individual school budgets.**

**Council Tax:**

**That Cabinet consider reducing the burden of Council Tax as best possible from the proposed increase of 9.5%**

**Risk:**

**That given the high proportion of the proposed budget reductions being categorised as red and the risk of their deliverability, that Cabinet consider whether some of the additional money needs to be held as a contingency.**

**Then in no particular order:**

**Given the additional money available from the provisional settlement that Cabinet be asked to reconsider the following Budget Reduction Proposals:**

**COM 8 – Closure of Bridgend Bus Station & associated public toilets.**

**COM 20 – Removal of additional street cleansing resource and Tikspac Posts.**

**COM9 - Cessation of Shopmobility Scheme.**

**The number of staffing budget reduction proposals in the Chief**

**Executive's Directorate - (including Legal, HR and Procurement), the loss and impact of a significant number of posts across the Directorate and the impact of these on Services across the Authority.**

- 1.27 This BREP final report is presented to the Corporate Overview and Scrutiny Committee for consideration as part of the Medium Term Financial Strategy consultation process for 2024-25, for adoption and onward reporting to Cabinet on 6 February 2024.

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**Overview and Scrutiny Committees' Comments and Recommendations on the Medium Term Financial Strategy 2024-25 to 2027-28**

**Corporate Overview and Scrutiny Committee - 17 January 2024**

**Chief Executive's Directorate and Council Wide:**

Following detailed consideration and discussions with Cabinet Members and Officers, the Committee made the following Recommendations:

**Recommendations:**

1. The Committee recommended that communication with the public be improved using as many different means as possible and that a simple pie chart graphic be distributed to residents of the borough identifying where funding comes from and how it is spent.
2. The Committee recommended that there should be an in person option for the Budget consultation and other mechanisms and different communications tools used to reach people who are digitally excluded, having regard to concerns expressed by residents who felt disenfranchised as they were unable to access an online budget consultation.
3. The Committee requested a list of all services the Council provides to residents, businesses, whomever, including whether they have a level of statutory element or are completely non statutory, understanding that it is a significant piece of work but providing sufficient detail to feed into the Budget Research and Evaluation Panel (BREP) for next year's Budget considerations and the need to identify future savings for the next few years while understanding the impact of potential changes on residents. The Committee recommended that the future BREP process could then sit upon that registry of services to inform decisions going forward.
4. Following discussions regarding the remit of the BREP and the Capital Programme and that a revised Capital Programme would be considered by Council in February, the Committee proposed that next year the Capital Programme should form part of the BREP process in order to look at the detail and sufficiently scrutinise, and also asked whether the Terms of Reference of BREP could be amended by the Corporate Overview and Scrutiny Committee (COSC) to redefine the remit for the next year.

The Committee welcomed the response from the Chief Officer Legal and Regulatory Services, HR, and Corporate Policy that BREP was quite unique to Bridgend and it was not as straightforward as COSC deciding what BREP could do, there was a process and other options could be looked at to see if there was something more workable but would need to be taken away and some proposals developed to put to the relevant body to make a determination.

5. Following discussion regarding staffing reductions across multiple areas of main Council back office services, the Committee requested a qualitative impact assessment of all those changes taken together to understand the impact of this reduction in head count and the significant longer term impact, and welcomed the Chief Executive's response of the need to reflect on how achievable it would be and that he would discuss with colleagues about whether this could be done.
6. The Committee recommended that potential income generation opportunities from sharing services be actively explored, proactively offering the Authority's services where there is potential for income to be generated, to mitigate against some of the future budget reductions which would be required over the course of the Medium Term Financial Strategy.
7. The Committee discussed strategic responsibilities that the Authority will be unable to deliver, including:
  - Reduced capital receipts reducing the ability to borrow for capital projects, as borrowing is based upon ability to pay back.
  - Inability to deliver the Strategic Transport Plan, etc.
  - a. The Committee recommended that these and other similar risks should be contained in the Corporate Risk Register and be properly scrutinised and subject to an objective review of risk management to ensure that the risks are being properly analysed and mitigated.
  - b. The Committee also recommended that operational risk be monitored by the Corporate Overview and Scrutiny Committee as the overarching Corporate Scrutiny Committee, in addition to monitoring of governance and financial risk by the Governance and Audit Committee.
8. The Committee agreed to defer any additional final recommendations until the meeting of COSC on 30 Jan 2024, when all Subject Overview and Scrutiny Committees would be received.



## **Subject Overview and Scrutiny Committee 1 – 18 January 2024**

### Education and Family Support Directorate and Schools:

Following detailed consideration and discussion with relevant Cabinet Members and the Corporate Director the Committee made the following recommendations and comments:

#### Recommendations:

##### **1. SCH 1**

In relation to the proposed reduction related to Schools Delegated Budgets of 5% in 2024-2025, Members expressed strong concerns over the size of the saving for the forthcoming year and the potential impact this would have on school budgets, with reports stating that this was unsustainable and would result in over 80% of schools within the County Borough going into deficit.

Evidence provided by representatives of the School Budget Forum highlighted the recent significant increase of vulnerable learners that has been seen by all schools since the pandemic, more than has ever been seen before. It was reported that the impact of the proposed 5% reduction to school budgets, together with the further proposed reductions in support services, could severely affect vulnerable learners.

- a In order to lessen the impact as much as possible and enable schools more time to plan and prepare, the Committee recommend that the proposed saving of 5% be reduced and spread out across years 2, 3 and 4, starting with only a 2% reduction for 2024-25, followed by 2% for each year 2-4, thereby still making the overall 8% required.
- b To fill this budget gap, the Committee recommend that Cabinet consider utilising any potential funding the Authority might receive from Central Government relating to teacher pensions as well as revisit the proposed budget pressures of £11,856m and consider which ones could be postponed for 2024-2025.

##### **2. EFS 12, 13 and 14 Support Services and Pupils with Additional Learning Needs**

The Committee highlighted the negative impact the proposed reductions of EFS, 12,13 and 14 would have on pupils with Additional Learning Needs (ALN) as identified by Headteacher representatives at the meeting. Members were particularly concerned with the fact that these reductions could result in the Authority not meeting its statutory duties to these children and young people in meeting the timescales for assessments. The Committee strongly supported the view of how important these assessment for pupils with ALN were, many of which have complex needs, thus requiring a swift assessment so that they are able to access the support services they require.

As a result of these concerns and the Authority's legal obligation to these pupils, the Committee recommend that EFS 13 and 14 be removed from the budget

reduction proposals and that these associated budgets be ringfenced against future reduction. Members proposed that this saving of £67,000 could potentially be found from within the proposed £500,000 growth proposed under EFS4, and asked for clarification for the Corporate Overview and Scrutiny Committee, of what this £500,000 incorporated, for consideration by Members at the final budget meeting on the 30<sup>th</sup> of January.

### **3. Statutory Services and Duties**

Building upon the above recommendation, the committee expressed strong concern over all proposed reductions which highlight a potential impact in meeting the Authority's statutory duties. Members highlighted the significant ramifications this could have for the Local Authority and recommend that Cabinet guard against this as a priority, revisiting those proposals which put the delivery of statutory duties at risk.

### **4. Financial Scheme for Schools**

Whilst appreciating that proposed changes to the school funding formula (other than that bound by legislation) can be raised and discussed by the School Budget Forum, Members highlighted the fact that as circumstances have changed so much since the Covid pandemic, and the funding pressures now being faced by schools, there was a need for the Local Authority to instigate a review of the financial scheme for schools. The Committee also expressed concern over reports that primary school governing bodies may have not been involved or consulted upon previous reviews and changes to the funding formula. The Committee therefore recommend that a full review of the financial scheme and funding formula for schools be undertaken, with full involvement of both primary and secondary governing bodies supported by training provision on this subject so that governors, who are, after all, volunteers, are suitably informed to participate fully in the review.

### **Comments**

- The Committee supported the view that there was drastic transformational change needed across the Local Authority in order to meet future service provision within difficult budgets. However, it was highlighted that care needed to be taken where budget reductions have additional ramifications on other services, such as schools, to not unduly burden those services, on top of their own reductions.

### **Additional Information**

In order for Members to have a full picture of the staffing reductions for the Local Authority going forward and their ramifications, they requested that they receive sight of all basic staffing restructures, noting that care was needed so as to not identify individual staff members. The committee asked if this information could illustrate the situation before and after any proposed restructure so as to view the full implication.

## **SOSC 1 Forward Work Programme**

### **Home to School Transport**

The Committee commented positively on the proposal to commence a review of the Authority's Home to School Transport provision rather than wait until Welsh Government complete their own review, given the difficult budget situation the Authority now faces. The Committee asked that when reported to scrutiny at a future meeting, information is provided on:

How many children receive HTST due to the lack of safe routes to school;  
The impact any reduction might have on Welsh Medium education provision, including how to prevent these pupils being adversely affected.

### **Letter to Welsh Government**

Whilst acknowledging the proposed 3% budget increase from Welsh government as part of its draft settlement, the Committee expressed serious concerns regarding the mounting pressures on local services including schools and social services, and the fact that the settlement was simply not enough to cover such pressures. The Committee appreciate that this was the same for all Local Authorities, however, given reports received that the Minister wished to protect school budgets, Members stated that more needed to be done by Welsh Government to support and fund Local Authorities appropriately. The Committee therefore agreed to write to Welsh Government to highlight these issues and to support Cabinet in putting extra pressure on Ministers to address the funding situation for Local Authorities.

In addition to this, the Committee asked that this letter to Welsh Government also highlight the need for Local Authorities to receive earlier clarification on any external or central budget allocation. This is as a consequence of the ongoing uncertainty currently being experienced in relation to teacher pensions and whether these will be centrally funded. Without such information, it is extremely difficult for Local Authorities to effectively plan and produce, and more importantly consult on, a correct and informed balanced budget.

## Subject Overview and Scrutiny Committee 2 – 19 January 2024

### Social Services and Wellbeing Directorate:

Following detailed consideration and discussions with Cabinet Members and Officers, the Committee made the following Recommendations:

#### Recommendations:

1. The Committee recommended that to protect our most vulnerable, given the better than expected settlement equating to an additional £1M and any other potential additional funding received by the Final Settlement, that Cabinet be asked to reassess the following Budget Reduction Proposals for the reasons stated for each:
  - a. **SSW16** - The Committee expressed concern regarding the removal of 50% of the budget to reduce or remove support for children and young people with additional needs and families to access community activities and opportunities, given the potential high impact upon the individual and their families and risks detailed in the report.
  - b. **SSW20** - The Committee expressed concern regarding the removal of the caseworker resource and efficiency savings from the third Sector Contracts - hospital discharge and that the loss of this service could impact negatively on timely support for people to return home from hospital.
2. Given that a number of Social Services and Wellbeing Budget Reduction Proposals include reference to Reviews, the Committee seeks clarity as to what is still under consideration going forward, the risks to the deliverability of any proposals that include reviews, and whether they can be relied upon to set a balanced budget.
3. The Committee expressed concern regarding the lack of recognition of the difficulty of setting budgets based on short term reliance on Grant funding, the instability and uncertainty when short term Grant funding is removed and the impact on the stability of providing services. The Committee recommended that a letter be sent to Welsh Government lobbying for the discontinuation of short term Grant funding in favour of sustained long term funding included in the settlement.
4. The Committee reflected on the high cost of Independent Residential Placements for Care Experienced Children and the cost of those placements that were Out of County and while recognising the complexities and difficulties and whilst supporting the plan in place and the work ongoing, recommended that bringing those placements back into county provision where possible be emphasised as a priority, to meet needs and work towards reducing the cost over two to three years.

## **Additional Information**

Following detailed consideration and discussions, the Committee requested:

**Independent Residential Placements for Care Experienced Children** - How many placements out of county and in county and the costs.

### **Budget Pressures:**

**SSW3 – Increased cost of Home Care for Adults with Learning Disabilities:**  
Information regarding the amount of lost grant funding in the Learning Disabilities budget and reductions in other Grant funding referred to that impacted on the Learning Disabilities budget.

**General** - Communications with Welsh Government Finance Committee be circulated to the Committee Members.

### **Budget Reduction Proposals:**

**SSW11 - BCBC to waive protections on concessionary pricing and discounted rates for the more vulnerable in leisure settings:**

clarification of what else is included in that budget line of £1.271M and an explanation of whether this saving / budget line is from within the HALO Management fee of £1.399M or not.

**SSW22 - BCBC consider efficiency savings from Third Sector Contracts - Substance Misuse Services:**

An explanation of the narrative why: *“no new referrals from BCBC have been made this year”*.

**SSW26 - Increasing Charges for in-house care homes:**

Details of the charge and increase for those residents paying the full cost of in-house residential care charges, arising from this proposal for full cost recovery.

## **Subject Overview and Scrutiny Committee 3 – 22 January 2024**

### Communities Directorate:

Following detailed consideration and discussion with relevant Cabinet Members and the Corporate Director, the Committee made the following recommendations and comments:

### Recommendations:

## **General Comments and Recommendations**

### **Welsh Government Funding**

The Committee expressed concern over the lack of funding provided by Welsh Government for new legislation introduced and the resulting impact this had on Local Authority budgets in meeting new requirements. The example used was Universal Free School Meals, and whilst not part of the Communities remit, Members highlighted that the requirement for funding for UPFSM puts pressure on the Local Authority budget and has resulting implications on all services when having to fund budget gaps in the overall Council budget. The Committee therefore supported any proposal for the Corporate Overview and Scrutiny Committee to write to WG to express these concerns and request that new legislation be accompanied by suitable, sufficient funding.

### **1. Budget Consultation Process**

The Committee discussed the overall budget consultation process, highlighting that whilst having the opportunity to present an alternative budget and proposal, as many Members who do not sit on the Corporate Overview and Scrutiny and are therefore not involved in the Budget Research and Evaluation Panel, it was very difficult for other Members to know any detail for any alternative proposals. The example of Porthcawl Marina was used, in that if the Committee had known last year that the Authority subsidised this, they might have potentially proposed this as an alternative saving to be made last year in place of something else. The Committee therefore recommended that the whole budget process needed revising and improving with the aim to work together, as 'One Council'. The Committee agreed to work with the Welsh Local Government Association on a review of Scrutiny, with particular focus on the budget consultation process.

### **2. Street Works**

Whilst noting the comments provided in relation to the Authority's Street Works team and that costs could only be sought on permits to cover the Council's own costs, the Committee recommended that the Directorate explore what other Local Authorities were doing in this area, including Carmarthen County Council, to determine if there was any possibility at all of income generation.

### **3. COM 6**

In relation to Bereavement Services and potential future efficiency savings, Members recommended that the Local Authority engage with Town and Community Councils to consider where they might be able to assist and take on some future responsibilities for the maintenance of cemeteries within the County Borough.

### **4. COM8**

- a** Whilst acknowledging that the proposed closure of Bridgend Bus station relates to 2025-2026 budget savings, the Committee expressed strong concerns over the impact of this proposal including how it will affect the community, Bridgend town and its transport links. The Committee referred to other large bus stations in other Local Authorities where they have utilised wall space with advertising, thereby creating an income for the Authority. Given the amount of potential advertising space that is available at Bridgend Bus Station, the Committee recommended that the Authority remove COM8 as a potential efficiency saving and instead replace it with a proposal for potential commercial income generation in order to protect the bus station for the future.
- b** In addition to this, supporting what the Corporate Director, Communities stated about looking at the Council's assets and how they could be more energy efficient, the Committee recommend that the Directorate explore potential energy efficient initiatives that could be made on Bridgend bus station. Members suggested that solar panels, for example, could be installed on this facility which could assist in mitigating the station's associated costs.

### **5. COM9**

In relation to the cessation of the Shopmobility scheme, the Committee recommended that the Authority consider approaching Bridgend Town Council to explore if they had any interest in taking on and maintaining the service.

### **6. COM10**

The Committee supported the proposal to review berthing fees for Porthcawl Marina, with agreement that the Council should not be subsidising this. The Committee were of the view, and therefore recommended, that this could be considered further, if not this year, for future years, to explore if there was any potential to increase the berthing fees for the marina as a method of income generation for the Authority.

### **7. COM20**

- a** The Committee had numerous concerns regarding COM 20 and the proposal to remove additional street cleansing resource given the potential visual and environmental impact this could have on communities across the Borough. Members recommended that if funding is provided via Central Government for

teacher pensions, £125,000 of this be utilised to continue to fund street cleansing, thereby removing COM20 from the budget reductions.

- b** In addition to this, as part of the need for transformational change within the Authority, the Committee recommend that the Council consider the potential for multi-skilled teams of staff who could cover a wider remit, such as grass-cutting and street cleaning as one example. The Committee propose that the Directorate look at what neighbouring Local Authorities are doing in this area, with the aim to provide a more effective, joined up service within Bridgend.

## **8. COM25**

- a** In relation to the proposal to close all Community Recycling Centres by an additional day per week on the weekend, the Committee felt this was not acceptable, particularly given the fact that it had not seen the impact of the first day of closure as this has yet to come into effect. In light of the impact this could have for the public and the Authority, including the visual impact and associated costs from a potential increase in fly-tipping, the Committee recommend that this proposal be removed. Members instead propose that some of this £60,000 be found by moving forward with the proposal to commercially let the Pandy Depot, identified at COM24, bringing this into 2024-25 savings.
- b** Members also recommend that if further savings are still required, the Authority look instead to potentially reduce the opening hours for the Centres, rather than closing for an additional full day. Finally, in a worst-case scenario, should the Centres have to close for a second additional day, the Committee recommend this be another weekday, not a weekend, when the majority of the public would be looking to utilise the Centres.
- c** Linked to COM25, the Committee further recommend that the Authority consider potential ways the Community Recycling Centres could work smarter, such as the introduction of appointments to reduce queues. Members commented that some Local Authorities had introduced appointments during the pandemic and had continued with this method as it had proved to be effective.

## **9. COM30**

Members commented on the decision to revert back to diesel waste vehicles and agreed that this was a suitable saving given the view of Members that there was not enough evidence that Hydrotreated Vegetable Oil (HVO) fuel offered any greater fuel efficiency or air quality benefits as well as any benefits to local business. In light of the current and predicted future financial situation the Authority finds itself in, the Committee recommended that going forward no such 'green innovation' should be pursued unless it either contributes to revenue savings, offers a direct and tangible benefit to residents or enables a consequential efficiency elsewhere in the Council budget.



### **Additional Information Requests**

Linked to COM3 and COM4, the Committee requested that they be provided with the statistics for fly-tipping in the County Borough for the last 3 years.

Linked to COM13 and the considerable cut to the Climate Emergency Programme, the Committee requested detail on what external grants and funding the Authority currently received for this and where it could look for further in order to achieve its targets.

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<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>30 JANUARY 2024</b>
<b>Report Title:</b>	<b>BUDGET MONITORING 2023-24 – QUARTER 3 REVENUE FORECAST</b>
<b>Report Owner/ Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE</b>
<b>Responsible Officer:</b>	<b>JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>As required by section 3 (budgetary control) of the Financial Procedure Rules, Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• <b>The net revenue budget for 2023-24 is £342.334 million. The overall projected position at 31st December 2023 is a net over spend of £10.287 million.</b></li> <li>• <b>The projected over spend is primarily due to ongoing pressures within the Social Services and Wellbeing Directorate, Home to School Transport and homelessness.</b></li> <li>• <b>The budget approved for 2023-24 included budget reduction proposals totalling £2.608 million. The current position is a projected shortfall on the savings target of £246,000, or 9.43% of the overall reduction target.</b></li> </ul>

## 1. Purpose of Report

- 1.1 The purpose of this report is to provide Corporate Overview and Scrutiny Committee with an update on the Council’s revenue financial position as at 31st December 2023.

## 2. Background

- 2.1 On 1st March 2023, Council approved a net revenue budget of £342.047 million for 2023-24 based on the provisional local government settlement received from Welsh Government in December 2022. The Welsh Government announced its final settlement on 28th February 2023 which included an increase in the Revenue Support Grant (RSG) for the Council of £287,106, increasing the net revenue budget for 2022-23 to £342.334 million. The reasons for this increase were outlined in a report to Council on 15th March 2023, but were mainly in respect of the transfer into the final local government settlement of the Fire and Rescue Authority (FRA) Scape grant.
- 2.2 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

## 3. Current situation / proposal

### 3.1 Summary financial position at 31st December 2023

- 3.1.1 The Council's net revenue budget and projected outturn for 2023-24 is shown in Table 1 below.

**Table 1- Comparison of budget against projected outturn at 31st December 2023**

Directorate/Budget Area	Original Budget 2023-24 £'000	Revised Budget 2023-24 £'000	Projected Year end spend Q3 2023-24 £'000	Projected Over / (Under) Spend 2023-24 £'000	Projected Over / (Under) Spend Qtr 2 2023-24 £'000
<b>Directorate</b>					
Education and Family Support	137,488	145,800	146,939	1,139	1,746
Social Services and Wellbeing	92,791	99,316	111,900	12,584	12,690
Communities	30,545	34,532	34,781	249	600
Chief Executive's	24,003	25,410	26,675	1,265	248
<b>Total Directorate Budgets</b>	<b>284,827</b>	<b>305,058</b>	<b>320,295</b>	<b>15,237</b>	<b>15,284</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,203	7,142	4,233	(2,909)	(2,598)
Levies	9,189	9,189	9,180	(9)	(19)
Apprenticeship Levy	650	750	788	38	19
Council Tax Reduction Scheme	16,054	16,054	15,603	(451)	(213)
Insurance Premiums	1,363	1,363	1,238	(125)	(102)
Repairs & Maintenance	670	670	630	(40)	(40)
Pension Related Costs	430	430	457	27	0
Other Council Wide Budgets	21,948	1,678	197	(1,481)	(1,399)
<b>Total Council Wide Budgets</b>	<b>57,507</b>	<b>37,276</b>	<b>32,326</b>	<b>(4,950)</b>	<b>(4,352)</b>
<b>Total</b>	<b>342,334</b>	<b>342,334</b>	<b>352,621</b>	<b>10,287</b>	<b>10,932</b>

- 3.1.2 The overall projected position at 31st December 2023 is a net over spend of £10.287 million comprising £15.237 million net over spend on directorates and a net under spend of £4.950 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 3.3.
- 3.1.3 The overall projected position has improved since the net projected over spend of £10.932 million reported at quarter 2. In October, the Chief Executive wrote to all members of staff to indicate that new measures were being introduced, as modelling suggested that a total of £20 million of cuts may be required to address the 2023-24 over spend as well as to fund new budget pressures in 2024-25. These included a selective vacancy freeze, not entering into any new contracts or purchasing new equipment unless absolutely necessary, and maximisation of grant and fee income. There has been a reduction in the number of roles advertised in quarter 3 of 17.1% compared to quarter 2 and a 26.9% reduction when compared to quarter 3 in 2022-23. Where these measures have positively impacted on projections, this has been set out in section 3.3.
- 3.1.4 The main financial pressures are in the service areas of Social Services and Wellbeing (SSWB), Home to School Transport (HtST) and Homelessness. In 2022-23, the SSWB Directorate experienced pressures of work to meet statutory duties against a backdrop of an exponential increase in demand in children's social care, and an increase in the number of independent residential placements in Children's Services, along with pressures in learning disabilities and older persons' residential placements. Whilst budget growth of £8.174 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) for 2023-24, a significant proportion of this was to address the implementation of the Real Living Wage for care workers. The SSWB Directorate continues to see an increase in demand and this budget growth is currently insufficient to meet the increase in demand, with current projections showing a £12.584 million over spend in 2023-24. A 3 year sustainability plan to improve outcomes for Children and Family Services in Bridgend was approved by Council on 20th September 2023, with a budget virement of £1 million approved for Children's services and the additional use of up to £2.5 million of earmarked reserves whilst a more permanent funding solution is sought.
- 3.1.5 There is a projected over spend on Home to School Transport of £1.157 million. Several retendering exercises on HtST took place in 2022-23 with market conditions not being favourable, due to high levels of inflation and shortage of drivers and escorts. These procurement exercises resulted in generally higher costs across many contracts.
- 3.1.6 Budget growth of £2.192 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) budget setting process in February 2021 with a further £700,000 approved in March 2023, to continue the commitment to focus support for homeless individuals. However, the Council has seen a significant increase in the provision of temporary accommodation, from 232 households and 436 individuals in November 2022 to 299 households and 559 individuals in November 2023. There is a projected over spend on Housing & Homelessness of £538,000 at quarter 3.

### **Budget virements/technical adjustments**

- 3.1.7 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in March 2023. The budget position is reported on the assumption that these virements will be approved.
- 3.1.8 The other main virements and technical adjustments since quarter 2 are outlined below:

#### **Budget Virements**

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding from the Capital Financing budget to Communities Directorate to cover the cost of prudential borrowing for highways maintenance schemes as agreed when the capital funding was approved.	£60,893

#### **Technical Adjustments**

<b>Service vired from / to</b>	<b>Amount</b>
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award 2023-24 for school employees – confirmed in November 2023	£2,551,490
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award 2023-24 for directorate employees – confirmed in November 2023	£5,521,330
Allocation of funding retained centrally in respect of teachers' pay award 2023-24 (covering September 2023 to March 2024)	£2,466,750
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.11).	£1,338,076

#### **Pay/Price Inflation**

- 3.1.9 When the budget for 2023-24 was set, very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases. The technical adjustments table above outlines the amounts released from these budgets during quarter 3, based upon confirmed pay awards and evidenced price inflationary uplifts.
- 3.1.10 The adjustments to pay budgets reflect agreement on pay claims for Teachers' pay and National Joint Council employees, both of which were agreed in recent months.
- 3.1.11 Price inflationary uplifts include £0.605 million for Home to School Transport contracts, £0.523 million inflationary uplift on the waste collection contract, and £0.105 million for software increases in line with the Consumer Price Index (CPI).

- 3.1.12 The Council has experienced additional costs as a result of increases in inflation not seen for over a decade, partly as a consequence of the impact of the war in the Ukraine.
- 3.1.13 There is therefore no further funding available for any more unexpected major pay/price inflation increases. Inflation rates have remained high for most of 2023-24 with CPI at 6.7% in August 2023. Whilst CPI reduced to 3.9% in November, its lowest level in two years, prices remain substantially above what they were before the war in Ukraine began in February 2022 and the budget will need to be monitored closely during the remainder of the year and going into 2024-25.

### **Budget Reduction Proposals**

- 3.1.14 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £2.608 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 3.1.15 In March 2023 Council approved the Medium Term Financial Strategy for 2023-24 to 2026-27. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £17.165 million over the next four years. However, it has become evident in recent months that the position going forward is likely to be even more challenging than this, with recurrent in-year over spends needing to be mitigated, along with additional pay and price pressures. Against that background it is essential that expenditure is kept within the overall approved budget as far as possible, and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead. Likewise, any opportunities to reduce spend in-year will continue to be taken to try and improve the year end position.
- 3.1.16 At year end consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Similarly, consideration will be given to requests from Corporate Directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol. However given the quarter 3 overall projected over spend for the Council, and that carry forward of planned under spends can only be approved as long as they can be met from within the Council's cash limited budget for 2023-24, it is unlikely that there will be capacity to establish new, or increase existing, earmarked reserves at year-end. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules.
- 3.1.17 If over spends are due to budget reduction proposals not being achieved, Corporate Directors will be asked to identify if any of these proposals are still not likely to be achieved in full during the 2024-25 financial year, and to identify mitigating actions that will be undertaken to achieve them.

## 3.2 Monitoring of Budget Reduction Proposals

### Prior Year Budget Reductions

3.2.1 A report was presented to Cabinet on 20th June 2023 on the Revenue Budget Outturn 2022-23. In the report it was highlighted that, for 2017-18 to 2021-22, there were £179,000 of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £60,000. In addition, of the 2022-23 budget reduction proposals of £631,000, it was reported that there was a total outstanding balance to be met of £176,000. Corporate Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2023-24 financial year, and to identify mitigating actions that will be undertaken to achieve them. All remaining outstanding prior year budget reductions are summarised in **Appendix 1** with a summary per directorate provided in Table 2.

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

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Social Services and Wellbeing	115	115	0
Communities	165	0	165
<b>TOTAL</b>	<b>280</b>	<b>115</b>	<b>165</b>

*Note: The total budget reductions required in Table 2 represents the full original budget reduction targets.*

3.2.2 Table 2 shows that of the £280,000 outstanding reductions, £115,000 is likely to be achieved in 2023-24 leaving a shortfall of £165,000. Proposals still not likely to be achieved include:

- COM 2 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000 shortfall). Positive progress has been made with Natural Resources Wales in relation to the licence at the new site in Pyle, however both sites will be maintained until the new site is fully operational, therefore the saving will not be implemented until mid-way through 2024-25.
- COM 3 – change the composition of household food waste bags (£35,000 shortfall). The budget reduction proposal was delayed until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have been advised of the change of composition, therefore the saving will be made in full during 2024-25.
- COM 4 – remove Business in Focus from running Enterprise Centres in Bridgend (£20,000 shortfall). The review of the Business in Focus continues to be explored to identify operating efficiencies.



- COM 5 – commercially let a wing of Ravens Court to a partner organisation of business (£50,000 shortfall). Demand for office space at this time is limited, the re-letting market is extremely challenging and investment is required on the heating and ventilation system in Ravens Court before being able to lease the building. It is intended to accelerate shared use of space with public sector partners, in particular South Wales Police in the Civic Offices, in 2024-25

3.2.3 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 7 states that “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”. An MTFS Budget Reduction Contingency reserve was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. There are no plans to draw down from this reserve in 2023-24, and the reserve will be maintained to offset future budget reduction shortfalls due to the challenging budgetary position going forward.

### **Budget Reductions 2023-24**

3.2.4 The budget approved for 2023-24 included budget reduction proposals totalling £2.608 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £2.358 million has been achieved to date with only a further £4,000 in savings likely to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £246,000, or 9.43% of the overall reduction target.

**Table 3 – Monitoring of Budget Reductions 2023-24**

	Total Budget Reductions Required	Total Budget Reductions Achieved to date	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000	£'000
Education and Family Support	40	0	0	40
Schools	2,118	2,118	2,118	0
Social Services and Wellbeing	0	0	0	0
Communities	375	165	169	206
Chief Executive's	75	75	75	0
<b>TOTAL</b>	<b>2,608</b>	<b>2,358</b>	<b>2,362</b>	<b>246</b>

3.2.5 The most significant budget reduction proposals unlikely to be achieved in full are:-

- EDFS1 – Delegation of school transport responsibilities to The Bridge Pupil Referral Unit (£40,000 shortfall). Officers are continuing to investigate the practicalities and implications of this bespoke transport arrangement.
- COM1 – closure of each of the Community Recycling Centre sites for one weekday per week (£46,000 shortfall). Public consultation on this proposal was undertaken between 30th June and 12th September 2023, with the outcome reported to Cabinet on 21st November 2023, when the proposal was approved. The current

waste contractor is in the process of implementing this saving, and a marginal saving will be made in 2023-24, with the full saving being realised in 2024-25.

- COM 2 – Charging Blue Badge Holders for parking (£40,000 shortfall). The traffic management team have been engaged in the introduction of the national speed limit (20mph) in built up areas, and therefore the saving proposal is unlikely to be achieved in 2023-24 due to the resource required to introduce this change first.
- COM5 – commercially let a wing of Ravens Court to a partner organisation or business (£120,000 shortfall) – Demand for office space at this time is limited, the re-letting market is extremely challenging and investment is required on the heating and ventilation system in Ravens court before being able to lease the building. It is intended to accelerate shared use of space with public sector partners, in particular South Wales Police in the Civic Offices, in 2024-25.

3.2.6 **Appendix 2** identifies the projected amount of saving against these proposals in detail and action to be taken by the directorate to mitigate the shortfall. Corporate Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year.

3.2.7 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position.

### 3.3 **Commentary on the financial position at 31st December 2023**

#### **Financial position at 31st December 2023**

A summary of the financial position for each main service area is attached in **Appendix 3** to this report and comments on the most significant variances are provided below.

#### 3.3.1 **Education and Family Support Directorate**

The net budget for the Education and Family Support Directorate, including school delegated budgets, for 2023-24 is £145.800 million. Current projections indicate an over spend of £1.139 million at year end. The main variances are:

<b>EDUCATION &amp; FAMILY SUPPORT DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Learner Support	6,935	7,663	728	10.5%
Family Support	3,602	3,273	(329)	-9.1%
Home to School Transport	8,625	9,782	1,157	13.4%
Catering Services	2,195	2,083	(112)	-5.1%
Corporate health and safety	411	280	(131)	-31.9%

#### **Schools' delegated budgets**

Total funding currently delegated to schools in 2023-24 is £116.015 million.

The schools' delegated budget is reported as balanced as any under spend or over spend is automatically carried forward into the new financial year before being considered by the Corporate Director - Education and Family Support in line with the 'Guidance and Procedures on Managing Surplus School Balances'.

At the start of 2023-24, projections indicated an overall surplus balance for school delegated budgets of £221,890 at year end. At quarter 2 this reduced to a £72,960 projected surplus. At quarter 3 this had reduced to an overall projected deficit of £167,593. There are 22 primary schools, 1 secondary school and 2 special schools (47% of all schools) projecting a deficit balance at year end.

### **Central Education and Family Support Directorate budgets**

#### Learner Support

- There is a projected net over spend of £728,000 in Learner Support budgets. This primarily relates to a projected over spend on the inter-authority recoupment budget due to an increase in demand for Bridgend pupils in out of county placements from 16 in Summer 2022 up to 21 for Summer 2023 and 22 in Autumn 2023 (£478,000) as there are insufficient spaces at Heronsbridge and Ysgol Bryn Castell. The balance mainly relates to a projected increase in demand for additional learning needs support at schools, in particular complex medical needs, sensory support and communication and relationship support.

#### Family Support

- The projected under spend of £329,000 primarily relates to staff vacancies and receipt of additional grant funding. The two additional grants are the Youth Endowment Fund (£262,000 – 18 months from September 2023 to March 2025) and the Turnaround grant (£59,000 – two years, ending March 2025). The under spend has increased from the £280,000 projected at quarter 2 due to the selective recruitment freeze.

#### Home-to-school transport (HtST)

- The revenue outturn report for 2022-23 highlighted a £1.316 million over spend on the HtST budget. This was primarily as a result of retendering exercises that had taken place, which had been impacted by unfavourable market conditions. This had subsequently resulted in higher costs across many contracts in line with difficulties associated with the aftermath of the pandemic, namely the shortage of drivers and escorts and increased fuel costs internationally.
- The HtST budget is projecting a similar projected over spend for 2023-24 of £1.157 million.

#### Catering Services

- There is a projected under spend of £112,000 in Catering Services which has significantly improved from the projected over spend of £390,000 reported at quarter 2. This is mainly due to the receipt of a working balance of £237,000 from Paypoint who administered Free School Meal holiday vouchers on behalf of the authority until the end of the May half term holiday. The deposit was held open until quarter 3 to maximise the number of vouchers that had been issued being redeemed by families. Without this, Catering Services would be projecting an over spend of £125,000.
- Secondly, Welsh Government announced on 20th December that they had completed their review on the Universal Primary Free School Meals (UPFSM) unit

rate and had agreed an increase per meal to £3.20 from £2.90 effective from January 2024. However, in recognising the additional costs incurred in delivering the UPFSM offer at pace, additional funding will also be released in 2023-24. This has improved the projections since quarter 2 by £148,000.

- Price inflation on food has been particularly volatile in 2023-24, with a recent reduction in food inflationary levels seen. The cost of food purchases will be closely monitored for the remainder of 2023-24, and into 2024-25 to determine whether the inflationary pressures in this area continue to impact on cost recovery in this service area.

#### Corporate Health and Safety Unit

- The projected under spend of £131,000 within the Corporate Health and Safety Unit primarily relates to staff vacancies. The projected under spend has increased since the £36,000 reported at quarter 2 due to current vacancies being placed on hold in light of the selective recruitment freeze.

### **3.3.2 Social Services and Wellbeing Directorate**

The Social Services and Wellbeing Directorate's net budget for 2023-24 is £99.316 million. Within that, Council approved budget pressures of £8.174 million as part of the Medium Term Financial Strategy.

This funding was used to support :

- £2.5 million for Real Living Wage for care workers ;
- inflationary uplifts on commissioned contracts ;
- demographic pressures ;
- Children's Residential and Independent Residential Care ;
- Learning Disabilities ;
- strengthening of leadership in response to challenging Care Inspectorate Wales inspections ;
- workforce pressures to safeguard and protect children.

In 2023-24 the Directorate has continued to experience service and financial pressures in meeting statutory duties with a backdrop of a continued exponential increase in demand in Children's social care which impacts on the workforce required and a further increase in the number of independent residential placements in Children's services. This includes a small number of placements at any time which are Operating Without Registration (OWR). Given the additional risks of children living in settings without the protection accorded by regulation, these placements are risk managed and have higher staff ratios, which drive the cost of the service. A 3 year sustainability plan to improve the way that children and families are supported in Bridgend was agreed by Council on 20th September 2023. The financial implication of this plan is an approved budget virement of £1 million for Children's services and the additional use of up to £2.5 million of earmarked reserves whilst a more permanent funding solution is sought. Good progress is being made with implementing the plan, particularly to progress the steady and safe reduction of agency workforce, through improved retention and recruitment of a permanent workforce, including international recruits. A new emergency residential assessment service has been opened and is avoiding the costs of additional

placements. However, even one additional placement can have massive budgetary implications meaning, despite progress, spend has been contained, rather than reduced.

Alongside this, there continues to be pressures in learning disabilities and older people's services driven by the complexity of need. The Social Services Improvement Board is overseeing a number of actions to address the growth in the adult services budget. These include accelerating the work to transform learning disabilities. An independent review highlighted the need to invest to save to 'right size and right price' care packages to support people to live as independently as possible. Also to support people to retain and regain independence, a target of 80% of all assessments where long term care and support at home is indicated to go through short term service including enabling and reablement has been set. The pathways between care and support and preventative services to maximise the opportunity for people to have wellbeing outcomes met through community connection and resources in their community. Further actions for 2024-25 are being developed into a 3 year service and financial strategic plan for adult services to be considered by Cabinet in the spring of 2024.

Current projections, as at quarter 3, indicate an over spend of £12.584 million at year end compared with £12.690 million at quarter 2.

The main budget variances are :

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Adult Social Care	65,934	71,095	5,161	7.8%
Prevention and Wellbeing	7,452	7,290	(162)	-2.2%
Childrens Social Care	25,931	33,515	7,585	29.3%

### **Adult Social Care**

There is projected net over spend of £5.161 million on the Adult Social Care budget. The most significant variances contributing to this projected over spend are:

<b>ADULT SOCIAL CARE</b>	<b>Projected Variance Over/(under) budget</b>
	<b>£'000</b>
Learning Disabilities Home Care	1,993
Homes For Older People	961
Assessment and Care Management	821
Learning Disabilities Residential Care	811
Mental Health Homecare	679
Learning Disabilities Day Opportunities	578
Older People Direct Payments	302

Physical Disability/Sensory Impairment Direct Payments	198
Physical Disability/Sensory Impairment Home Care	101
Equipment & Adaptions	84
Physical Disability/Sensory Impairment Residential/ Nursing	61
Learning Disabilities Direct Payments	(112)
Administration and Central Services	(142)
Mental Health Residential Care	(185)
Mental Health Supported Accommodation	(208)
Older People Home Care	(765)

- Learning Disabilities Home Care – the projected over spend of £1.993 million is comparable with the projected over spend of £1.960 million reported at quarter 2. This is the result of the number of hours of care covered by home care services has increased and there has been an increase in the complexity of people’s needs – e.g. waking nights required rather than sleep-in.
- Homes For Older People – the projected over spend of £961,000 is mainly due to increased Residential/Nursing placement costs (£1.112 million) and has decreased by £136,000 since quarter 2, mainly due to an increase in client contribution income - £129,000.
- Assessment and Care Management – there is a projected over spend of £821,000 due to the need to have agency cover as a result of the recruitment environment and demands in the system particularly linked to supporting the acute hospital and timely discharges.
- Learning Disabilities Residential Care – there is a projected over spend of £811,000 which is primarily due to increased costs for existing placements due to changing needs (£891,000) which is partially offset by under spends on the Breakaway Respite Service (£80,000) due to staff vacancies. The quarter 2 position was a projected over spend of £673,000 with the increase to quarter 3 being primarily due to 1 additional complex new placement.
- Mental Health Home Care – this includes supported living, short breaks and domiciliary care. The projected over spend of £679,000 is mainly due to increased needs of people with supported living packages of care and a net increase of 5 placements since quarter 2 taking the total to 50. This has increased from the projected spend of £315,000 reported at quarter 2.
- Learning Disabilities Day Opportunities – the projected over spend of £578,000 mainly relates to placement numbers exceeding the available budget for external day services. The projected over spend for external day services has increased by £114,000 since quarter 2 due to the transfer of a high cost placement from Children’s Services, plus an increase in support required on two existing placements.
- Older People Direct Payments – there is a projected over spend of £302,000 across the Direct Payments budgets in this area. The main reason for the projected over spend is the increasing complexity of cases resulting in the projected over spend increasing from the £179,000 reported at quarter.

- Physical Disability/Sensory Impairment Direct Payments - there is a projected over spend of £198,000. The projected over spend relates to an increasing complexity of cases that impact on the average cost of direct payments support.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £101,000 which has improved since the quarter 2 projected over spend position of £152,000.
- Equipment & Adaptions – the projected over spend of £84,000 has reduced from the quarter 2 projected over spend £141,000. The over spend position is because of continuing demand for equipment due to the need to support individuals in line with Welsh Government’s rehabilitation and recovery model.
- Physical Disability/Sensory Impairment Residential/Nursing – the projected over spend of £61,000 is due to higher placement numbers than budget. The position has improved from the quarter 2 projected over spend of £80,000 due to an increase in self-funding service user contributions.
- Learning Disabilities Direct Payments – there is projected under spend of £112,000 which has improved from the projected under spend at quarter 2 of £84,000.
- Administration and Central Services – the projected under spend of £142,000 is mainly due to staffing vacancies.
- Mental Health Residential Care – the projected under spend of £185,000 has increased from the quarter 2 projected under spend of £76,000. This is as a result of 3 placements ending in quarter 3.
- Mental Health Supported Accommodation – the projected £208,000 under spend primarily relates to utilisation of Innovation Grant Funding to support staffing budgets in this service area (£262,000).
- Older People Home Care – the projected £765,000 under spend primarily relates to staffing under spends as a result of the recruitment challenges in the home care sector. Agency staff have been utilised to supplement the workforce where available, however the service is still experiencing ongoing recruitment challenges. The service has also sought to maximise the Regional Integrated Fund and Transformation grant funding - £140,000 - which has overall resulted in a projected under spend on staffing of £508,000.

#### **Prevention and Wellbeing**

- The projected under spend of £162,000 is primarily due to the utilisation of grant funding opportunities offsetting salary costs (£122,000 in Prevention and Wellbeing and £25,000 in Playworks).

#### **Children’s Social Care**

There is projected net over spend of £7.585 million on the Children’s Social Care Budget. This is compared to a quarter 2 projected over spend of £7.614 million. The most significant variances contributing to this projected over spend are:-

<b>CHILDREN'S SOCIAL CARE</b>	<b>Projected Variance Over/(under) Budget – qtr 3 £'000</b>	<b>Projected Variance Over/(under) Budget – qtr 2 £'000</b>
Care Experienced Children	5,329	5,142
Commissioning & Social Work	2,335	2,055
Management & Administration	196	352
Other Child & Family Support Services	(208)	3

- The projected over spend of £5.329 million for Care Experienced Children is due to a combination of factors:-
  - The Independent Residential Care budget has a projected over spend of £5.235 million and has increased by £463,000 from the quarter 2 projected over spend of £4.772 million. The number of care experienced children in out of authority placements remains the same as at quarter 2 - 27. The projected over spend has increased since quarter 2 due to an increase in agency costs as a result of higher staffing ratios for a number of specific high cost placements and an increase in complexity of existing placements. The underlying over spend position is due to a number of factors, including high numbers of care experienced children, insufficient quantum and quality of placements to meet needs including foster carers (in-house and independent) and children requiring specialist provision sometimes with high staffing ratios to keep them safe and protected.
  - Children's Residential Services are projecting an under spend of £346,000, compared with the projected under spend position of £143,000 at quarter 2. This is due to a decrease in costs for agency staff as a result of successfully recruiting permanent members of staff. There is a projected under spend relating to this growth as the posts are being recruited to in 2023-24, along with a delay in the opening of the Golygfa'r Dolydd, a new build children's home.
  - There is a projected under spend on Independent Fostering Agency placements (£344,000). This has decreased since the quarter 2 projected under spend position of £462,000 as the number of placements has increased. The underlying under spend is due to other placement options being utilised including Special Guardianship Orders which are projecting an over spend of £472,000.
- Commissioning and Social Work – the projected over spend of £2.335 million is mainly due to having to rely on agency staffing across all the children's social work teams due to the recruitment challenges and the need to operate above establishment to maintain safe caseloads, although good progress is being made in retaining and recruitment including international recruitment and conversion of some agency workers to permanent contracts.

The service area has however seen an increase in the projected over spend of £90,000 in care support and placement costs, the majority of which relate to Care Experienced Children/care support spend such as court ordered drug testing, assessments, reports, travel and therapy costs.

- Management & Administration – the projected over spend of £196,000 (quarter 2 - £352,000 over spend) relates primarily to staffing costs. There has been a significant increase in children and young people referred for care and support



and/or due to safeguarding concerns which require strong and effective management oversight in accordance with inspection findings.

- Other Child & Family Support Services – the projected under spend of £208,000 is primarily due to an anticipated refund from the Regional Adoption service due to their overall budget projecting an under spend and the number of children from Bridgend being adopted continuing to be proportionately lower than budgeted for.

### 3.3.3 **Communities Directorate**

The net budget for the Directorate for 2023-24 is £34.532 million. Current projections, as at quarter 3, indicate an over spend of £249,000 at year end, an improved position from the projected over spend of £600,000 at quarter 2. The Directorate has undertaken work on increasing fees and charges in-year including charges for green and bulky waste collections, Council operated car parks and burial fees, the impact of which will be reported in the outturn report. Secondly, Corporate Landlord are working on several office rationalisation proposals, including closing both Ravens Court and the Innovation Centre and maximising the use of the Civic Offices, including accommodating partners such as South Wales Police. Other opportunities are also being explored with service areas to ensure the best use of the corporate estate. Finally, maximising grant funding is an ongoing activity as the Directorate has a number of significant grant allocations, including £23 million over 3 years for the Shared Prosperity Fund.

The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Development Control	(217)	(150)	67	30.9%
Development Planning	1,139	1,046	(93)	-8.2%
Climate Change Response	571	401	(170)	-29.8%
Waste Disposal & Collection	10,260	10,161	(99)	-1.0%
Fleet Services	135	485	350	259.3%
Highways Services (DSO)	3,347	3,097	(250)	-7.5%
Engineering Services	214	135	(79)	-36.9%
Corporate Landlord	4,435	4,943	508	11.5%

#### Development Control and Planning

- The projected over spend in Development Control of £67,000 is primarily due to the anticipated slippage of significant developments into 2024-25, resulting in a projected downturn in planning application income. At quarter 2, these developments were projected to be submitted in 2023-24, and a projected under spend of £106,000 was reported. Fee income is subject to considerable fluctuations between years, depending on number and of types of applications. For example, in 2021-22 the service experienced a deficit of £249,000, compared with a surplus of £54,000 in 2022-23.

- The projected under spend in Development Planning of £93,000 is due to staff vacancies. Whilst the service has recently gone through a restructure, the service is finding it difficult to recruit to vacant posts.

#### Climate Change Response

- The projected under spend of £170,000 in the Climate Change Response budget is primarily due to staff vacancies (£75,000) and subsequent projected under spend on associated climate change supplies and services budgets (£95,000) as a result of the selective vacancy freeze.

#### Waste Disposal and Collection

- There is a net projected under spend on the Waste Disposal and Collection budget of £99,000 which has improved from the projected net over spend of £373,000 reported at quarter 2. The improvement is mainly due to one-off efficiencies during the final year of the waste collection contract. There are still underlying pressures on the waste budget, including:
  - £60,000 due to the delay in the achievement of the 2022-23 MTFs saving, COM 2 - Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at the existing site. Positive progress has been made with Natural Resources Wales (NRW) in relation to the licence at the new site in Pyle, however both sites will be maintained until the new site is fully operational, therefore the saving will not be implemented until mid-way through 2024-25.
  - £35,000 due to the delay in the achievement of the 2022-23 MTFs saving, COM 3 – change the composition of Household Food Waste Bags. The budget reduction proposal was delayed until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have been advised of the change of composition, therefore the saving will be made in full during 2024-25.
  - £50,000 due to the delay in the achievement of the 2023-24 MTFs saving, COM 1 – closure of each of the Community Recycling Centre sites for one weekday per week. Public consultation on this proposal was under taken between 30th June and 12th September 2023, with the outcome reported to Cabinet on 21st November 2023, when the proposal was approved. The current waste contractor is in the process of implementing this saving, and a marginal saving will be made in 2023-24, with the full saving being realised in 2024-25.
  - The remainder of the underlying over spend is due to an increase in subscribers for both the Absorbent Hygiene Products (AHP) (£124,000) and Garden Waste (£53,000) collection services. The AHP service has been promoted to further improve the recycling levels achieved in Bridgend which also mitigates the risk of fines imposed by Welsh Government (WG) if local authorities do not meet their recycling targets. It has seen an increase of 6.2% since the start of the 2022-23 financial year. Garden waste subscriptions have increased by 20% over the last two years with the number of subscribers increasing from 6,249 in 2021-22 to 7,536. An annual subscription fee is charged for the service, and the garden waste collected also improves the recycling levels achieved in Bridgend, however it is not currently a fully cost-recovering service.

#### Fleet Services

- There is a projected over spend of £350,000 on Fleet Services which has worsened since the £231,000 projected at quarter 2. The fleet services team operate on a break-even basis with re-charges for work undertaken on directorates, South Wales Police (SWP) and the general public's vehicles, generating income to support staffing and overhead costs. Productivity levels continue to be impacted by long term sickness and ongoing issues with recruitment and retention difficulties. A report outlining options in respect of the operational model and charging mechanisms is in the final stages of development in mitigating the budget position of fleet services.

#### Highways Services

- The projected under spend of £250,000 within Highways Services is primarily due to core funded staff being utilised to support work on capital schemes. In these cases, the salary costs can be capitalised, thus generating one-off income for the service area.

#### Engineering Services

- There is a projected under spend on Engineering Services of £79,000. This is primarily due to an increase in the level of fee earning jobs (grant funded/non grant funded projects) and the differing chargeable rates allowed on the schemes.

#### Corporate Landlord

- There is a projected over spend of £508,000 against Corporate Landlord. As reported in the 2022-23 outturn report, there are shortfalls in income generated from properties run by the Council that relate to occupancy shortfalls which have continued into 2023-24. It was reported at quarter 1 that there was already an underlying shortfall in income at Bridgend Market of £100,000 which had increased to £198,000 at quarter 2 due to the identification of Reinforced Autoclaved Aerated Concrete (RAAC) and the closure of the market. There is also a shortfall in income of £130,000 for the Innovation Centre and £130,000 on Industrial Units, and a strategy is being developed to reduce these income shortfalls in the longer term.
- Corporate Landlord continue to seek to commercially let out wings of Ravens Court to a partner organisation or business. However, at present demand for office space is limited and the re-letting market extremely challenging. As noted in section 3.2.2 and 3.2.5 the £50,000 target for 2022-23 and the £120,000 target for 2023-24 in relation to this MTFs proposal will not be achieved in this financial year which represents a further £170,000 pressure on the Corporate Landlord estates budget.
- The projected over spends have been partially offset by staffing vacancies of £208,000 in line with the selective recruitment freeze.

### 3.3.4 Chief Executive's

The net budget for the Directorate for 2023-24 is £25.410 million. Current projections anticipate an over spend against this budget of £1.265 million. This is compared to a projected over spend position of £248,000 at quarter 2. The main reason for the increase in projected over spend since quarter 2 is the significant increase in numbers of individuals and households supported to continue the commitment to focus on support for homeless individuals providing them with accommodation. The service area is working on both short and medium term plans to mitigate the increase in temporary accommodation costs.

In the short term the Rapid Rehousing Transitional Plan sets out the intention to work in partnership with key stakeholders to prevent homelessness and to ensure that where prevention is not possible, homelessness is brief and people have access to the support required to live as independently as possible. Secondly, the service is seeking to expand the existing Alternative to Bed & Breakfast Accommodation (ABBA) service which is a partnership working model with Registered Social Landlords (RSLs) to reduce the usage of Bed and Breakfast Accommodation through the provision of suitable temporary accommodation units, with linked housing related support, supporting the move into independent accommodation. Finally, the service is undertaking feasibility work with Corporate Landlord to develop a procurement strategy whereby the Council purchases, owns and manages shared accommodation.

In the medium term, the service is working with RSLs to utilise capital income streams such as the Social Housing Grant to increase suitable housing stock over a 5 year programme. 2023-24 has seen £3.5 million transitional capital being invested creating an additional 38 units of social housing in the borough. Secondly, Cabinet approved in November 2023 to join the Welsh Government private rent sector Leasing Scheme with the aim of increasing the supply of suitable, affordable accommodation in the borough and reduce demand on homelessness services.

The main variances are:

<b>CHIEF EXECUTIVE'S</b>	<b>Net Budget £'000</b>	<b>Projected outturn £'000</b>	<b>Actual Variance Over/(under) budget £'000</b>	<b>% Variance</b>
Housing & Homelessness	4,177	4,715	538	12.9%
ICT	4,367	4,405	38	0.9%
Legal, Democratic & Regulatory	6,074	6,792	718	11.8%

#### Housing & Homelessness

- There is a projected over spend of £538,000 on Housing & Homelessness. This is compared to the projected under spend position of £522,000 at quarter 2.
- Budget growth of £2.192 million was approved by Council as part of the MTFs Budget setting process in February 2021 to continue the commitment to focus support for homeless individuals providing them with accommodation. An additional budget pressure of £700,000 was approved by Council in March 2022 based on increased numbers of households and individuals supported with accommodation. The core accommodation budget for 2023-24 is £2.722 million.
- For 2023-24, Welsh Government (WG) have confirmed grant funding of £898,694 for accommodation under the "No One Left Out" funding stream, and £137,000 for financial assistance for families and individuals experiencing financial difficulties with accommodation under a Discretionary Homelessness Prevention Grant. The total funding confirmed for 2023-24 of £1.036 million is significantly lower than the total grant allocation of £2.128 million which was received in 2022-23.
- Projected spend on Homelessness accommodation in 2023-24 is £4.790 million, compared with £3.9 million at quarter 2. As well as the core

accommodation budget (£2.722 million), total WG accommodation grant funding (£898,694) and Ukrainian grant funding (£72,000) the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£392,000). The net impact is a projected over spend on homelessness accommodation of £705,000.

- The projected accommodation spend is based on increased numbers of households and individuals supported, from 232 households and 436 individuals in November 2022 to 299 households and 559 individuals in November 2023. The service has seen a significant increase in support provided since quarter 2 which has contributed to the change to a projected over spend at quarter 3 - in September 2023 there were 276 households and 514 individuals, therefore an increase of 45 individuals and 23 households compared with the November 2023 figures. Secondly, the projected over spend is due to the average length of stay in temporary accommodation increasing from 110 days in November 2022 to 161 days in November 2023. Thirdly, the makeup of households in temporary accommodation involves large households and families with disabilities for whom temporary accommodation is difficult to secure and often results in significantly higher costs. The budget will require close monitoring throughout the remainder of 2023-24 in line with any further changes in support required for homelessness accommodation.
- The projected over spend on accommodation is partially mitigated by the projected under spend of £135,000 on staff vacancies which has increased from the £89,000 under spend projected at quarter 2 in line with the selective vacancy freeze.
- The other area of projected under spend in Housing relates to the Housing Deposits budget, a fund that is used to support initial set-up costs in temporary accommodation which is projecting a £69,000 under spend.

### ICT

- There is a projected net over spend of £38,000 across ICT budgets. This has improved from the projected net over spend of £60,000 reported at quarter 2 due primarily to an increase in the projected under spend on staff vacancy management as a result of the selective vacancy freeze.
- Due to reduced printing activity ICT have been unable to recover the fixed costs of printers and photocopiers through the re-charge to service departments consequently reduced spend has been incurred on printing budgets across the service departments and the ICT service has received less income. An exercise was undertaken in quarter 2 to re-align print budgets and the position in ICT reflects a £125,000 realignment from service area budgets.

### Legal, Democratic & Regulatory

- There is a net over spend of £718,000 across Legal, Democratic and Regulatory services, which shows a slightly improved position from the quarter 2 projected net over spend of £747,000. The projected over spend is primarily due to legal fees continuing to be a budget pressure. The pressures experienced in 2022-23 on public and private law childcare cases, along with an increase in volume of complex cases that have required King's Counsel, are continuing into 2023-24 and the projections are based on the number and complexity of cases.

- In comparison, the over spend on legal fees for 2022-23 was £417,000, but this was offset by an earmarked reserve of £340,000 which was drawn down in full in that financial year.
- There is also a net £99,000 projected over spend in Regulatory Services (Licencing, Public Health, Pest Control etc) due to under recovery of income, particularly in Taxi Licencing and Environmental Health.

### 3.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The net budget for 2023-24 is £37.276 million. Current projections anticipate an under spend against this budget of £4.950 million. The main variances are:-

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Capital Financing	7,142	4,233	(2,909)	-40.73%
Council Tax Reduction Scheme	16,054	15,603	(451)	-2.81%
Other Council Wide Budgets	1,678	197	(1,481)	-88.26%

#### Capital Financing

- The projected under spend of £2.909 million mainly relates to additional interest from current investments due to the higher level of interest rates agreed by the Bank of England Monetary Policy Committee. It was noted in the revenue outturn report that the increase to 4.5% in May 2023 was the highest it has been since 2008, but this has further increased to 5% in June 2023 and 5.25% in August 2023. The rate has remained frozen at 5.25% since August.
- The under spend is predicated on interest rates being sustained throughout the remainder of 2023-24. It should also be noted that this will not be a recurring under spend as the Council approved new Highways and Children's Playground refurbishments in the Capital Programme in March 2023 to be funded from a combination of unallocated capital funding and prudential borrowing and this has not been drawn down in full to date.

#### Council Tax Reduction Scheme

- There is currently a projected under spend of £451,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2023-24 is higher than in 2022-23 when the gross spend in this budget area was £14.885 million, although part of this would be as a result of the council tax increase in April 2023. The budget will be closely monitored going into 2024-25 as there could be an additional call on the scheme in view of the impact of the cost of living crisis on personal financial circumstances with the potential for an increase in the number of benefit claimants.

#### Other Council Wide Budgets

- As referred to in paragraph 3.1.13 there is no further funding available for any further unexpected major price inflation increases and the budget will need to be monitored closely going into 2024-25. However it is anticipated that there will be a reduction in corporate support required to fund potential redundancy costs as,

following the better than anticipated WG settlement for 2023-24, fewer budget reduction proposals had to be made.

- In addition, when the 2023-24 budget was approved, a number of recurrent pressures for 2023-24 totalling £9.77 million were agreed with a further £1.3 million being retained centrally to support emerging pressures. At the September meeting of Council, £1 million of this was approved to be allocated to Social Services as part of the 3 year sustainability plan for Children's Services in line with the Financial Procedure Rules. Cabinet have approved the use of the uncommitted funding of £300,000 for emerging budget pressures to be utilised against the increased cost of the annual waste collection service from 2024-25, therefore contributing to the overall projected under spend for other council wide budgets in 2023-24.

### **3.3.6 Council Tax Collection**

At quarter 2 it was reported that it was still early in the financial year to provide a realistic indication of projected council tax income for 2023-24, and whether the Council was likely to see a reduction in council tax income as more people have suffered financial hardship due to the current cost of living crisis, or whether additional income would be collected from the introduction of council tax premiums on empty properties. Projections at quarter 2 indicated that budgeted council tax income levels would be achieved with the possibility of up to 1% additional income, around £1 million. It is still projected at quarter 3 that up to 1% additional income will be achieved, however, due to changing personal circumstances of individuals, and changes to those receiving council tax support, council tax collection rates will be monitored continuously throughout the remainder of the year and reported accordingly.

## **3.4 Review of Earmarked Reserves**

3.4.1 A thorough review of earmarked reserves was undertaken by Corporate Management Board during quarter 1 of 2023-24, which included an assessment of the draw down profile and re-profiling of existing earmarked reserves.

3.4.2 The review in quarter 1 identified £3.067 million of reserves to be unwound in order to fund emerging risks for the Council as a whole during 2023-24 and a further £733,000 to be repurposed for similar schemes. On 20th September 2023 Council approved the use of £2.5 million of the unwound reserves to support the deliverability of the 3 year sustainability plan, to improve outcomes for Children and Family Services in Bridgend, whilst a more permanent funding solution is sought. The other significant earmarked reserve established was £355,000 towards the demolition costs of Brackla Car Park.

3.4.3 The cumulative draw down by directorates in 2023-24 is £5.799 million as shown in Table 4 below. The majority of draw down from earmarked reserves takes place in the latter stages of the financial year, especially on capital and grant funded schemes. In addition, school balances are not adjusted until the year end – an overall reduction in year of £7.066 million on school balances is currently projected.

**Table 4 – Earmarked Reserves – Quarter 3**

Opening Balance 01 Apr 23	Reserve	Net Additions/ Reclassification	Draw-down	Unwound	Closing Balance 31 Dec 23
£		£	£	£	£
	<b>Corporate Reserves:</b>				
50,531	Capital Programme Contribution	3,014	-	(2,099)	51,446
3,794	Asset Management Reserves	355	(421)	(199)	3,529
2,978	Major Claims, Health & Safety, Insurance Reserves	-	-	(848)	2,130
2,893	Service Reconfiguration	-	-	-	2,893
2,263	Cost of Living Fund	-	(2,263)	-	-
3,423	Change Management/ Digital Transformation	(142)	(196)	(120)	2,965
2,000	Economic and Future Resilience Fund	-	-	(294)	1,706
<b>67,882</b>	<b>Total Corporate Reserves</b>	<b>3,227</b>	<b>(2,881)</b>	<b>(3,560)</b>	<b>64,669</b>
	<b>Directorate Earmarked Reserves:</b>				
693	Education & Family Support	78	(185)	(99)	488
6,076	Social Services & Wellbeing	2,500	(1,831)	(100)	6,646
2,753	Communities	130	(106)	(69)	2,708
3,102	Chief Executives	153	(747)	(486)	2,022
<b>12,624</b>	<b>Total Directorate Reserves</b>	<b>2,862</b>	<b>(2,868)</b>	<b>(754)</b>	<b>11,864</b>
	<b>Equalisation &amp; Grant Earmarked Reserves:</b>				
2,074	Education & Family Support	(78)	(50)	(736)	1,210
436	Social Services & Wellbeing	-	-	(350)	86
2,846	Communities	-	-	(594)	2,252
346	Chief Executives	(153)	-	-	193
<b>5,703</b>	<b>Total Equalisation Reserves</b>	<b>(232)</b>	<b>(50)</b>	<b>(1,680)</b>	<b>3,741</b>
<b>6,898</b>	<b>School Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,898</b>
<b>10,109</b>	<b>Council Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,109</b>
<b>103,217</b>	<b>Total Reserves</b>	<b>5,857</b>	<b>(5,799)</b>	<b>(5,994)</b>	<b>97,282</b>

3.4.4 The capital programme contribution reserve supplements the funding the Council receives from WG and via capital receipts to fund the approved capital programme. Currently, there is a balance of £51.446 million of funding in this reserve which constitutes 52.9% of our overall earmarked reserves balances. This will be used to fund a wide range of schemes in the capital programme.

3.4.5 The School balances reserve decreased from £14.228 million to £6.898 million at the end of 2022-23. As noted in paragraph 3.3.1, the quarter 2 projections indicate a projected overall deficit balance for school delegated budgets of £167,593 at year end. This will reduce this reserve accordingly by year end.



#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 The protected characteristics identified within the Equality Act 2010, 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.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 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 well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. The allocation of budget determines the extent to which the Council's well-being objectives can be delivered. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change Implications**

6.1 There are no direct implications arising from this report.

#### **7. Safeguarding and Corporate Parent Implications**

7.1 There are no direct implications arising from this report.

#### **8. Financial Implications**

8.1 These are reflected in the body of the report.

#### **9. Recommendation**

9.1 The Committee is recommended to consider the report upon the projected revenue position for 2023-24.

**Background documents:** Individual Directorate Monitoring Reports

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## PRIOR YEAR BUDGET REDUCTIONS CARRIED FORWARD INTO 2023-24

Ref.	Budget Reduction Proposal		Original Reduction and RAG £000	Revised RAG £000	Total amount of saving likely to be achieved by 23-24 £000	Reason why not achievable	Proposed Action in 2023-24 to achieve
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## RAG STATUS KEY

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

## SOCIAL SERVICES &amp; WELLBEING

SSW 2 (2022-23)	Remodelling day service provision for older people and learning disability services		115		115	As reported in the 2022-23 Revenue outturn report, some efficiencies were identified, however external factors prevented the achievement of the full savings target.	A review of the budgets within Adult Services was undertaken during quarter 2 to identify replacement savings against the £30,000 shortfall reported in quarter 1. Budget virements were actioned from Adult Services Non-residential income. No further action required.
<b>Total Social Services &amp; Wellbeing Directorate</b>			<b>115</b>		<b>115</b>		

## COMMUNITIES

COM 2 (2021-22)	Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site		60		0	Positive progress has been made with Natural Resources Wales in relation to the licence at the new site in Pyle, however both sites will be maintained until the new site is fully operational, therefore the saving will not be implemented until mid-way through 2024-25.	The service has endeavoured to meet the saving through alternative one off efficiencies in 2023-24 to deliver a balanced budget position.
COM 3 (2022-23)	Change the composition of Household Food Waste Bags		35		0	The budget reduction proposal was delayed until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have been advised of the change of composition, therefore the saving will be made in full during 2024-25.	The service has endeavoured to meet the saving through alternative one off efficiencies in 2023-24 to deliver a balanced budget position.
COM 4 (2022-23)	Remove Business in Focus from running Enterprise Centres in Bridgend		20		0	Rising costs of utilities, general contractor rates and occupational levels/demand impacting on profitability of Business in Focus units and therefore ability to reduce running costs and deliver saving proposal.	Review of Business in Focus operating model continues to be explored to identify operating efficiencies with a view to restructuring the management agreement with Business in Focus to deliver savings.
COM 5 (2022-23)	Commercially let a wing of Ravens Court to a partner organisation or business		50		0	Demand for office space at this time is limited, the re-letting market extremely challenging and investment is required on the heating and ventilation system in Ravens Court before being able to lease the building.	It is intended to accelerate shared use of space with public sector partners, in particular South Wales Police in the Civic Offices, in 2024-25.
<b>Total Communities Directorate</b>			<b>165</b>		<b>0</b>		

<b>GRAND TOTAL OUTSTANDING REDUCTIONS</b>		<b>280</b>		<b>115</b>			
<b>REDUCTIONS SHORTFALL</b>					<b>165</b>		

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**MONITORING OF 2023-24 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2023-24 £'000	Value achieved to date 2023-24 £'000	Value Likely to be Achieved 2023-24 £'000	Reason why not likely to be achievable
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**EDUCATION & FAMILY SUPPORT**  
**CENTRAL EDUCATION & FAMILY SUPPORT**

EDFS1	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	40	0	0	Officers continue to investigate the practicalities and implications of a bespoke transport arrangement for the Bridge Alternative Provision. Until the market has been tested and the school agrees to the arrangements, it will not be known if the saving can be made.
<b>Total Education and Family Support</b>			<b>40</b>	<b>0</b>	<b>0</b>	

**SCHOOLS**

SCH1	Efficiency savings against School Delegated Budgets - 2% for 2023-24	• The annual saving represents a 2% efficiency per annum against individual school 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 large primary schools and to five teachers in our larger secondary schools being made redundant over the MTFS period	2,118	2,118	2,118	The savings have been implemented and schools budgets reduced accordingly. However, the overall consequential effect on schools is a significant contributory factor in that projected year end balances have fallen from £6.898 million brought forward from 2022-23 to £167,593 projected deficit for 2023-24. There are 25 schools projecting deficit budget situations, many of which will be unlikely to balance their budget by year end.
<b>Total Schools</b>			<b>2,118</b>	<b>2,118</b>	<b>2,118</b>	
<b>Total Education &amp; Family Support Directorate</b>			<b>2,158</b>	<b>2,118</b>	<b>2,118</b>	

**MONITORING OF 2023-24 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2023-24 £'000	Value achieved to date 2023-24 £'000	Value Likely to be Achieved 2023-24 £'000	Reason why not likely to be achievable
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**COMMUNITIES**

COM1	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.	50	0	4	Public consultation on this proposal was undertaken between the 30 June and 12 September 2023, with the outcome reported to Cabinet on the 21 November 2023, when the proposal was approved. The current waste contractor is in the process of implementing this saving, and a marginal saving will be made in 2023-24, with the full saving being realised in 2024-25.
COM2	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.	40	0	0	The traffic management team have been engaged in the introduction of the default national speed limit in built up areas. The saving proposal is unlikely to be achieved this year due to the processes required to introduce any change.
COM3	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	120	0	0	Demand for office space at this time is limited, the re-letting market extremely challenging and investment is required on the heating and ventilation system in Ravens Court before being able to lease the building.
COM4	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	100	100	100	Full saving should be achieved in 2023-24

**MONITORING OF 2023-24 BUDGET REDUCTIONS**

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2023-24 £'000	Value achieved to date 2023-24 £'000	Value Likely to be Achieved 2023-24 £'000	Reason why not likely to be achievable
COM5	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	10	10	10	Full saving should be achieved in 2023-24
COM6	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	30	30	30	Full saving should be achieved in 2023-24
COM7	Increase bulky waste charges from £21.42 for 3 items to £25.	Potential increase in fly tipping.	25	25	25	Full saving should be achieved in 2023-24
<b>Total Communities Directorate</b>			<b>375</b>	<b>165</b>	<b>169</b>	

**CHIEF EXECUTIVES**

CEX1	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.	40	40	40	Full saving should be achieved in 2023-24
CEX2	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	35	35	35	Full saving should be achieved in 2023-24
<b>Total Chief Executive's Directorate</b>			<b>75</b>	<b>75</b>	<b>75</b>	

<b>GRAND TOTAL REDUCTIONS</b>		<b>2,608</b>	<b>2,358</b>	<b>2,362</b>
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<b>REDUCTION SHORTFALL</b>				<b>246</b>
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230	2,358	2,358
260	0	0
<b>2,118</b>	<b>250</b>	<b>250</b>
<b>2,608</b>	<b>2,608</b>	<b>2,608</b>

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BRIDGEND COUNTY BOROUGH COUNCIL	Budget 2023-24			Projected Outturn	Projected Variance Over/(under) budget	% Variance
	Expenditure Budget	Income Budget	Net Budget			
	£'000	£'000	£'000			
<b>EDUCATION AND FAMILY SUPPORT</b>						
School Delegated Budgets	137,317	(21,302)	116,015	116,015	-	0.0%
Learner Support	8,151	(1,216)	6,935	7,663	728	10.5%
Family Support	7,991	(4,389)	3,602	3,273	(329)	-9.1%
Business Support	16,508	(4,418)	12,090	12,845	755	6.2%
Schools Support	1,540	(837)	703	666	(37)	-5.3%
School Modernisation	3,889	-	3,889	3,952	63	1.6%
Vulnerable Groups Support	882	(96)	786	681	(105)	-13.4%
Other Education and Family Support	1,840	(60)	1,780	1,844	64	3.6%
<b>TOTAL EDUCATION AND FAMILY SUPPORT</b>	<b>178,118</b>	<b>(32,318)</b>	<b>145,800</b>	<b>146,939</b>	<b>1,139</b>	<b>0.8%</b>
<b>SOCIAL SERVICES AND WELLBEING</b>						
Adult Social Care	88,782	(22,848)	65,934	71,095	5,161	7.8%
Prevention and Wellbeing	8,432	(980)	7,452	7,290	(162)	-2.2%
Childrens Social Care	27,061	(1,131)	25,930	33,515	7,585	29.3%
<b>TOTAL SOCIAL SERVICES AND WELLBEING</b>	<b>124,275</b>	<b>(24,959)</b>	<b>99,316</b>	<b>111,900</b>	<b>12,584</b>	<b>12.7%</b>
<b>COMMUNITIES DIRECTORATE</b>						
Planning & Development Services	2,763	(2,023)	740	715	(25)	-3.4%
Strategic Regeneration	3,009	(1,280)	1,729	1,729	-	0.0%
Economy, Natural Resources and Sustainability	7,066	(5,390)	1,676	1,507	(169)	-10.1%
Cleaner Streets and Waste Management	14,505	(1,968)	12,537	12,526	(11)	-0.1%
Highways and Green Spaces	25,535	(12,410)	13,125	13,071	(54)	-0.4%
Director and Head of Operations - Communities	290	-	290	290	-	0.0%
Corporate Landlord	16,483	(12,048)	4,435	4,943	508	11.5%
<b>TOTAL COMMUNITIES</b>	<b>69,651</b>	<b>(35,119)</b>	<b>34,532</b>	<b>34,781</b>	<b>249</b>	<b>0.7%</b>
<b>CHIEF EXECUTIVE'S</b>						
Chief Executive Unit	517	-	517	525	8	1.5%
Finance	39,431	(35,194)	4,237	4,290	53	1.3%
HR/OD	2,635	(398)	2,237	2,182	(55)	-2.5%
Partnerships	3,604	(1,227)	2,377	2,312	(65)	-2.7%
Legal, Democratic & Regulatory	7,043	(969)	6,074	6,792	718	11.8%
Elections	186	-	186	171	(15)	-8.1%
ICT	5,501	(1,134)	4,367	4,405	38	0.9%
Housing & Homelessness	12,036	(7,859)	4,177	4,715	538	12.9%
Business Support	1,349	(111)	1,238	1,283	45	3.6%
<b>TOTAL CHIEF EXECUTIVE'S</b>	<b>72,302</b>	<b>(46,892)</b>	<b>25,410</b>	<b>26,675</b>	<b>1,265</b>	<b>5.0%</b>
<b>TOTAL DIRECTORATE BUDGETS</b>	<b>444,346</b>	<b>(139,288)</b>	<b>305,058</b>	<b>320,295</b>	<b>15,237</b>	<b>5.0%</b>
Council Wide Budgets	38,250	(974)	37,276	32,326	(4,950)	-13.3%
<b>NET BRIDGEND CBC</b>	<b>482,596</b>	<b>(140,262)</b>	<b>342,334</b>	<b>352,621</b>	<b>10,287</b>	<b>3.0%</b>

NB: Differences due to rounding of £000's

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# Agenda Item 5

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>30 JANUARY 2024</b>
<b>Report Title:</b>	<b>CORPORATE PLAN / DELIVERY PLAN REVIEW FOR 2024 / 25</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY</b>
<b>Responsible Officer:</b>	<b>ALEX RAWLIN POLICY AND PUBLIC AFFAIRS MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>Council’s priorities in the Corporate Plan / Delivery Plan inform Service Plans which form part of the Policy Framework. The Performance Framework forms part of the Policy Framework.</b>
<b>Executive Summary:</b>	<b>This report sets out a proposed process for review of the Council’s Corporate Plan / Delivery Plan for 2024/25 to reflect budgets. It asks that Corporate Overview and Scrutiny Committee consider –</b> <ul style="list-style-type: none"><li>• <b>The review process and timeline</b></li><li>• <b>Their previous list of additional performance indicators</b></li><li>• <b>Additional areas of focus on service user perspectives.</b></li></ul>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to outline to the Committee a proposed process for the review of the Corporate Plan / Delivery Plan for 2024/25.

## **2. Background**

- 2.1 Bridgend County Borough Council (BCBC) currently has a high level, five-year Corporate Plan 2023-28. The Council took a new approach for 2023 and did not include commitments or performance indicators in the Corporate Plan. Instead, the Council developed a one-year delivery plan so it could be more agile and flexible to the changing operating environment.
- 2.2 Since late 2023, work has been underway to develop financial plans and scenarios on the basis that there are likely to be severe budget pressures in the coming year. Councils received their provisional budget settlements for 2024-25 from Welsh Government on 20 December 2023. The headline figure was an overall increase of 3.1% across Wales, and for Bridgend, a reported increase of 3.0% in Aggregate External Finance (AEF). The proposed budget for 2024-25 is £359.725 million, and this includes pay and price pressures of £21.5 million, service budget pressures of £11.856 million and budget

reductions of £16.039 million. This means the Council will need to look at a new operating model. The issues will also need to be carefully communicated to local residents in coming months.

### 3. Current situation / proposal

3.1 Now that the Council has received its provisional budget settlement for 2024-25 it is in a good position to consider how best to proceed with the development of the one-year 2024/25 Corporate Plan Delivery Plan. Corporate Management Board (CMB) have agreed that the Council will use the existing Delivery Plan for the basis of these discussions, and Directorate Management Teams (DMTs) are currently reprioritising the commitments and performance indicators in this document, to be discussed at a Head of Service / CMB event on 31 January 2024. The process that will be followed is set out in the following table:-

<b>What</b>	<b>Who</b>	<b>When</b>
<p>Review the 2023/24 Corporate Plan Delivery Plan (CPDP) to identify –</p> <ul style="list-style-type: none"> <li>• Unfunded commitments for removal</li> <li>• Partly funded commitments for updating</li> <li>• Unfunded / unstaffed areas of business as usual where performance indicators should be removed</li> <li>• Unfunded / unstaffed areas of business as usual where performance indicators' targets will need to be changed</li> </ul> <p>Make recommendations to CMB / Heads of Service for changes to the CPDP.</p>	Directorate DMTs (with support from Performance Team)	By Wed 24 Jan
Pull together recommendations from each directorate and write report for CMB / HoS	Performance Team	By Fri 26 Jan
Review the recommendations from Directorates and assess the level of change	CMB / Heads of Service	31 Jan
Consider the broader picture – any additional information from Corporate Overview and Scrutiny Committee (COSC), and if changes are significant, do we want to review	CMB / Heads of Service	31 Jan

or update whole Wellbeing Objectives		
Update the document and write covering report for Cabinet CMB / COSC	Performance Team	Early Feb
Consider changes	CCMB	Late Feb / Early March
Consider changes	COSC	March
Political sign-off of CPDP 2024/25	Council	March / April

- 3.2 In addition to the review of priorities in light of financial pressures, there are two further areas for review -
- COSC proposals for additional indicators
  - Service User perspectives
- 3.3 During the target setting process and the review of performance at quarter 2 of 2023, members raised a number of areas they would like to see better represented by performance indicators in the future. These are included at **Appendix 1**. Corporate Overview and Scrutiny members are asked to update and refine this list for consideration at the Head of Service / CMB session on 31 January. It would be helpful if the Committee would consider in doing this the cost / benefit of adding indicators in this time of unprecedented financial pressures, adding the minimum possible. This is due to the extra staff and administrative burden both in the performance team, and directorate teams of broadening our performance management framework at this stage.
- 3.4 The performance team has received feedback from Audit Wales that states, *'The Council's performance information does not enable senior leaders to understand the service user perspective and progress towards intended outcomes, restricting their ability to understand the impact of the Council's services and policies.'* It also said this performance information should be:-
- relevant to the objectives the Council has set itself.
  - sufficient to enable an understanding of the service user perspective.
  - sufficient to provide an understanding of progress towards the outcomes the Council is planning to achieve.
  - drawn from the diversity of service users including groups who share protected characteristics; and
  - used to inform comparisons with the performance of similar bodies.
  - demonstrate that the Council has involved service users in determining which information to collect.
- 3.5 The performance team has undertaken a review of service user perspectives data currently collected in the Council (though not necessarily as part of the Corporate Plan), and split this into categories looking at different ways we can capture service user perspective data in order to get a full picture of how services are perceived by the public, which services are they using most, how

responsive we are to service demand, and has there been a genuine outcome for the service user. These are categorised as –

- Service user feedback/satisfaction
- Service user outcome
- Responsiveness to service user need
- Service usage/participation levels

This has been mapped against our wellbeing objectives in **Appendix 2**.

3.6 The Performance Team has also looked at examples of data collected by other Councils across Wales, and the information that can be used from National Survey data and Self-Assessment Data Tool provided by Data Cymru. It should be noted that use of this data can come with risk of time lags in availability of data, and lack of control over the scope of the data. Corporate Overview and Scrutiny members are asked to consider the review and highlight any areas of interest for consideration at the Head of Service / CMB session on 31 January. Again, it would be helpful if the Committee would consider in doing this the cost / benefit of adding indicators in this time of unprecedented financial pressures. This is due to the extra staff and administrative burden both in the performance team, and directorate teams of broadening our performance management framework at this stage.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 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.

#### **5. Wellbeing of Future Generations implications and connection to Corporate Wellbeing Objectives**

5.1 This report proposes an approach to reviewing the following corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015 that form part of the Council's Corporate Plan 2023-28:-

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 live healthy and happy lives
- 5.2 The 5 ways of working set out in the Well-being of Future Generations (Wales) Act have also contributed to the Council developing its own five ways of working. The ways of driving and measuring those ways of working is also contained in the Corporate Plan Delivery Plan.

## **6. Climate Change Implications**

- 6.1 There are no specific implications of this report on climate change. However, the Delivery Plan proposes measures and targets to help us assess the Council's performance on areas including climate change.

## **7. Safeguarding and Corporate Parent Implications**

- 7.1 There are no specific implications of this report on safeguarding or corporate parenting. However, the Delivery Plan proposes measures and targets to help us assess the Council's performance on areas including safeguarding and corporate parenting.

## **8. Financial Implications**

- 8.1 Review of the Corporate Priorities will be undertaken in line with the development of budgets for 2024/25.

## **9. Recommendations**

- 9.1 It is recommended that Corporate Overview and Scrutiny Committee:-
- Considers the proposed way forward for the review of the Corporate Plan Delivery Plan
  - Considers the list of additional performance indicators Committee members proposed throughout 2023 as set out in **Appendix 1**
  - Considers how best to measure service user perspectives as part of the Council's performance management framework, as set out in **Appendix 2**

## **Background documents**

**None**

## Appendix 1 – Member requests for additional PIs

<b>WBO1</b>	Better homelessness PIs
<b>WBO2</b>	More measures relating to how we support businesses Better wording for employability PIs
<b>WBO3</b>	Addition of a flying start PI More measures relating to leisure / sports participation in Valleys
<b>WBO4</b>	None
<b>WBO5</b>	More planning PIs Addition of PIs for <ul style="list-style-type: none"> <li>• Heat pumps</li> <li>• Electric charging points</li> <li>• Waste enforcement</li> <li>• Tree planting</li> </ul>
<b>WBO6</b>	Addition of measures relating to culture (adults)
<b>WBO7</b>	None



## Appendix 2 – Examples of Service User Perspectives data

### Service User Perspectives data relating to BCBC’s 7 Wellbeing Objectives

Objective	Existing BCBC data	Other Council’s PIs	National information
<p>WBO 1 – Protect our most vulnerable</p>	<p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>• % of completed TAF support plans that close with a successful outcome</li> <li>• % of reablement packages completed that mitigated need for support</li> <li>• % of eligible carers who were offered a carer’s assessment</li> <li>• Number of people who access independent advocacy to support their rights</li> <li>• % of people supported through FASS (Financial Assistance and Support Service) where support has resulted in increased income through claims for additional/increased benefits and allowances</li> </ul> <p><b>Service demand/participation levels</b></p> <ul style="list-style-type: none"> <li>• Number of reablement packages completed.</li> </ul> <p><b>Responsiveness to Service User Need</b></p> <ul style="list-style-type: none"> <li>• % of Adult safeguarding inquiries which receive initial response within 7 working days</li> <li>• % of Childrens referrals where decision is made within 24 hours</li> <li>• Average waiting time on the Deprivation of Liberty Safeguards (DoLS) waiting list</li> <li>• Timeliness of visits to children who are care experienced or on the child protection register</li> </ul>	<ul style="list-style-type: none"> <li>• % of service users who confirm that the support they have received has assisted them to maintain independence</li> <li>• % of children supported to remain living with their family</li> <li>• % of assessments completed for children within statutory timescales</li> <li>• % of child assessments completed in time</li> <li>• % of people who have received a Disabled Facilities Grant who feel the assistance has made them safer and more independent in their own home</li> <li>• % of domestic abuse victims that report they feel safer as a result of target hardening</li> <li>• % of clients accessing substance misuse services who reported an improvement in their quality of life</li> <li>• % of supporting people clients satisfied with the support received</li> <li>• % of people reporting that they can do what matters to them</li> </ul>	<ul style="list-style-type: none"> <li>• % of people who feel safe</li> <li>• Number of dwellings improved with a Disabled Facilities Grant (DFG) per 10,000 households</li> <li>• Number of DFGs completed</li> <li>• % of completed DFGs where the full cost of the eligible works was covered</li> </ul>

Objective	Existing BCBC data	Other Council's PIs	National information
	<p><b>Service User Feedback/satisfaction</b></p> <ul style="list-style-type: none"> <li>• % of people who feel they can live more independently as a result of receiving a DFG in their home</li> </ul>	<ul style="list-style-type: none"> <li>• % of children and young people reporting that they are happy with who they live with</li> <li>• % of carers reporting they feel supported to continue in their caring role</li> <li>• % of people reporting they felt involved in any decisions made about their care and support</li> <li>• % of people who have received a DFG who feel the assistance has made them safer and more independent in their own home</li> </ul>	
WBO 2 - fair work, skilled, high-quality jobs and thriving towns	<p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>• Number of participants in the Employability Bridgend programme going into employment</li> <li>• Number of under-employed participants leaving Employability Bridgend with an improved labour market position</li> <li>• Number of participants in the Employability Bridgend programme supported into education or training</li> <li>• Number of businesses receiving support through Shared Prosperity Funding</li> <li>• Number of business start-ups assisted</li> </ul> <p><b>Service demand/participation levels</b></p> <ul style="list-style-type: none"> <li>• Number of referrals to the employment service in Assisting Recovery in the Community (ARC)</li> </ul>	<ul style="list-style-type: none"> <li>• % of surveyed residents who consider our town centres to be attractive places to visit and shop</li> </ul>	<ul style="list-style-type: none"> <li>• % of people moderately or very satisfied with their jobs</li> <li>• % of people in employment (Employment rate for 16-64 year olds) (FG21)</li> <li>• Jobs created or safeguarded with the help of the local authority</li> </ul>

Objective	Existing BCBC data	Other Council's PIs	National information
WBO 3 – thriving valleys communities	<p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>Number of commercial properties assisted through the enhancement grant scheme</li> </ul> <p><b>Service demand/participation levels</b></p> <ul style="list-style-type: none"> <li>Number of visits to venues for all purposes</li> </ul>	<ul style="list-style-type: none"> <li>% of residents satisfied with completed regeneration projects</li> </ul>	<ul style="list-style-type: none"> <li>% of people satisfied with their local area as a place to live</li> <li>Life satisfaction rating</li> <li>% of people satisfied with their ability to access the facilities and services they need</li> </ul>
WBO 4 – help people meet their potential	<p><b>Service User Feedback/satisfaction</b></p> <ul style="list-style-type: none"> <li>Pupil / Adult Survey regarding Education and Family Support (EFS) Strategic Plan 2023-26 – questions aim to understand whether people understand the EFS Strategic Plan and if the themes in the plan are appropriate, what has been missed and whether self-assessment was accurate</li> <li>Post Occupancy Evaluation – Pupils / Teachers – asks about whether wellbeing outcomes are being met, quality of learning environment, quality of leadership etc.</li> <li>% of adults that think the library has helped them develop new skills (Awen)</li> <li>% of children (7-16) that think the library helps them learn and find things out (Awen)</li> </ul> <p><b>Service demand/participation levels</b></p> <ul style="list-style-type: none"> <li>Participation in targeted activities for people with additional or diverse needs (Social Services and Wellbeing (SSWB))</li> <li>Participation in the national free swimming initiative for 16 and under (SSWB)</li> </ul>	<ul style="list-style-type: none"> <li>% success rate on accredited courses for priority learners</li> <li>% of supporting people service users who confirm that the support they received has assisted them to maintain their independence.</li> </ul>	<ul style="list-style-type: none"> <li>% of people living in households in material deprivation</li> <li>% of people who are active global citizens</li> </ul>

Objective	Existing BCBC data	Other Council's PIs	National information
	<ul style="list-style-type: none"> <li>Participation in active for life and holiday playworks programmes</li> <li>% of learners enrolled in local authority community learning per 1,000 adult population</li> </ul>		
WBO 5 – responding to climate and nature emergency	<p><b>Responsiveness to Service User Need</b></p> <ul style="list-style-type: none"> <li>% of all planning applications determined within 8 weeks</li> <li>% of statutory sustainable drainage systems (SuDS) applications processed within 7 weeks from receipt of appropriate scheme drawings</li> </ul> <p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>% of highways land inspected by the Local Authority to be found to be of a high / acceptable standard of cleanliness</li> </ul>	<ul style="list-style-type: none"> <li>% of people satisfied with cleanliness standards</li> <li>% of people satisfied with waste collection services</li> <li>% of customers satisfied with country parks</li> </ul>	
WBO 6 – people feel valued, heard and part of their community	<p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>Number of people supported to have their needs met in their communities by local community co-ordinators / community navigators</li> </ul> <p><b>Service User Feedback/satisfaction</b></p> <ul style="list-style-type: none"> <li>% of participants who answered positively: How effective do you think we have been in meeting our aim of being citizen-focused in the last year?</li> </ul> <p><b>Service demand/participation levels</b></p>	<ul style="list-style-type: none"> <li>Citizen's satisfaction with Council services</li> <li>% of people that agree their local council provides high quality services</li> <li>% of residents satisfied with regeneration projects</li> <li>% of customers who are satisfied with access to services across all channels</li> <li>Average speed of answer for calls on the Welsh language line (seconds)</li> </ul>	<ul style="list-style-type: none"> <li>% who feel able to influence decisions affecting their local areas</li> <li>% of people who agree that there is good community cohesion in their local areas</li> <li>% of people who are lonely</li> </ul>

Objective	Existing BCBC data	Other Council's PIs	National information
	<ul style="list-style-type: none"> <li>• Level of engagement across consultations, with corporate communications to residents, across all corporate social media accounts</li> </ul> <p><b>Responsiveness to Service User Need</b></p> <ul style="list-style-type: none"> <li>• % first call resolutions (via Customer Contact Centre)</li> </ul>	<ul style="list-style-type: none"> <li>• % of people reporting they feel satisfied with their social networks</li> </ul>	
WBO7 – healthy and happy	<p><b>Service demand/participation levels</b></p> <ul style="list-style-type: none"> <li>• BCBC Young People Lifestyle Survey – participation in sport and related lifestyle and wellbeing factors.</li> <li>• Number of visits by older adults to physical activity opportunities supported</li> <li>• Number of individuals who commence programmes and complete 16 weeks of activity</li> <li>• % of pupils who participate in three or more occasions of activity per week (FG Indicator 38 Sport Wales School Sport Survey data)</li> <li>• Participation in the summer reading challenge in libraries</li> <li>• Participation in Childrens events in libraries</li> <li>• Number of two-year-olds accessing childcare through the Flying Start programme</li> </ul> <p><b>Service User Outcome</b></p> <ul style="list-style-type: none"> <li>• Awen Cultural Trust work with library users – range of quantitative / qualitative indicators</li> <li>• Rating of library on a scale of 0-100</li> <li>• Strengths of Books on Wheels Service</li> </ul>		<ul style="list-style-type: none"> <li>• Happiness/anxiety ratings</li> <li>• Mean mental wellbeing score</li> <li>• Life satisfaction rating</li> <li>• Sport and Active lifestyles report – asks about participation in sport/activity and demand for activity being met or not</li> <li>• Sport Wales school sport survey – asks about access to support etc (especially for those with Additional Learning Needs)</li> </ul>

Objective	Existing BCBC data	Other Council's PIs	National information
	<ul style="list-style-type: none"> <li>• Number of play areas that have been refurbished</li> <li>• % of nursery, reception, year 1 and year 2 learners offered a free school meal</li> <li>• % of non-maintained settings that are judged by Care Inspectorate Wales as at least 'good'</li> <li>• Number of people delayed in their transfer of care on the 'discharge to recover and assess' pathways</li> <li>• Number of completed affordable new build dwellings provided by Registered Social Landlord (RSLs)</li> </ul> <p><b>Service User Feedback/satisfaction</b></p> <ul style="list-style-type: none"> <li>• % of adults that think the library has made a (positive) difference to their lives (Awen)</li> <li>• % of adults that have found helpful information on health and wellbeing at the library (Awen)</li> <li>• What difference does using the library make to your life?</li> <li>• % of adults that think choice of books is 'very good' or 'good'</li> <li>• % of adults that think the standard of customer care is 'very good' or 'good'</li> <li>• % of adults that think the IT facilities are 'very good' or 'good'</li> <li style="padding-left: 20px;">% of adults that think the library is 'very good' or 'good' overall</li> </ul>		

### Service User Perspectives data relating to BCBC's 5 Ways of Working (WoW)

Way of Working	Existing BCBC Performance Indicators or data already collected	Other Council's PIs	National Survey Measures/Self-assessment Data Tool
WOW 1 – Better and more targeted use of resources	<ul style="list-style-type: none"> <li>• Channel Shift data</li> <li>• Social media usage</li> <li>• Chatbot usage statistics</li> <li>• Website usage statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Demand reduction</li> <li>• Channel shift</li> <li>• Social media satisfaction</li> <li>• Chatbot satisfaction</li> <li>• Website satisfaction</li> </ul>	
WOW 2 – One Council, working well together and with partners	<ul style="list-style-type: none"> <li>• Awen data</li> </ul>		
WOW 3 - Improving communication, engagement and responsiveness	<ul style="list-style-type: none"> <li>• Bulletin statistics – engagement and open rates</li> <li>• Response to consultations</li> <li>• Use of different channels</li> <li>• Customer service measures (including resolution at first point of contact)</li> </ul>	<ul style="list-style-type: none"> <li>• % Black and Minority Ethnic (BaME) respondents to corporate consultations and exercises</li> <li>• % people who have received support from the information, advice and assistance service and have not contacted the service again during the year</li> <li>• % people reporting they have received the right information or advice when they needed it</li> <li>• % people reporting they have received support in their language of choice</li> <li>• Satisfaction with engagement / bulletins</li> </ul>	<ul style="list-style-type: none"> <li>• Complaints statistics (many examples – complaints received &amp; per 1,000 residents, stages reached, closed by the council, % referred to ombudsman, upheld, closed by the ombudsman, early resolution by council etc)</li> <li>• Compliments statistics (compliments received, per 1,000 population, and by service)</li> </ul>

Way of Working	Existing BCBC Performance Indicators or data already collected	Other Council's PIs	National Survey Measures/Self-assessment Data Tool
WOW 4 – Supporting and Empowering Communities	<ul style="list-style-type: none"> <li>• Telephony statistics – queue waiting / handling times</li> <li>• Star ratings from customers completing online forms</li> <li>• Number of people supported to have their needs met in their communities by local community co-ordinators and community navigators</li> </ul>		
WOW 5 – Protecting the services that matter to you the most	<ul style="list-style-type: none"> <li>• Budget consultation and staff survey</li> <li>• Schools' consultation data</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfaction with Council working to improve services offered</li> <li>• Has the council responded well to needs of residents</li> </ul>	



# Agenda Item 6

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>30 JANUARY 2024</b>
<b>Report Title:</b>	<b>CAPITAL STRATEGY 2024-25</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<p>The Council’s Financial Procedure Rules (para 3.5.1) requires the Chief Finance Officer to prepare a Capital Strategy for submission to the Council for approval prior to the start of the financial year. The Strategy must demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.</p> <p>The Capital Strategy must comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.</p>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• The purpose of the report is to present to the Corporate Overview and Scrutiny Committee the draft Capital Strategy 2024-25 to 2033-34.</li> <li>• Control on capital expenditure is governed by legislation.</li> <li>• The draft Capital Strategy has been produced in accordance with CIPFA’s Prudential Code for Capital Finance in Local Authorities.</li> <li>• The draft Capital Strategy sets guiding principles for capital expenditure, and a framework for the management of capital finance.</li> <li>• The Capital Strategy is currently based on financial information as at quarter 2 (30 September 2023) but will be updated with information as at 31 December 2023 and the latest Medium Term Financial Strategy before being presented to Cabinet and Council in February 2024 for approval.</li> </ul>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to present to the Corporate Overview and Scrutiny Committee the draft Capital Strategy 2024-25 to 2033-34, which includes the Prudential Indicators against which the Council measures itself during the financial year (**Appendix A**), and for the Committee to provide any comments for consideration in finalising the Capital Strategy for Cabinet and Council approval in February 2024.

## **2. Background**

- 2.1 Control on capital expenditure and investment is governed by legislation. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended, provides the regulatory framework for accounting practices to be followed, and contains 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.
- 2.2 In December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a new edition of the Prudential Code for Capital Finance in Local Authorities. The Code requires local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. This edition included 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. It goes further to clarify that "it is not prudent for local authorities to make any investment or spending that will increase the capital financing requirement, and so lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose". The draft Capital Strategy has been produced in line with the 2021 Code and 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.
- 2.3 The Capital Strategy should demonstrate how the Council ensures that all its capital and investment plans and borrowing are prudent and sustainable. In doing so the Capital Strategy includes the prescribed Prudential Indicators for a three-year rolling period. It is intended to give 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

## **3. Current situation / proposal**

- 3.1 The principles within the draft Capital Strategy have been applied to the allocation of capital resources and schemes within the Capital Programme included within the Medium Term Financial Strategy (MTFS). This will be approved by Council before the start of the financial year in accordance with the Constitution. Following approval, any schemes for which external funding has been approved will be added to the Capital Programme once the funding has been accepted and included in the next Capital

Programme report to Council. Urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer.

3.2 The draft Capital Strategy is at **Appendix A**. The financial information included within the draft Capital Strategy will be updated when the Council's budgets are finalised for the Medium Term Financial Strategy. Any comments from the Committee will be considered when the Capital Strategy is finalised for Cabinet to consider at its meeting on 20 February 2024, and for Council to approve on 28 February 2024.

3.3 The Strategy emphasises the pressures currently being faced by the Council. Pressures on the capital programme include:

- 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;
- Supply chain difficulties leading to higher prices and delays in scheme being completed;
- Recruitment challenges, both within the Council and in companies we contract with, resulting in higher wages and overall contract costs;
- Additional requirements on schemes to achieve Welsh Government's Net Zero commitment, which includes an aim of collectively achieving net zero across the Welsh public sector, which will lead to changes in the way assets are designed and managed, which will likely result in increased costs.

Welsh Government capital funding to local authorities has remained at the same level as recent years and is not expected to increase in the near future. With the Council's capital receipts largely committed to schemes within the capital programme, funding any new schemes is challenging. It may be possible to secure specific grant and other funding to deliver schemes. Whilst the Council is able to borrow to fund capital expenditure, this places a long-term liability on the Council as well as a revenue cost in terms of interest payable. The Council also has to set aside revenue resources to repay the debt, which is a further cost to revenue budgets.

3.4 The draft Capital Strategy confirms the Council's compliance with the Prudential Code for Capital Finance in Local Authorities. It sets out the guiding principles for capital decisions in respect of:

Principle 1: Focusing capital investment on delivery of the Council's Well-being Objectives and Priorities

Principle 2: Ensuring strong governance over decision-making

Principle 3: Ensuring that capital plans are affordable, sustainable and prudent

Principle 4: Maximising and promoting the best use of available funds.

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

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

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

- 3.6 Whilst much of the content of the Strategy is similar to last year, changes to Accounting for Leases under International Financial Reporting Standard 16 (IFRS16) will have an impact on the Capital Strategy as current operating leases, where costs are charged to revenue, will have to be brought onto the balance sheet as a right of use asset, which will increase the Council's capital financing requirement. It will also increase the Council's liabilities equal to the value of the right of use asset. It is important to note that this is a change to how these assets are accounted for and the net impact of recognising the asset and liability will be at nil cost to the Council. The underlying need to borrow, or Capital Financing Requirement, will increase by the amount of the right to use asset liability, as will the requirement to put aside revenue to repay the debt, known as Minimum Revenue Provision (MRP). However, the MRP will be regarded as having been met by the annual lease payment, therefore there is no additional cost to the Council of this change in accounting treatment. The implementation of these changes is from the 2024-25 financial year and work is ongoing to fully evaluate the impact of these changes. Indicative figures are included in the draft Capital Strategy and these will need to be refined once the impacts are fully understood. Further information is included within the Capital Strategy Framework section of the Capital Strategy.
- 3.7 The Council has strengthened its processes to approve, manage and monitor capital projects. During 2023 the Council established a Capital Programme Board, whose purpose is to ensure close oversight of key projects within the approved capital programme. The Board consists of the Leader, Cabinet Member – Resources, and members of the Corporate Management Board, and is chaired by the Chief Officer – Finance, Performance and Change. Further detail is included within the Capital Strategy at section 3.0 – Governance and Decision Making.
- 3.8 Section 4.0 of the draft Capital Strategy summarises the 10-year Capital Programme by Council Directorates and identifies some of the key schemes. Key indicators are 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. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 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.

Schemes within the Capital Programme will be subject to the preparation of separate Equality Impact Assessments before proceeding.

## **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 In terms of meeting the 5 ways of working within the Act the draft Capital Strategy sets out the following:

1. **Long term:** The draft Capital Strategy is a 10-year strategy and considers the need for capital investment over the medium to long term.
2. **Prevention:** The draft Capital Strategy seeks to ensure that assets and capital investment are fit for the future, to enable the Council to successfully deliver its services for the benefit of its communities.
3. **Integration:** The draft Capital Strategy is an integral element of the Council's medium term financial strategy, ensuring coherence between revenue and capital budgets to enable delivery of the Council's services.
4. **Collaboration:** The draft Capital Strategy brings together the capital plans of the Council to ensure the delivery of the well-being objectives.
5. **Involvement:** The draft Capital Strategy is developed through directorates identifying capital needs and schemes to meet those needs. It is subject to scrutiny by this Committee and is presented to Cabinet and then Council for approval.

5.2 The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. In developing the draft Capital Strategy, officers have considered the importance of balancing capital resources over the short-term and minimising the revenue costs of debt with longer-term objectives of managing the Council's long term capital programme. The Prudential Indicators are forward looking and are set to support future sustainability.

## **6. Climate Change Implications**

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

## **7. Safeguarding and Corporate Parent Implications**

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

## **8. Financial Implications**

8.1 The financial implications are included in the report. Both the financial information and Prudential Indicators will be updated in advance of Cabinet and Council in February 2024.

## 9. Recommendation

9.1 It is recommended that the Corporate Overview and Scrutiny Committee:

- Note the draft Capital Strategy 2024-25 to 2033-34, including the Prudential Indicators 2024-25 to 2033-34 at **Appendix A** and provide any comments for consideration in finalising the Capital Strategy. Such comments should be reported to the Chief Officer – Finance, Performance and Change by 9 February 2024.

### Background documents

None



# Draft Capital Strategy

2024-25 to 2033-34



## INTRODUCTION

Welcome to the Council's 2024-25 to 2033-34 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 supports the Council's ambition for the County Borough to invest in the right things, the things that make the biggest difference and are most valued whilst recognising that the Council is faced with difficult choices about how to prioritise spending given limited budgets and demands for services such as social care, housing and homelessness keep rising, meaning that the Council won't be able to do everything it may want to.

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 difficult 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. Councils continue to have to make real-terms savings as the rising costs of goods and services, particularly within the construction sector, are outstripping the incremental cash budget allocated. This inevitably means that the Council has to prioritise its capital programmes in the future, to ensure expenditure – and any that is funded through borrowing – is prudent and affordable. Borrowing has a revenue cost implication which must be taken into account when considering any scheme which will require debt finance, given the constraints being faced on the Council's resources.



Cllr Huw David  
Leader of the Council



Mark Shephard  
Chief Executive

*Image front page: Civic Offices, Bridgend*



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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 around 100 square miles and is home to nearly 146,000 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 an ageing population, an increasing number of young people with complex disabilities living into adulthood and requiring care and support, an increasing demand for appropriate housing options across the area, the need for the public sector to decarbonise by 2030 as well as the current cost of living crisis. In addition to this there are inflationary pressures arising from specific contractual commitments as well as the significant impact of high inflation on costs particularly related to capital contracts. With a predicted increase in pressure on both revenue and capital budgets the Council will need to ensure it focuses on delivering key services, supporting communities, particularly the most vulnerable in our society, as well as doing all we can to help our local economy thrive.

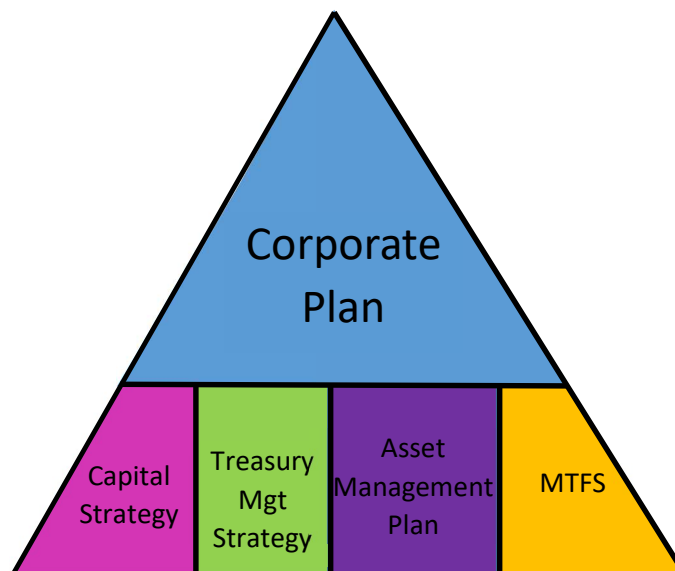
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

## 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 2024-25 and indicatively to 2033-34
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:

12. Capital investment decisions are in alignment with the Council's Capital Strategy and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.

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

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

- 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

### IFRS 16 – International Financial Reporting Standard 16 – Leases

The objective of IFRS 16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease. The standard requires a lessee (the Council) to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Council will need to recognise a ‘right-of-use’ asset, representing the Council’s right to use the underlying leased asset, and an equivalent lease liability, which represents the Council’s obligation to make lease payments.

This change will affect the Council’s Capital Financing Requirement (CFR), minimum revenue provisions and potentially future borrowing limits that Council approve as part of this strategy, as there will be an increase in the total asset value of the Council and an increase in the value of debt (outstanding lease amounts). It is estimated that the value of the increase for the Council is approximately £6 million.

A further impact of the new standard will be to recognise the interest element of the lease separate to the debt repayment, so the interest cost will be recognised as a capital financing cost rather than absorbed within the total charge to Directorate revenue budgets. This does not increase the cost, but changes where that cost is shown both in budgetary terms and also within the annual Statement of Accounts.



*Porthcawl Seafront*

## 1.0 ASSET MANAGEMENT PLANNING

The Council's Asset Management Plan (AMP) vision is:

**“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 Town Centre*

## 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. Consideration may be given to capped procurement exercises, setting the maximum budget available for works. In addition, delays in suppliers' ability to source and deliver materials for capital schemes needs to be considered. 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 of 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 2014-15 the Council approved capital funding for commercial property investment and spent £520,000 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. Changes to the CIFPA Prudential Code for Capital Finance and the Public Works Loan Board make it unlikely the Council will purchase any further investment assets.

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 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 £5.845 million at 31 March 2023. This would be expected to generate a rental income of £458,500 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 'disproportionate' 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*

	2022-23 Actual £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m
Net Revenue Budget*	320.289	342.334	359.725	359.725	359.725	359.725
Income from Commercial Investments	0.459	0.459	0.459	0.459	0.459	0.459
% Ratio	0.14%	0.13%	0.13%	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 Grand Pavilion*

### 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. During 2023 the Council established a Capital Programme Board, whose purpose is to ensure close oversight of key projects within the approved capital programme. The Board consists of the Leader, Cabinet Member – Resources, and members of the Corporate Management Board, and is chaired by the Chief Officer – Finance, Performance and Change. Additional officers or Cabinet Members will attend as appropriate and agreed in advance of the meeting, with meetings held bi-monthly. The Board has been established to provide support, help and advice in relation to the Capital Programme and schemes within. Whilst not responsible for delivering capital projects and managing expenditure, it aims to support projects are completed on time, within approved budget and to the agreed quality; ensuring that work is properly resourced; assessing risks and ensuring appropriate mitigating actions are in place; and to understand changes impacting on the project, including major milestones, scope of deliverables, costs and benefits.

#### **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 within existing budgets 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

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** (see Principles on pages 7 and 8).

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** (page 7).

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 Procedure 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 August 2024. A tender will be undertaken to appoint Treasury Management Advisors from that date.

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 there 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 Council has been successful in applying for monies from various sources such as Welsh Government, Heritage Lottery, European funding and has secured significant UK Shared Prosperity Funding (SPF) and Levelling Up Funding (LUF).

## 4.0 CAPITAL INVESTMENT PROGRAMME 2024-25 TO 2033-34

The ten-year rolling programme has been initially set for 2024-25, 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 2024-25, the Council is planning capital expenditure of £82.297 million as summarised below.

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

Directorate	2022-23 actual £'000	2023-24 projection £'000	2024-25 budget £'000	2025-26 budget £'000	2026-27 budget £'000	2027-28 budget £'000
Education and Family Support	5,037	34,616	37,704	17,188	1,437	-
Social Services and Well-being	2,901	1,983	395	-	-	-
Communities	17,807	37,224	40,999	12,930	2,570	2,570
Chief Executive's	3,485	7,122	2,720	2,450	2,450	2,450
Council Wide Capital Budgets	0	872	479	200	1,426	1,658
<b>TOTAL</b>	<b>29,230</b>	<b>81,817</b>	<b>82,297</b>	<b>32,768</b>	<b>7,883</b>	<b>6,678</b>

In addition to the above identified capital expenditure, the Council will need to recognise as a right of use asset, and an equal liability, the value of finance leases on its balance sheet. This is currently estimated at £6 million.

The main capital projects in this period include:

- Sustainable Communities for Learning (Band B). Forecast expenditure of £51.817 million is included in the above table for 2024-25 to 2026-27 of which £38.118 million is Welsh Government Sustainable Communities for Learning grant, £7.309 million is earmarked reserves, £2.614 million capital receipts, £1.889 million Welsh Government capital grant and £1.887 million supported borrowing.
- Porthcawl Grand Pavilion – Forecast expenditure of £19.461 million is included above for 2024-25 to 2025-26 for the redevelopment of the building. The total scheme cost (which includes expenditure to date) is estimated at £19.998 million, of which £17.998 million is funded from the UK Government's Levelling Up Fund and the balance being funded from earmarked reserves.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.950 million per annum.
- Cardiff Capital Region City Deal - £5.106 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. The contribution is funded from an earmarked reserve.
- Shared Prosperity Fund - £3.714 million to support local investment.
- Playgrounds Refurbishments - £1.000 million for 2024-25.
- Highways Refurbishments - £1.000 million for 2024-25

Whilst there are no schemes currently included within the capital programme, the Council is committed to supporting the Housing with Care Fund (HCF) Welsh Government programme.



This is a 4-year capital programme up to 31 March 2026, with indicative funding (for Wales) of £181.5 million for the first 3 years. Schemes that are proposed for inclusion in the Capital Programme will need to demonstrate all funding is in place and the scheme is deliverable within the funding timescale.

The approved capital programme will be subject to ongoing scrutiny and amendment. Of particular concern will be the continued pressure on costs, particularly within the construction sector, and the level of price increases for works and the impact on project costs. The estimates of capital expenditure shown above (and throughout the Strategy) are based on both known cost forecasts (for schemes already underway) as well as estimated future costs for those schemes not yet progressed through the procurement stages. As the procurement progresses it may become evident that the costs to undertake schemes are in excess of the available budget, and schemes within the capital programme may need to be reprioritised based on the available funding.

## 5.0 FUNDING THE STRATEGY

The Council has several funding streams available to support capital investment which includes the following cash resources:

<b>Cash Resources</b>	
<b>Non ring-fenced grants</b>	These are for use on Council determined priorities. These include an annual 'General Capital Grant' from Welsh Government
<b>Ring-fenced grants</b>	These are to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is 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 the delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.
<b>External contributions</b>	For example from planning agreements (under Section 106 of the Town and Country Planning Act 1990).
<b>Revenue budgets and Earmarked Reserves</b>	Held specifically to support the affordability of capital investment.
<b>Capital Receipts</b>	These are as a result of the disposal of Council assets

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

### **Financial Context**

Whilst the aims and priorities will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained in the current economic and political climate. The context for capital expenditure decisions is as follows:

- The Council does have limited capital resources, however these are earmarked to existing schemes within the Capital Programme.
- The Council anticipates it will receive resources in the future with an annual capital allocation from Welsh Government, potential s106 monies or new grant approvals.
- The Council does have a Disposal Strategy though has limited 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% and £2.92 million of interest free Salix loans, giving a total loan debt of £99.79 million.
- 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.
- Any new schemes that are not funded by capital receipts, earmarked reserves, revenue contributions or grants, will have a requirement for borrowing to enable the scheme to progress. Such borrowing will be at a cost and is repayable with interest, and the cost of any new borrowing will have to be met from existing revenue budgets.
- Careful scrutiny of any new proposed capital schemes will be required, to assess the affordability of delivering those schemes given the current difficult financial climate the Council is facing.

### **Allocation of capital funding**

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.

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 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.

Any borrowing will result in a cost to revenue as borrowing must be repaid, and the majority of borrowing will incur costs in the form of interest payments. This will be factored into any decision to include a scheme within the Capital Programme which requires any level of borrowing.

### **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*

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Budget £m	2025-26 Budget* £m	2026-27 Budget £m	2027-28 Budget £m
External sources	22.192	37.243	46.714	24.718	3.409	2.725
Own resources	0.227	34.726	28.310	4.097	0.521	3.554
Net Financing Requirement	6.811	9.848	13.273	3.953	3.953	0.399
<b>TOTAL</b>	<b>29.230</b>	<b>81.817</b>	<b>88.297</b>	<b>32.768</b>	<b>7.883</b>	<b>6.678</b>

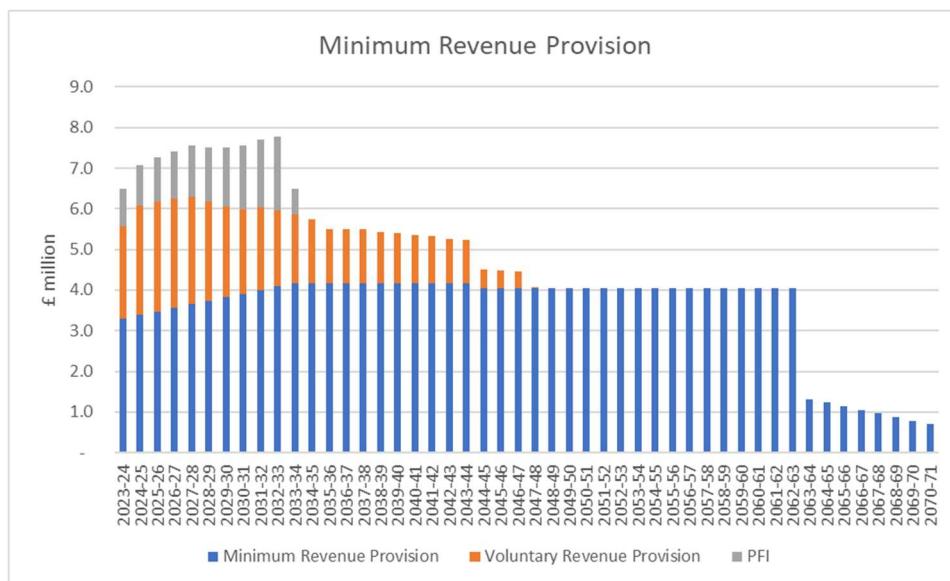
*\*The table above takes into account the impact of IFRS 16 accounting for leases in 2024-25*

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

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m
Minimum Revenue Provision (MRP)	3.822	3.298	<b>3.385</b>	3.473	3.561	3.649
Additional Voluntary Revenue Provision	2.132	2.273	<b>2.827</b>	3.052	3.034	2.975
<b>Total MRP &amp; VRP</b>	<b>5.954</b>	<b>5.571</b>	<b>6.212</b>	<b>6.525</b>	<b>6.595</b>	<b>6.624</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.863</b>	<b>0.929</b>	<b>1.001</b>	<b>1.078</b>	<b>1.161</b>	<b>1.251</b>
<b>Total Own Resources</b>	<b>6.817</b>	<b>6.500</b>	<b>7.213</b>	<b>7.603</b>	<b>7.756</b>	<b>7.875</b>

The Council’s cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. Debt-financed expenditure is that which is **not** funded by grants, contributions, reserves or capital receipts. The CFR is forecast to increase by £7.060 million during 2024-25, and then decrease in 2025-26 by £2.572 million. The forecast MRP over the long term is shown in the graph below.



This shows that MRP is expected to increase over the period to 2032-33 based on the current capital programme.

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*

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m
<b>Opening Capital Financing Requirement</b>	176.217	176.210	179.559	185.619	181.969	178.166
<b>Movement in Financing Requirement</b>	(0.007)	3.348	6.060	(3.650)	(3.803)	(3.922)
<b>Closing Capital Financing Requirement</b>	<b>176.210</b>	<b>179.559</b>	<b>185.619</b>	<b>181.969</b>	<b>178.166</b>	<b>174.244</b>

\*The table above does 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 such assets itself.

### 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*

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m
<b>Opening balance</b>	<b>21.773</b>	<b>25.728</b>	<b>16.752</b>	<b>3.928</b>	<b>3.025</b>	<b>2.504</b>
Asset sales	3.926	-	-	-	-	-
Applied in capital programme	0.029	(8.976)	(12.824)	(0.903)	(0.521)	-
<b>Closing balance</b>	<b>25.728</b>	<b>16.752</b>	<b>3.928</b>	<b>3.025</b>	<b>2.504</b>	<b>2.504</b>

As can be seen from the above table, the majority of capital receipts from asset sales are already allocated to the capital programme.

## 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 totals £99.79 million as at 31 December 2023. The majority (£77.62 million) of borrowing 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 average interest rate on these loans is 4.69%. The Council has a number of energy schemes which are funded via Salix interest free loans, totalling £2.92 million. These loans are required to be repaid between 5 and 20 years.

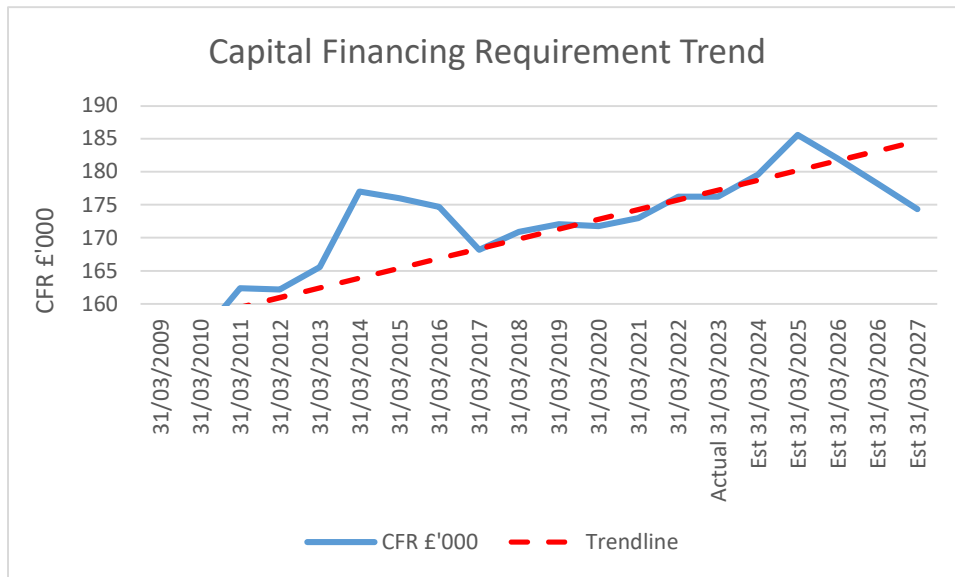
External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association made between individual loans and particular types of expenditure. The Council makes use of internal borrowing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

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m
Debt (incl. PFI & leases)	114.054	112.631	<b>111.683</b>	100.579	96.314	93.354
Capital Financing Requirement	176.210	179.559	<b>185.619</b>	181.994	178.216	174.319

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 £26.12 million in 2024-25 and a further £34.24 million in 2025-26 based on the current assumptions within the Capital Programme and the use of Capital Receipts and Reserves. However, this forecast could change significantly should schemes within the capital programme and use of reserves be delayed. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2024-25. The actual amount will be monitored and assumptions challenged and external borrowing will only be taken out if there is no opportunity to use Internal Borrowing.

Table 8: Borrowing and the Liability Benchmark

	2022-23 Actual £m	2023-24 Projection £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m
Outstanding Borrowing (excl. PFI & Leases)	99.925	99.608	<b>93.711</b>	89.685	86.581	84.872
Liability Benchmark	33.250	82.390	<b>129.830</b>	133.920	133.650	132.240

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

	2023-24	2024-25	2025-26	2026-27

	£m	£m	£m	£m
Authorised limit – borrowing	170.000	<b>170.000</b>	170.000	170.000
Authorised limit – other long term liabilities	30.000	<b>25.000</b>	25.000	25.000
<b>Authorised Limit Total</b>	<b>200.000</b>	<b>195.000</b>	<b>195.000</b>	<b>195.000</b>
Operational boundary – borrowing	130.000	<b>120.000</b>	120.000	120.000
Operational boundary – other long term liabilities	25.000	<b>20.000</b>	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>155.000</b>	<b>140.000</b>	<b>140.000</b>	<b>140.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>112.631</b>	<b>111.683</b>	<b>110.579</b>	<b>96.314</b>

The impact of changes to lease accounting under IFRS16, which requires that operating leases are brought onto the balance sheet as a right of use asset and equivalent lease liability, 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 2024-25 however borrowing will increase by approximately £26.12 million from 2025-26 and a further £34.24 million from 2026-27. 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 eleven years remaining on the term) which will be £12.974 million at 31 March 2024 including the short term liability of £1.001 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 2024-25.

#### **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 under this model;

- **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 plus Additional Learning Needs observation class (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.



*Garw Valley*

## 7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2024-25

The annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2024-25 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 2024-25 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/24 £m	2024-25 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)	128.537	3.253
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	2.631	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		35.417	2.827
PFI, Finance Leases and other arrangements – PFI School	(iii)	12.974	1.001
<b>TOTAL COUNCIL FUND</b>		<b>179.559</b>	<b>7.213</b>

## 8.0 AFFORDABILITY

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

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

The percentage of the Council's revenue budget that is committed to capital financing costs is increasing in the long term. Given the pressure on revenue budgets it will be increasingly difficult to secure revenue funding to meet the costs of any new borrowing. Within the current climate tender prices are being received that are higher than expected, with costs potentially exceeding available budgets. Given the uncertainty over future capital receipts, limited uncommitted earmarked reserves and reduced capital budget allocations from Welsh Government, this will mean that there is limited scope for new capital projects unless fully funded from grants and external contributions. This 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*

	2022-23 Actual %	2023-24 Estimate %	2024-25 Estimate %	2025-26 Estimate %	2026-27 Estimate %	2027-28 Estimate %
General Fund - Net Capital Financing Budget	2.74%	2.68%	2.70%	2.72%	2.74%	2.77%
General Fund - Gross Capital Financing Budget	3.52%	3.39%	2.70%	2.72%	2.74%	2.77%

## 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**

Under S106 of the Town and Country Planning Act 1990 (as amended), contributions can be sought from developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place. This funding is commonly known as Section 106 (S106) contributions. Section 106 Agreements are legal agreements between Local Authorities and developers, which 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, whilst government funding to the Council has seen a modest increase, as a result of competing revenue budget pressures and the impact of the inflationary and cost of living pressures, which have placed significant pressure on the revenue budget, the Council is unable to use revenue or new reserves to directly fund capital projects, unless funding has already been set aside.

