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



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

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

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



**Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate**  
Deialu uniongyrchol / Direct line /: 01656 643148 / 643694 / 643513  
Gofynnwch am / Ask for: Gwasanaethau Democraidaidd

Ein cyf / Our ref:  
Eich cyf / Your ref:

**Dyddiad/Date: Mercher 13 Tachwedd 2024**

Annwyl Cyngorydd,

**CYNGOR**

Cynhelir Cyfarfod Cyngor Hybrid yn Siambr y Cyngor Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr/o bell trwy Microsoft Teams, CF31 4WB ar **Dydd Mercher, 20 Tachwedd 2024** am **16:00**.

**AGENDA**

1 Ymddiheuriadau am absenoldeb

Derbyn ymddiheuriadau am absenoldeb gan Aelodau.

2 Datganiadau o fuddiant

Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.

3 Cymeradwyaeth Cofnodion

I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 23/10/2024

5 - 12

4 Cyflwyniad i'r Cyngor gan Brif Weithredwr Halo Leisure

13 - 14

5 I dderbyn cyhoeddiadau oddi wrth:

- (i) Maer (neu'r person sy'n llywyddu)
- (ii) Prif Weithredwr

Ffon/Tel: 01656 643643

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Rydym yn croseawu gohebiaeth yn y Gymraeg. Rhowch wybod i ni os yw eich dewis iaith yw'r Gymraeg

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6	<u>Derbyn cyhoeddiadau gan yr Arweinydd</u>	
7	<u>Deddf Hapchwarae 2005 Datganiad o Egwyddorion Trwyddedu 2025-2028</u>	15 - 60
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9	<u>Diweddariad Chwarter 2 y Rhaglen Gyfalaf 2024-25</u>	91 - 112
10	<u>Adroddiad Hanner Blwyddyn ar Reoli'r Trysorlys hyd at fis Medi 2024</u>	113 - 136
11	<u>Sylfaen Treth y Cyngor 2025-26</u>	137 - 142
12	<u>Derbyn y Cwestiynau canlynol gan:</u>	

#### **Cynghorydd Tim Thomas i'r Arweinydd**

Yng ngoleuni'r sylw gan yr Awdurdod Gweithredol Iechyd a Diogelwch ynghylch diogelwch Hybont, os yw'n dai cyfagos i ba mor agos y mae'r cynigion a'r datganiad na ddylid ei gymeradwyo o dan y "drwydded sylweddau peryglus" Pryd y barnodd yr awdurdod hwn ei bod yn ddigon diogel mewn gwirionedd i ymrwmo i'r memorandwm cyd-ddealltwriaeth a gwario arian cyhoeddus ar gyrraedd y pwynt hwn?

#### 13 Materion Brys

I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Nodyn: Bydd hwn yn gyfarfod Hybrid a bydd Aelodau a Swyddogion mynychu trwy Siambr y Cyngor, Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr / o bell Trwy Timau Microsoft. Bydd y cyfarfod cael ei recordio i'w drosglwyddo drwy wefan y Cyngor. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) neu ffoniwch 01656 643148 / 643694 / 643513 / 643159

Yn ddiffuant

**K Watson**

Prif Swyddog, Gwasanaethau Cyfreithiol a Rheoleiddio, AD a Pholisi Corfforaethol

**Dosbarthiad:**

At: Pob Aelod

COFNOD O BENDERFYNIAD CYFARFOD O'R CYNGOR A GYNHALIWYD HYBRID IN THE COUNCIL CHAMBER CIVIC OFFICES, ANGEL STREET, BRIDGEND, CF31 4WB AR DYDD MERCHER, 23 HYDREF 2024 16:00

Yn bresennol

Y Cyngorydd H Griffiths – Cadeirydd

H T Bennett  
E L P Caparros  
M J Evans  
G H Haines  
J Llewellyn-Hopkins  
H M Williams

A R Berrow  
R J Collins  
N Farr  
M L Hughes  
J E Pratt  
I Williams

S J Bletsoe  
H J David  
P Ford  
M Jones  
J C Spanswick  
E D Winstanley

J P D Blundell  
P Davies  
RM Granville  
C Lewis  
J H Tidesley MBE  
T Wood

Yn Bresennol yn Rhithiol

S Aspey  
D T Harrison  
M R John  
T Thomas  
A J Williams

N Clarke  
D M Hughes  
W J Kendall  
G Walter  
M J Williams

C L C Davies  
R M James  
R J Smith  
A Wathan  
R Williams

S J Griffiths  
P W Jenkins  
I M Spiller  
A Williams

Swyddogion:

Mark Galvin  
Lindsay Harvey  
Carys Lord  
Claire Marchant  
Janine Nightingale  
Michael Pitman  
Oscar Roberts  
Mark Shephard  
Kelly Watson

Uwch Swyddog Gwasanaethau Democraidd - Pwyllgorau  
Cyfarwyddwr Corfforaethol - Addysg, Blynyddoedd Cynnar a Phobl Ifanc  
Prif Swyddog - Cyllid, Perfformiad a Newid  
Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol a Llesiant  
Cyfarwyddwr Corfforaethol - Cymunedau  
Swyddog Cymorth Technegol – Gwasanaethau Democraidd  
Prentis Gweinyddu Busnes - Gwasanaethau Democraidd  
Prif Weithredwr  
Prif Swyddog - Gwasanaethau Cyfreithiol a Rheoleiddio, AD a Pholisi Corfforaethol

**58. Ymddiheuriadau am absenoldebau**

Penderfyniad	Derbyniwyd ymddiheuriadau am absenoldebau gan y Cynghorwyr F D Bletsoe, J Gebbie, W R Goode a M J Kearns
Dyddiad y Penderfyniad	23 Hydref 2024

**59. Datganiadau o Fuddiant**

Penderfyniad	Datganodd y Cynghorydd E Winstanley ddiddordeb personol yn eitem 8 ar yr Agenda gan ei bod yn cael ei chyflogi gan Ymddiriedolaeth Ddiwylliannol Awen.
Dyddiad y Penderfyniad	23 Hydref 2024

**60. Cymeradwyo Cofnodion**

Penderfyniad	<u>PENDERFYNWYD:</u> Derbyn Cofnodion cyfarfod y Pwyllgor Rheoli Datblygiadau dyddiedig 25 Medi 2024 fel gwir gofnod manwl gywir.
Dyddiad y Penderfyniad	23 Hydref 2024

**61. Cyflwyniad i'r Cyngor gan Gynrychiolwyr Bwrdd Iechyd Prifysgol Cwm Taf Morgannwg**

Penderfyniad	Rhoddodd Prif Weithredwr Bwrdd Iechyd Prifysgol Cwm Taf Morgannwg gyflwyniad llafar i'r Cyngor ar y sefyllfa ddiweddaraf o safbwynt gwaith atgyweirio'r to yn Ysbyty Tywysoges Cymru, Pen-y-bont ar Ogwr.
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	<p>Rhoddodd wybod bod y to, yn anffodus, wedi dirywio cymaint dros y 40 mlynedd ddiwethaf nes bod dŵr glaw yn dod i mewn i'r adeilad. O ganlyniad, bu'n rhaid symud tua 190 o gleifion a nifer o glinigau i rannau eraill o'r ysbyty neu i safleoedd amgen oherwydd y risg y byddai rhannau o'r to yn dymchwel yn ystod gwyntoedd cryfion neu law trwm.</p> <p>Dywedodd Mr Mears, er bod hyn wedi cael effaith ar wasanaethau'r ysbyty nad oedd modd eu hosgoi, bod cynlluniau ar waith ar gyfer rheoli a lleihau amhariadau i gleifion ac aeth ymlaen i egluro beth oedd y rhain er budd yr Aelodau. Ychwanegodd ymhellach y byddai gwaith adfer yr adeilad yn dechrau fis Tachwedd a hynny yn ystod proses a fyddai'n digwydd gam wrth gam. Dylai'r to newydd fod yn ei le erbyn haf 2025.</p> <p>Amcangyfrifwyd bod cost o £20m ynghlwm wrth y to newydd ac roedd y bwrdd iechyd mewn trafodaethau gyda Llywodraeth Cymru ynglŷn â hyn. Roedd y problemau gyda'r to yn rhan o ôl-groniad cynnal a chadw gwerth miliynau o bunnoedd y bu i'r Bwrdd Iechyd ei etifeddu pan gymerodd gyfrifoldeb dros ardal Fwrdeistref Sirol Pen-y-bont ar Ogwr yn 2019.</p> <p>Roedd pob darn o waith angenrheidiol wedi'i gategoreiddio ar 'sail risg'. Pan ofynnwyd a oedd yr ariannu wedi canolbwyntio mwy ar atgyweirio'r ysbyty ym Merthyr Tudful, yn hytrach nag Ysbyty Tywysoges Cymru, datganodd Mr Mears nad mater o wneud hyn ydoedd, ond yn hytrach o edrych ar y risgiau roedd Cwm Taf yn eu rheoli a sicrhau, lle bo'n briodol, eu bod yn canolbwyntio eu hadnoddau ar ble maent eu hangen fwyaf ar draws y Bwrdd Iechyd.</p> <p>Wrth drafod sut y gall teuluoedd gadw mewn cysylltiad gyda chleifion a allai fod wedi gorfod symud lleoliad, dywedodd Mr Mears bod sgwrs wedi'i chynnal gyda phob claf oedd yn cael ei effeithio yn Ysbyty Tywysoges Cymru a lle bo'n berthnasol, gyda'u teuluoedd hefyd. Y flaenoriaeth gyntaf oedd ail-leoli swyddi ond yn awr roedd yn edrych ar sut roeddent yn cynefino yno, p'un a oedd eu hanghenion angen cael eu cefnogi mewn maes mwy arbenigol o'r gwasanaeth, o bosib.</p> <p>Wrth drafod a fyddai gwersi yn cael eu dysgu a pha weithdrefnau a allai gael eu rhoi ar waith i osgoi digwyddiadau difrifol yn y dyfodol, dywedodd Mr Mears wrth yr aelodau: Ychwanegodd bod gan dîm Ystadau'r Bwrdd Iechyd raglen rheolaidd yn ei lle oedd yn mynd i'r afael â phroblemau dros y pum mlynedd diwethaf, gan gynnwys pam nad oedd problemau gyda'r to wedi cael eu delio â hwy cyn hyn.</p> <p>Yn ychwanegol at y to, roedd problemau sylweddol wedi bod gyda'r system larwm tân, ei seilwaith trydanol a nifer o bethau eraill nad ydynt yn amlwg i gleifion neu staff ar yr olwg gyntaf. Ar y pryd, y rhain yn achosi'r mwyaf o risg, hyd yn oed yn fwy na'r risg a achoswyd gan do'r ysbyty.</p>
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**63. Derbyn cyhoeddiadau gan yr Arweinydd**

Penderfyniad	Derbyniwyd cyhoeddiadau gan yr Arweinydd (Nid oedd unrhyw benderfyniadau yn angenrheidiol/wedi eu gwneud)
Dyddiad y Penderfyniad	23 Hydref 2024

**64. Polisi Darpariaeth Isafswm Refeniw**

Penderfyniad	<p>Cyflwynodd y Prif Swyddog - Cyllid, Perfformiad a Thai adroddiad, at bwrpas sicrhau cymeradwyaeth y Cyngor i ddiwygio'r Polisi Darpariaeth Isafswm Refeniw (MRP) ar gyfer 2024-25.</p> <p>Cafwyd crynodeb o'r wybodaeth fel a ganlyn:</p> <p>Mae ariannu dyled unrhyw wariant cyfalaf yn gofyn am i dâl i refeniw er mwyn rhoi adnoddau ar gyfer ad-dalu'r ddyled honno yn y dyfodol. Gelwir hyn yn Ddarpariaeth Isafswm Refeniw (MRP). Mae lefel y ddyled y mae'n rhaid darparu ar ei chyfer yn cael ei adnabod fel y Gofyn Ariannu Cyfalaf (CFR).</p> <p>Naill ai y mae dyled yn cael ei chefnogi, lle mae Llywodraeth Cymru yn darparu arian o fewn y setliad llywodraeth leol tuag at gost benthyca ac ad-dalu, neu nid yw wedi'i chefnogi, pan mae'r Cyngor angen cwrdd â'r gost yn llawn o fenthyca o adnoddau presennol.</p> <p>Mae'r Polisi MRP presennol yn gofyn am roi MRP i'r neilltu dros sail llinell syth, a hynny dros gyfnod o 45 mlynedd ar gyfer benthyciadau sy'n cael eu cefnogi neu hyd oes yr ased ar gyfer benthyciad nad yw'n cael ei gefnogi.</p> <p>Mae sail llinell syth canlyniadau MRP yn arwain at gost uwch yn ystod y blynyddoedd cynnar (wrth gynnwys costau llog), gan leihau dros amser.</p> <p>Mae defnyddio dull blwydd-dal o gyfrifo MRP yn gwasgaru cyfanswm y gost - MRO gyda llog - dros oes yr ased ac ystyrir ei fod yn cyd-fynd gyda'r budd a enillir o ddefnyddio'r ased dros oes lawn.</p>
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	<p>Cadarnhaodd y Prif Swyddog - Cyllid, Perfformiad a Thai, bod y Cyngor wedi cymeradwyo'r Polisi MRP Blynyddol 2024-2025 fel rhan o'r Strategaeth Gyfalaf ym mis Chwefror 2024. Roedd yr adroddiad hwn yn cynnig newid y cyfrifiad o MRP gafodd ei adnabod ym mharagraff i a ii o'r Polisi.</p> <p>Roedd yr adroddiad yn rhoi manylion am y newidiadau a gynigiwyd.</p> <p>Yn olaf, fe wnaeth yr adroddiad amlinellu goblygiadau ariannol yn berthnasol i'r cynigion a awgrymwyd.</p> <p>Yna gofynnodd yr Aelodau gwestiynau i'r Prif Swyddog - Cyllid, Perfformiad a Thai, ac y mae enghreifftiau ohonynt fel a ganlyn:</p> <ul style="list-style-type: none"><li>• Nododd un aelod Cabinet mai adroddiad technegol oedd hwn a bod y newidiadau oedd yn cael eu cynnig oddi mewn iddo yn unol â'r canllawiau cyfredol a'u bod wedi cael eu datblygu gyda chefnogaeth gan gynghorwyr Rheoli'r Trysorlys y Cyngor. Roedd awdurdodau eraill hefyd wedi datblygu polisi o'r fath;</li><li>• Ystyriodd un aelod y byddai cyfrifiad yn seiliedig ar flwydd-dal yn arwain at ad-daliadau dyled is yn ystod y blynyddoedd cychwynnol ac y byddai'n helpu tynnu pwysau oddi ar y gyllideb Refeniw yn y tymor byr, fodd bynnag, teimlai bod angen sicrwydd ynghylch cynaliadwyedd ariannol mwy hirdymor y Cyngor. Teimlai y byddai model yn seiliedig ar flwydd-dal yn dod yn broblematic pe bai cyllidebau'n mynd yn dynnach yn sgil dirywiad economaidd pellach a/neu doriadau i ariannu Canolog gan y Llywodraeth. Mae'n bosib hefyd bod canfyddiad o anghyfartaledd rhwng y cenedlaethau drwy symud baich cyfrifoldeb ariannol i genedlaethau'r dyfodol pa bai dirywiad mewn asedau pe bai asedau'n dirywio o ran gwerth yn gynt na'r disgwyl. Mae'n bosib y byddai'n fwy buddiol a phriodol i fabwysiadu strategaeth fwy hyblyg dros dymor hirach (nag un blynyddol) a fyddai'n galluogi i Swyddogion deilwra amserlen ein had-daliadau dyled er mwyn gweddu'n well i wahanol fathau o asedau Cyfalaf. Byddai hyn yn sicrhau ad-daliadau rhagweladwy fyddai'n cyd-fynd gydag unrhyw ddirywiad mewn asedau, gyda'r dull blwydd-dal hwn wedyn yn cael ei roi ar waith mewn perthynas ag asedau statudol mwy hirdymor, er enghraifft, ysgolion, ffyrdd neu raglenni isadeiledd mawr. Hefyd byddai dull MRP mwy cymysg yn cynnig mwy o hyblygrwydd o ran rheoli llif arian, tra'n sicrhau bod peth o'r ddyled yn cael ei thalu'n gyson, ac felly'n atal unrhyw faich ariannol yn y dyfodol rhag cynyddu'n sydyn.</li><li>• Gofynnodd un aelod hefyd pe bai'r Cyngor yn newid i'r model arfaethedig hwn ac nad oedd yn gweithio nac o fudd i'r awdurdod lleol, ac y byddai wedyn yn mynd yn ôl i'r model presennol, oni fyddem wedyn yn gorfod talu mwy na'r hyn roeddem yn amcangyfrif ei dalu yn awr gyda'r model</li></ul>
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	<p>presennol?</p> <p>Ymatebodd y Prif Swyddog - Cyllid, Perfformiad a Thai i'r pwyntiau uchod er budd y Cyngor.</p> <p><u>PENDERFYNWYD:</u> Bod y Cyngor:</p> <p>Yn cymeradwyo adolygu Polisi MRP 2024-25 ar gyfer cyfrifo MRP ar sail gwariant cyfalaf oedd yn cael ei ariannu gan fenthyciad wedi'i gefnogi a heb ei gefnogi ar sail llinell syth i ddull blwydd-dal ac felly mae Datganiad Darpariaeth Isafswm Refeniw yn cael ei gymeradwyo (cyfeirir at Atodiad A o'r adroddiad).</p>
Dyddiad y Penderfyniad	23 Hydref 2024

**65. Derbyn y Cwestiynau canlynol gan:**

Penderfyniad	<p>Y Cynghorydd I Williams i'r Aelod Cabinet - Adfywio, Datblygiad Economaidd a Thai (cafodd yr ymateb ei gylchredeg yn flaenorol i aelodau)</p> <p>Gofynnodd y Cynghorydd Williams gwestiwn atodol i'r Arweinydd</p>
Dyddiad y Penderfyniad	23 Hydref 2024

**66. Eitemau Brys**

Penderfyniad	Nid oedd unrhyw eitemau brys
Dyddiad y Penderfyniad	23 Hydref 2024

I arsylwi dadl bellach a gynhaliwyd ar yr eitemau uchod, cliciwch ar y [ddolen](#) hon

Terfynwyd y cyfarfod yn 17:18

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>PRESENTATION TO COUNCIL BY THE CHIEF EXECUTIVE OF HALO LEISURE</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF EXECUTIVE</b>
<b>Responsible Officer:</b>	<b>MARK GALVIN SENIOR DEMOCRATIC SERVICES OFFICER - COMMITTEES</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect on the Policy Framework and Procedure Rules.</b>
<b>Executive Summary:</b>	<b>The report will invite an accompanying presentation which will update Council on the work of Halo Leisure.</b>

**1. Purpose of Report**

- 1.1 The purpose of this report is to advise Council of a presentation proposed to be delivered by the Chief Executive of Halo Leisure.

**2. Background**

- 2.1 Council will be accustomed to receiving presentations from its key partners, stakeholders and other organisations periodically in the past.

**3. Current situation / proposal**

- 3.1 The presentation will be given to Council at its November meeting by Scott Rolfe, Chief Executive of Halo Leisure.

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

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

**6. Climate Change Implications**

6.1 There are no climate change implications arising from this report.

**7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding or corporate parent implications arising from this report.

**8. Financial Implications**

8.1 There are no financial implications arising from this report.

**9. Recommendation**

9.1 That Council is recommended to note the presentation referred to at paragraph 3.1 of the report.

**Background documents**

None.

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>GAMBLING ACT 2005 STATEMENT OF LICENSING PRINCIPLES 2025-2028</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY</b>
<b>Responsible Officer:</b>	<b>KIRSTY EVANS LICENSING TEAM MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The report content has no direct effect upon the policy framework and procedure rules.</b>
<b>Executive Summary:</b>	<b>A review of the Statement of Licensing Principles in respect of the Gambling Act 2005. No policy changes are proposed for the next triennial period.</b>

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek Council approval of the publication of the Council’s Statement of Licensing Principles for the next triennial period 2025 to 2028.

## 2. Background

- 2.1 The Gambling Commission is the unified regulator for gambling in Great Britain and it is responsible for granting operating and personal licences for commercial gambling operators. However, the responsibility for licensing land-based premises, as well as functions in relation to issuing permits and regulations, rests with local authorities. The Gambling Commission issues statutory Guidance on the manner in which local authorities are to exercise their functions under the Gambling Act 2005 (‘The Act’).
- 2.2 The Council, as a licensing authority, must publish on a three-year basis a Statement of Licensing Principles, governing the policy, regulation and decision-making process relating to gambling premises. The approval of the Statement of Licensing Principles is a Council function.

- 2.3 The Council, as a licensing authority, carries out a number of regulatory functions including to:
- Licence premises for gambling activities (betting shops, bingo, adult gaming centres).
  - Grant permits for gaming and gaming machines in clubs and miners' welfare institutes.
  - Regulate gaming and gaming machines in alcohol-licensed premises.
  - Grant permits to family entertainment centres (FECs) for the use of certain lower stake gaming machines.
  - Consider occasional use notices for betting at tracks.
  - Register small societies' lotteries.
- 2.4 The Act sets out three licensing objectives which are central to regulating gambling. These are:
- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime.
  - Ensuring that gambling is conducted in a fair and open way.
  - Protecting children and other vulnerable persons from being harmed or exploited by gambling.
- 2.5 The authority cannot take into account other considerations such as moral or ethical objections to gambling. In addition, the Council has no powers to regulate remote or online gambling and cannot therefore adopt policy guidelines in respect of online gambling via the internet, telephone or television.
- 2.6 The Council's primary obligation under Section 153 (1) of the Gambling Act 2005 is to permit the use of premises for gambling insofar as it thinks that to do so is:
- a) In accordance with relevant codes of practice issued by the Gambling Commission;
  - b) In accordance with guidance issued by the Commission;
  - c) Reasonably consistent with the licensing objectives subject to a) and b) above;
- and
- d) In accordance with the Licensing Authority Statement of Policy subject to a) to c) above:

The Guidance also emphasises that in seeking to encourage consistency across licensing areas, the Commission does not seek to fetter the discretion that authorities have under the Act to make decisions which reflect local circumstances.

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

- 3.1 In April 2023 the Department for Culture, Media and Sport (DCMS) published its gambling white paper which included proposals for modernising regulation of the land-based sector.
- 3.2 Following a public consultation with a range of stake holders, on 16 May 2024 the Government published its conclusions and proposals that will impact the sector throughout Great Britain.
- 3.3 The proposed changes are as follows:
- **Casinos:** Providing consistency between different types of casino premises:
    - i. allowing 1968 Act (converted) casinos to increase their total gaming machine entitlement, proportionate to their size and non-gambling area. Increasing the maximum number of Category B gaming machines permitted from 20 to 80 if they meet the size requirements of Small 2005 Act casino premises.
    - ii. Implementation of a maximum gaming machine to table ratio of 5:1 for 1968 Act Casinos and Small 2005 Act Casinos.
    - iii. Permitting all casino premises to provide betting services, which was previously restricted to 2005 Act casino premises.
  - **Gaming Machines in Adult Gaming Centre arcades and Bingo halls:** Allowing a 2:1 ratio of Category B to Category C and D gaming machines where devices are of a comparable size.
  - **Cashless payments on gaming machines:** removing the prohibition on the direct use of debit card payments on gaming machines, subject to the introduction of appropriate player protection measures to be applied through the Gambling Commission's Gaming Machine Technical Standards.
  - **Introduction of a legal age limit of 18 for low stake 'cash-out' style Category D slot-style gaming machines. The changes will mandate the voluntary age restriction already applied by BACTA members.**
  - **Raising the current fee cap that Licensing Authorities may charge for premises licences in England and Wales by 15%:** The purpose being to enable authorities to undertake more enforcement and engagement activities with licensed premises. Fees for premises in Scotland are subject to devolved powers and are a consideration for the Scottish Government.
- 3.4 These changes will be introduced through 6 statutory instruments (regulations) which will be laid before Parliament.
- 3.5. It has not been confirmed when these legislative changes will be made however it is likely they will be introduced over the next couple of years.
- 3.6 Since the last local review, the Council has received no evidence of new trends or concerns in the land-based market that it regulated. The Government white paper highlights that the steady industry growth and shift to online gambling has seen

neither a market increased in overall gambling participation, nor an increase in population gambling rates.

3.7 That being the case, it is proposed that the Council move to renew its Statement of Licensing Principles with no changes in policy for the next triennial period; 2025 to 2028. It is foreseen that a full detailed review can be carried out once any changes have been introduced. If changes are introduced during the three-year period, the policy can be reviewed earlier if necessary. This approach was set out in a consultation document and a copy of the draft Statement of Licensing Principles is attached at Appendix A; updates to the preface and statistics are detailed in red.

3.8 The Consultation was published on the Council's website between 26 July 2024 and 23 August 2024 and notice was given to:

- Responsible Authorities including police, safeguarding and community safety
- Trade representatives
- Problem Gambling Organisations
- BCBC Members
- Town and Community Councils

3.9 A response was received from GamCare which is an independent charity providing information, advice and support for anyone affected by gambling harms. They also operate the National Gambling Helpline.

In their response they detail that they support Bridgend County Borough Council's position in Statement of Licensing Principles and suggest that the Council may look to gather statistics from the National Gambling Helpline which they operate to assist in developing a local profile. Their full response is attached to this report at **Appendix B**.

A request was subsequently made for any such statistics which could support our policy, but no response was received from GamCare.

3.10 No other consultation responses were received.

3.11 In conclusion, as the Council has received no evidence of new trends or concerns within the land-based market it regulates, it is proposed that the policy be renewed with no policy changes; the updated preface to explain this approach and statistics are detailed in red in the draft Statement of Licensing Principles **Appendix A**.

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

4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

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



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

**6. Climate Change Implications**

6.1 There are no climate change implications arising from this report.

**7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding and corporate parent implications arising from this report.

**8. Financial Implications**

8.1 There are no financial implications arising from the report.

**9. Recommendations**

9.1 Council is recommended to approve the proposed Statement of Licensing Principles as attached at Appendix A for publication in accordance with the regulations.

**Background documents**

None.

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# GAMBLING ACT 2005: BRIDGEND COUNTY BOROUGH COUNCIL



## STATEMENT OF PRINCIPLES

2025-2028

This document is also available in Welsh  
Other formats available on request.

Version

Date comes into effect: **XX/XX/XXXX**

## PREFACE

Gambling and betting are regulated by the Gambling Commission, whose duties include the licensing of operators and individuals involved in providing gambling and betting facilities. Bridgend County Borough Council, in its role as a licensing authority has a duty under the Act, to licence premises where gambling takes place and to licence certain other activities, including the registration of small society lotteries.

This document sets out how the licensing authority intends to approach this task. It should be noted that this policy statement will not override the right of any person to make an application, to make representations about an application, or to apply for a review of a licence. Every matter will be considered on its merits and according to the statutory requirements of the Gambling Act 2005.

The Gambling Act 2005 sets out how gambling in Great Britain is regulated. It came fully into force in September 2007, and covers arcades, betting, bingo, casinos, gaming machines, society lotteries, and remote gambling (including online gambling). However, the Council, as the licensing authority, is only responsible for the administration and enforcement of gambling premises and has no jurisdiction over online forms of bingo, betting or other online games or platforms. The 2005 Act also created and set the functions and objectives of the Gambling Commission as the principal regulator in the United Kingdom.

The Council must review its Statement of Principles in respect of gambling at least every three years. Since the last review the main legislative change has been to cut the maximum stake on B2 gaming machines in betting shops from £100 to £2.

In April 2023 the Department for Culture, Media and Sport (DCMS) published its gambling white paper which included proposals for modernising regulation of the land-based sector.

Following a public consultation with a range of stake holders, on 16 May 2024 the Government published its conclusions and proposals that will impact the sector throughout Great Britain.

These changes will be introduced through 6 statutory instruments (regulations) which will be laid before Parliament.

Since the last local review, the Council has received no evidence of new trends or concerns in the land-based market it regulated. The Government white paper highlights that the steady industry growth and shift to online gambling has seen neither a market increased in overall gambling participation, nor an increase in population gambling rates.

That being the case, there are no changes in policy for the Statement of Licensing Principles for 2025 to 2028. A full detailed review of the policy will be carried out once these legislative changes have been introduced.

## CONTACT DETAILS

Licensing  
Bridgend County Borough Council  
Civic Offices  
Angel Street, Bridgend, CF31 4WB

[licensing@bridgend.gov.uk](mailto:licensing@bridgend.gov.uk)

Telephone: 01656 643643

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

The licensing authority has made every effort to ensure accuracy of this document and any typographic errors should be drawn to our attention. Any information contained within is not intended to be a substitute for independent legal advice. Should you have any comments or feedback once this Statement is published please send them to the above address.

Other websites of interest:

[www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

[www.gamcare.org.uk](http://www.gamcare.org.uk)

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## 1.0 INTRODUCTORY SECTION

### 1.1 The Licensing Objectives

A fundamental principle of this Statement is that in carrying out its functions the Bridgend County Borough Council licensing authority (“the licensing authority”) will perform its functions in accordance with the three licensing objectives set out in the Gambling Act 2005 (“the Act”).

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
- Ensuring that gambling is conducted in a fair and open way; and
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

This licensing authority will aim to permit the use of premises for gambling so far as it is satisfied that the application is:

- a. in accordance with any relevant code of practice issued by the Gambling Commission under Section 24 of the Act;
- b. in accordance with any relevant Guidance issued by the Gambling Commission under Section 25 of the Act (referred to within this document as “the Guidance”);
- c. reasonably consistent with the licensing objectives subject to a. and b. above ; and
- d. in accordance with the authority’s Statement of Licensing Policy published under Section 349 of the Act subject to a. to c. above.

- 1.2 This Statement will not override the right of any person to make an application, make representations about an application or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

### Summary of matters dealt with in this Statement

The regulatory functions for which the licensing authority is responsible are:

- Licensing of premises for gambling activities
- Consideration of notices given for the temporary use of premises for gambling
- Granting of permits for gaming and gaming machines in clubs and miners’ welfare institutes
- Granting of permits to family entertainment centres (FEC) for the use of certain lower stake gaming machines
- Granting of permits for prize gaming
- Consideration of occasional use notices for betting at tracks

- Registration of small societies' lotteries.
- Premises Licence Reviews
- Information provision to the Gambling Commission
- Maintenance of statutory registers

1.3 This Statement relates to all those licensable premises, notices, permits and registrations identified as falling within the provisions of the Act, which include:-

- Casinos;
- Bingo Premises;
- Betting Premises;
- Tracks;
- Adult Gaming Centres;
- Family Entertainment Centres (FEC's);
- Unlicensed FEC gaming machine permits
- Club Gaming and Club Machine Permits;
- Prize Gaming and Prize Gaming Permits;
- Temporary and Occasional Use Notices;
- Registration of small society lotteries;
- Notifications from alcohol licensed premises for the use of two or less gaming machines;
- Provisional Statements.

It should be noted that local licensing authorities are not involved in licensing remote gambling, and this activity is regulated by the Gambling Commission through Operator Licences.

1.4 Geographical area under which the Bridgend County Borough Council licensing authority will exercise functions under the Gambling Act 2005

With its Bristol Channel coastline and mix of urban and rural communities, the County Borough lies at the geographical heart of South Wales and has a population of about 147,539\*. Its land area of 28,500 hectares stretches 20km from east to west and occupies the Llynfi, Garw and Ogmere valleys. The largest town is Bridgend (pop: 58380\*\*\*\*), followed by Maesteg (pop: 20,612 \*\* ) and the seaside resort of Porthcawl (pop: 15,813\*\*\*).

\* [https://www.citypopulation.de/en/uk/admin/wales/W06000013\\_\\_bridgend/](https://www.citypopulation.de/en/uk/admin/wales/W06000013__bridgend/)

\*\*<http://www.maestegcouncil.org/about-maesteg/>

\*\*\*<http://citypopulation.info>

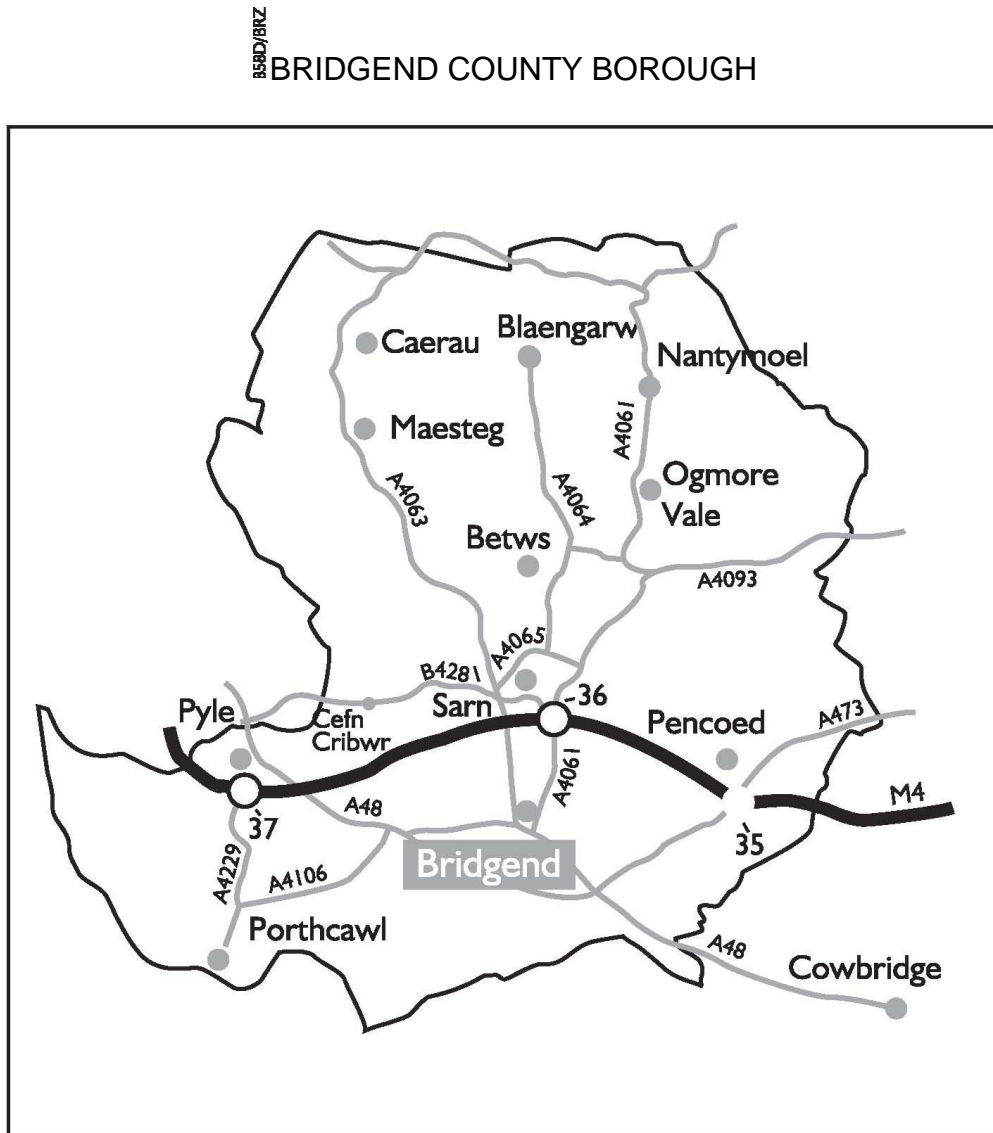
\*\*\*\*<http://citypopulation.info>



The Council's corporate and strategic themes will vary during the course of the validity of this Statement. Details of the current corporate themes and strategies can be accessed here:

<https://www.bridgend.gov.uk/my-council/council-priorities-and-performance/>

The geographical area to which this policy applies is:



BRIDGEND COUNTY BOROUGH COUNCIL  
CIVIC OFFICES, ANGEL STREET, BRIDGEND, CF31 4WB.  
TEL: 01656 643643 FAX: 01656 668126

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The authority has undertaken a local analysis of the gambling profile of Bridgend County Borough Council.

<b>Premises/Permit Type</b>	<b>Number of premises 2018</b>	<b>Number of premises 2021</b>	<b>Number of premises 2024</b>	<b>Comments</b>
Betting	17	12	10	18+
Bingo	2	2	2	18+
Adult Gaming Centre	6	6	3	18+
Family Entertainment Centre	4	3	2	Mixed access with 18+ segregated area
Registered Members Club	26	18	23	
Licensed Premises	9	2	10	Licensed premises with more than 2 machines
Licensed Premises	83	66	71	Automatic entitlement for two machines
Family Entertainment centre (permit)	12	5	7	Typically, Seaside venues –all age access  Porthcawl is a seaside location and a number of the arcades referred to are located in this area. All ages can access these venues
Total Number of premises where gambling available	159	114	128	

There were 68 local groups and societies registered to conduct lotteries for fundraising purposes, which has increased to 86.

The authority does not maintain statistics on the impact of gambling on the locality. Attention is drawn however, to the Annual Report of the Chief Medical Officer for Wales which has highlighted the call for further research on the impact of gambling on health. Whilst there is no specific detail or policy impact on the 2024 consultation, stakeholders should be aware of this local development in Wales. The report is available at:

<http://gov.wales/docs/phhs/publications/cmo-report2017en.pdf>

Following the statutory consultation, there are no significant trends emerging to warrant any significant policy changes for the period 2025-2028.

#### 1.6 Designation of the body competent to advise on protecting children and other vulnerable persons from being harmed or exploited by gambling (Section 157)

The licensing authority will consider the following principles when designating the body competent to advise on protecting children and other vulnerable persons from being harmed or exploited by gambling:

- The need for the body to be responsible for an area covering the whole of the licensing authority's area,
- The need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

Having regard to the Commission's Guidance, the authority designates the Bridgend Children's Directorate, Safeguarding and Family Support as the most appropriate body to carry out this function.

#### 1.7 How the Council will determine who qualifies as an Interested Party

Interested Parties can make representations to the licensing authority about licensing applications, or apply for a review of an existing licence. An interested party is someone who:

- Lives sufficiently close to the premises and is likely to be affected by the authorised activities or
- Has business interests that might be affected by the authorised activities or
- Represents persons in either category above

When exercising the powers under section 158 of the Act to determine whether a person is an interested party in relation to a premises licence, or an application for a premises licence, the licensing authority will follow the Guidance to Licensing Authorities issued by the Gambling Commission (hereafter referred to in this document as "the Guidance" and comprising all subsequent amendments). It will consider whether a person is an interested party

with regard to a particular premises on a case by case basis, judging each on its merits and no rigid rule will be applied in the decision making process.

The principles which may be applied in each case are:

- The size and nature of the premises
- The distance of the premises from the person making the representations
- The potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment)
- The circumstances of the person(s) making the representations. (These are not the personal circumstances of the complainant but the interests of the complainant which may be relevant to the distance from the premises).

In determining whether a person has a business interest that could be affected, the licensing authority may take into account, amongst other things,

- The size of the premises
- The “catchment area” of the premises (how far people travel to visit the premises)
- Whether the person making the representation has business interests in this “catchment area” that might be affected

The authority considers that the following groups come within the category of those who could represent persons living close to the premises, or have business interests that may be affected by it as:

- Trade associations
- Residents’ and Tenants’ associations
- Charities
- Faith Groups
- Medical Practices
- School Head or Governor
- Community Group

The licensing authority will consider persons who are democratically elected as interested parties for example Councillors, AM’s and MP’s or Town, Community or Parish Councillors.

Other than these however, this authority will generally require written evidence that a person/body (e.g. an advocate / relative) ‘represents’ someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or has business interests that might be affected by the authorised activities.

If individuals wish to approach Councillors to ask them to represent their views, care should be taken that the Councillors are not part of the Licensing Committee dealing with the licence application. If there are any doubts then the party should contact Licensing and Registration Section for information.

All parties are reminded that representations must relate to the licensing objectives. If an interested party has difficulty in making representations, they should contact the Licensing Section for advice.

Due consideration will be given to all relevant representations unless they are considered to be frivolous, vexatious or repetitious. The principles which will be applied in the decision making process are likely to be:

- Who is making the representation and whether there is a history of making representations that are not relevant
- Whether the representation relates to the licensing objectives
- Whether the representation is specific to the premises that are subject to the application

Any such decision will be made objectively and not on the basis of any political judgement. Where a representation is rejected a written statement of reasons will be issued.

In the absence of any regulations or statutory provision representations should ideally:

- Indicate the name and address of the person or organisation making the representation
- Indicate the premises to which the representation relates
- Indicate the proximity of the premise to the person making the representation
- Set out the reasons for making the representation
- Advise the licensing authority if any special assistance is required in submitting or making the representation in writing or orally
- Electronic submission of representations is deemed to be equal to written submission

## 1.8 Representations

Persons making representations should be aware that full disclosure of representations will be made available to applicants and published as part of Council reports to allow for transparency and negotiation between parties. In the event of a hearing, all representations will form part of a public report unless the person making the representations can satisfy the Council that there is a compelling reason not to do so.

Interested parties and responsible authorities are reminded that the Act does not include the prevention of public nuisance as a licensing objective. This is dealt with under separate legislation. The only representations that are likely to be relevant are those that relate to the licensing objectives, or which raise

issues set out in this policy, the Guidance or Gambling Commission Codes of practice.

### 1.9 Responsible Authorities

The responsible authorities for this licensing authority are:

<p>Licensing Department Community Safety Partnership Bridgend Police Station Brackla Street Bridgend CF31 1BZ</p> <p>Phone: 01656 679507</p> <p>Adran Twydded Partneriaeth Diogelwch yn y Gymuned Gorsdaf Heddlu Pen-y-bont Stryd Bracla Pen-y-bont CF31 1BZ</p> <p>Ffôn: 01656 679507</p>	<p>Shared Regulatory Services Bridgend County Borough Council Civic Offices Angel Street Bridgend CF31 4WB</p> <p><a href="https://www.srs.wales/en/Contact-Us.aspx">https://www.srs.wales/en/Contact-Us.aspx</a></p> <p>Phone: 0300 123 6696</p> <p>Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr Y Swyddfeydd Dinesig Stryd yr Angel Pen-y-bont ar Ogwr. CF31 4WB</p> <p><a href="https://www.srs.wales/cy/Contact-Us.aspx">https://www.srs.wales/cy/Contact-Us.aspx</a></p> <p>Ffôn: 0300 123 6696</p>
<p>Licensing Bridgend County Borough Council Civic Offices Angel Street Bridgend CF31 4WB</p> <p>Phone: 01656 643643</p> <p>Trwyddedu Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr Y Swyddfeydd Dinesig Stryd yr Angel Pen-y-bont ar Ogwr. CF31 4WB</p>	<p>Development Group Communities Directorate Bridgend County Borough Council Civic Offices, Angel Street Bridgend CF31 4WB</p> <p>Phone: 01656 643643</p> <p>Y Grwp Datblygu Y Gyfarwyddiaeth Gymunedau Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr Y Swyddfeydd Dinesig,</p>

<p>Ffôn: 01656 643643</p> <p><a href="mailto:licensing@bridgend.gov.uk">licensing@bridgend.gov.uk</a></p>	<p>Stryd yr Angel Pen-y-bont ar Ogwr CF31 4WB</p> <p>Ffôn: 01656 643643</p> <p><a href="mailto:planning@bridgend.gov.uk">planning@bridgend.gov.uk</a></p>
<p>Bridgend County Borough Council Children's Directorate Safeguarding and Family Support Civic Offices, Angel Street, Bridgend CF31 4WB</p>	<p>Health and Safety Executive Government Buildings Phase 1 Ty Glas Llanishen Cardiff, CF14 5SH</p> <p>Health and Safety Executive Government Buildings Rhan 1, Adeiladau'r Llywodraeth, Tŷ Glas, Llanishen, Caerdydd CF14 5SH</p>
<p>South Wales Fire &amp; Rescue Service Forest View Business Park Llantrisant CF72 8LX</p> <p>Phone:01443 232000</p> <p>Gwasanaeth Tân ac Achub De Cymru Parc Busnes Fforest View Llantrisant CF72 8LX</p>	<p>The Gambling Commission Victoria Square House Victoria Square BIRMINGHAM B2 4BP</p>

Ffôn: 01443 232000	
<p>H. M. Revenue &amp; Customs  Ty Nant  180 High Street  SWANSEA  SA1 5AP</p> <p>Her Majesty's Commissioners of Customs  and  Excise,  Government Buildings  Ty Glas  Llanishen  Cardiff. CF14 5FP  029 2032 5003</p>	

Please note that the addresses of these bodies may change from time to time and you are advised to contact the Licensing Section before submitting an application.

#### 1.10 Information Exchange and Responsible Authorities

In fulfilling its functions and obligations under the Act the Council will exchange relevant information with other regulatory bodies or responsible authorities and will establish separate protocols with these bodies where applicable. In exchanging such information, the Council will comply with the requirements of data protection, freedom of information, existing Council policies and any Guidance issued by the Gambling Commission. Section 29 of the Act places an obligation on the authority to comply with the Gambling Commission's information requests and the Gambling Commission's website sets out the information exchange protocols in place.

#### 1.11 Regulation and Instituting Criminal Proceedings

In exercising the functions under Part 15 of the Act with respect to the inspection of premises and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified in that section, the licensing authority will ensure compliance with the terms of premises licences and other permissions which it authorises.



The main enforcement and compliance role for this authority will be in respect of premises and other permissions for which it has responsibility. The Gambling Commission will be the enforcement body for operating and personal licences and concerns about manufacture, supply or repair of gaming machines will be notified to the Gambling Commission.

The principles for regulation will be informed by the Gambling Commission's Guidance and will endeavour to be in accordance with the principles of better regulation.

The principles to be followed are that regulators and regulation should be:

- Proportionate, appropriate to the risk posed, accountable, consistent and transparent.

This licensing authority will adopt a risk-based inspection programme of premises; the following criteria are to be used in determining the level of risk in respect of premises.

Use of licensed premises for the sale and distribution of drugs and the laundering of the proceeds of drugs crimes;

Use of licensed premises for the sale and distribution of illegal firearms;

Use of licensed premises for prostitution or the sale of unlawful pornography;

Use of licensed premises as a base for organised criminal activity;

Use of licensed premises for the organisation of racist, homophobic or sexual abuse or attacks;

Use of licensed premises for the sale of smuggled tobacco or goods;

The use of licensed premises for the sale of stolen goods.

Where children and/or vulnerable persons are put at risk.

The licensing authority will investigate complaints against licensed premises in relation to matters relating to the licensing objectives for which it has responsibility. In the first instance, complainants are encouraged to raise the complaint directly with the licensee or business concerned to seek a local resolution.

Where any party has made valid representations about licensed premises, or a valid application for a licence to be reviewed, the licensing authority is minded to support conciliation meetings to address and clarify the issues of concern. This process will not override the right of any party to ask that the licensing authority consider their valid objections, or for any licence holder or applicant to decline to participate in a conciliation meeting.

The authority recognises that certain operators have a number of premises within its area. In order to ensure that any compliance issues are recognised and resolved at the earliest opportunity, the authority requests that operators provide a single named point of contact who should be a senior individual within the organisation, and whom the authority will endeavour to contact first should any compliance issues arise.

The Council will take account of the guidance issued by the Gambling Commission and any subsequent amendments, in respect of making test purchases at gambling premises and will also have regard to its own policies and procedures regarding the use of underage test purchasers.

#### .12 Integration with existing legislation and local and national strategies

The licensing authority will follow the Guidance issued by the Gambling Commission when determining applications and will not take into account irrelevant matters, i.e. those not related to gambling objectives. In the unlikely event that the licensing authority perceives a conflict between a provision of a Gambling Commission code of practice or the statutory guidance issued by the Commission, and the authority's policy statement, the Gambling Commission's codes and Guidance will take precedence.

The licensing authority will have regard to the Guidance in respect of the relationship between planning permission, building regulations and the granting of premises licences

1.13 The Statement of Licensing Principles will be reviewed in accordance with the provisions of the Act and will serve as a basis for determining licence applications.

1.14 Following consideration of the consultation responses, the Statement was approved at a meeting of Council held on XX/XX/XXXX and comes into effect on XX/XX/XXXX. A copy is available at [www.bridgend.gov.uk](http://www.bridgend.gov.uk).

A copy is also available free of charge from the Licensing Section and in other formats on request.

1.15 A list of persons whom the authority has consulted in preparing the statement.

The Council consulted with the following bodies before adopting the Statement:

The Chief Constable: South Wales Police  
The Chief Fire Officer: South Wales Fire & Rescue Service  
Council Safeguarding and Partnership leads  
Town and Community Councils  
Local Health Board  
Community Safety Partnership members  
H. M. Revenue & Customs  
Association of British Bookmakers (ABB)  
BACTA

British Assoc. of Leisure Parks, Piers & Attractions Ltd.

GAMCARE

The Gambling Commission

Recovery for all

Bingo Association

Sample of existing licensees

Licensee representatives who have previously expressed a wish to be notified of consultations

### 1.16 Casinos

This licensing authority has not passed a 'no casino' resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do so. Should this licensing authority decide in the future to pass such a resolution, it will update this policy statement with details of that resolution. Any such decision will be made by the full Council. Should the Council pass such a resolution, this licensing authority will consider applications in line with the guidance issued by the Gambling Commission.

### 1.17 Declaration

In producing the final Statement, the licensing authority has had regard to the licensing objectives of the Gambling Act 2005, the guidance issued by the Gambling Commission, and responses from those consulted on the Statement. The authority has also had regard to its responsibilities under Section 17 of the Crime and Disorder Act 1998 and the Human Rights Act 1998 (Articles 1, 6, 8 and 10), and legislation to eliminate unlawful discrimination and inequality.

The Council recognizes its diverse responsibilities under equality legislation and will monitor impact of these statutory duties through its various corporate equality schemes and impact assessments. The Statement of Licensing Principles is not intended to duplicate existing legislation and regulatory regimes which already place obligations on employees and operators of gambling establishments.

When discharging its functions, the licensing authority will have regard to the different considerations between the objectives set out in the Licensing Act 2003 and the Gambling Act 2005. When deciding whether or not to grant a licence, the licensing authority will not have regard to the expected demand or need for gambling premises that are the subject of the application.

The Guidance to Local Authorities issued by the Gambling Commission may be revised from time to time and references to criteria etc. set out in this statement are to be construed as referring to the current edition of the Guidance.

## 2.0 CONSIDERATION OF APPLICATIONS

### 2.1 Nothing in this Statement will:

Undermine the rights of any person to apply under the Act for a variety of permissions and have the application considered on its individual merits, or

Override the right of any person to make representations on any application or seek a review of a licence or permit where they are permitted to do so under the Act, or

Preclude each case being decided on its merits taking into account the measures proposed by an applicant to address the gambling licensing objectives.

2.2 The licensing authority's primary obligation under section 153(1) of the Act is to permit the use of premises in so far as it thinks that to do so is:

- a. in accordance with relevant codes of practice issued by the Commission
- b. in accordance with guidance issued by the Commission
- c. reasonably consistent with the licensing objectives (subject to (a) and (b) above),  
  
and
- d. in accordance with the Licensing Authority Statement of Policy published by the authority (subject to (a) to (c) above).

### 2.3 Definition of Premises

2.3.1 In considering applications and undertaking its regulatory role the licensing authority will apply the principles and tests set out in the Guidance in respect of the following matters:

- The definition of a "premises" in the Statutory Guidance
- Multi-purpose sites and multiple licences for a building
- Division of premises and access between premises

Full details are contained in the current Guidance and the licensing authority will have regard to any future revisions of these definitions. The authority will therefore consider these and other relevant factors in making its decision, depending on all the circumstances of the case.

2.3.2 This authority will have regard to the Commission's Guidance in respect of the relationship between planning permission, building regulations and granting of a premises licence.

2.3.3 The licensing authority will be mindful that operators can apply for a premises licence in respect of premises which have still to be constructed or altered and will determine any such application on its merits. The authority will

adopt the process of assessment advocated by the Commission in its Guidance. It will also consider imposing an effective date of commencement of the licence or a condition stating when a licence will come into effect, as the case may be, to ensure that premises are constructed in accordance with plans. The authority will consider a physical inspection as an appropriate means of ensuring compliance with any condition imposed.

## 2.4 Location of premises

2.4.1 This licensing authority will follow the Commission's guidance that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives can. This authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling as well as issues of crime and disorder.

2.4.2 When determining applications or reviews the authority will determine each application on its merits and if an applicant can show how risks to the licensing objectives can be mitigated, the licensing authority will take this into account in its decision making.

2.4.3 The licensing authority will give sympathetic consideration to the re-siting of premises within the same locality subject to any representations which highlight a likely negative impact on the licensing objectives.

2.4.4 The licensing authority recommends applicants to consider adopting the British Amusement Catering Trade Association's (BACTA) voluntary codes of practice relating to social responsibility, good practice, training initiatives and age of entry control policies.

2.4.5 The licensing authority recommends that applicants consider BACTA and GamCare codes of policy regarding site self-exclusion to support those persons who have difficulty controlling their gambling.

## 2.5 Vessels and vehicles

2.5.1 The Act permits premises licences to be granted for passenger vessels. Separate application forms are prescribed for vessels under the Premises Licences and Provisional Statements Regulations. This authority adopts the definition of vessels and vehicles set out in the Act and the criteria set out in the Guidance when considering structures which are an extension of the land, including a pier or a bridge which are to be considered as premises under the Act and all other matters relating to vessels and the waters over which it has jurisdiction to act.

2.5.2 The Act allows pleasure boats to apply for premises licences and the Guidance set out by the Gambling Commission in this and all other matters relating to vessels.

## 2.6 Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime

2.6.1 The licensing authority will pay due regard to the proposed location of gambling premises in terms of this licensing objective and to the distinctions between serious crime, disorder and nuisance. The licensing authority will only grant a licence application if it is satisfied that crime prevention has been adequately addressed.

2.6.2 Thus, where an area has known high levels of organised crime this authority will consider carefully whether gambling premises are suitable to be located there and whether conditions may be appropriate such as the provision of door supervisors. The licensing authority will not address issues of nuisance which can be addressed by other relevant legislation or general nuisance issues e.g. parking or anti-social behaviour.

2.6.3 Applicants are encouraged to discuss the crime prevention procedures in their premises with the South Wales Police before making a formal application.

2.6.4 In considering licence applications, the licensing authority will particularly take into account the following:

- The design and layout of the premises;
- The training given to staff in crime prevention measures appropriate to those premises;
- Physical security features installed in the premises. This may include matters such as the position of cash registers or the standard of CCTV that is installed;
- Where premises are subject to age-restrictions, the procedures in place to conduct age verification checks;
- The likelihood of any violence, public order or policing problem if the licence is granted.

This list is not exhaustive and applicants may propose other measures which will address this licensing objective. Applicants for a premises licence will first need to obtain an operating licence issued by the Gambling Commission. As a result the licensing authority will not be primarily concerned with the suitability of an applicant, but where those concerns do arise, the licensing authority will bring these to the attention of the Gambling Commission.

## 2.7 Ensuring that gambling is conducted in a fair and open way

2.7.1 The Gambling Commission does not generally not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way; this will be addressed via operating and personal licences save with regard to tracks, which is explained in more detail below. The authority will, as required, advise the Commission if there is evidence that this objective is not being met.

## 2.8 Protecting children and other vulnerable persons from being harmed or exploited by gambling

2.8.1 This authority will have regard to the intention of the Gambling Act that, with limited exceptions, children and young persons should not be permitted to gamble and should be prevented from entering those gambling premises which are adult-only environments. The objective refers to children from being harmed or exploited by gambling. This means preventing them from taking part in gambling and for there to be restrictions on advertising so that gambling products are not aimed at children or advertised in such a way that makes them particularly attractive to children, (excepting Category D gaming machines).

The LCCP Codes prescribe how operators must prevent children from using age restricted gaming or gambling activities particularly where gaming machines are licensed. The authority will take all conditions and codes into account when considering applications or undertaking compliance and enforcement activities

2.8.2 Having due regard to the measures set out in the application, and to any relevant representations, the licensing authority may therefore consider whether specific measures are required at particular premises, with regard to this licensing objective. Appropriate measures may include supervision of entrances/machines, segregation of areas, training, and siting of ATM's (cash machines).

2.8.4 As regards the term "vulnerable persons" it is noted that the Gambling Commission does not seeking to offer a definition but sets out for regulatory purposes a number of vulnerable groups to may not be able to make informed or balanced decisions about gambling. This licensing authority will consider whether any special considerations apply to this licensing objective on a case by case basis balanced against the objective to aim to permit the use of premises for gambling.

## 2.9 Considerations relating conditions to be attached to Premises Licences

2.9.1 The licensing authority acknowledges that mandatory conditions are set by the Secretary of State with the intention that no further regulation in relation to that matter is required. Therefore it is considered extremely unlikely that the authority will need to impose individual conditions imposing a more restrictive regime in relation to matters that have already been dealt with by mandatory conditions. The licensing authority will only consider imposing conditions where there is evidence of regulatory concerns of an exceptional nature and any additional licence conditions will be evidence based and relate to the licensing objectives.

2.9.2 In addition to any default conditions that may be prescribed by regulation, any conditions attached to licences by the licensing authority will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;

- fairly and reasonably related to the scale and type of premises; and,
- reasonable in all other respects.

2.9.3 This licensing authority will also expect the licence applicant to offer his/her own suggestions as to the way in which the licensing objectives can be met effectively.

2.9.4 This licensing authority take particular care in assessing applications for multiple premises licences for a building in accordance with the Gambling Commission's Guidance.

## 2.10 Door Supervisors

2.10.1 Where the authority exercises its discretion to impose a premises licence condition to require entrances to the premises to be controlled by a door supervisor, that person is required to be licensed under the Private Security Industries Act 2001 (PSIA). Each case will be judged on its merits within the overarching Guidance relating to imposing conditions above any Mandatory Conditions.

## 3.0 PRINCIPLES GOVERNING THE CONSIDERATION OF SPECIFIC CLASSES OF PREMISES OR PERMIT

3.1 In addition to the general principles to be applied when considering applications, the following issues may be considered in appropriate circumstances in respect of the following specific classes of permit or premises.

The Licence Conditions and Code of Practice (LCCP) issued by the Gambling Commission places further onus on premises to complete a risk assessment based on the Social Responsibility code. The authority will have regard to this code when considering applications. Operators may access this information via the Gambling Commission website at [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

### Risk Assessments

The Gambling Commission and social responsibility code within the LCCP requires gambling operators to assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and to have policies, procedures and control measures to mitigate those risks. These local risk assessments are specific to the potential harm that gambling may have on one or more of the licensing objectives. They should be specific to the premises, the local area and the community and the licensing authority therefore expects the applicant to have a good understanding of the area in which they either operate, or intend to operate.

It is a mandatory requirement that risk assessments are carried out:

- When there are significant changes in local circumstances



- When there are significant changes at a licensee's premises that may affect their mitigation of local risks
- When applying for the grant or variation of a premises licence

This is not an exhaustive or prescriptive list, but matters that risk assessment may include are:

- The area in which the premises is located/to be located
- Staff training in intervention when a customer shows signs of excessive gambling
- Location and coverage of CCTV cameras and how the system is operated and monitored
- The layout of the premises to allow staff to have an unobstructed view of persons using the premises
- Staff numbers including the supervisory and monitoring arrangements when staff are absent from the licensed area by reason of dealing with customers
- Arrangements for monitoring and dealing with underage persons and vulnerable persons, which may include dedicated trained personnel, leaflets, posters etc.
- Information held by the licensee regarding self-exclusions and incidences of underage gambling
- Arrangements for localized exchange of information regarding self-exclusions and gaming trends
- Setting, including proximity to schools, youth centres, leisure centres, other gambling outlets, refreshment and entertainment type facilities, parks and playgrounds
- Known problems in the area involving young persons such as problems arising from anti-social behavior
- The risk assessment should include an assessment of the impact of any promotional material likely to encourage the use of the premises by children who are not allowed to access the premises.
- The licensing authority considers it best practice for a copy of the local risk assessment to be retained on the premises.

### Appropriate Licence Environment

Where gambling facilities are provided at premises as a supplementary activity to the main purpose of the premises e.g. at motorway service areas and shopping malls, the authority will expect the gambling area to be clearly defined to ensure that customers are fully aware that they are making a choice to enter into the gambling premises, and that the premises is adequately supervised at all times.

### 3.2 Adult Gaming Centres

This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the

premises. This licensing authority will expect applicants to offer their own measures to meet the licensing objectives, however appropriate measures may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- The display of sources of help for persons with a gambling problem in prominent areas, and in more discreet areas to afford anonymity.
- Self-barring and self-exclusion schemes
- Gaming odds to be clearly displayed on machines
- ATM or other cash machines to be separate from gaming machines

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

### 3.3 (Licensed) Family Entertainment Centres

This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

This licensing authority will expect applicants to offer their own measures to comply with the licensing objectives and mandatory conditions; however appropriate measures may cover issues such as:

- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring and self-exclusion schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare
- Measures / training for staff on how to deal with suspected truant school children on the premises.
- Gaming odds to be clearly displayed on machines
- ATM or other cash machines to be separate from gaming machines

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

### 3.4 Bingo premises

Bingo is not given a statutory definition in the Act and the licensing authority will have regard to the commonly understood terms of cash bingo and prize bingo laid down in the Guidance.

This licensing authority will have regard to the Gambling Commission's Guidance and Mandatory Conditions relating to the admission of children to premises licensed for bingo.

### 3.5 Betting premises

Children and young persons will not be able to enter premises with a betting premises licence although special rules will apply to tracks. The licensing authority intends to follow the Commission's Guidance in respect of off course betting and premises licences.

### 3.6 Tracks

3.6.1 This licensing authority adopts the Guidance set out by the Gambling Commission in terms of definitions of tracks and the grant of premises licences. It will especially consider the impact upon the third licensing objective (i.e. the protection of children and vulnerable persons from being harmed or exploited by gambling).

3.6.2 This authority will therefore expect the premises licence applicant to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities.

3.6.3 This licensing authority will expect applicants to offer their own measures to meet the licensing objectives; however appropriate measures may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring and self-exclusion schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare
- Gaming odds to be clearly displayed on machines
- ATM or other cash machines to be separate from gaming machines

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

3.6.4 Plans should make clear what is being sought for authorization under the track betting premises licence and what, if any, other areas are to be subject to a separate application for a different type of premises licence. Plans need not

be to a particular scale but should be sufficiently detailed to comply with regulations and enable the licensing authority to make an informed judgement about whether the premises are fit for gambling. The authority will have regard to the specific Guidance issued in respect tracks including defining the outer perimeter of a track and the location of betting areas

### 3.7 Travelling Fairs

3.7.1 The licensing authority adopts the Commission's Guidance on this matter.

### 3.8 Conditions and avoiding duplication with other legislation

3.8.1 A range of general legislation governing health and safety, disability and race discrimination, employment law and fire safety is already imposed on the owners of gambling premises. The licensing authority will strive not to duplicate existing regulatory regimes.

### 3.9 Consideration of Provisional Statements

3.9.1 Section 204 of the Act provides for a person to make an application to the licensing authority for a provisional statement in respect of premises that he or she:

- expects to be constructed
- expects to be altered
- expects to acquire a right to occupy.

The Guidance states that a licence to use premises for gambling should only be issued in relation to a premises that the licensing authority can be satisfied are going to be ready to be used for gambling in the reasonably near future. If the construction of the premises is not yet complete or if they need alteration, or if the applicant does not yet have a right to occupy them, then an application for a provisional statement should be submitted.

The authority will follow the Gambling Commission guidance in respect of the two stage process for determining an application.

3.9.2 Applicants for premises licences must fulfil certain criteria. They must hold or have applied for an operating licence from the Commission (except in the case of a track), and they must have the right to occupy the premises in respect of which their premises licence application is made. However, these restrictions do not apply in relation to an application for a provisional statement. The licensing authority will not speculate on or otherwise take into account the likelihood of an operating licence being granted in its consideration of the application for a provisional statement.

3.9.3 The authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- which could not have been raised by way of representations at the provisional licence stage,
- which, in the authority's opinion, reflect a change in the operator's circumstances,
- where the premises has not been constructed in accordance with the plan and information submitted with the provisional statement application.

3.9.4 This must be a substantial change to the plan and licensing authorities will discuss any concerns they have with the applicant before making a decision.

3.9.5 The licensing authority will not have regard to whether or not a proposal by the applicant is likely to be permitted in accordance with planning or building law.

3.9.6 In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties will be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant's circumstances

#### 4.0 Reviews

4.1 A premises licence may be reviewed by the licensing authority of its own volition or following the receipt of an application for a review. Reviews will be normally be delegated to a Licensing Sub-Committee for determination.

4.2 Consideration of applications for review will be made on the basis of whether the request for the review is relevant to the matters listed below (subject to proviso that each case will be dealt with on merit). Due regard will be given as to whether the request is frivolous, vexatious or repetitious. Representations which may trigger the review process will involve serious crime and may therefore include:

- Use of licensed premises for the sale and distribution of drugs and the laundering of the proceeds of drugs crimes;
- Use of licensed premises for the sale and distribution of illegal firearms;
- Use of licensed premises for prostitution or the sale of unlawful pornography;
- Use of licensed premises as a base for organised criminal activity;
- Use of licensed premises for the organisation of racist, homophobic or sexual abuse or attacks;
- Use of licensed premises for the sale of smuggled tobacco or goods;
- The use of licensed premises for the sale of stolen goods;
- Children and/or vulnerable persons are being put at risk.

4.3 In addition, due consideration will be given to the following;

- the grounds are irrelevant;
- the grounds will not cause the Licensing Authority to revoke or suspend a licence or to remove, amend or attach conditions on the Premises Licence;
- the grounds are substantially the same as the grounds cited in a previous application relating to the same premises; or
- the grounds are substantially the same as representations made at the time the application for a Premises Licence was considered.

## 5.0 PERMITS / TEMPORARY & OCCASIONAL USE NOTICES

### 5.1 Unlicensed Family Entertainment Centre gaming machine permits

5.1.1 The licensing authority does not intend to publish a separate statement of principles for considering applicant suitability for applications for FEC permits under paragraph 7 of Schedule 10 to the Act and, for ease of reference, includes this as part of this policy document.

5.1.2 Application for a permit can only be made by a person who occupies or plans to occupy the premises to be used as an unlicensed FEC and, if the applicant is an individual, he or she must be aged 18 or over. Applications for a permit cannot be made if a premises licence is in effect for the same premises.

5.1.3 Where a premises does not hold a premises licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238 of the Gambling Act 2005).

5.1.4 The licensing authority adopts the Gambling Commission's Guidance for local authorities in respect of these permits, giving particular weight to child protection issues.

5.1.5 An application for a permit is likely to be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed FEC and the applicant can demonstrate:

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- that he or she has no relevant convictions (those that are set out in Schedule 7 of the Act); and
- that staff are trained to have a full understanding of the maximum stakes and prizes;

5.1.6 The licensing authority will have regard to membership of any trade association which has included training and guidance to operators.

5.1.7 This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

- The efficiency of such policies and procedures will each be considered on their merits, however, they may include:
- staff training as regards suspected truant school children on the premises;
- measures and or training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on / around the premises.
- It should be noted that a licensing authority cannot attach conditions to this type of permit.

## 5.2 (Alcohol) Licensed premises gaming machine permits

5.2.1 The licensing authority will adopt the Gambling Commission statutory guidance in relation to notifications and permits in alcohol licensed premises. There is provision in the Act for premises licensed to sell alcohol for consumption on the premises, to an automatic entitlement to have 2 gaming machines, of categories C and/or D. The premises merely needs to notify the licensing authority of their intention to make gaming machines available for use.

The licensing authority will consider making an Order under Section 284 of the Act if it is satisfied that:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act.
- the premises are mainly used for gaming; or
- an offence under the Gambling Act has been committed on the premises.

5.2.2 If a premises wishes to have more than two machines, then it needs to apply for a permit and the licensing authority will consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission, and such matters as they think relevant. This licensing authority considers that “such matters” will be decided on a case by case basis but generally there will be regard to:

- the need to protect children and vulnerable persons from harm or being exploited by gambling
- whether the applicant can satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines.

Measures which will satisfy the authority that there will be no access may include:

- the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18
- Appropriate notices and signage

5.2.3 As regards the protection of vulnerable persons applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare.

5.2.4 It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre premises licence.

5.2.5 It should be noted that the licensing authority may decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for.

5.2.6 It should also be noted that the holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

### 5.3 Prize Gaming Permits

5.3.1 The licensing authority does not intend to publish a separate statement of principles for considering applicant suitability for applications for prize gaming permits under paragraph 8 of Schedule 14 to the Act and, for ease of reference, includes this as part of this policy document.

5.3.2 This licensing authority will expect that, when making an application for a prize gaming permit, the applicant should set out the types of gaming that he or she is intending to offer and be able to demonstrate:

- that they understand the limits of stakes and prizes that are set out in Regulations and
- that the gaming offered is within the law.
- Clear policies are available which outline the steps to be taken to protect children from harm



5.3.3 In making its decision on an application for this permit the licensing authority may have regard to the licensing objectives, the Gambling Commission guidance and relevant representations from the South Wales Police. This will include representations about the suitability of an applicant in terms of relevant convictions, the location of the premises in relation to disorder and child protection issues.

5.3.4 It should be noted that there are conditions in the Gambling Act 2005 with which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

#### 5.4 Club Gaming and Club Machines Permits

5.4.1 The licensing authority will have regard to and follow the Commission's Guidance in respect of the grant of Club Gaming and Club Machines Permits

5.4.2 There is also a 'fast-track' procedure available under the Act for premises which hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). The licensing authority will follow the Gambling Commission's Guidance that the grounds on which an application under the process may be refused are:

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

#### 5.5 Temporary Use Notices

5.5.1 Part 9 of the Act sets out the position in relation to temporary use notices. These allow the use of premises for gambling where there is no premises

licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling.

5.5.2 The licensing authority will have regard to the Guidance regarding the examples of premises that might be suitable for a temporary use notice which include hotels, conference centres and sporting venues.

5.5.3 The meaning of 'premises' in Part 8 of the Act will be a question of fact in the particular circumstances of each notice that is given. The licensing authority will examine, amongst other things, the ownership/occupation and control of the premises and will follow the criteria set out in the Guidance when assessing applications where it appears that the effect of notices would be to permit regular gambling in a place that could be described as one set of premises.

5.5.4 When considering whether to give notice of objection, the licensing authority will have regard to the licensing objectives and if they consider that the gambling should not take place, or only with modifications, they will give a notice of objection to the person who gave the temporary use notice.

5.5.5 The principles that the authority will apply in issuing a counter-notice will be the same as those in determining premises licence applications. In particular, the licensing authority is aware of the Guidance that it should aim to permit the provision of facilities for gambling under a temporary use notice subject to its view as to whether to do so accords with a Commission code, the Guidance, or its Statement of Policy and is reasonably consistent with the licensing objectives.

5.5.6 The licensing authority will have particular regard to whether the effect of Temporary Use Notices is to permit regular gambling in a place that could be described as one set of premises. Factors such as ownership, occupation and control of the premises will be considered when deciding whether to object to a Temporary Use Notice.

## 5.6 Occasional Use Notices

5.6.1 Section 39 of the Act provides that where there is betting on a track on eight days or less in a calendar year, betting may be permitted by an occasional use notice without the need for a full premises licence. The licensing authority is mindful that the meaning of 'track' in the Act covers not just horse racecourses or dog tracks, but also any other premises on any part of which a race or other sporting event takes place, or is intended to take place (section 353(1)). This means that land which has a number of uses, one of which fulfils the definition of track, can qualify for the occasional use notice provisions (for example agricultural land upon which a point-to-point meeting takes place). Land used temporarily as a track can qualify, provided races or sporting events take place or will take place there. The track need not be a permanent fixture.

5.6.2 The licensing authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

## 5.7 Small Society Lotteries

5.7.1 Applicants for registration are reminded that it is inherent in the definitions that a society must have been established for one of the permitted purposes, and that the proceeds of any lottery must be devoted to those purposes. It is not permissible to establish a society whose sole purpose is to facilitate lotteries – it must have some other purpose. The authority will apply the following tests:

- society status – the society in question must be 'non-commercial'
- lottery size – the total value of tickets to be put on sale per single lottery must be £20,000 or less, or the aggregate value of tickets to be put on sale for all their lotteries in a calendar year must not exceed £250,000. If the operator plans to exceed either of these values then they may need to be licensed with the Commission to operate large lotteries instead.

5.7.2 The authority recommends applicants and prospective applicants obtain the Commission's advisory documents relating to lotteries which are available on the Commission's website.

5.7.3 Applications for small society lottery registrations must be in the form prescribed by the Secretary of State and be accompanied by both the required registration fee and all necessary documents required by the licensing authority to assess the application accordingly.

5.7.4 The authority may ask new applicants for a copy of their terms and conditions or their constitution to establish that they are a non-commercial society. It may also require applicants to provide a declaration, stating that they represent a bona-fide non-commercial society.

5.7.5 The authority will delegate the registration of small societies to licensing officers, subject to its specific process of delegations.

5.7.6 The authority proposes to set out the following grounds for licensing for refusing a small society lottery registration application:

- An operating licence held by the applicant for registration has been revoked or
- an application for an operating licence made by the applicant for registration has been refused, within the past five years, or
- The society in question cannot be deemed non-commercial. Each case will be determined on its merits but an applicant may be required applicants to provide a statement with their application form declaring that they represented a bona-fide non-commercial society, and identifying how the purpose of the society

could be established. In some circumstances further supporting information will be sought.

- A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence. The licensing authority may require an applicant to provide an additional statement declaring that they have no relevant convictions that would prevent them from running lotteries.
- Information provided in or with the application for registration is found to be false or misleading.

5.7.7 The licensing authority will only refuse an application for registration after the society has had the opportunity to make representations. These will normally be considered at a formal hearing. The licensing authority will inform the society of the reasons why it is minded to refuse registration and provide it with at least an outline of the evidence on which it has reached that preliminary conclusion in order to enable representations to be made. Representations and objections that may result after such a decision will be handled in the same way that the authority would handle representations relating to other licensing matters. A copy of these procedures will be provided with the initial correspondence.

5.7.8 The licensing authority may determine to revoke the registration of a society if it thinks that they would have had to, or would be entitled to, refuse an application for registration if it were being made at that time.

5.7.9 Revocations will not take place unless the society has been given an opportunity to make representations at a hearing or via correspondence. In preparation for this, the authority will inform the society of the reasons why it is minded to revoke the registration and provide them with the terms of the evidence on which it has reached that preliminary conclusion.

## 6.0 DECISION MAKING AND DELEGATION OF FUNCTIONS

6.1 Appreciating the need to provide a speedy, efficient and cost-effective service to all parties involved in the licensing process, the Licensing Committee may delegate certain decisions and functions and has established Sub-Committees to deal with them. Functions which are purely administrative in nature and non-contentious applications will be delegated to Council Officers.

6.2 A Licensing Sub-Committee of three Councillors will sit to hear applications where representations have been received from interested parties and responsible authorities. Ward Councillors will not sit on a panel involving an application within their ward.

6.3 Where a Councillor who is a member of the Licensing Committee is making or has made representations regarding a licence on behalf of an interested party, in the interests of good governance they will disqualify themselves from any involvement in the decision-making process.

- 6.4 The Licensing Committee will also sit to determine general licensing matters that have been delegated to it by the full Council that are not associated with the Gambling Act 2005.
- 6.5 The Licensing Sub-Committee will also refer to the Licensing Committee any matter it is unable to deal with because of the number of its members who are unable to take part in the consideration or discussion of any matter or vote on any question with respect to it.
- 6.6 The Licensing Committee will refer to the full Council any matter it is unable to deal with because of the number of its members who are unable to take part in the consideration or discussion of any matter or vote on any question with respect to it.
- 6.7 Every determination of a licensing decision by the Licensing Committee or Sub-Committee shall be accompanied with clear, cogent reasons for the decision. The decision and the reasons for that decision will be sent to the applicant and those who have made relevant representations as soon as practicable.
- 6.8 Nothing in this Statement will override the right of an applicant, responsible authority or interested party to appeal against the decision of a Licensing Sub-Committee.
- 6.9 Decisions as to whether representations are irrelevant, frivolous or vexatious will be made by Council officers, who will make the decisions on whether representations or applications for licence reviews should be referred to the Licensing Sub-Committee. Where representations are rejected, the person making that representation will be given written reasons as to why that is the case.
- 6.10 This form of delegation is without prejudice to Officers referring an application to a Sub-Committee, or a Sub-Committee to Committee, or Committee to Council, if considered appropriate in the circumstances of any particular case.

Matter	Council	Sub-Committee	OFFICERS
Three year licensing policy	X		
Policy not to permit casinos	X		
Fee Setting - when appropriate			X
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/

			representations have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Review of a premises licence		X	
Application for club gaming /club machine permits		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Cancellation of club gaming/ club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	
Determination as to whether a person is an Interested Party			X
Determination as to whether representations are relevant			X
Determination as whether a representation if frivolous, vexatious or repetitive			X

The above delegations relate to the overarching principles of delegation for policy issues and applications for premises licences. Other delegations may be added from time to time and will be available at [www.bridgend.gov.uk](http://www.bridgend.gov.uk) in accordance with the Council's constitution and Scheme of Delegation to officers and the Commission's Guidance.

## 7.0 RIGHTS OF APPEAL AND JUDICIAL REVIEW

- 7.1 The avenues of appeal against decisions by a licensing authority are set out in sections 206 to 209 of the Gambling Act 2005.
- 7.2 The licensing authority will give clear and comprehensive reasons for a rejection of an application. The reasons will address the extent to which the decision has been made with regard to the Licensing Authority's Statement of Policy and the Commission's Guidance.
- 7.3 An appeal has to be commenced by the giving of a notice of appeal by the appellant to the Cardiff and the Vale Magistrates Court within a period of 21 days, beginning with the day on which the appellant is notified by the licensing authority of the decision being appealed.
- 7.4 Any party to a decision may apply for judicial review if they believe that the decision taken by the licensing authority is:
- illegal – that is beyond the powers available to the licensing authority
  - subject to procedural impropriety or unfairness – which is a failure in the process of reaching the decision, such as not observing the 'rules of natural justice'
  - irrational – where a decision is so unreasonable that no sensible person could have reached it (in effect 'perverse' or 'Wednesbury' unreasonable).

Sources used to prepare the Statement of Principles included:

The Gambling Commission Guidance available at [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

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## **GamCare’s response to Bridgend County Borough Council – Consultation on the revision of statement of principles under the Gambling Act 2005**

### **About GamCare:**

GamCare is an independent charity and the leading provider of information, advice, and support for anyone affected by gambling harms. We operate the National Gambling Helpline, provide structured support for anyone harmed by gambling, and create awareness about safer gambling and treatments. For 26 years, our confidential, non-judgemental services, have supported more than half a million people to get their lives back on track.

We hold data locally and nationally through our National Gambling Helpline. We also work closely with those who have lived experience in shaping and delivering our services and programmes, ensuring that all our work is coproduced with our lived experience community at its heart.

### **GamCare’s comments on the revision of the statement of principles:**

- We welcome the position Bridgend County Borough Council is taking to go beyond the mandatory and default conditions of the Gambling Act 2005 in its statement of principles.
- Local authorities can play a greater role in reducing gambling harm, particularly for those of our clients who experience harm in land-based gambling venues, due to council’s licensing responsibilities.
- It is vital that Bridgend County Borough Council develops a local picture of the level of gambling harms, in order to best target resources and tailor service provision. This could be achieved by gathering data from the National Gambling Helpline, as well as those already providing services in the area.
- Building on the proactive approach the council is already taking, we would like to see Bridgend County Borough Council commit in its statement of principles **to a public health approach to gambling**.
- This commitment should include training frontline and primary care staff to recognise the signs of gambling harm and develop referral pathways to the National Gambling Helpline or local treatment providers. GamCare has worked with Haringey Council to implement a similar system, that has received widespread support.
- In the absence of Cumulative Impact Assessments as a method by which the “aim to permit” approach can be challenged, Bridgend County Borough Council should pursue a [Local Area Profile](#) approach that specifically analyses gambling risk, and use this data as a basis from which to scrutinise and possibly oppose a licensing application.
- The changes to Bridgend County Borough Council’s statement of principles should be viewed in the context of the Gambling Act Review and subsequent process of white paper consultations, so take account of the rapidly changing regulatory environment.



*If you have any questions or would like to discuss in more detail, please contact Pollyanna Hopkins,  
Senior External Affairs Officer: [pollyanna.hopkins@gamcare.org.uk](mailto:pollyanna.hopkins@gamcare.org.uk)*

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>AMENDMENTS TO THE CONSTITUTION</b>
<b>Report Owner / Corporate Director:</b>	<b>MONITORING OFFICER</b>
<b>Responsible Officer:</b>	<b>LAURA GRIFFITHS GROUP MANAGER LEGAL AND DEMOCRATIC SERVICES</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The revised Constitution will require approval by Council and will be published on the Council’s website.</b>
<b>Executive Summary:</b>	<b>Members are requested to note the suggestions made in relation to constitutional amendments and approve further amendments to reflect legislative changes.</b>

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek approval from Council for a series of amendments to the Constitution.

## 2. Background

- 2.1 The Council is required to ensure that the Constitution remains fit for purpose.

## 3. Current situation/ proposal

### Financial Procedure Rules

- 3.1 The management of the Council’s financial affairs are conducted in accordance with the Financial Procedure Rules (FPRs) set out in Section 17 of the Constitution. The FPRs have not been revised since 2021, during which time new financial processes and procedures, and new legislation and guidance, have come into effect, changing the way in which the Council operates. The FPRs have been reviewed by officers, including those from finance, procurement, legal and internal audit and a number of changes made to bring them up to date to reflect changes such as:

- clarification and updated wording in a number of areas to reflect current practice;
- update to officer titles and lines of responsibility;
- clarification of process in respect of budget overspends;
- new section on Business Cash Cards;
- clarification of process for payments in advance.

- 3.2 A report will be presented to Cabinet on 19 November 2024 seeking approval of the revisions to the FPRs and, subject to Cabinet approval, it is recommended that the revised FPRs be incorporated into the Council's Constitution. The proposed amendments are shown via tracked changes at **Appendix 1**.

#### Rights of Way Sub-Committee

- 3.3 It is proposed that Appendix 1 to Section 14 (Responsibility of Functions – Summary) be amended as shown in italics below to revise the membership of the Rights of Way Sub-Committee as follows:

- 6 County Borough Councillors, *to include the Chairperson and Vice-Chairperson of the Development Control Committee and 4 members nominated by that Committee* (plus one observer from each: Rambler's Association, the British Horse Society; and a Footpath Secretary).

#### Special Procedures under the Public Health (Wales) Act 2017

- 3.4 Welsh Government is expected to implement its long awaited 'Special Procedures' regime at the end of November 2024, under the Public Health (Wales) Act 2017. Part IV of the Act sets out the requirements for a mandatory licensing scheme for practitioners carrying out 'special procedures' in Wales. The intention of the licensing scheme is to improve and sustain standards of infection prevention and control in the special procedures industry and assure the safety and health of clients and practitioners alike. The four special procedures are specified and are: • Acupuncture (including dry needling); • Body piercing; • Electrolysis; and • Tattooing (including semi-permanent make-up). Once implemented, practitioners carrying out tattooing, piercing, acupuncture and electrolysis in the course of a business will be required to be licensed by the Authority. In addition, the premises used for these procedures must be approved. It will be an offence for a practitioner to carry out any of these special procedures without a licence, or to perform any procedure from premises or vehicles that are not approved. A report will be presented to Cabinet on 19 November 2024 seeking authority to amend the Joint Working Agreement for the provision of regulatory services and to the Scheme of Delegation of Functions in relation to Executive Functions.
- 3.5 The 2017 Act aligns a range of specified functions (associated with administration of the Special Procedures licensing regime) to the Licensing Committee. It is therefore proposed that amendments are made to Appendix 1 of Section 14 (Responsibility of Functions – Summary) within the Constitution to insert the additional functions to the Licensing Act 2003 Committee:
- To determine all Licensing matters as required under the Public Health (Wales) Act 2017 and The Special Procedures Licensing Committees (Wales) Regulations 2024 relating to Sections 65(2), 66(3), 67 and paragraphs 13(1) and 15 and Section 68 (in the case where representations are made under paragraphs 15, 15(8), 16 and 17) as outlined above.

- To review the level of fees one year after the regulations come into force and then each year thereafter.

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

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

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

6.1 There are no climate change implications arising from this report.

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

7.1 There are no safeguarding or corporate parent implications arising from this report.

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

8.1 Welsh Government is making no additional funding available to local authorities for implementation and therefore the cost of administering and enforcing the new licensing regime will have to be covered by the licence fees which will constitute new, rather than legacy, income.

#### **9. Recommendation**

9.1 Council is recommended to approve the amendments to the Constitution in relation to:

- the Financial Procedure Rules as outlined in Appendix 1;
- the Rights of Way Sub-Committee as outlined in paragraph 3.3;
- the Licensing Committee as outlined in paragraph 3.5.

#### **Background documents**

None

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**FINANCIAL PROCEDURE RULES****Introduction****What are Financial Procedure Rules?**

Financial Procedure **Rules** provide the framework for managing the Council's financial affairs. They are supported by more detailed specific guidance and procedure notes in a range of areas. The procedures identify the financial responsibilities of the Full Council, the Cabinet and Officers.

**Why are they important?**

- (a) To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures **Rules** which set out the financial responsibilities of the Council. These procedures **rules** have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.
- (b) Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- (c) Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.
- (d) Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.
- (e) Financial Procedure **Rules** should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in this Constitution.

**Who do Financial Procedure **Rules** apply to?**

- (f) Financial Procedure **Rules** apply to every Member and Officer of the Council and anyone acting on its behalf. –Members and Officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, is consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.
- (g) Separate financial procedure **rules** have been incorporated into the Council's Financial Scheme for Schools and relate to those matters where decisions have been delegated to school governing bodies.

- (h) These Financial Procedure ~~Rules~~ shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise.
- (i) Failure to observe Financial Procedures ~~Rules~~ may result in action under the Council's disciplinary procedures.

Who is responsible for ensuring that they are applied?

- (j) Chief Officers and Heads of Service are ultimately responsible to the Council for ensuring that Financial Procedure ~~Rules~~ are applied and observed by ~~their~~his/her staff and contractors providing services on the Council's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.
- (k) The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures ~~Rules~~ and submitting any additions or changes necessary to ~~the~~ Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedures to ~~the~~ Council and/or to ~~the~~ Cabinet Members.
- (l) The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures ~~Rules~~ which Members, Chief Officers and others acting on behalf of the Council are required to follow.
- (m) Where any Chief Officer considers that complying with Financial Procedures ~~Rules~~ in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Council, ~~they~~he/she shall raise the issue with the Chief Finance Officer who will, if ~~they~~he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

## Section A - Financial Control

### 1. General

#### 1.1 For the purposes of these Rules:

- (a) "the Chief Executive Officer" means the officer designated by the Council as Head of Paid Service under Section 4 of the Local Government & Housing Act 1989.
- (b) "the Chief Finance Officer" means the officer designated by the Council as the officer responsible for the administration of its financial affairs under Section 151 of the Local Government Act 1972.
- (c) "Chief Officer" means any of the following:
  - The Chief Executive Officer;
  - The Corporate Director - Social Services and Wellbeing;
  - The Corporate Director ~~—~~ Education, Early Years and Young People and Family Support;
  - The Corporate Director - Communities;
  - Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy.
  - Chief Officer – Finance, ~~Performance-Housing~~ and Change.



- (d) “the Monitoring Officer” means the officer designated as such by the Council under Section 5 of the Local Government & Housing Act 1989.
- (e) “the Cabinet” means the Executive established under Part II of the Local Government Act 2000.
- (f) “Cabinet Member” means the Leader and any of the members of the Cabinet.
- (g) “Budget Head” means the budget for a particular service/services.

~~(h) — Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender include the feminine and vice versa.~~

- 1.2 A Chief Officer may nominate any suitably qualified officer in their Directorate to undertake any of the duties placed upon him or exercise any power granted to him by these Rules.
- 1.3 Each Chief Officer shall consult with the Chief Finance Officer on any matter which is liable to materially affect the finances of the Council before any commitment is incurred and before reporting thereon to the Cabinet or the Council.
- 1.4
  - (a) Chief Officers shall be responsible for bringing these Financial Procedure Rules to the attention of staff and for ensuring the observance of these Rules throughout their respective Directorates;
  - (b) Staff who fail to observe these Rules may be subject to disciplinary action.
- 1.5 Each Chief Officer shall be responsible for the accountability of staff, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Chief Finance Officer.
- 1.6 Each Chief Officer shall have a duty to endeavour to maximise the value for money obtained in running the activities within their purview.
- 1.7 Each Chief Officer shall have a duty to consult the Chief Finance Officer if they/he/she has ves reason to believe that any matter within their purview may result in:
  - (a) The Council incurring expenditure in excess of its approved budget;
  - (b) The Council incurring expenditure for which it has no statutory power to incur;
  - (c) The Council failing to comply with the financially related provisions of any relevant European and UK legislation;
  - (d) The Council failing to comply with the financially related provisions of any code of practice adopted by the Council.
- 1.8 Whenever any matter arises which involves or is thought to involve irregularities concerning cash, stores or other property of the Council or held on trust by the Council, the Chief Officer concerned shall notify the Chief Finance Officer who shall take such steps as they/he considers necessary by way of investigation and report.

- 1.9 Each Chief Officer shall have a duty to inform the Chief Finance Officer and the Monitoring Officer if ~~they~~he suspects that the Council or its officers are exceeding the Council's statutory powers.
- 1.10 No Chief Officer may recommend to the Council or the Cabinet that expenditure be incurred or any other action taken on the assumption that sufficient statutory power is provided by either Sections 137 of the Local Government Act 1972 and Section 2 of the Local Government Act 2000, without prior approval of the Chief Finance Officer and the Monitoring Officer.
- 1.11 The Chief Finance Officer in consultation with the Monitoring Officer shall be authorised to vary from time to time any amount included in the Rules, but any alteration shall be reported to the next meeting of Council.
- 1.12 Separate Financial ~~Rules~~regulations shall be issued by the Chief Finance Officer for use by the Council's schools, drawing on, and supplementing this document, as appropriate.

## **2. Accounting Systems**

- 2.1 All accounting procedures and accounting records of the Council and its Officers shall be subject to the approval of the Chief Finance Officer.
- 2.2 All accounts and accounting records of the Council shall be compiled by, or under the direction of, the Chief Finance Officer.
- 2.3 The following principles shall be observed in the allocation of accounting duties:
- (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
  - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 2.4 A Chief Officer shall be responsible for the financial management and audit of any private fund entrusted to him as part of their duties and will apply regulations to such funds as stipulated by the Chief Finance Officer.
- 2.5 Notwithstanding the duties of a Chief Officer in Rule 2.4, the Chief Finance Officer shall have the right to audit any private fund at any time.
- 2.6 For the purposes of these Rules "private fund" shall mean any fund in the management of which a Chief Officer of the Council is concerned and which may affect any person or property for which the Council has a responsibility, notwithstanding that contributions towards such fund shall have been made by another party other than the Council.

## **3. Budgeting and budgetary control**

### **3.1 Council's Budget**

- 3.1.1 The Budget shall be approved by the Council in accordance with the Budget and Policy Framework Procedure Rules (Section 16);

- 3.1.2 In referring the Cabinet's Budget Proposals to Council the proper officer will forward to the Council a report of the Chief Finance Officer incorporating the recommendations of the Cabinet and detailing for approval of the Council:
- (a) a probable out-turn for the current year;
  - (b) a revenue budget for the forthcoming year detailing the Budget Heads over which that budget is allocated to specific services and service programme areas;
  - (c) a forward indication of the medium term financial strategy which will comprise the revenue budget for the first year and indicative budgets for the subsequent three years and a capital budget for the forthcoming year incorporating a capital programme of at least three years, but no more than ten years;
  - (d) an assessment of any major financial risks which may impact on the budget;
  - (e) an analysis of reserves and balances and movements over the forthcoming financial year;
  - (f) the proposed increase in fees and charges for the forthcoming year;
  - (g) a recommendation of the level of Council Tax to be levied for the forthcoming year.
- 3.1.3 The detailed form of the Budget will be determined by the Chief Finance Officer within the general direction of the Council and Cabinet after consultation with Chief Officers.

## **3.2 Amendments to the agreed budget (virements and technical adjustments)**

- 3.2.1 Each Chief Officer shall have the authority to incur expenditure on any activity under their control up to the amounts specified in respect of that activity in the revenue or capital budgets approved by the Council for the financial year, unless directed otherwise by the Chief Finance Officer.
- 3.2.2 Each Chief Officer, subject to the agreement of the Chief Finance Officer, may approve virements between specific revenue Budget Heads, as set out in the Medium Term Financial Strategy, which do not amend any individual Budget Head by more than £100,000 from that approved by the Council. The relevant Chief Officer and Chief Finance Officer must jointly report to Cabinet on any virements which amend individual Budget Heads by more than £100,000.
- 3.2.3 Cabinet may, following a report of the appropriate Chief Officer in consultation with the Chief Finance Officer, approve virements between individual revenue Budget Heads which do not amend any individual budget head by more than £500,000 from that approved by the Council.
- 3.2.4 All approved virements over £100,000 must be reported to the Council for information as soon as reasonably practicable after their approval.
- 3.2.5 Any variations to the capital programme, other than those permitted under paragraphs ~~3.4.76 and 3.4.9~~, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.

- 3.2.6 All proposals for revenue and capital budget virements that exceed the above limits will need to be approved by the Council on receipt of a report of the appropriate Chief Officer in consultation with the Chief Finance Officer following consideration by the Cabinet. Virement proposals must also be approved by the Council if they:
- a) imply a change in a plan, policy or strategy which would be contrary to the existing policy framework;
  - b) have a major operational impact on existing service provision;
  - c) are contrary to or not wholly in accordance with the Budget;
  - d) imply any additional revenue commitment in future years.
- 3.2.7 There are also technical adjustments to budgets as a result of the Council adhering to the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting. These could include, but are not limited to, the reallocation of ~~budgets and spend for central support services~~ centrally held pay and price budgets to other areas within the Council or the allocation of capital charges across the Council, and necessary year end accounting adjustments in line with accepted accounting practices. These are not subject to the authorisation limits of budget virements and the Chief Finance Officer or nominated representative can authorise these.

### 3.3 Budgetary control

- 3.3.1 The Chief Finance Officer shall provide each Chief Officer with regular information relating to income and expenditure under each approved budget head and any other relevant information available. Each Chief Officer shall be responsible for ensuring control of expenditure and income against the approved budget (attention is drawn to Rule 6.1).
- 3.3.2 A Chief Officer in consultation with the Cabinet Member responsible for the function in respect of which the service is provided will be 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. A Chief Officer or Cabinet Member may not incur expenditure or forego income if this will result in the approved budget being exceeded. Where a Directorate does overspend, the provisions of para 3.3.5 will take effect.
- 3.3.3 A Chief Officer may delegate responsibility for management of budgets within their control to other senior officers within their Directorate. Such delegation shall be within defined parameters and shall be recorded in writing as determined by the Chief Finance Officer.
- 3.3.4 At year end, consideration will be given to the overall financial position of the Council including the final outturn, ~~any accrued net Council Tax~~ income, the Council's reserve levels and any new pressures or risks that need to be provided for. At that time, and dependent on that financial position, in line with the Council's Reserves and Balances Protocol, a Chief Officer will be invited to submit earmarked reserve requests to meet any specific unfunded one-off expenditure that they expect to arise in the following financial year and these will be considered by the Chief Finance Officer in the context of the Directorate outturn position as well as that of the Council as a whole. Chief Officers will be notified of successful earmarked reserves.

- 3.3.5 Any directorate over-spending against budget may be carried forward at the discretion of the Chief Finance Officer, either against the specific directorate or Council wide budgets. In no circumstances should this provision be seen as giving a Chief Officer power to overspend against approved budgets. Any such overspend will be treated as a breach of the Financial Procedure Rules and the respective Chief Officer held accountable. No Chief Officer or Cabinet Member may budget for a deficit. Where a net Council-wide overspending occurs this ~~will be a first call on the following year's budget, unless the Chief Finance Officer gives approval to meet this from usable reserves~~ will need to be met from existing usable reserves, including draw down from the Council Fund.
- 3.3.6 Urgent expenditure not included in any budget approval may only be incurred with the approval of the Chief Finance Officer.
- 3.3.7 The cash limited budget for a Chief Officer only relates to the “controllable” elements of their budget and excludes, amongst other things:
- Central capital charges
  - Central support service charges
  - Centrally controlled office accommodation budgets
  - Joint Committee precepts and levies

### 3.4 Capital programme

- 3.4.1 As part of the budget process the Chief Finance Officer or appropriate Cabinet Member will annually present to the Council a capital programme which shall include:
- (a) those capital expenditure items proposed to commence during the next three years as a minimum;
  - (b) an estimate of the capital costs of those schemes together with the associated proposed funding.
- 3.4.2 Schemes for which external funding has been approved (specific grants and section 106 funding) will be added to the capital programme once the funding has been accepted, and included in the next capital programme report to Council.
- 3.4.3 A Chief Officer, in conjunction with the Chief Finance Officer, before submitting a scheme for inclusion in the capital programme, shall satisfy himself that the scheme is in line with the Council's Capital Strategy, and that:
- (a) land purchases, design planning consents and relevant studies are sufficiently advanced to ensure that the proposed year of start of a scheme is feasible;
  - (b) the level of expenditure envisaged is realistic, following a full feasibility assessment, and taking into account the Chief Finance Officer's forecast of capital resources available and the ability of each ~~service~~ directorate to meet the consequential costs resulting from prudential borrowing, if applicable, and any on-going maintenance costs;
  - (c) each scheme in the programme has been fully appraised to ensure it is the most economic method of satisfying an identified need.
- 3.4.4 The Capital Programme upon approval by the Council shall:

- (a) confer authorisation upon the Chief Officer concerned to take steps to enable design work to be completed and land to be acquired in due time;
  - (b) form the basis of the annual capital estimates.
- 3.4.5 The inclusion of any item in the approved capital estimates shall not confer authority to incur any expenditure (except on design work and land acquisition) until:
- (a) all necessary statutory approvals have been obtained;
  - (b) any external funding contribution to the project has been secured; and
  - (c) a tender or quotation has been received and accepted in accordance with the Contract Procedure Rules, which does not exceed that part of the total cost included in the capital estimate in respect of the main contract work for the project by more than 10% or £100,000, whichever is lower.
- 3.4.6 If the tender or quotation exceeds the criteria in 3.4.5(c) above, its acceptance will be subject to the approval of the Chief Finance Officer, in consultation with the Cabinet Member(s) responsible for the function in respect of which the decision is required, to a diversion of money from other approved schemes within the appropriate Chief Officer's control sufficient to meet any additional costs s. to be borne within the first year.
- 3.4.7 Chief Officers shall monitor both the progress of schemes and the totality of capital expenditure with the aim of avoiding under or overspending against the approved capital estimates. Should such a situation appear likely, a Chief Officer in conjunction with the Chief Finance Officer shall recommend to the Council the remedial action necessary to mitigate the overspend, which could include to accelerating or delaying/retard existing schemes within the approved capital programme, or the allocation/provision of additional, uncommitted, capital funding, -or a revenue contribution to capital, where funds allow.-
- 3.4.8 Remedial action which necessitates the retardation/ delaying or deletion of a scheme within the capital the first year of the programme shall be subject to the prior approval of the Council based on a joint report of the Chief Finance Officer and Chief Officer.
- 3.4.9 The Chief Finance Officer shall give Chief Officers information relating to actual payments made for each scheme in such detail and at such time as arranged between them in order that they may carry out their responsibilities under paragraph 3.4.7.
- 3.4.10 The capital programme includes an annual allocation for capital minor works. Allocation of this funding to individual schemes is the responsibility of the Corporate Landlord Group (or its successor) section and approval on individual schemes will not be sought from Council insofar as the overall funding allocated to schemes does not exceed the funding agreed by Council in the capital programme for that financial year.
- 3.4.11 Any additional capital expenditure from within the capital programme for new or existing schemes which, for reasons of urgency, cannot await the next meeting of Council, may only be incurred with the approval of the Chief Executive Officer in consultation with the Chief Finance Officer, subject to a maximum value of £100,000, under the Scheme of Delegation of Functions, Scheme B1 paragraph 2.2.
- 3.4.12 Urgent expenditure over £100,000 or not included in any budget approval, or delegated power, which needs to be agreed prior to the next meeting of Council, may only be

incurred with the approval of the Chief Finance Officer. Any such decision requires approval by either the Chief Executive Officer or Solicitor to the Council under the Scheme of Delegation of Functions, Scheme B1 paragraph 2.1.

3.4.13 The Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Programme.

### **3.5 Capital Strategy**

- 3.5.1 The Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year. 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.
- 3.5.2 The Capital Strategy will need to comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code for Capital Finance in Local Authorities. It will incorporate the Prudential Indicators that will need to be approved by Council.
- 3.5.3 The Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Strategy and the Prudential Indicators.

### **4. Internal audit**

- 4.1 The Chief Finance Officer shall have a duty to maintain an effective internal audit of the Council's operations in order to review, evaluate and test the adequacy of the Council's systems of internal control as contributions to the proper, economic, efficient and effective use of resources.
- 4.2 The Chief Finance Officer shall have the responsibility to review, appraise and report to Council, the Governance and Audit Committee, Cabinet, Cabinet Member, or Chief Officer as appropriate upon:
  - 4.2.1 The soundness, adequacy and application of financial and other related operations of the Council.
  - 4.2.2 The extent of compliance with, and financial effect of, established policies, plans and procedures.
  - 4.2.3 The extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
    - (a) fraud and other offences;
    - (b) waste, extravagance, poor value for money or other cause.
  - 4.2.4 The suitability and reliability of financial and other related management data developed within the Council.
- 4.3 The Chief Finance Officer or an authorised representative of the Chief Finance Officer shall have the authority to require any officer to:

- 4.3.1 Provide access to any Council premises or land under their control. Where sites are in the possession of a contractor or subject to any tenancy or licence to occupy, such entry will be governed by the conditions of the contract or other legal agreement.
- 4.3.2 Produce any records, documents and correspondence in their possession.
- 4.3.3 Provide explanations of matters arising from an audit.
- 4.3.4 Produce and account for any cash, stores or other Council property under their control.
- 4.4 The Chief Finance Officer shall have the authority to request the immediate suspension from duty of any officers who:
  - (a) they have reasonable grounds to suspect of misappropriation of Council funds or other property;
  - (b) they believe present a threat of further misappropriation or hindering of any investigation.
- 4.5 Notwithstanding the duty of the Chief Finance Officer for the control and direction of Internal Audit, it shall be the duty of the Chief Internal Auditor to report direct to the Chief Executive Officer and to the Cabinet Member for Resources on any matter in which the Chief Finance Officer appears to be personally involved.
- 5. Contracts of building, construction or engineering work**
- 5.1 Contracts for the execution of capital works shall only be entered into for those schemes which are included in the approved Capital Programme.
- 5.2 Each Chief Officer will maintain contract registers showing for each contract under their control which has a value greater than £50,000:
  - (a) the contract sum;
  - (b) the value of any extras or variations to the contract;
  - (c) the amounts and dates of any instalments made;
  - (d) the amount of any retentions held or bonds taken under any contract;
  - (e) the balance outstanding to the Contractor.
- 5.3 Payments to contractors on account of contracts shall be made only on a certificate issued by the responsible officer.
- 5.4 When authorising any extra or variation to a contract the appropriate Chief Officer shall:
  - (a) estimate the cost of the variation;
  - (b) issue written instructions to the Contractor to carry out the work, except in cases of urgency where a Chief Officer may issue verbal instructions but shall confirm them in writing as soon as possible, but in any case within 7 days; and



(c) ensure that such variation is in accordance with the Council's Contract Procedure Rules.

5.5 The Chief Finance Officer may, at their discretion, decide to audit the final account of a contract, before certifying the final payment.

5.6 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Solicitor to the Council for consideration of the Council's legal liability and, where necessary, to the Chief Finance Officer for financial consideration before a settlement is reached.

5.7 Each Chief Officer shall, as soon as practical, report to Cabinet the total of extras or variations to any contract which exceeds 10% of the original contract sum, or £100,000 whichever is the greater.

5.8 If the final account of any contract has not been agreed within eighteen months of the completion of works, then the Chief Officer controlling that contract shall report to the Cabinet on the outstanding items. Any report under this regulation shall include a comparison of the final or likely cost with the original contract sum together with reasons for any differences.

## **6. Orders for work, goods and services**

6.1 Each Chief Officer has a duty to issue official orders for all works and services to be carried out, and all goods supplied, within their Directorate with the exception of:

(a) public utilities;

(b) periodical payments;

(c) petty cash purchases;

(d) purchases made using Purchasing Cards;

(e) works, goods and services subject to formal written contracts, or excepted from this requirement by the Chief Finance Officer.

(f) Framework contracts.

Before issuing official orders, Officers authorising them must be satisfied that there is provision in the estimates and that the Contract Procedure Rules have been complied with.

6.2 Each official order shall be in a form prescribed and approved by the Chief Finance Officer and shall include:

(a) a description of the works, goods and services ordered;

(b) the name and address of the supplier;

(c) an estimate of the cost;

(d) the financial code to which the cost is to be charged;

(e) name of the authorising officer.

- 6.3 Verbal orders may only be placed in exceptional circumstances the details of which must be confirmed by e-mail or other appropriate means on the same day and confirmed by written official order within 3 working days.
- 6.4 Electronic orders will be treated in the same way as other official orders. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

## **7. Leasing**

- 7.1 The Chief Finance Officer shall be responsible for making leasing arrangements for the use of buildings, plant, vehicles and equipment. No officer other than the Chief Finance Officer may enter into any type of leasing arrangements ~~unless agreed in writing or delegated by the Chief Finance Officer.~~
- 7.2 Due to complex capital accounting requirements regarding expenditure in relation to leases, all leases, hire, rental, hire purchase agreements, deferred purchase agreements and other arrangements where the use of an asset is being acquired without the ownership of it must be referred to the Chief Finance Officer in advance of entering any agreement.
- 7.3 Provision within revenue estimates to cover the annual costs of leasing should be made only following consultation with the Chief Finance Officer.

## **8. Grant Funding and Third Party Funding**

- 8.1 It is essential that proper management of external funding or grants received, or funding awarded by the Council, is undertaken in order to safeguard the financial position of the Council and also to maximise the benefits to service delivery from the receipt of these additional funds.
- 8.2 The Council has a Grants Financial Management Policy which all Chief Officers and their staff must adhere to in order to ensure the proper management of grant funding and other internal and external funds. Failure to comply could result in funding being withheld by the funding body or recovered at a later date. Any failure to comply with the Grants Financial Management Policy, which results in funding being reduced to the Council, may be reported to the Governance and Audit Committee, and any shortfall in the funding borne by the responsible directorate.

## **Section B - Expenditure and Income**

### **9. Payment of accounts**

- 9.1 Excluding payments in the form of petty cash from imprest accounts, the preferred method of payment of money due from the Council shall be by automated transfers from the Council's bank accounts overseen by the Chief Finance Officer.
- 9.2 The Chief Finance Officer shall be the authorised signatory of any joint bank account opened in the name of the Council and any other party and will be responsible for the payment of any cheques from that joint bank account.
- 9.3 Each Chief Officer is responsible for examining, verifying and authorising invoices and any other payment vouchers or accounts arising from sources in their Directorate including the use of purchasing cards. Authorised officers can discharge this responsibility on behalf of the Chief

Officer. Each Chief Officer will supply the names and specimen signatures for authorised officers together with authorisation limits to the Business Support Manager~~Chief Finance Officer~~ and will need to confirm the list on an annual basis. Any changes to authorisation limits should be notified to the Business Support Manager promptly.

### Payments in advance

9.4 All payments for goods and services must be paid in arrears on presentation of an invoice or appropriate document to support the payment. The Chief Finance Officer, in consultation with a Cabinet Member, can give approval for payment in advance of goods or services in exceptional circumstances and on request from a Chief Officer. Approval must be given in writing via email to the appropriate officer, with the relevant Cabinet Member copied in, for audit purposes. There are a small number of exceptions where some payments are permitted to be paid in advance without prior approval. These include:

- Travel, such as rail tickets which are paid via a purchasing card
- Subscriptions, which are usually paid at the start, or in advance of, the subscription period
- Licences – such as software licences
- Necessary expenditure incurred in the normal course of business not exceeding £1,000. Note, the total value of the purchase needs to be considered rather than a monthly or recurring amount.

~~The Chief Finance Officer, in consultation with a Cabinet Member, can give approval for payment in advance of goods or services in exceptional circumstances and on request from a Chief Officer. Approval must be given in writing via email to the appropriate officer, with the relevant Cabinet Member copied in, for audit purposes.~~

9.5 Before authorising an account, the authorising officer shall be satisfied that:

- (a) the work, goods or services to which the account relates have been received, carried out, examined and approved;
- (b) the invoice satisfies VAT and Construction Industry Scheme (CIS) regulations and that prices, extensions, calculations, trade discounts, other allowances and credits are correct;
- (c) the relevant expenditure has been properly incurred and is within the relevant estimate provision;
- (d) the financial code to which the expenditure is to be charged is correct and sufficient budget is available;
- (e) the account or invoice indicates the official order number relating to the goods or services provided, or if there is no such order the reason for the omission unless it relates to services not subject to orders such as care contracts;
- (f) appropriate entries have been made in inventories, stores records or stock books as required;

- (g) the account has not been previously passed for payment and is a proper liability of the Council;
- (h) in the case of accounts for the supply of public utility services and other periodic payments, relevant expenditure, and where appropriate, units of energy consumed, have been entered in records approved by the Chief Finance Officer.

9.6 ~~Accounts should be authorised via EDRM online, or other agreed means. Any accounts not authorised via EDRM should be manually authorised and passed to Business Support for processing, or in the case of feeder files passed to the Chief Finance Officer for processing. Accounts authorised manually should be passed for payment to the Chief Finance Officer, unless alternative arrangements have been specifically agreed with the Chief Finance Officer.~~ All payments should be processed within 30 days.

9.7 Where payments are electronically uploaded into the financial system via a feeder file, appropriate controls, including standardising of files and validity checks, are put in place to ensure their integrity. For any new feeder files, Internal Audit will be asked to review and give assurance on the process for authorisation before use.

9.8 For the Council to reclaim VAT on individual payments, the Council is required under VAT Regulations to obtain the supplier's VAT registration number and invoice to be addressed to Bridgend County Borough Council.

9.9 The Chief Finance Officer shall set down procedures for the retention of financial documentation. Such documentation must not be disposed of without the specific approval of the Chief Finance Officer. All invoices shall be retained for at least 6 years plus the current financial year. In the case of invoices relating to grant claims, these must be kept until after the grant claim has been audited even if this exceeds 6 years. It is the responsibility of the Chief Officer of the grant to ensure the correct retention period is maintained. The same retention periods apply to electronic copies of all original invoices.

9.10 Changes to on-line authorising officers shall be notified to the ~~Chief Finance Officer~~Business Support Manager immediately.

9.11 Each Chief Officer shall, no later than a date specified at the financial year end, notify the Chief Finance Officer of any outstanding expenditure relating to the previous financial year to be accrued in the Statement of Accounts.

## 10. Imprest accounts

10.1 Where appropriate, the Chief Finance Officer shall provide imprest accounts for such officers of the Council as may need them for the purpose of defraying petty cash and other expenses. Such accounts shall be maintained in accordance with the notes of guidance issued to imprest holders by the Chief Finance Officer.

10.2 Where ~~petty cash is required~~appropriate, the Chief Finance Officer shall open an account with the Council's bankers for use by the imprest holder, who shall not deliberately cause the account to be overdrawn. Any prolonged overdrawn balance on an imprest holder's bank account shall be reported to the Chief Finance Officer. It will also prevent the use of any business ATM cash card as they cannot be used on an overdrawn account. Where an officer holds a cheque book or business ATM cash card in respect of any account ~~they~~he must ensure that it is securely stored and all cancelled cheques are crossed and retained with the counterfoils of the original cheque book. Receipts for withdrawals must be retained.

- 10.3 Any officer responsible for an imprest account shall be personally responsible for making good any deficiencies in that account.
- 10.4 No income received on behalf of the Council may be paid into an imprest account but must be dealt with in accordance with paragraph 15.3.
- 10.5 Except as otherwise agreed between the Chief Finance Officer and the Chief Officer concerned, payments out of the accounts shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the Council has an account for the supply of goods and services, or who can establish an account, nor any account for goods exceeding in value a sum to be agreed from time to time by the Chief Finance Officer, nor travelling expenses other than those of a casual nature e.g. bus fares.
- 10.6 An officer responsible for an imprest shall on a regular basis as specified by the Chief Finance Officer, or at any other time if so requested, provide a certified statement as to the state of the account.
- 10.7 Whenever an officer who is an imprest holder leaves the employment of the Council, or ceases to be entitled to hold an imprest advance, the officer shall account to the Chief Finance Officer for the amount advanced to him.

## 11. Purchasing Cards

- 11.1 Where appropriate, a purchasing card will be issued to support the current Purchase to Pay invoice process and should not be considered as a replacement mechanism to bypass the formal requisition and approval process. Expenditure shall be made in accordance with the purchasing card guidelines.
- 11.2 Each card has an individual monthly expenditure limit, individual transaction limit and restricted category types for expenditure. The cardholder will be making financial commitments on behalf of the Council and will be responsible for obtaining value for money in accordance with Contract Procedure Rules and Corporate Contracts.
- 11.3 Except, as otherwise agreed with the Chief Finance Officer, payments by purchasing card shall be limited to approved disbursements and shall not include sums due to any tradesman ~~with whom the Council has an account. Where appropriate, whose~~ invoices should be paid via the Financial System. Travelling expenses, such as train fares, can be pre-booked and paid with the purchasing card, however, the purchasing card cannot be used to reimburse travelling expenses nor subsistence expenses other than those of a casual nature.
- 11.4 The cardholder is responsible for updating the Barclaycard Spend Management system with costing, VAT and narrative details of the expenditure in a timely manner and in accordance with the purchasing card guidelines.
- 11.5 Whenever a member of staff who is a purchasing card holder leaves the employment of the Council, or ceases to be entitled to hold a purchasing card, the member of staff must return the purchasing card immediately on cessation of entitlement to the Corporate Procurement Manager for cancellation. Any replacement member of staff who requires a purchasing card must apply for a new card via the Corporate Procurement Manager.
- 11.6 Any person holding a purchasing card shall be personally responsible to notify the Corporate Procurement Manager of any unauthorised / unrecognised spend made on the card. The cardholder shall be personally responsible for making good any unauthorised spend that they incur on the card.

- 11.7 Where appropriate, the Chief Finance Officer shall provide a purchasing card enabled for cash withdrawal to give services access to cash for the purpose of defraying petty expenditure. Such cards shall be maintained in accordance with the notes of guidance to card holders issued by the Corporate Procurement Manager. There is an administration charge for cash withdrawals. Detailed records of monies withdrawn, spending of this money, including VAT amount and costing information, must be kept and be available for examination on request.
- 11.8 Except as otherwise agreed with the Chief Finance Officer, payments out of the cash withdrawn from the bank by purchasing card shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the authority has an account, nor travelling expenses, nor subsistence expenses, ~~other than those of a casual nature.~~
- 11.9 A person responsible for the cash balance held shall, if so requested, give to the Chief Finance Officer certification as to the state of the funds.
- 11.10 Whenever a member of staff who is a cash balance administrator leaves the employment of the authority, or ceases to be entitled to administer the cash balance, the member of staff shall repay to the Chief Finance Officer the unexpended cash balance of the withdrawn amount, or shall transfer monies, records and vouchers relating to the account to the new cash administrator. When a purchasing card holder leaves, the card in their name must be returned to the Corporate Procurement Manager for cancellation and a new card applied for via the Corporate Procurement Manager unless the new cash administrator is not to be allocated a purchasing card.
- 11.11 Any person holding a cash balance obtained by a purchasing card cash withdrawal shall be personally responsible for making good any deficiencies in that account.

## **12. CashDebitBusiness Cash Cards**

- 12.1 Where appropriate, a business cashdebit card will be issued to support services which have a requirement for petty cash, to facilitate the withdrawal of cash from ATM's.
- 12.2 Each card is allocated to an individual named officer of the Council against a specific account, who is responsible for the safeguarding of the card and its appropriate use. Each card has an individual withdrawal and daily withdrawal limit and must be used only for the withdrawal of cash for the purposes of petty cash use for that service or other agreed purposes such as private funds.
- 12.3 Cash withdrawn from petty cash accounts must not be used for the purposes of paying sums due to tradesmen. Such invoices should be paid via the Financial System.
- 12.4 Where the card is related to a petty cash account, the cardholder is responsible for updating the petty cash system to record that cash has been withdrawn and must account for all cash withdrawals made.
- 12.5 Whenever a member of staff who holds a business cashdebit card leaves the employment of the Council, or ceases to be entitled to a debit card, they member of staff must return the debit card immediately to the Chief Finance Officer and for the card to be cancelled. The Cardholder is personally responsible for any shortfalls between the cash withdrawn and cash held in the petty cash records.

## **4213. Construction Industry Scheme (CIS) – Tax Deduction**

132.1 For certain types of construction work, the Council is obliged by HMRC's Construction Industry Scheme to deduct tax at source from sub-contractor payments, at the appropriate rate, from the invoiced amount. Those CIS sub-contractors paid under deduction must have the labour/material split shown on the invoice and entered into the Financial System. Further guidance can be obtained from the Purchase Ledger Team in Finance.

### **143. Salaries, wages and Members' allowances**

134.1 The payment of all salaries, wages, allowances, expenses or other emoluments to all employees or members shall be made by, or under arrangements approved and controlled by, the ~~Chief Finance Officer~~ Group Manager – Human Resources and Organisational Development.

143.2 Each Chief Officer shall notify the Group Manager – Human Resources and Organisational Development ~~Chief Finance Officer~~ as soon as possible and in the prescribed form, of all matters affecting the payment of such emoluments and in particular:

- (a) appointments, resignations, dismissals, suspensions, secondments, and transfers;
- (b) absences from duty for sickness or other reason, apart from approved leave with pay;
- (c) changes in remuneration, other than normal increments and pay awards;
- (d) information necessary to maintain records of service for superannuation, income tax, national insurance etc.;
- (e) any failure to comply with Council or statutory regulations.

134.3 Appointments of all employees shall be made in accordance with the regulations of the Council and the approved establishment, gradings and rates of pay.

134.4 All time records and other pay documents shall be in a form prescribed or approved by the ~~Chief Finance Officer~~ Group Manager – Human Resources and Organisational Development ~~Head of Human Resources~~ and shall be certified by or on behalf of the Chief Officer. The names of the officers authorised to certify such records shall be sent to the Group Manager – Human Resources and Organisational Development ~~Chief Finance Officer~~ by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

134.5 No payments to staff may be made other than through the normal payroll system without the specific approval of the Group Manager – Human Resources and Organisational Development ~~Chief Finance Officer~~. ~~In particular, casual staff must be recorded on the payroll.~~

4314.6 Where an Officer is hiring or engaging a staff member who is not on the Council payroll there is a legal requirement to determine whether it is the responsibility of the Council to deduct tax and national insurance at source, in accordance with the requirements of the Social Security Contributions (Intermediaries) Regulations 2000, as amended (IR35).

### **4415. Officers fees, travelling and subsistence allowances**

4415.1 All claims for payment of fees, car allowances, subsistence allowances and travelling expenses shall be submitted, duly certified, in a format approved by the Group Manager – Human Resources and Organisational Development ~~Chief Finance Officer~~, to the appropriate Chief Officer in accordance with the timetable set down by the Group Manager – Human Resources and Organisational Development ~~Chief Finance Officer~~. A record of all officers

authorised to approve such records shall be sent to the Group Manager – Human Resources and Organisational Development~~Chief Finance Officer~~ together with specimen signatures and shall be amended on the occasion of any change. This applies to both manual and electronic expenses systems.

**4415.2** The certification by, or on behalf of, the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, the vehicle used had appropriate insurance cover, the necessary receipts of expenditure retained and that the fees and allowances are properly payable by the Council.

**4415.3** Claims submitted more than three months after the expenses were incurred must be accompanied by a letter of explanation for the delay and shall be paid only with the express approval of the Group Manager – Human Resources and Organisational Development~~Chief Finance Officer~~ who shall refer the matter to Cabinet if necessary.

**4415.4** All claims for payment of incidental expenses such as removal, lodging and disturbance allowances and training course fees etc. shall be made on the appropriate form and shall be in accordance with the appropriate scheme approved by the Council.

#### **4516. Banking arrangements and cheques**

**4516.1** All arrangements with the Council's bankers shall be made by or under arrangements approved by the Chief Finance Officer, who shall be authorised to operate such bank accounts as considered necessary.

**4516.2** All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody, including cheque books issued automatically by the bank.

**4516.3** Any such bank account opened in respect of monies held on behalf of the Council shall be arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of authorised signatories, along with specimen signatures, for all such accounts. Any change in signatory shall be reported to the Chief Finance Officer immediately.

**4516.4** No Standing Orders or Direct Debits from the Council's bank accounts shall be set up unless arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of all officers authorised to set up Direct Debits and Standing Orders.

**4516.5** The Chief Finance Officer shall be authorised to:

- (a) nominate officers empowered to authorise payment out of these bank accounts;
- (b) negotiate charges with the Council's bankers.

**4516.6** The Chief Finance Officer will be responsible for ensuring that there are adequate controls in place to ensure that all payment methods, whether physical or electronic, have appropriate authorisations, approvals and signatures as necessary.

**4516.7** The Chief Finance Officer shall ensure that appropriate arrangements are in place to facilitate the monthly reconciliation of the Council's Bank Accounts.



## **4617. Income**

**4617.1** Each Chief Officer will be responsible for the prompt and accurate billing, collection and banking of all income due to the Council in connection with the Directorate's activities, except where in the interests of efficiency or security it is agreed with the Chief Finance Officer that all or part of the duties should be discharged by some other Chief Officer.

**4617.2** Except as agreed between the Chief Finance Officer and the Chief Officer concerned, all receipt books and other such items shall be ordered and supplied to Directorates by the Chief Finance Officer, who shall be satisfied as to the arrangements for their control.

**4617.3** In carrying out this function, each Chief Officer shall ensure that any officer of the staff engaged in the collection of money:

- (a) maintains a record of receipts and bankings in a form approved by the Chief Finance Officer;
- (b) pays without delay any money collected either:
  - i) to the approved officer;
  - ii) to a security firm employed by the Chief Finance Officer for this purpose; or
  - iii) to one of the Council's main bank accounts or via outlets of the— nominated collector(s) as agreed by the Council.
- (c) makes no deduction from monies collected, except with the specific and exceptional approval of the Chief Finance Officer;
- (d) ensures income is correctly coded onto the financial system nominated by the Chief Finance Officer and satisfies VAT regulations;
- (e) makes good any shortfalls in cash collected and identifies any surpluses;
- (f) in the case of cheques received, enters on any paying-in slips details with the cheque or provides supporting evidence and a reference to the related debt.

**4617.4** Personal cheques shall not be cashed out of the money held on behalf of the Council.

**4617.5** Outstanding debts which are found to be irrecoverable may be written off by the Chief Finance Officer, except where it is considered that there are matters of principle or policy which should be referred to the Cabinet.

**4617.6** Any officer holding a cash float shall be personally responsible for making good any deficiencies in that account.

**4617.7** Where an officer takes cash for works, goods or services that is either:

- i. in excess of the level stipulated within the Council's Anti-Money Laundering Policy; or
- ii. where there is anything suspicious regarding, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

then the officer must report it immediately to the Money Laundering Reporting Officer (MLRO) in accordance with ~~the~~that Policy.

## **4718. Fees and Charges**

4718.1 The Council has a Fees and Charging Policy to support the Medium Term Financial Strategy. It is intended to provide a consistent and co-ordinated approach to charging across the Council, setting out the key principles for charging and for reviewing charges and must be adhered to by all Chief Officers and their staff.

4718.2 When setting charges, there is recognition that where possible, the full cost of the service should be recovered. However, there is also a recognition that in some instances, there will be a conscious decision not to fully charge or a statutory charge or limit set, and the remaining cost will be met by the Council Tax payer.

4718.3 In line with the Medium Term Financial Strategy, a review of fees and charges should be undertaken at least annually as a minimum and any new or increased charges must receive approval from Cabinet or delegated authority under the Scheme of Delegation, Scheme A paragraph 1.6. Where a proposal is made not to increase charges in a financial year, approval must be sought from the appropriate Chief Officer and Chief Finance Officer.

## **198. Value Added Tax**

198.1 The Chief Finance Officer shall establish appropriate systems of control for the proper accounting of Value Added Tax (VAT) inputs and outputs. –The Chief Finance Officer will produce and distribute a VAT guidance document to all Directorates and schools to enable officers to comply with HMRC VAT regulations.

## **Section C - Security and Assets**

### **4920. Security**

4920.1 The Chief Finance Officer shall have overall responsibility to the Council for security of Council property.

4920.2 Each Chief Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, title deeds, securities, etc. under their custody.

4920.3 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer.

4920.4 Every transfer of official money from one member of staff to another will be evidenced in the records of the Directorate concerned by the signature of the receiving officer.

4920.5 Keys to safes and similar receptacles for the safeguarding of money or other valuables are to be carried on the person of those responsible; the loss of any such keys must be reported to the Chief Finance Officer.

### **2021. Data Protection**

2021.1 The Council's Data Protection Officer shall be responsible for undertaking the tasks set out in Section 71 of the Data Protection Act 2018 and Article 39 of the UK GDPR.

2021.2 Each officer shall be responsible for maintaining proper security, privacy and compliance with the Data Protection Act 2018 and UK GDPR in respect of information-personal data held.

~~2021~~.3 Each Chief Officer shall have a duty to notify the Data Protection Officer of any computer system in their Directorate which holds personal data.

~~2021~~.4 Each Chief Officer shall have a duty to ensure the safekeeping and prevention of improper use of any ~~information~~ personal data held in the Directorate, regardless of the media on which it is held.

~~2021~~.5 The Chief Finance Officer, or an authorised representative of the Chief Finance Officer, shall have access to all computer systems and records and may require and receive such explanations as are necessary, for the purposes of the Data Protection Act 2018 and UK GDPR.

~~2021~~.6 The security of financial systems, e.g. use of passwords, shall be maintained by adhering to instructions issued by the Chief Finance Officer and in line with the ICT Code of Conduct.

## ~~2122~~. Stocks and stores

~~2122~~.1 Each Chief Officer shall be responsible for the custody of the stocks and stores in the Directorate and shall have a duty to:

- (a) ensure that stocks are adequate but not excessive for the purpose envisaged;
- (b) maintain accurate and up to date records of such stocks and stores and ensure that a stocktake is undertaken at year end and the certificate is submitted to Finance;
- (c) provide the Chief Finance Officer with such information as ~~they~~ he requires in relation to stores for accounting, costing and financial records.

~~2122~~.2 A Chief Officer shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year. Any surpluses or deficiencies revealed by such periodical test examinations shall be reported to the Chief Finance Officer and, after consultation with the Chief Officer, the Chief Finance Officer will decide what action to take.

~~2122~~.3 Losses due to theft of stocks shall be reported to the Chief Finance Officer as soon as possible and, where found to be irrecoverable, shall be written off.

~~2122~~.4 In all other instances write offs need the consent of the Chief Finance Officer following the submission of a report by the Chief Officer outlining the reasons for write off.

## ~~2223~~. Investments, borrowings and trust funds

~~2223~~.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Treasury Management in the Public Services.

~~2223~~.2 The Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy to the Governance and Audit Committee prior to submission to Council for approval in advance of the start of each financial year. The Strategy must include a Borrowing Strategy, Investment Strategy and set the Council's Treasury Management Indicators for the forthcoming financial year.

~~2223~~.3 All investment and borrowing transactions shall be undertaken in accordance with the Treasury Management Strategy with due regard to the requirements of CIPFA's Code of Practice on Treasury Management in the Public Services.

2223.4 All investments of money under its control shall be made in the name of the Council. Any borrowing activity must have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in the Public Services.

2223.5 The Chief Finance Officer shall report quarterly to the Cabinet, summarising borrowing and investment activity, monitoring against the approved Treasury Management and other appropriate indicators, and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.

2223.6 The Chief Finance Officer, or an agent nominated by the Chief Finance Officer, will be the Council's Registrar of loan instruments and shall maintain records of all borrowing of money by the Council.

2223.7 The Chief Finance Officer will have a duty to ensure a proper, efficient and effective mix of borrowing and investments.

2223.8 The Governance and Audit Committee is responsible for ensuring effective scrutiny of the Treasury Management policies and practices. The Committee will review the Half Year and Annual Report on Treasury Management as well as the Treasury Management Strategy. The Committee will make any recommendations for improvements on treasury management to the Chief Finance Officer and raise any concerns that the Council is exceeding its legal powers with the Monitoring Officer.

#### 2324. Inventories

2324.1 Each Chief Officer shall be responsible for the plant, vehicles, machinery, equipment, tools, furniture and other non-consumable property in the Directorate and shall have a duty to:

- (a) maintain an up to date inventory of such goods;
- (b) carry out an annual physical check on goods listed in the inventory;
- (c) as far as is practicable see that such goods are marked as Council property;
- (d) ensure that such goods are not removed or used except in accordance with the ordinary course of the Council's business.

2324.2 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving officer.

#### 2425. Insurances

2425.1 The Chief Finance Officer shall have a duty to:

- (a) ~~affect-effect~~ adequate insurance cover in accordance with the Council's Insurance Strategy contained in the Risk Management Policy. The Chief Finance Officer ~~He~~ will arrange insurance for losses which would have a significant impact on budgets and the provision of services, where it must be bought by law and where the insurance provides additional benefits which enable an activity to take place;

- (b) promptly claim any insurance loss the Council has suffered and liaise with the Council's Insurers to settle any claim brought by another party, if it is assessed that the Council has a legal liability to do so;
- (c) ensure that sums insured and limits of indemnity are regularly reviewed;
- (d) maintain comprehensive records of insurance including policy documents and understand what coverage they provide;
- (e) employ the services of a professional insurance broking company who can provide expert advice;
- (f) only transfer risks to Insurance Companies which are financially strong;
- (g) comply with the "duty of fair presentation" contained in the Insurance Act 2015. The Council must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. A material circumstance is one which would influence the judgement of a prudent Underwriter in considering whether to provide insurance and, if so, on what basis and cost.

**2425.2** A Chief Officer will have a duty to:

- (a) promptly notify the Chief Finance Officer of any new risks, insurable assets or liabilities which are required to be insured under the Insurance Strategy.;
- (b) promptly notify the Chief Finance Officer in writing of any loss, liability, damage or any event likely to lead to a claim and where appropriate inform the Police;
- (c) promptly provide any information required by the Chief Finance Officer or the Council's Insurers to progress a claim;
- (d) assist the Chief Finance Officer to comply with the "duty of fair presentation contained in the Insurance Act 2015 by disclosing all relevant information.

**2425.3** The Chief Finance Officer shall review ~~of~~ all insurances at least annually, in consultation with other Chief Officers as appropriate.

**2425.4** No indemnity shall be given in the name of the Council without the prior approval of the Chief Finance Officer.

### **2526. Prevention of Theft, Fraud and Corruption**

**2526.1** The Chief Finance Officer is responsible for advising on effective systems of internal control to prevent fraud and corruption.

**2526.2** The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Fraud and Bribery Policy. If a Chief Officer suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, they will notify the Chief Finance Officer who will take such steps as considered necessary by way of investigation and report.

**2526.3** The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Money Laundering Policy. The key message of this Policy is to make staff aware of their responsibilities and if they suspect that money laundering activity may be taking place or proposed, they must disclose those suspicions to the Council's Money Laundering Reporting Officer who is the Chief Finance Officer.

**2526.4** The Council employs a corporate Senior Fraud Investigator, so should any fraud or irregularity be identified, whilst it would still be reported to the 'Chief Finance Officer' initially, certain matters may be referred to the Senior Fraud Investigator for investigation where appropriate.

**2526.5** The Chief Finance Officer is also responsible for developing, maintaining and implementing the Anti-Tax Evasion Policy. The policy addresses the prevention of tax evasion and will provide a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council.

**2526.6** ——— All Chief Officers are responsible for ensuring compliance with the Anti-Fraud and Bribery Policy, Anti-Money Laundering Policy and the Anti-Tax Evasion Policy and with systems of internal control.

### **2627. Estates**

**2627.1** The Chief Executive Officer shall maintain a register and appropriate records detailing all properties owned by the Council including:

- (a) purpose for which held;
- (b) location, extent, and plan reference;
- (c) particulars of nature of interest held;
- (d) purchase details;
- (e) rents payable;
- (f) particulars of tenancies granted.

**2627.2** The Chief Finance Officer will maintain an asset register of all Council assets.

**2627.3** Where land and/or buildings are found to be surplus to requirements the responsible Chief Officer shall, as soon as possible, submit a report to the appropriate Cabinet Member for appropriate action in accordance with the Schemes of Delegation.

### **2728. Asset Disposal**

**2728.1** Directors are responsible for ensuring that all property assets which are surplus to requirements are referred to the Corporate Landlord section, who will determine the appropriate action to be taken in conjunction with Directorates. In accordance with the Council's disposal strategy the following shall be considered:

- restrictions relating to the ownership of the asset;
- opportunities for using the asset elsewhere in the Council;
- market opportunities;
- appropriate use of tendering procedures for disposal;
- fairness in the disposal process;
- asset security;
- the costs of disposal in relation to the expected income.

**2728.2** All assets, including assets declared surplus where disposal is proposed must be notified to the Chief Finance Officer for approval and appropriate action in accordance with the Council's disposal strategy and Scheme of Delegation of Functions.

**2728.3** All assets, whether land, property, buildings, vehicles, plant or equipment, must be notified to the Capital Accountant to ensure their disposal is accurately recorded on the Council's Fixed Asset Register in a timely manner, and as soon after disposal as possible.

### **2829. Protection of private property**

**2829.1** The Chief Officer shall in any known case where steps are necessary to prevent or mitigate loss of or damage to moveable property, prepare in a form agreed with the Chief Finance Officer, an itemised inventory in each case prepared in the presence of two officers.

**2829.2** All valuables such as jewellery, watches and other small articles of a similar nature and documents of title deposited with the Council for safe custody shall be recorded in a form agreed by the Chief Finance Officer.

**2829.3** All monies deposited with the Council for safekeeping shall be dealt with in accordance with guidelines agreed by the Chief Officer and the Chief Finance Officer.

**2829.4** Where a Chief Officer is required as part of their duties to hold in trust any property, valuables or cash belonging to a third party ~~they~~he should do so in accordance with guidelines agreed with the Chief Finance Officer.

### **2930. Risk Management**

**2930.1** The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising of strategic, financial and operational risks.

**2930.2** Chief Officers shall be responsible for the identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be incorporated into a Departmental Risk Register, and any risks that exceed the Council's risk threshold shall be notified to the Chief Finance Officer for incorporation into the Corporate Risk Assessment Register, which shall be subject to periodic review by the Governance and Audit Committee at no more than annual intervals.

**2930.3** ———Chief Officers shall take responsibility for risk management within their areas of responsibility, having regard to advice from the Chief Finance Officer and other specialist Officers (e.g. crime prevention, fire prevention, health and safety), and shall undertake regular reviews of risk within their own Directorates.

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# Agenda Item 9

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>CAPITAL PROGRAMME QUARTER 2 UPDATE 2024-25</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>HUW POWELL CAPITAL ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>Paragraph 3.5.3 of the Financial Procedure Rules requires that the Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Strategy and the Prudential Indicators. This report fulfils that requirement. There is no impact on the policy framework or procedure rules.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"><li>• <b>The report provides an update on the quarter 2 spend and projected spend for 2024-25 as at 30 September 2024, the revised capital programme for 2024-25 to 2033-34 and the projected Prudential and Other Indicators for 2024-25.</b></li><li>• <b>Appendix A shows the budgets, spend to date and projected year end spend as at 30 September 2024 for the individual schemes in 2024-25.</b></li><li>• <b>Appendix B shows the revised capital programme for 2024-25 to 2033-34.</b></li><li>• <b>Appendix C provides details of the actual Prudential and Other Indicators for 2023-24 and projected 2024-25.</b></li></ul>

## 1. Purpose of Report

1.1 The purpose of this report is to:

- Comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 'The Prudential Code for Capital Finance in Local Authorities' (2021 edition) requirement to report performance against all forward looking indicators on a quarterly basis.

- Provide an update to Council on the capital programme position for 2024-25 as at 30 September 2024 (**Appendix A**).
- Ask Council to note the net slippage of £12.643 million into 2025-26 as detailed in **Appendix B**.
- Seek Council's approval for the virements between schemes as detailed in **Appendix B**.
- Seek Council's approval of the new additions /reductions to the capital programme in 2024-25 totalling -£3.831 million as outlined in **Appendix B**.
- Seek Council's approval of the new additions to the capital programme between 2025-26 and 2027-28 totalling £19.520 million as detailed in **Section 3.3**.
- Ask Council to note the projected Prudential and Other Indicators for 2023-24 and actual for 2024-25 (**Appendix C**).

## 2. Background

- 2.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.
- 2.2 As well as the legislation, the Council manages its Treasury Management and Capital activities in accordance with the following associated guidance: -
- CIPFA's Treasury Management in the Public Services: Code of Practice
  - CIPFA's The Prudential Code for Capital Finance in Local Authorities
  - Welsh Government (WG) revised Guidance on Local Authority Investments
- 2.3 The Prudential Code for Capital Finance in Local Authorities requires Local Authorities to have in place a Capital Strategy which demonstrates that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of Indicators that must be set and monitored each year. The Council's Capital Strategy 2024-25, incorporating the Prudential Indicators for 2024-25, was approved by Council on 28 February 2024.
- 2.4 On 28 February 2024 Council approved a capital budget of £110.537 million for 2024-25 as part of a capital programme covering the period 2024-25 to 2033-34. The programme was last updated and approved by Council on 24 July 2024, with a revised budget of £82.082 million.

## 3. Current situation / proposal

### 3.1 Capital Programme Quarter 2 Update 2024-25

- 3.1.1 This section of the report provides Members with an update on the Council's capital programme for 2024-25 since the budget was last approved by Council and incorporates any new schemes and grant approvals. The revised programme for 2024-25 currently totals £66.058 million, of which £34.698 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining

£31.360 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the July 2024 approved Council position to Quarter 2:

**Table 1 – Capital Programme per Directorate 2024-25**

Directorate	Approved Council July 2024	New Approvals/ (Reductions)	Virements	Slippage (to)/from future years	Revised Budget 2024-25
	£'000	£'000	£'000	£'000	£'000
Education & Family Support	17,646	1,149	100	-	18,895
Social Services and Wellbeing	839	-	-	-	839
Communities	57,085	(4,343)	(100)	(13,143)	39,499
Chief Executive's	5,517	(187)	-	500	5,830
Council Wide	995	-	-	-	995
<b>Total</b>	<b>82,082</b>	<b>(3,381)</b>	<b>-</b>	<b>(12,643)</b>	<b>66,058</b>

3.1.2 Table 2 below summarises the current funding assumptions for the capital programme for 2024-25. The capital resources are managed to ensure that maximum financial benefit for the Council is achieved. This may include the realignment of funding to maximise government grants.

**Table 2 – Capital Programme 2024-25 Resources**

CAPITAL RESOURCES	£'000
<b>BCBC Resources:</b>	
Capital Receipts	13,820
Earmarked Reserves	12,783
Unsupported Borrowing	3,422
Supported Borrowing	3,937
Other Loans	160
Revenue Contribution	576
<b>Total BCBC Resources</b>	<b>34,698</b>
<b>External Resources:</b>	
S106	3,153
Grants	28,207
<b>Total External Resources</b>	<b>31,360</b>
<b>TOTAL RESOURCES</b>	<b>66,058</b>

- 3.1.3 **Appendix A** provides details of the individual schemes within the capital programme, showing the budget available in 2024-25 compared to the projected year end spend at 30 September 2024. There are currently no projected under or over spends on any of the schemes at year end.
- 3.1.4 However, a number of schemes have been identified as requiring slippage of budget to future years (2025-26 and beyond).

Cardiff City Capital Region City Deal (£1.190 million)

As a result of a Cardiff Capital Region (now renamed South East Wales Corporate Joint Committee (CJC)) reprofile of the capital contributions required for the City Deal, the Council is not anticipating a requirement to make a capital contribution in the current year.

Bridgend Heat Scheme (£3.265 million)

Options are still being considered for the implementation of a heat network in Bridgend and therefore the scheme is being slipped into 2025-26.

Porthcawl Grand Pavilion (£8.688 million)

The initial main works tender return date was 3 September 2024, but no affordable tender was received therefore the contract could not be awarded. A value engineering exercise has taken place to reduce the scheme where possible and the scheme will go back out to tender in November 2024. As a result of this delay, £8.688 million is being slipped into 2025-26.

In addition to the above schemes, one scheme has been identified as requiring budget to be brought forward from 2025-26 to 2024-25:

Disabled Facilities Grants (£0.500 million)

Following Cabinet approval on 22 October 2024, the Council will enter into a Framework Agreement to deliver works required through Disabled Facilities Grants. The budget in 2024-25 has been fully committed, therefore £0.500 million is being brought forward from 2025-26 which will allow contractors to be appointed to new projects using the framework.

- 3.1.5 There are a number of amendments to the capital programme for 2024-25, such as new and amended schemes, since the capital programme was last approved, including:

Schools Capital Maintenance Grant (£1.095 million)

Welsh Government has awarded the Council £1.095 million from the Sustainable Communities for Learning Programme Repairs and Maintenance Grant. The funding will support capital maintenance work and will assist in reducing revenue costs by improving energy efficiency and performance of the school buildings.

Ysgol Gymraeg (YG) Bro Ogwr Mobile Classrooms (£0.223 million)

On 15 August 2022, Welsh Government confirmed the award of grant funding of £0.270 million in respect of mobile classroom provision at YG Bro Ogwr. Following a nil return to the original tender process, contractors confirmed that due to the volatility of construction costs the funding available was insufficient to provide the required

classrooms. Following discussions with Welsh Government, an additional £0.223 million has been awarded to allow the scheme to proceed.

#### Road Signs 20mph Default Speed (£0.193 million)

An additional £0.193 million has been awarded by Welsh Government to support the implementation of the 20mph default speed limit on restricted roads across the County Borough, bringing the total amount of grant funding available in 2024-25 to £0.521 million.

#### Replacement of Street Lighting Columns (£0.045 million)

£0.045 million of a Highways S106 contribution from Barratts Homes has been added to the budget, to fund works in the Bryntirion area.

#### Grass Cutting Equipment (£0.340 million)

On 25 September 2024 Council approved a virement of £0.340 million from the Raven's Court capital programme budget to a new urban and rural grass cutting scheme to fund the cost of equipment for the service when it is brought in-house. This was to enable orders to be placed in time for delivery of the equipment in readiness for when it is needed in March 2025.

In addition to the above schemes, two schemes have been removed from the capital programme. These are shown as negative approvals:

#### Education S106 Schemes (£0.169 million)

The Education S106 contributions received for Ysgol Gymraeg Bro Ogwr Replacement, Pencoed Primary Classroom Extension and Coety Primary Extension have now been included in the funding for these schemes, meaning that all Education S106 contributions are now committed within the capital programme. Therefore, the Education S106 scheme (row 20) has been removed from the capital programme.

#### Leasing Scheme Wales (£0.187 million)

After reviewing the planned expenditure the Leasing Scheme Wales project has been deemed to be revenue in nature and therefore the budget has been removed from the capital programme. The scheme is fully funded by a Welsh Government grant.

## **3.2 Capital Programme Board**

3.2.1 The capital programme board has met on a number of occasions to review the existing capital programme, consider the resources available to the Council for capital works, and to appraise new and emerging pressures for capital funding.

In addition to the two schemes being removed, as outlined in paragraph 3.1.5, following the capital programme review a number of capital budgets, most of which are residual budgets from schemes that have ended or are no longer progressing, are proposed to be unwound. These are shown in Table 3 below:

**Table 3 - Capital Budgets to be Unwound**

<b>Scheme</b>	<b>Amount £'000</b>	<b>Reason for Unwinding</b>
Road Safety - Heol Mostyn	168	scheme complete
Penprysg Road Bridge	13	scheme not progressing
AHP Waste	4	scheme complete

Fire Suppression Tondu Depot	17	scheme complete
Capital Asset Management Fund	773	scheme not progressing
Raven's Court	106	scheme not progressing
Waterton Depot	3,500	£3.5m land sale not possible
<b>Total</b>	<b>4,581</b>	

3.2.2 In addition, there are a number of annual fixed capital allocations in the capital programme, which have also been reviewed, and the capital programme board recommended that these are reduced in the capital programme as follows from 2025-26, to free up funding for other schemes:

**Table 4 – Annual Fixed Allocation Amendments**

<b>Scheme</b>	<b>Current Allocation £'000</b>	<b>Amended Allocation £'000</b>	<b>Reason for Amendment</b>
Corporate Capital Fund	200	0	Very little spent in previous years. Other funding sources available, such as ICT Fund.
2030 Decarbonisation	400	150	Decarbonisation elements are being built into scheme specific budgets, rather than as standalone schemes. There are also a wide range of external grant funding options available.

3.2.3 The capital programme board has considered bids for additional funding from directorates and is proposing total new investment of £19.520 million, to be funded as set out in Table 5 below. The majority of these schemes are already in the capital programme but, for reasons detailed below, the funding is either not sufficient to progress the scheme or needs enhancing to undertake additional works.

**Table 5 – Proposed Additional Funding**

<b>Scheme</b>	<b>Additional BCBC Funding £'000</b>			
	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>Total</b>
Heronbridge Replacement	6,182	-	-	6,182
Mynydd Cynffig Replacement	1,700	-	-	1,700
Y G Bro Ogwr Replacement	808	-	-	808
Coety Primary School Extension	330	-	-	330
Community Childrens Play Areas	1,000	-	-	1,000
Community Asset Transfers	500	-	-	500
Highways Refurbishment	1,000	-	-	1,000
Waste Vehicles	3,000	3,000	2,000	8,000
<b>Total</b>	<b>14,520</b>	<b>3,000</b>	<b>2,000</b>	<b>19,520</b>
<b>Funded by</b>				
Unwinding of Existing Capital Budgets (Table 3)	4,581	-	-	4,581
Amendment of Annual Fixed Allocations (Table 4)	450	450	450	1,350
Unallocated Capital Budget	-	1,203	1,434	2,637
Uncommitted Capital Receipts	2,000	-	-	2,000
Unwound Earmarked Reserves	5,022	-	-	5,022
Additional Borrowing	2,467	1,347	116	3,930
<b>Total</b>	<b>14,520</b>	<b>3,000</b>	<b>2,000</b>	<b>19,520</b>

More detail on the specific schemes is detailed below.

#### Heronsbridge Replacement (£6.182 million)

In 2021 Welsh Government approved the Outline Business Case (OBC) for the Heronsbridge replacement scheme, in which the Council committed to funding £7.884 million of the overall £34.504 million cost. However, since that time the construction industry has seen costs escalate due to COVID-19, the war in the Ukraine, costs of incorporating decarbonisation measures and energy price increases, which has resulted in the projected cost of the scheme significantly increasing to £59.985 million. A revised OBC detailing the increased budget has recently been approved by the Cabinet Secretary for Education, and the scheme can progress to the Full Business Case (FBC) stage once the additional Council funding of £6.182 million is approved. Once the FBC is submitted, Welsh Government should approve the additional grant match funding of £19.299 million to ensure there is sufficient funding overall to meet the estimated scheme costs. This will be added to the capital programme once approved.

#### Mynydd Cynffig Replacement (£1.700 million)

Welsh Government approved the OBC for the Mynydd Cynffig Replacement scheme in 2021 and, due to the same reasons outlined above, the costs have increased from £12.838 million to £17.508 million. A revised OBC detailing the increased budget has recently been approved by the Cabinet Secretary for Education, and the scheme can progress to the Full Business Case (FBC) stage once the additional Council funding of £1.700 million is approved. Once the FBC is submitted, Welsh Government should approve the additional grant match funding of £2.970 million to ensure there is sufficient funding overall to meet the estimated scheme costs. This will be added to the capital programme once approved.

#### YG Bro Ogwr Replacement (£0.808 million)

Welsh Government approved the OBC for YG Bro Ogwr in 2021 and, due to the reasons outlined above, the costs have increased from £15.135 million to £17.787 million. A revised OBC detailing the increased budget has recently been approved by the Cabinet Secretary for Education, and the scheme can progress to the Full Business Case (FBC) stage once the additional Council funding of £0.808 million is approved. Once the FBC is submitted, Welsh Government should approve the additional grant match funding of £1.844 million to ensure there is sufficient funding overall to meet the estimated scheme costs. This will be added to the capital programme once approved.

#### Coety Primary School Extension (£0.330 million)

In June 2022, Council approved a budget of £1.650 million to construct a four-classroom extension at Coety Primary, to address the increased demand for places at the school. However, since that time construction costs have significantly increased, and technical officers have now estimated that an additional £0.330 million is required to deliver the scheme.

#### Community Children's Play Areas (£1.000 million)

A refurbishment programme is underway of dated Children's Play Area Facilities throughout the county borough, based on need identified via an annual externally commissioned inspection. An additional £1.000 million has been added to the budget to allow the next phase of the refurbishments to proceed.

#### Community Asset Transfers (£0.500 million)

The Community Asset Transfer (CAT) fund provides capital funding to allow the transfer of assets from the Council to community groups and also funds improvements post-transfer as and when self-management agreements are finalised. £0.500 million has been added to the budget, allowing additional transfers to be agreed and also reducing revenue costs associated with the maintenance of these assets.

#### Highways Refurbishment (£1.000 million)

Without adequate capital funding, the network will deteriorate at an ever-increasing rate and ultimately cost more to repair by patching and pothole filling, rather than current timely resurfacing interventions. A failure to adequately invest may increase the likelihood of claims or prosecutions against the authority.

#### Waste Vehicles (£8.000 million)

As reported to Council in July 2024, the existing fleet of waste vehicles is experiencing reliability issues which is having a significant detrimental impact to service delivery. The purchase of 4 recycling vehicles was approved by Council in July 2024, and they are due for delivery in May 2025, but the remaining vehicles will need to be replaced over the next three years to ensure service delivery is not negatively impacted. Therefore, £8.000 million has been added to the programme over the next 3 years to replace the waste vehicle fleet.

3.2.4 A revised Capital Programme is included as **Appendix B**.

### **3.3 Prudential and Other Indicators 2024-25 Monitoring**

3.3.1 The Capital Strategy is intended to give an 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. To this end a number of prudential indicators were included in the Capital Strategy which was approved by Council on 28 February 2024. In line with the requirements of the Prudential Code, the Chief Finance Officer is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement specified.

3.3.2 In February 2024, Council approved the Capital Strategy for 2024-25, which included the Prudential Indicators for 2024-25.

3.3.3 **Appendix C** details the actual indicators for 2023-24, the estimated indicators for 2024-25 set out in the Council's Capital Strategy and the projected indicators for 2024-25 based on the revised Capital Programme. These show that the Council is operating in line with the approved indicators.

### **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. 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 five 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. 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 These are reflected within the report where relevant to specific schemes.

## 7. Safeguarding and Corporate Parent Implications

- 7.1 There are no safeguarding and corporate parent implications arising from this report.

## 8. Financial Implications

- 8.1 The costs of the increased borrowing shown in Table 5 will be minimised and will be dependent on when the need to borrow arises, the rates at the time of borrowing and how long the borrowing is for. The costs will be funded from available headroom within the capital financing revenue budget.

## 9. Recommendations

- 9.1 It is recommended that Council:
- notes the Council's Capital Programme 2024-25 Quarter 2 update to 30 September 2024 (**Appendix A**).
  - notes the slippage of £12.643 million to 2024-25 as detailed in **Appendix B**.
  - approves the virements between schemes as detailed in **Appendix B**.
  - approves the new additions/reductions to the capital programme in 2024-25 totalling -£3.831 million as outlined in **Appendix B**.
  - approves the new additions to the capital programme between 2025-26 and 2027-28 totalling £19.520 million as detailed in **Section 3.3**.
  - notes the actual Prudential and Other Indicators for 2023-24 and projected for 2024-25 (**Appendix C**).

## Background documents

None

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## Bridgend County Borough Council

## CAPITAL MONITORING REPORT

QUARTER 2 TO 30 SEPTEMBER 2024

APPENDIX A

	Budget 24-25 (Council Jul 24)	New Approvals and Adjustments	Virement	Slippage (to)/from Future Years	Revised Budget 2024-25	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

**Education & Family Support**

1	HIGHWAYS SCHEMES BAND B SCHOOL	100			100	13	100	-	
2	HERONSBRIDGE REPLACEMENT	1,338			1,338	-	1,338	-	
3	MYNYDD CYNFFIG REPLACEMENT	287			287	155	287	-	
4	Y G BRO OGWR REPLACEMENT	411			411	150	411	-	
5	BRIDGEND WEST MIM	-			-	-	-	-	
6	YSGOL GYFYN GYMRAEG LLANGYNWYD	97			97	-	97	-	
7	LAND PURCHASE BAND B SCHOOLS	-			-	-	-	-	
8	GARW VALLEY SOUTH PRIMARY PROVISION	61			61	-	61	-	
9	PENCOED PRIMARY SCHOOL BAND A	51			51	-	51	-	
10	PENCOED PRIMARY SCHOOL HIGHWAYS WORKS	56			56	-	56	-	
11	ABERCERDIN PRIMARY HUB	277			277	-	277	-	
12	BRYNTEG COMPREHENSIVE ALL WEATHER PITCH	38			38	-	38	-	
13	CHILDRENS DIRECTORATE MINOR WORKS	362		100	462	1	462	-	
14	SCHOOLS TRAFFIC SAFETY	56			56	6	56	-	
15	SCHOOL MODERNISATION	336			336	1	336	-	
16	PENCOED PRIMARY CLASSROOM EXTENSION	862			862	14	862	-	
17	COETY PRIMARY SCHOOL EXTENSION	1,638			1,638	10	1,638	-	
18	BRYNTIRION COMPREHENSIVE SIX CLASSROOMS	1,660			1,660	4	1,660	-	
19	BRYNTIRION COMP HIGHWAYS	134			134	-	134	-	
20	EDUCATION S106 SCHEMES	169	(169)		-	-	-	-	
21	SCHOOLS CAPITAL MAINTENANCE GRANT	2,429	1,095		3,524	288	3,524	-	
22	WELSH MEDIUM GRANT - BRIDGEND	550			550	-	550	-	
23	WELSH MEDIUM GRANT - OGMORE	-			-	(19)	-	-	
24	WELSH MEDIUM GRANT - PORTHCAWL	550			550	-	550	-	
25	WELSH MEDIUM - HIGHWAYS	-			-	-	-	-	
26	FREE SCHOOL MEALS	1,444			1,444	534	1,444	-	
27	COMMUNITY FOCUSED SCHOOLS	2,328			2,328	487	2,328	-	
28	ALN CAPITAL GRANT	1,229			1,229	162	1,229	-	
29	YSGOL GYMRAEG BRO OGWR MOBILE CLASSROOMS	214	223		437	-	437	-	
30	PORTHCAWL WELSH MEDIUM SEEDLING SCHOOL	370			370	24	370	-	
31	FLYING START EXTENSION - NANTYMOEL PRIMARY	563			563	15	563	-	
32	FLYING START HIGHWAYS	36			36	-	36	-	
	<b>TOTAL Education &amp; Family Support</b>	<b>17,646</b>	<b>1,149</b>	<b>100</b>	<b>-</b>	<b>18,895</b>	<b>1,845</b>	<b>18,895</b>	<b>-</b>

**Social Services and Wellbeing**

33	BRYN Y CAE - UPGRADE HFE'S	40			40	-	40	-	
34	TY CWM OGWR	23			23	-	23	-	

	Budget 24-25 (Council Jul 24)	New Approvals and Adjustments	Virement	Slippage (to)/from Future Years	Revised Budget 2024-25	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
35 WELLBEING MINOR WORKS	212				212	40	212	-	
36 BAKERS WAY MINOR WORKS	10				10	-	10	-	
37 CHILDRENS RESIDENTIAL HUB	74				74	1	74	-	
39 BREAKAWAY	98				98	22	98	-	
40 COMMUNITY CENTRES	167				167	12	167	-	
41 BRYNGARW HOUSE	8				8	-	8	-	
42 YSGOL BRYN CASTELL HARD COURT	99				99	-	99	-	
43 OGMORE VALLEY LIFE CENTRE	108				108	-	108	-	
<b>TOTAL Social Services &amp; Wellbeing</b>	<b>839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>839</b>	<b>75</b>	<b>839</b>	<b>-</b>	<b>-</b>

### Communities

#### Street Scene

44 COMMUNITY PLAY AREAS	2,851				2,851	1,171	2,851	-	
45 PARKS/PAVILIONS/OTHER COMMUNITY ASSET TRANSFERS	936				936	228	936	-	
46 ABERFIELDS PLAYFIELDS	11				11	-	11	-	
47 CITY DEAL	1,190			(1,190)	-	-	-	-	
48 COYCHURCH CREM WORKS	75				75	18	75	-	
49 REMEDIAL MEASURES - CAR PARKS	135				135	-	135	-	
50 CIVIL PARKING ENFORCEMENT CAR	20				20	11	20	-	
51 20 MPH DEFAULT SPEED	328	193			521	14	521	-	
52 ROAD SAFETY SCHEMES	6				6	(5)	6	-	
53 PENCOED TECH PARK ACT TRAVEL	-				-	(41)	-	-	
54 HIGHWAYS STRUCTURAL WORKS	494				494	321	494	-	
55 CARRIAGEWAY CAPITAL WORKS	250				250	189	250	-	
56 CARRIAGEWAY & FOOTWAYS RENEWAL	-				-	(9)	-	-	
57 HEOL MOSTYN JUNCTION	168	(168)			-	-	-	-	
58 PROW CAPITAL IMPROVEMENT STRUCTURES	65				65	15	65	-	
59 HIGHWAYS MAINTENANCE GRANT	1,000				1,000	848	1,000	-	
60 REPLACEMENT OF STREET LIGHTING	400	45			445	112	445	-	
61 RIVER BRIDGE PROTECTION MEASURES	22				22	-	22	-	
62 COMMUNITIES MINOR WORKS	562		200		762	9	762	-	
63 ULEV TRANSFORMATION FUND 2	23				23	16	23	-	
64 FLEET TRANSITION-ULEV	155				155	70	155	-	
65 NET ZERO CARBON FLEET	147				147	-	147	-	
66 PORTHCAWL BUS STATION CCRMETRO	948				948	698	948	-	
67 PENPRYSG ROAD BRIDGE	13	(13)			-	-	-	-	
68 RESIDENTS PARKING BRIDGEND TOWN CENTRE	109				109	-	109	-	
69 FLEET VEHICLES	1,881		(17)		1,864	136	1,864	-	
70 AHP WASTE	4	(4)			-	-	-	-	
71 CORNELLY CEMETERY EXTENSION	190		(185)		5	5	5	-	
72 PORTHCAWL CEMETERY EXTENSION	164		(129)		35	35	35	-	
73 CEMETERIES			314		314	-	314	-	
74 S106 HIGHWAYS SMALL SCHEMES	39				39	2	39	-	
75 ROAD SAFETY IMPROVEMENTS	380				380	-	380	-	

	Budget 24-25 (Council Jul 24)	New Approvals and Adjustments	Virement	Slippage (to)/from Future Years	Revised Budget 2024-25	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
76 TONDU WASTE DEPOT UPGRADE FIRE	17	(17)			-	-	-	-	
77 PUFFIN CROSSING KENFIG HILL	6				6	(2)	6	-	
78 YNNSAWDRE TO BRYNCETHIN ATR	-				-	(19)	-	-	
79 COAL TIP SAFETY	457				457	-	457	-	
80 TRAFFIC SIGNAL REPLACEMENT	290				290	-	290	-	
81 GRASS CUTTING EQUIPMENT			340		340		340		
82 WASTE VEHICLES					-	-	-	-	
<b>TOTAL Streetscene</b>	<b>13,336</b>	<b>36</b>	<b>523</b>	<b>-1,190</b>	<b>12,705</b>	<b>3,822</b>	<b>12,705</b>	<b>0</b>	<b>0</b>

**Regeneration & Development**

83 EU CONVERGANCE SRF BUDGET	436				436	39	436	-	
84 COSY CORNER (PRIF)	-					(73)	-	-	
85 PORTHCAWL REGENERATION PROJECT	2,616				2,616	9	2,616	-	
86 ECONOMIC STIMULUS GRANT	417				417	-	417	-	
87 COASTAL RISK MANAGEMENT PROGRAM	210				210	20	210	-	
88 EWENNY ROAD INDUSTRIAL ESTATE	3,493				3,493	8	3,493	-	
89 ARBED PHASE 1 CESP	1,804				1,804	51	1,804	-	
90 BRIDGEND HEAT SCHEME	3,265			(3,265)	-	-	-	-	
91 MAESTEG TOWN HALL CULTURAL HUB	1,547				1,547	1,061	1,547	-	
92 TOWN & COMMUNITY COUNCIL FUND	219				219	24	219	-	
93 PORTHCAWL TOWNSCAPE HERITAGE INITIATIVE	124				124	5	124	-	
94 COMM PROP ENHANCEMENT FUND	134				134	-	134	-	
95 URBAN CENTRE PROPERTY ENHANCE	1,075				1,075	79	1,075	-	
96 2030 DECARBONISATION	425		290		715	35	715	-	
97 SHARED PROSPERITY FRAMEWORK	5,221		(290)		4,931	339	4,931	-	
98 LOCAL PLACES FOR NATURE	110				110	-	110	-	
99 PORTHCAWL GRAND PAVILION	10,363			(8,688)	1,675	508	1,675	-	
100 LOW CARBON HEAT GRANT	1,089				1,089	-	1,089	-	
<b>TOTAL Regeneration &amp; Development</b>	<b>32,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,953</b>	<b>20,595</b>	<b>2,105</b>	<b>20,595</b>	<b>-</b>

**Corporate Landlord**

101 CAPITAL ASSET MANAGEMENT FUND	773	(773)			-	-	-	-	
102 RAVENS COURT	446	(106)	(340)		-	-	-	-	
103 DDA WORKS	206				206	2	206	-	
104 MINOR WORKS	2,032		(431)		1,601	-	1,601	-	
105 FIRE PRECAUTIONS MINOR WORKS	77		100		177	42	177	-	
106 BRYNCETHIN DEPOT FACILITIES	517				517	118	517	-	
107 WATERTON UPGRADE	7,074	(3,500)	17		3,591	-	3,591	-	
108 EVERGREEN HALL	29		31		60	60	60	-	
109 INVESTING IN COMMUNITIES	47				47	-	47	-	
<b>TOTAL Corporate Landlord</b>	<b>11,201</b>	<b>(4,379)</b>	<b>(623)</b>	<b>-</b>	<b>6,199</b>	<b>222</b>	<b>6,199</b>	<b>-</b>	<b>-</b>

**TOTAL Communities**

<b>TOTAL Communities</b>	<b>57,085</b>	<b>(4,343)</b>	<b>(100)</b>	<b>(13,143)</b>	<b>39,499</b>	<b>6,149</b>	<b>39,499</b>	<b>-</b>	<b>-</b>
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	Budget 24-25 (Council Jul 24)	New Approvals and Adjustments	Virement	Slippage (to)/from Future Years	Revised Budget 2024-25	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

**Chief Executive**

110	MANDATORY DFG RELATED EXPEND	1,447			500	1,947	1,209	1,947	-	
111	DISCRETIONARY HOUSING GRANTS	200				200	92	200	-	
112	HOUSING RENEWAL AREA	73				73	(12)	73	-	
113	ENABLE GRANT	270				270	62	270	-	
114	HOMELESSNESS AND HOUSING	530				530	-	530	-	
115	HEALTH & WELLBEING VILLAGE	480				480	-	480	-	
116	AFFORDABLE HOUSING	1,066				1,066	263	1,066	-	
117	LEASING SCHEME WALES	187	(187)			-	-	-	-	
<b>TOTAL Housing/Homelessness</b>		<b>4,253</b>	<b>(187)</b>	<b>-</b>	<b>500</b>	<b>4,566</b>	<b>1,614</b>	<b>4,566</b>	<b>-</b>	<b>-</b>

118	ICT INFRA SUPPORT	795				795	18	795	-	
119	DIGITAL TRANSFORMATION	102				102	-	102	-	
120	CCTV SYSTEMS REPLACEMENT	38				38	-	38	-	
121	ICT DATA CENTRE REPLACEMENT	238				238	92	238	-	
122	HWB SCHOOLS IT	91				91	12	91	-	
<b>TOTAL ICT</b>		<b>1,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,264</b>	<b>122</b>	<b>1,264</b>	<b>-</b>	<b>-</b>

**TOTAL Chief Executive**

<b>5,517</b>	<b>(187)</b>	<b>-</b>	<b>500</b>	<b>5,830</b>	<b>1,736</b>	<b>5,830</b>	<b>-</b>	<b>-</b>
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**Council Wide Capital Budgets**

123	CORPORATE CAPITAL FUND	773				773	-	773	-	
124	UNALLOCATED	222				222	-	222	-	
		<b>995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995</b>	<b>-</b>	<b>995</b>	<b>-</b>	<b>-</b>

<b>GRAND TOTAL</b>		<b>82,082</b>	<b>(3,381)</b>	<b>-</b>	<b>(12,643)</b>	<b>66,058</b>	<b>9,805</b>	<b>66,058</b>	<b>-</b>	<b>-</b>
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## PRUDENTIAL AND OTHER INDICATORS 2023-24 and 2024-25

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's Prudential Code for Capital Finance in Local Authorities.

Table 1 shows the 2023-24 actual capital expenditure, the capital programme approved by Council on 28 February 2024 and the projected capital expenditure for the current financial year which has incorporated slippage of schemes from 2023-24 together with any new grants and contributions or changes in the profile of funding for 2024-25.

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2023-24 Actual £m	2024-25 Estimate (Council Feb 24) £m	2024-25 Projection £m
Council Fund services	31.813	110.537	66.058
Right of Use Assets	0.00	3.149	2.850
<b>TOTAL</b>	<b>31.813</b>	<b>113.686</b>	<b>68.908</b>

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (the 'net financing requirement' - borrowing, leasing and Private Finance Initiative). The planned financing of the expenditure has been projected as follows:

Table 2: Capital financing

	2023-24 Actual £m	2024-25 Estimate (Council Feb 24) £m	2024-25 Projection £m
External sources	18.677	62.595	31.360
Own resources	7.420	36.289	27.179
Net Financing Requirement	5.716	14.802	10.369
<b>TOTAL</b>	<b>31.813</b>	<b>113.686</b>	<b>68.908</b>

The net financing requirement is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision (MRP). As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. The total of these are shown in Table 3 below:

Table 3: Replacement of debt finance

	2023-24 Actual £m	2024-25 Estimate (Council Feb 24) £m	2024-25 Projection £m
Minimum Revenue Provision (MRP)	3.298	3.385	1.076
Additional Voluntary Revenue Provision (VRP)	2.273	2.788	1.861
<b>Total MRP &amp; VRP</b>	<b>5.571</b>	<b>6.173</b>	<b>2.937</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.929</b>	<b>1.148</b>	<b>1.148</b>
<b>Total Own Resources</b>	<b>6.500</b>	<b>7.321</b>	<b>4.085</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. Based on the above figures for expenditure and financing, the Council's actual CFR is as follows based on the movement on capital expenditure during the year:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2023-24 Actual £m	2024-25 Estimate – Capital Strategy £m	2024-25 Projection £m
<b>Capital Financing Requirement</b>			
Opening CFR excluding PFI & other liabilities	162.600	170.246	162.745
Opening PFI CFR	13.903	12.974	12.974
<b>Total opening CFR</b>	<b>176.503</b>	<b>183.220</b>	<b>175.719</b>
Movement in CFR excluding PFI & other liabilities	0.145	5.333	4.283
Movement in PFI and other long term leases CFR	(0.929)	2.148	2.001
<b>Total movement in CFR</b>	<b>(0.784)</b>	<b>7.481</b>	<b>6.284</b>
<b>Closing CFR</b>	<b>175.719</b>	<b>190.701</b>	<b>182.003</b>
<b>Movement in CFR represented by:</b>			
Net financing need for year (Table 2 above)	5.716	14.802	10.369
Minimum and voluntary revenue provisions	(5.571)	(6.173)	(2.937)
MRP on PFI and other long term leases (Table 3)	(0.929)	(1.148)	(1.148)
<b>Total movement</b>	<b>(0.784)</b>	<b>7.481</b>	<b>6.284</b>

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. This is known as Internal Borrowing. Projected levels of the Council's total outstanding debt, which comprises of borrowing, PFI and Other Long Term Liabilities, are shown below compared with the Capital Financing Requirement:

*Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

	<b>2023-24</b>	<b>2024-25</b>	<b>2024-25</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 24)</b>	<b>£m</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Debt (incl. PFI & leases)	<b>117.682</b>	<b>118.049</b>	<b>108.883</b>
Capital Financing Requirement	<b>175.719</b>	<b>190.701</b>	<b>182.003</b>

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 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 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2023-24</b>	<b>2024-25</b>	<b>2024-25</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 24)</b>	<b>£m</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Authorised limit – borrowing	170.000	170.000	170.000
Authorised limit – other long term liabilities	30.000	25.000	25.000
<b>Authorised Limit Total</b>	<b>200.00</b>	<b>195.000</b>	<b>195.000</b>
Operational boundary – borrowing	130.000	120.000	120.000
Operational boundary – other long term liabilities	25.000	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>155.000</b>	<b>140.000</b>	<b>140.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>117.682</b>	<b>118.049</b>	<b>108.883</b>

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants

*Table 7: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2023-24 Actual £m</b>	<b>2024-25 Estimate (Council Feb 24) £m</b>	<b>2024-25 Projection £m</b>
Capital Financing Central	5.658	7.519	5.153
Other Financing costs	4.220	4.735	3.808
<b>TOTAL FINANCING COSTS</b>	<b>9.878</b>	<b>12.255</b>	<b>8.961</b>
Proportion of net revenue stream	2.89%	3.58%	2.47%

This shows that in 2024-25, it was forecast that 3.58% of the Council's net revenue income will be spent on paying back the costs of capital expenditure. The current projection is anticipating it will be 2.47%.

The net revenue stream is calculated as the income from Welsh Government Revenue Settlement Grant plus Council Tax and NNDR, less Police and Community Council precepts.

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

*Table 8: Prudential Indicator: Net Income from Commercial and Service Investments to Net Revenue Stream*

	<b>2023-24 Actual £m</b>	<b>2024-25 Estimate £m</b>	<b>2024-25 Projection £m</b>
Net Revenue Budget	343.841	360.671	363.009
Income from Commercial Investments	0.459	0.459	0.459
<b>% Ratio</b>	<b>0.13%</b>	<b>0.13%</b>	<b>0.13%</b>

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.

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>TREASURY MANAGEMENT HALF YEAR REPORT TO SEPTEMBER 2024</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>Paragraph 22.5 of the Financial Procedure Rules require the Chief Finance Officer to report quarterly to Cabinet, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.</b>
<b>Executive Summary:</b>	<p><b>The report provides an update of Treasury Management activity for the half year period 1 April 2024 – 30 September 2024.</b></p> <p><b>As at 30 September 2024 the Council had £99.58 million of long term debt, £15.32 million of other long term liabilities and an overall net debt position of £69.90 million.</b></p> <p><b>The average interest rate for debt was 4.69% (excluding Salix borrowing which is interest free) and for investments it was 5.09%.</b></p> <p><b>The Council has a manageable maturity structure of borrowing, with its current debt repayable at various points over the next 30 years.</b></p> <p><b>The Council has complied with the Chartered Institute of Public Finance and Accountancy’s Treasury Management Code and Welsh Government Investment Guidance.</b></p>

## 1. Purpose of Report

1.1 The purpose of this report is to:

- Report on the Treasury Management Indicators for the period to September 2024.
- Comply with the requirement of the Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) ‘Treasury Management in the Public Services: Code of Practice’ (the CIPFA Code).

## **2. Background**

- 2.1 Treasury Management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 2.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 edition (the CIPFA Code), which requires the Council to approve a Treasury Management Strategy before the start of each financial year, and, as a minimum, a semi-annual and annual treasury outturn report. The CIPFA Code also requires the Council to set a number of Treasury Management Indicators, which are forward looking parameters, and enable the Council to measure and manage its exposure to treasury management risks, and these are included throughout this report. Welsh Government (WG) guidance issued in November 2019 on Local Authority Investment's requires the Council to approve an Investment Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government Guidance.
- 2.3 The CIPFA Prudential Code for Capital Finance in Local Authorities (2021 edition) (Prudential Code) includes a requirement for Local Authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The definition of investments in the Prudential Code covers all the financial assets of the Council as well as other non-financial assets which the authority holds primarily for financial return. The Council's Capital Strategy 2024-25 complied with CIPFA's requirement and included the Prudential Indicators along with the details regarding the Council's non-treasury investments. The Capital Strategy and Treasury Management Strategy should be read in conjunction with each other as they are interlinked, as borrowing and investments are directly impacted upon by capital plans, and both were approved together by Council on 28 February 2024.
- 2.4 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:
- advice and guidance on relevant policies, strategies and reports
  - advice on investment decisions
  - notification of credit ratings and changes
  - other information on credit quality
  - advice on debt management decisions
  - accounting advice
  - reports on treasury performance
  - forecasts of interest rates
  - training courses



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

#### **3.1 External Context – Economic Background**

- 3.1.1 Inflation, measured by the Consumer Price Index (CPI), rose by 1.7% in the 12 months to September 2024, however this was the first time since April 2021 that the rate has fallen below the UK Government's target of 2%. The largest downward contribution in the monthly change for the CPI annual rate was driven by transport, with the largest contributions from air fares and motor fuels. Conversely, the largest increase came from food and non-alcoholic beverages. Of significance for the next period is the rise in the retail energy price cap, which will impact CPI in October 2024.
- 3.1.2 With headline inflation lower, the Bank of England (BoE) cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%. The meeting minutes suggested sticky inflation remaining a concern among policymakers. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025. However, Arlingclose may revise their forecast following the recent budget announcement by the new Chancellor.
- 3.1.3 The financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year close to where they started.

#### **3.2 Public Works Loan Board (PWLB) Lending Facility Advice**

- 3.2.1 As the Council may need to borrow to support its capital programme, it continues to follow the PWLB requirement for borrowing to not invest in assets primarily for yield, or financial return, as this would prevent the Council from accessing funding from the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.
- 3.2.2 The Council's treasury management activities are undertaken in line with CIPFA's Prudential Code for Capital Finance and CIPFA's Treasury Management Code. To comply with the Prudential Code authorities must not borrow to invest primarily for financial return. The Prudential Code also states it is not prudent for local authorities to make investment or spending decisions that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold, however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments. The Council has complied with the full requirements of both codes during the period to 30 September 2024.

### 3.3 Treasury Management update for period 1 April 2024 to 30 September 2024

3.3.1 The Council has complied with its legislative and regulatory requirements during the period 1 April to September 2024-25. The Treasury Management Strategy 2024-25 was approved by Council on 28 February 2024.

3.3.2 A summary of the treasury management activities is shown in the Treasury Management Half Year Report to 30 September 2024 at **Appendix A**. The Council's external debt and investment position on 30 September 2024 is shown in Table 1 below, and more detail is provided within the appendix. As with the previous year, no long-term borrowing has been taken out in 2024-25 so far and no debt rescheduling has been undertaken as there has been no opportunity to make significant savings. However, should the opportunity arise to reschedule any loans at a preferential rate, this would be done.

Generally, the Council has experienced favourable cash flows which have continued to provide surplus funds for investment and the balance on investments held on 30 September 2024 was £45.00 million, with an average interest rate of 5.09%. The total balance of investments has reduced slightly compared to those at the end of last financial year, 31 March 2024, when the balance held was £50.00 million, at an average interest rate of 5.02%. The short-term borrowing taken out for cashflow purposes at the end of the previous year has been fully repaid.

**Table 1: Council's external debt and investment position as of 30 September 2024**

Investments for Treasury Purposes	Principal as at 31/03/2024 £m	Principal as at 30/9/2024 £m	Average Rate 30/9/2024 %
<b>External Long-Term Borrowing</b>			
Public Works Loan Board	77.62	77.62	4.70
Lender's Option Borrower's Option	19.25	19.25	4.65
Salix Loans (interest Free)	2.74	2.71	NIL
<b>Short Term Borrowing</b>	5.00	NIL	NIL
<b>Total External Long-Term Borrowing</b>	<b>104.61</b>	<b>99.58</b>	<b>4.69*</b>
<b>Other Long-Term Liabilities</b>			
Private Finance Initiative**	12.97	12.47	
IFRS 16 Leases	NIL	2.85	
<b>Total Other Long-Term Liabilities</b>	<b>12.97</b>	<b>15.32</b>	
<b>Total Gross Debt</b>	<b>117.58</b>	<b>114.90</b>	
<b>Investments for treasury management purposes</b>			
Local Authorities	44.00	20.00	5.65
Money Market Funds (instant access)	NIL	18.50	5.00
Banks	6.00	6.50	3.63
<b>Total Treasury Investments</b>	<b>50.00</b>	<b>45.00</b>	<b>5.09</b>
<b>Net Debt</b>	<b>67.58</b>	<b>69.90</b>	

\* Excluding Salix loans which are interest free

\*\* (PFI) arrangement for the provision of a Secondary School in Maesteg 9.50 years remaining term

- 3.3.3 The £19.25 million in Table 1 above relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054 though these may be rescheduled in advance of this maturity date with the lender having the ability to recall the debt at 2 intervals in the year, July and January. However, this is currently unlikely in the current interest climate and the option was not exercised on 22 July 2024.
- 3.3.4 The Total Other Long Term Liabilities figure of £15.32 million at 30 September 2024 includes £12.47 million for the Council's Private Finance initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. The Other Long-Term Liabilities reflect leases required to be recognised under International Financial Reporting Standard 16 – Leases (IFRS 16), which is a new requirement for the recognition of assets that are leased, which previously would have not been recognised as assets on the balance sheet but charged as an expense through income and expenditure. The new accounting standard requires that for any leases not previously identified as assets, that a right of use asset is recognised on the balance sheet and an equal lease liability also recognised.
- 3.3.5 Both the CIPFA Code and Welsh Government Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return. Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard and Poor's to ensure that this lies within the Councils' agreed minimum credit rating.
- 3.3.6 The Council defines high credit quality as organisations and securities having a credit rating of A- (A3 for Moody's) or higher and the Council does not invest in any organisation below this level. Schedule A shows the equivalence table for credit ratings for Fitch, Moody's, and Standard and Poor's and explains the different investment grades.
- 3.3.7 There are no long-term investment (original duration of 12 months or more) outstanding as at 30 September 2024. All investments at 30 September 2024 are short term deposits including instant access and fixed term deposits.
- 3.3.8 The Treasury Management Code requires the Council to set and report on a number of Treasury Management Indicators. The indicators either summarise the expected activity or introduce limits upon the activity. Details of the estimates for 2024-25 set out in the Council's Treasury Management Strategy compared to the actual at 30 September 2024 are shown in **Appendix A** and these show that the Council operated within the approved limits throughout the period.

#### **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. This is an information report; therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

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

**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 reflected within the report and attached **Appendix A**.

**9. Recommendations**

9.1 It is recommended that Council:

- Note the treasury management activities for 2024-25 for the half year period 1 April 2024 to 30 September 2024.
- Note the Treasury Management Indicators for the half year ending 30 September 2024 against those approved in the Treasury Management Strategy 2024-25.

**Background documents**

None



# Treasury Management Half Year Report to 30 September 2024

## EXECUTIVE SUMMARY

- Treasury Management is the management of the Council's cash flows on a day-to-day basis and is carried out in accordance with legislation and Codes of Practice.
- The Treasury Management Strategy was approved by Council on 28 February 2024.
- Inflation, measured by the Consumer Prices Index (CPI), rose by 1.7% in the 12 months to September 2024, but reduced from 2.2% in August.
- The Bank of England base rate was reduced to 5% in August 2024 from the previous 5.25%.
- No new long-term debt was taken out during the period, and no debt was rescheduled during the period. Interest rates on long term-debt remain unchanged at an average of 4.69%.
- Total external borrowing at 30 September 2024 was £99.58 million, a reduction of £5.03 million due to repayment of a short-term loan in May 2024 of £5 million, and £0.03 million scheduled repayments of Salix loans.
- Total investments as at 30 September 2024 were £45 million, a reduction of £5m from 1 April 2024.
- Average interest rates on investments as at 30 September 2024 was 5.09%, a slight increase from 31 March 2024 of 5.02%.
- The Council's investments are split across a number of counterparties, including local authorities, money market funds and banks.
- Investments are made on the basis of security, liquidity and, only then, return, commensurate with the security and liquidity of the investment.
- Due to the current level of reserves, the Council is able to use short-term resources to fund capital expenditure in lieu of external borrowing. However, this is only a short-term position and, whilst the liability benchmark (Chart 1) suggests that the Council may not need new borrowing in the current financial year, it is likely that potentially up to £30 million of new borrowing will be required during 2025-26, and a further £6m in 2026-27.
- The Council may use short-term borrowing (less than 12 months) to manage day-to-day operational cash flow. The Council did not have any such borrowing as at 30 September 2024.
- Council approved a change to the method of setting aside resources to repay debt, known as Minimum Revenue Provision (MRP), on 23 October 2024. The impact of this change has been reflected within this report as it affects the Capital Financing Requirement.
- The Council has operated within the approved limits set out in the Treasury Management Strategy 2024-25.

## 1.0 INTRODUCTION

Treasury management activities are the *'management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.'* (Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice (2021) (CIPFA TM Code).

The definition of 'Investments' includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services, or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity.

The Council carries out its treasury management function in accordance with the CIPFA TM Code and the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA TM Code and Welsh Government Guidance.

The Council has an integrated Treasury Management Strategy where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council will look to borrow money if needed to either meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore, any actual loans taken are not generally associated with particular items of expenditure or assets.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer. The Governance and Audit Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies and regular reports will be presented to the Committee for their consideration.

## 2.0 ECONOMIC CONTEXT

The Consumer Prices Index (CPI) rose by 1.7% in the 12 months to September 2024, down from 2.2% in August 2024. On a monthly basis, CPI was unchanged in September 2024, down from a rise of 0.5% in September 2023.

The CPI rate fell below target for the first time since April 2021 in a surprisingly soft set of inflation figures. Following on from the wage growth data released 15 October 2024, policymakers will be pleased to see declines in both the core and services rates, suggesting underlying inflationary pressures are ebbing. However, they will remain cautious; volatile items such as air fares and fuel prices were the primary drivers of

the drop, food price disinflation reversed, and price pressures continue to run fairly hot in some areas. With the rise in the retail energy price cap showing up in the October data (released next month), the views of our advisors (Arlingclose) are that they believe one more rate cut this year (in November) remains the most likely outcome.

With headline inflation lower, the Bank of England cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall with November 2024 the likely next reduction, with further reductions taking Bank Rate down to around 3% by the end of 2025.

Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

Arlingclose have maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

### 3.0 EXTERNAL DEBT AND INVESTMENT POSITION

The Council's external debt and investments at 30 September 2024 are set out in Table 1 below. The Council held £99.58 million of Long Term Borrowing comprising:

- Public Works Loan Board (PWLB - UK government) at fixed rates and duration
- Lender's Option Borrower's Option (LOBO) which may be rescheduled ahead of their maturity of 22 July 2054 (no call was made in July 2024)
- £2.71million of Salix interest-free loans

The Council borrowed £5 million for short term cash flow purposes in March 2024, which was repaid in May 2024.

At 30 September 2024 the Council had £45.00 million of investments for treasury management purposes and £4.99 million of investments for commercial purposes.



**Table 1: Council's external debt and investment position as of 30 September 2024**

Investments for Treasury Purposes	Principal as at 31/03/2024 £m	Principal as at 30/09/2024 £m	Average Rate 30/09/2024 %
<b>External Long Term Borrowing</b>			
Public Works Loan Board (PWLB)	77.62	77.62	4.70
Lenders Option Borrowers Option (LOBO)	19.25	19.25	4.65
Salix Loans (Interest Free)	2.74	2.71	NIL
<b>Short Term Borrowing</b>	5.00	NIL	NIL
<b>Total External Borrowing</b>	<b>104.61</b>	<b>99.58</b>	<b>4.69*</b>
<b>Other Long Term Liabilities</b>			
Private Finance Initiative**	12.97	12.47	
IFRS 16 Leases	NIL	2.85	
<b>Total Other Long Term Liabilities</b>	<b>12.97</b>	<b>15.32</b>	
<b>Total Gross Debt</b>	<b>117.58</b>	<b>114.90</b>	
<b>Investments for treasury management purposes</b>			
Local Authorities	44.00	20.00	5.65
Money Market Funds (instant access)	NIL	18.50	5.00
Banks	6.00	6.50	3.63
<b>Total Treasury Investments</b>	<b>50.00</b>	<b>45.00</b>	<b>5.09</b>
<b>Net Debt</b>	<b>67.58</b>	<b>69.90</b>	

Investments for Commercial Purposes	Fair Value as at 31/03/2024 £m	Anticipated return 31/3/2025 £m
Investments	4.990	0.459

\* Excluding Salix loans which are interest free and Short Term borrowing

\*\* (PFI) arrangement for the provision of a Secondary School in Maesteg 9.50 years remaining term

The current profile of repayment of the Council's long-term debt is set out in the Liability Benchmark chart below. The table assumes that the Public Works Loan Board and Lender's Option Borrower's Option loans will be repayable on their maturity date. However, although shown as maturing in 2054 the £19.25 million of Lender's Option Borrower's Option loans can be called at 2 intervals in the year July and January however it is currently unlikely in the current interest climate. The option was not exercised on 22 July 2024.

PWLB lending criteria requires that the Council does not invest purely for financial return if it wishes to access any new PWLB borrowing. The CIPFA TM Code sets out that it is not prudent for local authorities to invest for financial return.

All borrowing by the Council is as a single pool of debt rather than having loans specific to individual schemes. Where a Council finances capital expenditure by debt, it must put aside revenue to repay that debt in later years, known as Minimum Revenue Provision (MRP). Council approved a change to the MRP Policy at its meeting of 23 October 2024, to move from a straight line method of calculation of MRP to an annuity method. As a result of this change the forecast MRP for 2024-25 is £3.838 million, which includes supported and unsupported borrowing, the PFI for Maesteg School and for leases which previously have not been recognised as liabilities, but which are now required to be under International Financial Reporting Standard 16 (IFRS16). This is a reduction from the amount forecast at the start of the year, which was £7.321 million. The annuity method of calculating MRP will result in lower MRP charges in earlier years and higher charges in later years. However, when considering the total cost of MRP plus interest charges, the annuity method provides a more even cost each year. It is also considered more prudent as it takes into account the time value of money, so reflects the impact of having £100 now as being more valuable than £100 in one years' time.

### Liability benchmark

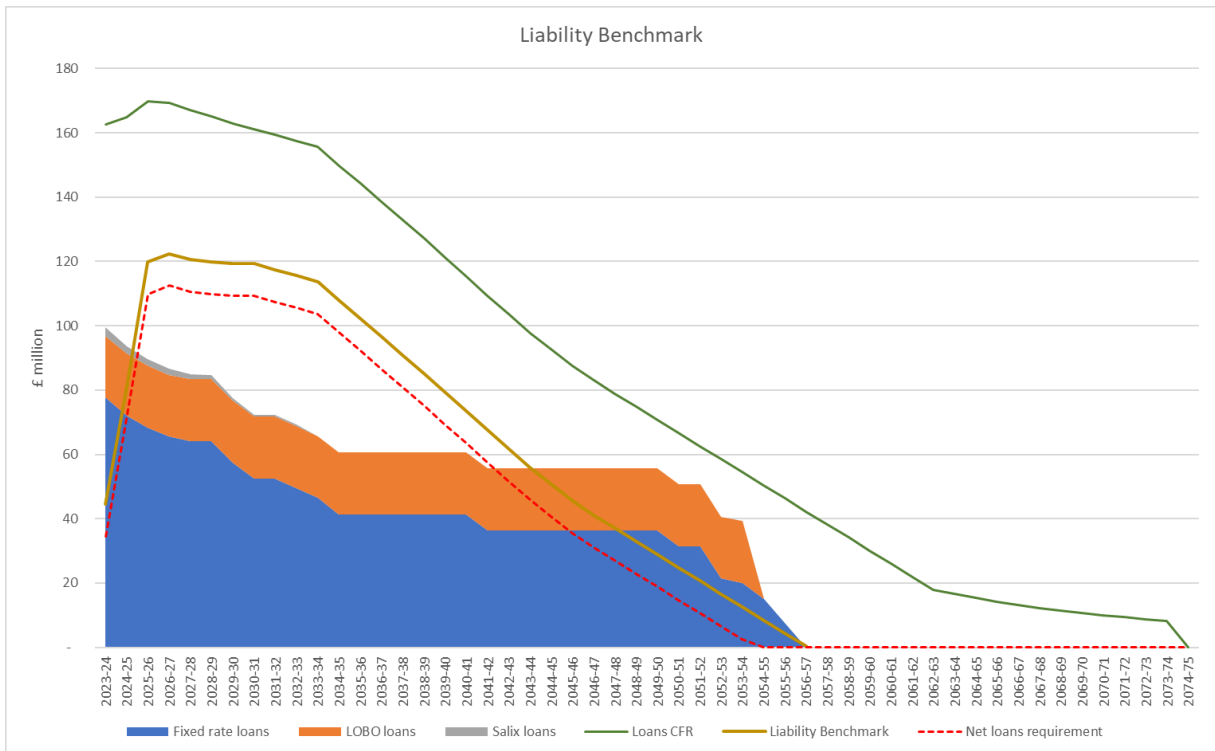
The liability benchmark is a tool which helps to assess the lowest level of borrowing the Council needs, taking into account available cash resources to fund capital expenditure in the short term. A minimum level of investments is factored into the calculation, set at £10 million, which are held as reasonably liquid to ensure the Council has available cash resources to meet day-to-day cash flow requirements. Forecast borrowing needs are based on capital expenditure estimates and available useable reserves. The underlying need to borrow to fund capital expenditure (known as the Capital Financing Requirement or CFR) is the amount of capital expenditure which is not funded via grants, capital receipts or contributions from revenue and earmarked reserves.

Table 2 below shows the Capital Financing Requirement and the calculation of the liability benchmark. It is important to note that the graph is based on the current approved capital programme and the borrowing associated therewith. Any new schemes which require debt financing will increase the CFR and loans requirement.

**Table 2: Liability benchmark**

	31 March 2024 actual £m	31 March 2025 estimate (TMS) £m	31 March 2025 forecast £m	31 March 2026 forecast £m	31 March 2027 forecast £m
Capital Financing Requirement	175.72	183.22	182.00	185.77	183.91
Less: Other debt liabilities	(12.97)	(15.12)	(15.12)	(13.90)	(12.58)
<b>Loans Capital Financing Requirement</b>	<b>162.75</b>	<b>168.10</b>	<b>166.88</b>	<b>171.88</b>	<b>171.33</b>
Less: Balance Sheet Resources	(128.35)	(58.52)	(93.50)	(60.01)	(56.75)
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
<b>Liability Benchmark</b>	<b>44.40</b>	<b>119.58</b>	<b>83.39</b>	<b>121.86</b>	<b>124.58</b>

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



It is forecast that the Council may need to borrow long term in 2025-26 although this is based on a number of assumptions including the forecast capital programme expenditure and the level and use of reserves.

The Section 151 Officer will monitor and update the liability benchmark assumptions on an on-going basis and report any significant changes within the treasury management monitoring reports to Cabinet, the Governance and Audit Committee and Council as appropriate. This could be as a result of changes in the level of usable reserves at year end, slippage within the Capital Programme or changes within the working capital assumptions which may affect the Council’s need to take new long-term borrowing.

## 4.0 BORROWING

As at 30 September 2024 the Council held £99.58 million of Long-Term Borrowing, £96.87 million of which is fixed long term loans as part of its strategy for funding previous years' capital programmes.

Based on current forecasts the anticipated need to borrow during 2025-26 is £30 million with further borrowing of £6 million in 2026-27. The gap between the shaded area and the brown line in the Liability Benchmark (Chart 1) above is the forecast need to borrow.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB). This was the source of funding the last time the Council took long-term borrowing of £5 million in March 2012. The Council will however consider long term loans from other sources including banks, pension funds and other local authorities if appropriate. The Council will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Treasury Management Code.

The Council has loans from PWLB maturing within the next 3 financial years that it will need to repay. Whilst at present it is anticipated that the Council will have resources to repay the loans maturing at the end of 2024-25, it will be dependent on the level of cash resources available at that time. The value of the loans due to be repaid over the next 3 years is shown in Table 3.

**Table 3: Value of PWLB maturing debt**

	2024-25 £ million	2025-26 £ million	2026-27 £ million
Value of maturing debt	5.580	3.709	2.790

The £5.58 million for 2024-25 is due for repayment on 31 March 2025. As noted above the Council may need to borrow during 2025-26 which would replace maturing loans.

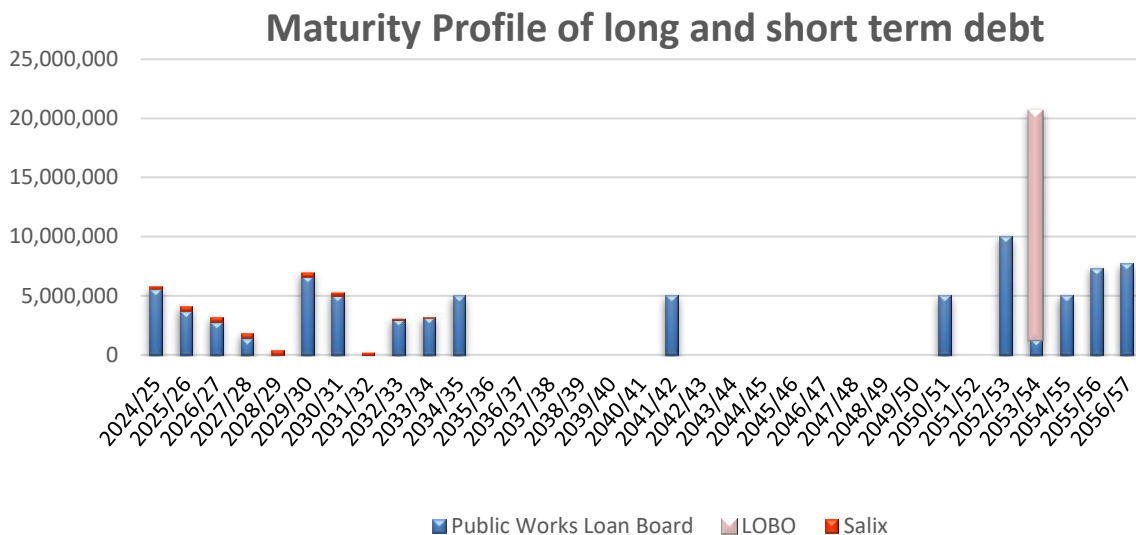
### Maturity structure of borrowing

The maturity structure of borrowing indicator is set to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing. The limits are set to avoid having large amounts of debt maturing in a short space of time. and is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. Where the maturity date of borrowing is unknown, as in the case of LOBO loans, the maturity should normally be determined by reference to the earliest date at which the lender can require repayment. The £19.25 million of LOBO loans has therefore been included in the 'Under 12 months' category. This table also reflects the PWLB repayable in 2024-25.

**Table 4: Maturity Structure of Borrowing 2024-25**

Maturity structure of borrowing	Upper limit	lower limit	£ million	As at 30 Sept 2024
Under 12 months	50%	0%	28.02	28.13%
12 months and within 24 months	25%	0%	1.31	1.32%
24 months and within 5 years	25%	0%	5.36	5.38%
5 years and within 10 years	40%	0%	23.51	23.61%
10 years and within 20 years	50%	0%	5.00	5.02%
20 years and above	60%	25%	36.38	36.54%

As can be seen from the table above the maturity structure remains within the limits approved as part of the Treasury Management Strategy 2024-25. The following chart provides the maturity profile of the Council's long term debt.



All the LOBO loans are subject to the lender having the right to change the rate of interest payable during the financial year at either of two trigger points - January and July, with the Council having the right to refuse the change, triggering early repayment and the need to re-finance. This is a manageable risk should repayment be needed during the current financial year as the Council has sufficient funds available in the short term, but would, however, need to consider taking out new debt to replace these loans during the financial year. It is considered unlikely that these loans will be called at the January 2025 call date.

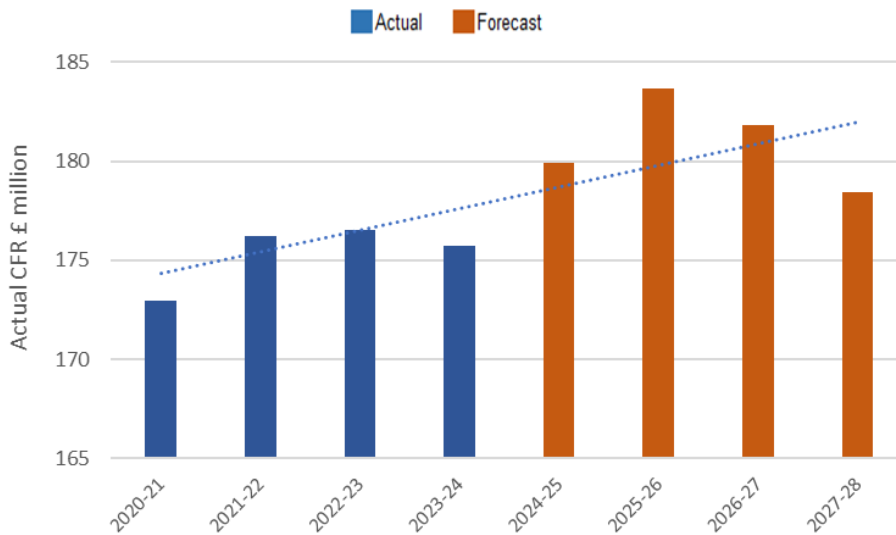
**Table 5: LOBO loans**

Commencement date	Loan value £m	Potential repayment date	Option frequency	Full term maturity
22 January 2004	4.00	22 Jan 2025	6 months	22 January 2054
22 January 2004	5.00	22 Jan 2025	6 months	22 January 2054
22 January 2004	10.25	22 Jan 2025	6 months	22 January 2054

In accordance with the Treasury Management Strategy, the Council is internally borrowing, which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. The current year’s estimated level of internal borrowing is £71.05 million. This is shown by the Council’s Capital Financing Requirement (CFR) net of its external level of debt including other long term debt liabilities. The Council’s forecast CFR as at 31 March 2025 is £179.88 million, external borrowing forecast at 31 March 2025 is £93.71 million and other long term debt liabilities forecast to be £15.12 million, which is primarily the PFI Maesteg School scheme plus the lease commitments of right of use assets. These leases have been reflected in the half year report to recognise the impact of International Financial Reporting Standard 16 (IFRS16) which requires that right of use assets and the equivalent lease liabilities are recognised on the balance sheet as from 1 April 2024.

The chart below shows the trend in the CFR based on **current** capital commitments within the capital programme reported at quarter 2 – 2024-25. The CFR is anticipated to increase in the current year assuming capital expenditure is incurred as currently anticipated. Due to the increase in forecast capital expenditure and borrowing in the quarter 2 capital programme, Whilst the CFR is expected to further increase in 2025-26 before reducing from 2026-27. This is on the assumption that there will be no new schemes in future which require debt financing. If new schemes are added which require debt finance, the CFR will continue to increase.

Capital Financing Requirement Trend



## 5.0 TREASURY INVESTMENTS

The Council holds treasury investments as a result of temporary cash balances arising from its day-to-day activities. The management of the day-to-day cash requirements of the Council is undertaken in-house with advice from Arlingclose, the Council's Treasury Management advisors. This may involve temporary borrowing to meet cash-flow needs or temporary lending of surplus funds. Investment balances can fluctuate daily and arise as a result of a range of circumstances, including timing differences of revenue and capital cash flows, reserves and other balances held for future use.

Investments are made in institutions approved by the Council as part of its Treasury Management Strategy and in accordance with investment guidelines issued by the Welsh Government. As part of the Markets and Financial Instruments Directive II (MIFID II), the Council elected for 'professional' status, which covers national and regional governments and public bodies. The categories of investments the Council can invest in can be changed with any proposed changes being presented to Council for approval.

Treasury investments are made primarily on the basis of ensuring security of the funds invested, whilst managing liquidity, and only then considering a commensurate return on the investment. As at 30 September 2024 the Council held £45.00 million of investments, with a weighted average return of 5.13% (£50.35 million at 5.19% as at 30 June 2024).

Table 6 below shows the investment profile as of 30 September 2024.

**Table 6: Investments by counterparty type**

Investment Category	Balance 1 April 2024	Investments made in period	Investments repaid in period	Balance 30 Sept 2024	Weighted interest rate 1 April 2024 to 30 Sept 2024
	£m	£m	£m	£m	%
Government DMO	0.00	172.50	(172.50)	0.00	5.02
Local Authorities	44.00	0.00	(24.00)	20.00	5.32
Money Market Funds	NIL	81.85	(63.35)	18.50	5.15
Banks (instant access/notice accounts)	6.00	22.75	(22.25)	6.50	4.05
<b>TOTAL</b>	<b>50.00</b>	<b>277.10</b>	<b>(282.10)</b>	<b>45.00</b>	<b>5.13</b>

The following should be noted:

- During the period to 30 September 2024 all investments made were in line with the approved counterparties within the Treasury Management Strategy.
- Investments are diversified over a number of organisations across different sectors, demonstrating a diversified investment portfolio.

- All investments are in sterling and are rated A- and above as per the approved criteria or with a public body.
- The weighted average rates are for all investments made during 1 April 2024 to 30 September 2024.

The overall interest receivable from treasury investments for the period 1 April 2024 to 30 September 2024 was £2.31 million. Although interest rates appear to have reached their peak, the returns on new investments may vary as there will be a time lag on the overall average rates for existing investments until historic investments mature and monies are reinvested. The Council will continue to take a cautious approach to investing to ensure as its primary concern the security of any investments made. The risk of default for investments held is considered negligible.

All investments longer than 364 days will be made with a cautious approach to cash flow requirements and advice from the Council’s Treasury Management advisors will be sought as necessary. All investments as at 30 September 2024 were short term of less than one year duration.

**Table 7: Sums invested for periods longer than a year**

Price risk indicator	TMS 2024-25 £m	Actual £m	Full term maturity
Limit on principal invested beyond financial year end	15	NIL	NIL

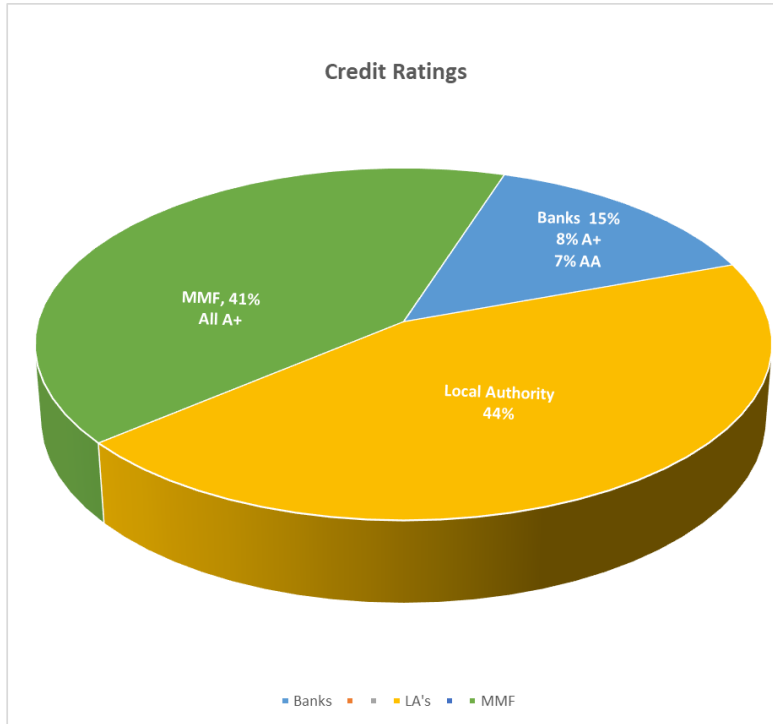
The below table details the Council’s investments by counterparty and maturity profile.

**Table 8: Investments by maturity**

Counterparty Category	Instant Access £m	Deposits maturing within 1 month £m	Deposits maturing within 2-3 months £m	Deposits maturing within 4-12 months £m	TOTAL £m
Local Authorities		10.00		10.00	20.00
Money Market Funds	18.50				18.50
Banks	6.50				6.50
<b>Total</b>	<b>25.00</b>	<b>10.00</b>	<b>0.00</b>	<b>10.00</b>	<b>45.00</b>

The pie chart below summarises the distribution of the Council’s investments by credit ratings. Most local authorities do not have credit ratings but are considered secure investment counterparties. Although the Council did not have deposits with the Government DMO at 30 September 2024 it did use them during the period. These are the UK government and rated AA.





## 6.0 INTEREST RATE EXPOSURES

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. Short term and variable rate loans expose the Council to the risk of short-term interest rate rises and are therefore subject to the Treasury Management indicator below.

The following Table is based on investments at 30 September 2024.

**Table 9: Interest Rate Exposure**

Interest rate risk indicator	£ million
One year revenue impact of a 1% rise in interest rates	(0.132)
One year revenue impact of a 1% fall in interest rates	0.324

It is important to note that this is an indicator, not a limit. It is calculated at a point in time on the assumption that maturing loans and investments would be replaced at rates 1% higher or lower than they are currently, and that the treasury investment and borrowing portfolios remain unchanged over the next 12 months, which in practice is not the case. The figure for the 1% fall in interest rates indicator is not the same figure as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would only exercise their option if there was an increase in interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

A comparison of interest expenditure and income due for the period 1 April 2024 to 30 September 2024 is shown below.

**Table 10: Interest**

	01 April – 30 September 2024 £ million
Interest expenditure payable on long term borrowing	2.262
Interest income received in period	(2.310)
Net interest cost	0.048

## 7.0 NON-TREASURY INVESTMENTS

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities include investments in subsidiaries and investments in property. A schedule of the Council's existing non-treasury investments (currently limited to owned property) is set out in Table 11 below. PWLB guidance requires that local authorities should review their investment portfolio if they wish to secure PWLB borrowing but does not require the local authority to sell existing investment assets. This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. These assets are valued on an annual basis to reflect market conditions and the current value at the time they are valued, otherwise known as Fair Value, which provides security of their value and continued benefit to the Council.

**Table 11: Non-treasury investments**

Non-treasury investments	£ million
Bridgend Science Park - Units 1 & 2	3.170
Waterton Cross Land	0.560
Brynmenyn Industrial Estate Plot 53	0.675
Village Farm Plots 32,119 & 120	0.385
Tyrewise Bridgend	0.200
<b>Total at Fair Value</b>	<b>4.990</b>
<b>Anticipated annual return 2024-25</b>	<b>0.459</b>

The Council considers that the scale of its investment properties is proportionate to the resources of the Council as the investment represents less than 1% of its total long-term assets.

In accordance with Welsh Government Investment Guidance these are to be classified as non-treasury investments.

Schedule A – Credit Rating Equivalence Table

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA		Aaa		AAA	
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1	P-2	A+	A-1
		A		A2		A	
		A-		A3		A-	
	Adequate	BBB+	F2	Baa1	P-3	BBB+	A-2
		BBB		Baa2		BBB	
BBB-		Baa3		BBB-			
SPECULATIVE GRADE	Speculative	B	Ba1	Not Prime (NP)	BB+	B	
			BB		Ba2		BB
			BB-		Ba3		BB-
	Very speculative	B+	B1		B+		
		B	B2		B		
		B-	B3		B-		
	Vulnerable	C	Caa1		C	CCC+	C
			Caa2			CCC	
			Caa3			CCC-	
Ca			CC				
	C			C			
Defaulting	D	D	C		D	D	

**Schedule B – Arlingclose Economic & Interest Rate Forecast – September 2024**

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.95	4.80	4.30	3.80	3.30	3.05	3.10	3.10	3.15	3.15	3.15	3.15	3.15
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.75	3.60	3.50	3.45	3.40	3.40	3.40	3.40	3.45	3.50	3.55	3.55	3.55
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>10yr gilt yield</b>													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.91	3.90	3.80	3.75	3.70	3.70	3.70	3.70	3.75	3.80	3.80	3.80	3.80
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>20yr gilt yield</b>													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.40	4.35	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>50yr gilt yield</b>													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.01	4.00	3.80	3.80	3.80	3.80	3.80	3.80	3.85	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65

As expected, the MPC held the Bank Rate at 5.0% in September. While the “no change” majority of eight to one was unexpectedly strong, the minutes suggested some policymakers believed a gradual approach to loosening policy was warranted given the persistence of services inflation, rather than no loosening at all.

This is in line with Arlingclose, our external advisors’ long-held view that Bank Rate will initially reduce gradually before a more rapid decline in 2025 as services inflation eases.

CPI inflation remained just above the 2% target in August, the Bank expects this to rise to 2.5% by the end of the year as prior falls in energy prices drop out of the annual comparison and reveal the prevailing persistence of domestic inflationary pressures. Private sector wage growth has eased back but remains elevated and services inflation remains high at 5.6%. However, both will continue to decline over time.

UK GDP growth has been relatively strong in H1 2024, although this partly reflects are bound from the H2 2023 technical recession. Underlying growth is weaker, but risks around domestic demand lie to the upside due to recovering consumer demand (although the announcement of higher taxes in the upcoming Budget could damage confidence). Stronger economic activity amid a continued tight, albeit easing, labour market could leave wage growth and inflation persistently higher.

Official ONS Labour market data continues to be unreliable but wider indicators suggest the market is loosening as labour demand cools. Anecdotal evidence has suggested lower private sector pay growth for some time, and we expect a weaker labour market situation to hasten that outcome.

Arlingclose expects that the continuation of restrictive monetary policy and the appreciation in sterling will bear down on activity and will require more substantial loosening in 2025 to boost activity and inflation.

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<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>20 NOVEMBER 2024</b>
<b>Report Title:</b>	<b>COUNCIL TAX BASE 2025-26</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>HELEN RODGERS REVENUES MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The council tax base is set in accordance with the Policy Framework and Budget Procedure Rules</b>
<b>Executive Summary:</b>	<p><b>The purpose of this report is to seek Council approval for the estimated council tax base for 2025-26, as required by legislation.</b></p> <p><b>The estimated net council tax base is 55660.20 based on a collection rate of 97.5%, which takes into account the current economic climate.</b></p> <p><b>Council is also required to approve the tax bases for the individual town and community areas for 2025-26.</b></p>

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek Council approval for the estimated council tax base and collection rate for 2025-26. This includes approval of the individual tax bases for the town and community areas as detailed in **Appendix A.**

## 2. Background

- 2.1 Under the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council tax base) (Wales) Regulations 1995, as amended, the Council is required to set the council tax base upon which council tax is levied by the authority and other precepting bodies, for the following financial year, prior to 31 December each year. This information is required by the Welsh Government to allocate the Revenue Support Grant (RSG) to local authorities and by the Council to calculate the council tax required to fund the 2025-26 budget.

2.2 The council tax base is the measure of the relative taxable capacity of different areas within the County Borough and is calculated in accordance with prescribed rules. Every domestic property in the County Borough has been valued by the Valuation Office. Once valued, properties are allocated one of nine valuation bands (Bands A to I). Each band is multiplied by a given factor to bring it to the Band D equivalent as set out in the table below:

Valuation Band	Tax Proportion	Percentage of Band D
A	6/9	67%
B	7/9	78%
C	8/9	89%
D	9/9	100%
E	11/9	122%
F	13/9	144%
G	15/9	167%
H	18/9	200%
I	21/9	233%

2.3 The Tax Base represents the number of chargeable dwellings in the area expressed as Band D equivalents, taking into account the total number of exemptions, discounts and disabled band reductions, with the net tax base calculated by taking account of the Council’s estimated collection rate. Council tax is measured in ‘Band D’ equivalents as the standard for comparing council tax levels between and across local authorities.

### 3. Current situation / proposal

3.1 The gross estimated council tax base for 2025-26 is 57087.39 Band D equivalent properties and the estimated collection rate is 97.5%. The net council tax base is, therefore, 55660.20. The estimated collection rate has been maintained at a rate of 97.5% to reflect the current challenging economic circumstances globally, the ongoing cost-of-living crisis leading to a higher number of citizens facing economic hardship, and current collection rates. The collection of council tax income will be monitored during the financial year and any proposed changes to the collection rate included within the council tax base report for 2026-27 in November 2025.

3.2 The council tax base is provided to Welsh Government and is used to calculate the amount of Revenue Support Grant (RSG) that a local authority receives in the Local Government Revenue Settlement. In order to ensure consistency across Wales, when determining the RSG, Welsh Government takes no account of Councils’ assumptions about collection rates - for the purpose of distributing RSG collection rates are assumed to be 100%. Welsh Government also disregards local decisions around council tax premiums when calculating the RSG allocations. The amount of council tax due for a dwelling in Band D is calculated by dividing the annual budget requirement to be funded by



taxpayers by the council tax base. A set formula is then used to calculate the liability for the remaining eight Bands.

- 3.3 The council tax element of the Council's budget requirement for 2025-26 will be based on the net council tax base of 55660.20. Although the Council calculates the tax base for the whole of the county borough, separate calculations are provided for each town and community council. This council tax base is used by precepting authorities in calculating their own individual precepts. Town and community councils base their precepts on the tax base for each town and community area and details of these are shown in **Appendix A**.

#### **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. 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 five 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. 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 climate change implications arising from this report.

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

- 7.1 There are no safeguarding and corporate parent implications arising from this report.

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

- 8.1 These are outlined in the report.

#### **9. Recommendations**

- 9.1 It is a statutory requirement for the council tax base to be set in order that it can be submitted to the Welsh Government for use in the RSG and used by Councils and levying bodies to set precepts. Council is recommended:

- to approve the council tax base and collection rate for 2025-26 as shown in paragraph 3.1 of this report.
- to approve the tax bases for the town and community areas set out in **Appendix A**.

**Background documents:**

None

## Estimated County Borough Tax Base 2025-26

Community Council Area	Total Tax Base (No. Band D Equivalent Properties)	Estimated Collection Percentage	Net Tax Base (No. Band D Equivalent Properties)
Brackla	4271.08	97.5%	4164.30
Bridgend	6284.64	97.5%	6127.52
Cefn Cribwr	571.44	97.5%	557.15
Coity Higher	4283.69	97.5%	4176.60
Cornelly	2647.08	97.5%	2580.90
Coychurch Higher	365.61	97.5%	356.47
Coychurch Lower	692.83	97.5%	675.51
Garw Valley	2362.78	97.5%	2303.71
Laleston	5163.67	97.5%	5034.58
Llangynwyd Lower	174.33	97.5%	169.97
Llangynwyd Middle	1073.47	97.5%	1046.63
Maesteg	5815.67	97.5%	5670.28
Merthyr Mawr	151.69	97.5%	147.90
Newcastle Higher	1973.68	97.5%	1924.34
Ogmore Valley	2691.08	97.5%	2623.80
Pencoed	3568.53	97.5%	3479.32
Porthcawl	8546.42	97.5%	8332.76
Pyle	2610.17	97.5%	2544.92
St Brides Minor	2381.61	97.5%	2322.07
Ynysawdre	1457.92	97.5%	1421.47
<b>Total County Borough</b>	<b>57087.39</b>	<b>97.5%</b>	<b>55660.20</b>

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