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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: Democratic Services

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

Dyddiad/Date: Wednesday, 22 January 2025

Dear Councillor,

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

A meeting of the Corporate Overview and Scrutiny Committee will be held Hybrid in the Council Chamber - Civic Offices, Angel Street, Bridgend, CF31 4WB/ remotely via Microsoft Teams on **Tuesday, 28 January 2025 at 10:00.**

AGENDA

1 Apologies for Absence

To receive apologies for absence from Members.

2 Declarations of Interest

To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members Code of Conduct adopted by Council from 1 September 2008 (including whipping declarations).

3 Medium Term Financial Strategy 2025-26 to 2028-29 and Draft Budget Consultation Process

5 - 24

Invitees:

Councillor John Spanswick - Leader

Councillor Jane Gebbie - Deputy Leader / Cabinet Member for Social Services, Health and Wellbeing

Councillor Hywel Williams - Cabinet Member for Finance and Performance

Councillor Martyn Jones - Cabinet Member for Education and Youth Services

Councillor Paul Davies - Cabinet Member for Climate Change and the Environment

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Councillor Eugene Caparros - Cabinet Member for Resources (Job Share)
Councillor Melanie Evans - Cabinet Member for Resources (Job Share)
Councillor Neelo Farr - Cabinet Member for Regeneration, Economic Development and Housing

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

Martin Morgans – Head of Partnerships and Housing

4 Budget Monitoring 2024-25 - Quarter 3 Revenue Forecast 25 - 70

Invitees:

Councillor John Spanswick - Leader
Councillor Jane Gebbie - Deputy Leader / Cabinet Member for Social Services, Health and Wellbeing
Councillor Hywel Williams - Cabinet Member for Finance and Performance
Councillor Martyn Jones - Cabinet Member for Education and Youth Services
Councillor Paul Davies - Cabinet Member for Climate Change and the Environment
Councillor Eugene Caparros - Cabinet Member for Resources (Job Share)
Councillor Melanie Evans - Cabinet Member for Resources (Job Share)
Councillor Neelo Farr - Cabinet Member for Regeneration, Economic Development and Housing

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

5 Capital Strategy 2025-26 71 - 112

Invitees:

Councillor John Spanswick - Leader
Councillor Hywel Williams - Cabinet Member for Finance and Performance

Carys Lord - Chief Officer - Finance, Housing and Change

Deborah Exton – Deputy Head of Finance
Nigel Smith – Group Manager – Chief Accountant

6 Conclusions and Recommendations

7 Urgent Items

To consider any item(s) of business in respect of which notice has been given in

accordance with Part 4 (paragraph 4) of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

Note: This will be a Hybrid meeting and Members and Officers will be attending in the Council Chamber, Civic Offices, Angel Street Bridgend / Remotely via Microsoft Teams. The meeting will be recorded for subsequent transmission via the Council's internet site which will be available as soon as practicable after the meeting. If you would like to view this meeting live, please contact cabinet_committee@bridgend.gov.uk or tel. 01656 643148 / 643694 / 643513 / 643159.

Yours faithfully

K Watson

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

Councillors:

F D Bletsoe
JPD Blundell
HJ David
RM Granville
S J Griffiths
GH Haines
M L Hughes
RL Penhale-Thomas
T Thomas
A W Ulberini-Williams
AJ Williams
E D Winstanley

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Agenda Item 3

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	28 JANUARY 2025
Report Title:	MEDIUM TERM FINANCIAL STRATEGY 2025-26 TO 2028-29 AND DRAFT BUDGET CONSULTATION PROCESS
Report Owner / Corporate Director:	CHIEF OFFICER - LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY
Responsible Officer:	MERYL LAWRENCE SENIOR DEMOCRATIC SERVICES OFFICER – SCRUTINY
Policy Framework and Procedure Rules:	The report relates to the role of Overview and Scrutiny Committees as Consultees in respect of the budget setting process in line with the Budget Policy and Framework Procedure Rules.
Executive Summary:	The report presents the Committee with: a) The final report of the Budget Research and Evaluation Panel (BREP) attached at Appendix A; b) The responses from all the Overview and Scrutiny Committees in relation to the draft Medium Term Financial Strategy, attached at Appendix B. The report includes background to the considerations and the meetings held. The Committee is asked to determine whether it wishes to submit the Recommendations in Appendices A and B to Cabinet on 4 February 2025 as part of the budget consultation process, subject to any modifications and amendments that the Committee decides are appropriate.

1. Purpose of Report

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

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

2. Background

- 2.1 In considering the challenges associated with continued budget reductions, Members recognised the need for a 'whole Council' response to be adopted in managing anticipated reductions to services against a backdrop of increasing demand and the challenging financial outlook.
- 2.2 It was therefore recommended, in 2017, that a Budget Research and Evaluation Panel (BREP) be established to engage Members on budget proposals as well as to enable members to feed in community intelligence gained from their representative role and to engage in shaping future service provision.
- 2.3 The Corporate Overview and Scrutiny Committee (COSC) has the overall responsibility of scrutinising budget monitoring reports throughout the year. As such, it was agreed at a meeting of Council in September 2017 that it would continue this role and appoint BREP members from within the COSC membership.
- 2.4 The purpose of the Budget Research and Evaluation Panel was subsequently agreed as the following:
- To achieve consensus on the direction of the budget over the life of the medium term financial strategy;
 - To achieve a detailed overview and assessment of the budget proposals where the expertise and knowledge of each Committee contributes to a corporate understanding and appreciation of the draft budget proposals;
 - To assist the Council to develop a budget for the forthcoming year that aims to meet the needs of the communities of Bridgend County Borough;
 - To facilitate firmer understanding of the budget setting process and the draft proposals in order to assist the Committees in making informed comments, constructive challenge or recommendations to Cabinet as part of the budget consultation process.
- 2.5 The Panel would be presented with the budget reduction proposals and have the opportunity to discuss these with the Chief Executive and Corporate Directors and be asked to consider the information contained in these reports to determine whether they wish to make comments or recommendations for consolidation and inclusion in the report to Cabinet, as part of the budget consultation process.
- 2.6 Members of Scrutiny Committees would be presented with the draft Medium Term Financial Strategy 2025-26 to 2028-29 and asked to consider the information contained in the report and determine whether they wish to make comments or recommendations for consolidation and inclusion in the report to Cabinet on the MTFs as part of the budget consultation process.

3. Current situation / proposal

- 3.1 BREP met on three occasions supported by the Scrutiny Team, Democratic Services Manager, Chief Officer - Finance, Housing and Change and Section 151

Officer, Deputy Head of Finance and the Cabinet Member for Finance and Performance.

- 3.2 At the BREP meetings the Panel considered information provided by the Chief Officer – Finance, Housing and Change and Section 151 Officer on the financial position for the MTFS 2025-26 to 2028-29 and headline figures from the Draft Settlement and had the opportunity to question Cabinet Members, Corporate Directors and the Chief Executive regarding School Deficit Budgets and the Social Services and Wellbeing Financial Update.
- 3.3 Each of the four Overview and Scrutiny Committees met and considered the draft Medium Term Financial Strategy 2025-26 to 2028-29, including the proposed budget pressures and budget reduction proposals within the related Directorate and remit of the Scrutiny Committee, and made comments / recommendations for consolidation and inclusion in the report to Cabinet as part of the budget consultation process.
- 3.4 The Corporate Overview and Scrutiny Committee is asked to consider the findings of BREP attached at **Appendix A** and determine whether the Recommendations should be forwarded to Cabinet along with the consolidated responses from all four Overview and Scrutiny Committees at **Appendix B** as part of the budget consultation process.

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

- 4.1 A high level Equality Impact Assessment (EIA) will be carried out and included within the Final MTFS in February 2025. The high level EIA considers the impact of the strategy, policy or proposal on the nine protected characteristics, the Socio-economic Duty and the use of the Welsh Language.
- 4.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.

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

- 5.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's seven well-being objectives.
- 5.2 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report:
 - Long-term - The consideration and approval of this report will assist in the

budget setting process for both the short-term and in the long-term.

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

6. Climate Change Implications

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

7. Safeguarding and Corporate Parent Implications

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

8. Financial Implications

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

9. Recommendation

- 9.1 The Committee is asked to determine whether it wishes to submit the Recommendations in **Appendices A and B** to Cabinet on 4 February 2025 as part of the budget consultation process, subject to any modifications and amendments that the Committee decides are appropriate.

Background documents

None.

Report of the Budget Research and Evaluation Panel in respect of the Medium Term Financial Strategy 2025-26 to 2028-29

- 1.1. The Budget Research and Evaluation Panel (BREP) met on three occasions supported by the Scrutiny Team, the Democratic Services Manager, the Chief Officer Finance, Housing and Change and Section 151 Officer, Deputy Head of Finance and the Cabinet Member for Finance and Performance.

Meeting 1

- 1.2 At the first meeting of BREP on 25 September 2024 the Panel approved Councillor Jon Paul Blundell as Chair of the Panel and received a presentation from the Chief Officer Finance, Housing and Change on the **Current Budget Position**.
- 1.3 The Panel received the **Recommendations from BREP and Scrutiny** and Responses in February 2024 and a paper provided regarding **Statutory / Non-Statutory Services**.

Priorities from BREP

- 1.4 Following discussions, the Panel requested that consideration be given to a deep dive for the Social Services and Wellbeing Directorate due to the level of budget savings required and for the Education Directorate / level of deficits in schools' budgets.
- 1.5 The Panel asked that Members receive any paperwork required for Working Groups or BREP a week in advance of a meeting or, otherwise, with as much notice as possible to allow Members to consider and digest the information contained therein.

BREP Process

- 1.6 The Panel discussed the BREP process that had taken place in previous years and agreed that budget setting was the highest priority for the Council and that there was a need for transformation and a level of inclusivity to facilitate an effective BREP process.
- 1.7 The Panel asked that consideration be given to establishing Working Groups , consisting of 6-8 Members with specific interests in related Directorates / topics, to undertake a deep dive into cost centre level budgets on a topical basis (to avoid duplication of effort with the Subject Overview and Scrutiny Committees) and report back to BREP, with the Panel to retain its position as the decision making body for any final recommendations that went forward.
- 1.8 The Panel agreed that the Chief Officer – Finance, Housing and Change would draft a paper setting out the proposed structure of the Working Groups, following which Group Leaders to nominate Members to the Working Groups.

- 1.9 Outside of BREP, and due to its remit and Terms of Reference, the decision was made that the Working Groups would have to be separate from the BREP process, however, in reaching this decision there was an unfortunate delay in continuing the Panel's work. It was subsequently proposed that in the remaining time available, BREP meetings would be arranged to look into the two topics initially identified by the Panel as priorities, as detailed in paragraph 1.4 above. These meetings were held on 13 and 19 December 2024.

Meeting 2

- 1.10 At this meeting held on 13 December 2024 the Panel noted the Action Notes from the previous meeting held on 25 September 2024 and received a presentation from the Chief Officer Finance, Housing and Change on the **Headline Figures from the Draft Settlement.**

School Budget Deficits

- 1.11 The Corporate Director Education Early Years and Young People presented the update requested by the Panel in Meeting 1, paragraph 1.4, above.
- 1.12 Following the presentation, given the difference between the surplus and deficit positions in both primary and secondary schools, the Panel discussed whether there was any possibility of redistributing from schools in a surplus position and offsetting them against those in a deficit position, but were mindful that they needed more information to fully understand the reasons why schools have a deficit or surplus before making any such recommendations.

Requests for Additional Information:

- 1.13 Following detailed discussions, the Panel requested the following information be made available to them and Members of the Subject Overview and Scrutiny Committee 1 (SOSC 1) as soon as available, to inform their consideration and discussion of the Medium-Term Financial Strategy 2025-26 to 2028-29 Report within the remit of that Committee, at their meeting on 16 January 2025:
- a. For all 59 schools in the county borough, the forecasted deficit or surplus budget position with and without the indicative 2% cut in schools delegated budgets for 2025-26.
 - b. What percentage of the overall delegated schools budget constitutes each schools' budget deficit or surplus.
 - c. As far as possible, a list of reasons/themes why such a high number of schools are in a deficit budget position; to include information regarding how much of the deficit is as a result of efficiency savings made by the Council, how much is as a result of a fall in pupil roll numbers and how much is as a result of the loss of grants.

- d. The pupil roll numbers for all 59 county borough schools from the 2019/2020 academic year to date and their future roll number projections, to provide an understanding whether fall in pupil numbers is attributable to particular geographical areas, parental choice or any other factors and demonstrates any trends.
 - e. For each school, the uptake of eFSM (eligible for Free School meals) before and since the introduction of Universal Primary Free School Meals, and the Chair and Vice Chair of Schools Budget Forum be requested to provide Headteachers' views on the potential numbers of eFSM pupils no longer applying and whether they feel there should be more publicity regarding the impact of not applying on the level of Pupil Deprivation Grant funding received.
 - f. Whilst discussing the matter of school maintenance and the possibility of rationalising the estate, the Panel requested that the confidential response to Recommendation 6 from SOSC 1 on 16 September 2024 be shared with the Panel and recirculated to SOSC 1 Members.
 - g. Written clarification regarding the difference between the delegation of 80% funding referred to at the beginning of the presentation and 87.7% schools budget delegation referred to later in the presentation.
 - h. Further information regarding the impact of the reduction of funding on central support for Additional Learning Needs and the likely trend if further cuts are considered in this service area.
 - i. An impact assessment of central Education Directorate cuts/efficiency savings on central services if the proposed cuts to schools delegated budgets were reduced or kept to a minimum.
- 1.14 The additional information in requests a. to i. above was circulated to BREP Members and Members of SOSC 1, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 1 meeting on Thursday, 16 January 2025.

Schools / Education Recommendations:

- 1.15 The Panel recommended that:
- 1. Any opportunity to reduce the proposed 2% cut should be explored and any savings identified to achieve the reduction should be put towards schools delegated budgets not towards central services.**
 - 2. Whilst noting that schools in a deficit budget position of over £50,000 must prepare a Deficit Recovery Plan that is carefully monitored, the Panel recommended that consideration be given to implementation of a similar plan to allow for schools who have a significant surplus to be similarly monitored.**

3. **A Member Briefing be provided on how the funding formula for schools is calculated, including detail regarding aspects over which the Authority has control and the process to be followed for any potential changes.**
 4. **The Panel discussed the possibility of changing the schools funding formula in order to try and balance the schools' deficit and surplus positions and recommended that the Chair and Vice Chair of the School Budget Forum who are invited to the January meeting of SOSC 1 be asked for Headteacher views on the topic.**
 5. **That there be clear direction to School Governing Bodies on how they may be able to make efficiency savings, e.g. shared senior leadership teams, federated arrangements, etc. and that such direction needed to demonstrate clear figures on the savings that could be achieved.**
 6. **The Panel referred to the amalgamation of the Education Engagement Team and Educational Welfare Service which had resulted in significant savings being made and front loaded into this financial year and recommended that this be used for learning as an example of best practice, to ensure that back office services run efficiently and that the delegation of funding to schools is optimal.**
- 1.16 Education / Schools Recommendations 1 to 6 above were also circulated to BREP Members and Members of SOSC 1, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 1 meeting on Thursday, 16 January 2025.
- 1.17 It was agreed that as requested by the Panel in Meeting 1, the next meeting on 19 December 2024 focus on the Social Services and Wellbeing budget, overspend and impact of any indicative or potential further budget savings on SSWB, and; an overview of changes to the ways of working that have resulted in savings and potential other areas that could be explored to achieve future savings.

Meeting 3

Social Services and Wellbeing Financial Update

- 1.18 The Corporate Director – Social Services and Wellbeing, the Head of Adult Social Care, and the Group Manager – Commissioning presented the update, as requested by the Panel in Meeting 1, paragraph 1.4 above.
- 1.19 The Presentation highlighted that:
- The challenges associated with short-term grant funding and that funding only guaranteed on an annual basis.

- Income generating opportunities are very limited across the Directorate due to Welsh Government Regulations regarding maximum charging.
- Social services spend per head in Bridgend is lower than the Wales average and the other local authorities in the region, reflecting a need to invest in children's social care services and change of safeguarding arrangements in the county borough.
- None of the MTFs Savings Proposals for 2025/26 identified by the Directorate would be easy to achieve and would impact on safeguarding and the delivery of statutory duties.

Request for Additional Information:

- 1.20 Following the presentation and detailed discussions, the Panel requested the following information be made available to them and Members of the Subject Overview and Scrutiny Committee 2 (SOSC 2) as soon as available, to inform their consideration and discussion of the Medium-Term Financial Strategy 2025-26 to 2028-29 Report within the remit of that Committee, at their meeting on 17 January 2025:
- a. The Panel requested a list of savings made for Children's Social Care illustrating their BRAYG status, similarly to those provided in the report for Adult Social Care.
- 1.21 The additional information requested above was circulated to BREP Members and Members of SOSC 2, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 2 meeting on Friday, 17 January 2025.

Social Services and Wellbeing Recommendations:

- 1.22 The Panel recommended that:
- 1. The Panel discussed the different approaches of reporting between the Education, Early Years and Young People and the Social services and Wellbeing Directorates (and a different approach to Adult and Children Social Care within the Directorate. The Panel recommended that there needed to be consistency in the reporting style from each Directorate and that a Corporate Template might assist the Panel and members of the public in understanding the financial position of each Directorate and the Council as a whole.**
 - 2. The Panel referred to potential future large scale housing developments being an opportunity to provide specialist housing in a different way via Section 106 agreement contributions. The Panel recommended that consideration be given to entering into S.106 agreements to provide an Extra Care style accommodation model or equivalent, recognising that the model is cost effective for the Authority and provides good outcomes for residents to live more independently for longer and those eligible can claim housing benefit.**

- 3. The Panel referred to the specialist social worker with the relevant expertise that takes the lead in supporting the team in relation to the Continuing Healthcare (CHC) process. The Panel recommended that consideration be given to allocating additional resource to Adult Social Care to recruit an additional specialist social worker in order to accelerate savings associated with CHC.**
 - 4. The Panel expressed concern regarding the Directorate's significant overspend projection at the end of Quarter 1, soon after the setting of the 2024/25 budget. The Panel were concerned that the Directorate's demand projection framework, utilising the Population Needs Assessment and demographic growth, was insufficient and recommended that the Directorate consider a more robust, forward-looking demand forecast framework and statistical models to provide a more strategic look when setting the budget.**
 - 5. The Panel expressed concerns regarding the effectiveness and late commencing of the BREP process and that their concerns are expressed year on year without change. The Panel therefore recommended that there be a meeting of Group Leaders and Scrutiny Chairs, before the start of the next financial year, to discuss the future BREP process and consider the following:**
 - a. that BREP commence immediately following the budget setting and that accurate forecasts be provided to the Panel allowing Members to understand the pressures and to start deep dives into particular areas of concern/risk at an early stage;**
 - b. that BREP be a standing Panel, meeting on a monthly or bimonthly basis and that they have a Forward Work Programme allowing Members to own the process and request the information they want to see, negating the need to request and arrange meetings on an ad hoc basis; and**
 - c. the different approaches of reporting, the need for consistency in the reporting style from each Directorate the proposal for a Corporate Template to assist the Panel and members of the public in understanding the financial position of each Directorate and the Council as a whole, as referred to in Recommendation 1 above.**
- 1.23 Social Services and Wellbeing Recommendations 1 to 5 above were also circulated to BREP Members and Members of SOSC 2, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 2 meeting on Friday, 17 January 2025.
- 1.24 This BREP final report is presented to the Corporate Overview and Scrutiny Committee for consideration as part of the Medium Term Financial Strategy consultation process for 2025-26, for consideration and onward reporting to Cabinet on 4 February 2025.
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Overview and Scrutiny Committees' Comments and Recommendations on the Medium Term Financial Strategy 2025-26 to 2028-29

Corporate Overview and Scrutiny Committee - 15 January 2025

Chief Executive's Directorate and Council Wide:

Following consideration of the report and detailed discussion with Cabinet Members and Senior Officers, the Committee made the following recommendations and requests for additional information:

Recommendations

1. The Committee **recommended**:
 - a. that all financial reports be accompanied by a glossary which is also made available on the Council's website in order to assist residents in their reading and understanding of the reports;
 - b. that when reductions are referenced in the report that there is clarity about whether they are in net or real terms;
 - c. that charts/graphics be included showing:
 - i. the percentage increase in Council Tax over the period referred to;
 - ii. the demographic growth in the borough;
 - iii. the demographic growth compared to other Welsh local authorities and nationally; and
 - iv. the reduction in use of agency staff.
 - d. that comparison data be provided demonstrating the difference between the proposed increase to Council Tax and the average staff wage increase across the authority.
2. The Committee **recommended** piloting zero-based budgeting in a select area of Directorate to be determined by senior Officers.
3. The Committee **recommended** that a letter be sent on behalf of the Committee to Welsh Government and the UK Government regarding the following:
 - a. expressing that national policy commitments resulting from legislative changes should be fully funded both in terms of capital funding and ongoing revenue funding including a commitment to fund employer national insurance payments for individuals employed by agencies who provide services to the Council which currently results in a £1.5m cost pressure; and
 - b. expressing concern regarding the repeated lateness of the settlement and requesting a commitment to bring forward the settlement date and to request that consideration be given to providing indicative multi-year settlements.
4. The Committee **recommended** consideration be given to how invest to save models and further collaborative working and sharing of best practice across local authorities regarding ICT and use of artificial intelligence could expedite savings.

5. The Committee **recommended** that a letter be sent on behalf of the Committee to Welsh Government and the Department for Work and Pensions strongly recommend that they implement auto-enrolment of individuals to all benefits to which they are eligible/entitled when they apply for another benefit.
6. The Committee recognised that the funding to the Council and schools was being disadvantaged by individuals not claiming all benefits to which they are entitled and **recommended** that Council-wide external communications be issued encouraging residents to claim all benefits to which they are entitled including Pension Credit, Housing Benefit and Eligible Free School Meals and promoting the Council's auto-enrolment process.
7. With reference to the budget reduction proposal, CEX 6, the Committee **recommended** that a letter be sent on behalf of the Committee to the Police and Crime Commissioner to ascertain her reliance on the CCTV service created and managed by the Council and whether the Police and Crime Commission's contribution to CCTV has been cut and requesting a response prior to the next meeting of the Committee on 28 January 2025.
8. The Committee **recommended** that detailed discussions are held with town and community councils before suggestions are made in meetings that town and community councils may be able to assist when discussing funding gaps.
9. While the Committee recognised that there was a budget growth proposal for a Procurement Assistant (CEX 5) in central Procurement, they reflected that there appeared to be insufficient capacity, at times, within Directorates to provide timely contributions to the Procurement process and **recommended** that more urgency needed to be placed on procurement highlighting it was critical to a one-council approach.
10. The Committee expressed concern that all budget savings proposals within the Chief Executives Directorate and Council Wide were red and possibly difficult to achieve. The Committee were advised that the vast majority of the spend in these areas is on staffing and the savings would be subject to consultation and therefore would remain red until these were complete and were then likely achievable. The Committee **recommended** that the narrative in the budget savings proposals to reflect that position and its red status.

Additional Information

11. The Committee **requested** Officer responses as to whether the population growth in the county borough was creating more demand in specific areas, e.g. whether families with children with special needs were moving into the area to take up the offer of in-county special schools offer or whether older people were relocating to the area.
12. The Committee **requested** a copy of the report being presented to the Shared Regulatory Services Joint Committee at the end of January 2025 to assist the Committee in identifying statutory and non-statutory services provided by Regulatory and Corporate Services.

13. The Committee **requested** a written response setting out:

- a. the value of the Council's borrowing liability benchmark;
- b. the Council's current level of borrowing;
- c. whether the Council can increase its borrowing to support capital projects; and
- d. clarification as to whether external borrowing below the liability benchmark indicates a borrowing requirement and whether external borrowing above the liability benchmark indicates an over-borrowed position.

14. Budget Reduction Proposals - CEX 6

The Committee **requested**:

- a. a map of the CCTV locations;
- b. information regarding which service areas benefit from the CCTV, i.e. does it cover out of hours, alarm monitoring for Council buildings, RSLs, etc.;
- c. confirmation of other service areas who could benefit from use of the CCTV but do not yet do so;
- d. granular detail setting out what the sum of the saving of £444k entails;
- e. clarity on the Crime and Disorder Act 1998 as to where the statutory responsibility for the CCTV lies and who are mandated partners including whether Town and Community Councils are considered statutory partners under the Act;
- f. that the narrative in the budget reduction proposal be amended to reflect whether the saving related to removal of the service or a review seeking contributions from statutory partners in order to maintain the CCTV service.

Subject Overview and Scrutiny Committee 1 – 16 January 2025

Education and Family Support Directorate and Schools:

Following consideration of the report and detailed discussion with the Cabinet Member, Officers and Invitees, the Committee made the following

Recommendations:

1. Members discussed in depth the efficiency savings against School Delegated Budgets – 1% for 2025-26 and 1% thereafter.

Members expressed concern over School Deficit budgets in that between 50% and 75% of schools are reporting deficit budgets for 2024-25 and this will only be further exacerbated by further budget reductions. Some schools were even reporting in their recovery plans that were simply not going to recover, meaning the Local Authority (LA), after 5 years, would have to cover the deficit.

Members also expressed concern over the fact that this reduction went against the Council's own priority to protect vulnerable children and young people and could result in cuts to key supportive services to these individuals.

Members noted that whilst Welsh Government funding would be provided for pay and price increases this year, this was one-off funding that could not be guaranteed for next year and would not resolve the ongoing deficit budget issue for schools. Linked to this and for the future, just as areas such as homelessness is being considered for growth proposals due to reductions in Welsh Government grant funding, so should schools and education be considered for potential growth and solutions to replace and help mitigate against their reductions in Welsh Government grant funding in various areas. Alternatively, the Local Authority needed to push back with Welsh Government in relation to the pressure on local authorities to administer new schemes and implement new legislation without the continued supporting funding behind it.

Based on their concerns, the Committee were in consensus and strongly **recommended** that Cabinet are asked to do all they can to remove the 1% budget saving proposed for schools.

2. Members discussed in detail the importance to maintain both the Counselling and Bridgend Music Service.

Members highlighted that both services were vital in supporting pupils who experience mental health issues, as whilst this was obvious with Counselling services, evidence was heard about how Music services also helps children and young people who have difficulties with their mental health. Members therefore pointed out that these proposals to reduce or remove these services was against the LA's priority to protect vulnerable individuals.

It was further highlighted by both Headteachers and Members, that Music provision now formed a significant part of the new curriculum and provided valuable enrichment to pupils.

Concerns were raised that schools might not be able to afford to fund Counselling or Music services going forward and provide valuable opportunities to their pupils.

The Committee **recommended** that opportunities be explored further to find alternative delivery models such as not-for-profit or commercial partnerships, in order to continue providing these important services.

3. Members asked for clarification on whether the underspend now projected for 2024 as reported under Q3 meant there was any capacity to reduce any proposed budget cuts. If this was the case the Committee **recommended** that School Delegated Budgets, Music Services and Counselling Services be prioritised for reduction in saving, if not full removal of saving if possible, in the proposed budget for 2025-26.
4. Subject to the Directorate response to the Committee on Base Budget Pressures above, Members wished to support the budget pressure proposals

Additional information:

Following detailed consideration and discussion with the Cabinet Member, Officers and Invitees, the Committee made the following requests for information:

5. Members requested more information on what other local authorities were doing to set a balanced budget which Officers advised once they had the wider Wales view they would be content to share with the Committee.
6. Members discussed the implications of Legal Services for schools expressing their concerns with more complex casework involving behaviour, attendance, health, and safety legislation.
Headteachers advised they have external arrangements with legal services who are knowledgeable and are able to turn things around in a timely manner to support schools. Headteachers stated that the conflict came where the Local Authorities' legal team may not agree with the external legal advice which could be a challenge for the schools. The Committee requested that this is investigated further as to whether the external legal support was sustainable, manageable, affordable and whether the support was sufficient for today's demands on schools.
7. More information with regards to the Welsh Governments revenue support grant and other grants that might be forthcoming.

Subject Overview and Scrutiny Committee 2 – 17 January 2025

Social Services and Wellbeing Directorate:

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

Recommendation:

1. The Committee expressed grave concerns regarding budget reduction proposals SSW 12 and 13, highlighting the widespread ramifications that would follow from redundancies and impact on the caseloads and wellbeing of remaining staff and the reputational risk they would create. The Committee therefore **recommended** that budget reduction proposals SSW 12 and 13 be removed and not pursued as savings.

SOSC 2 Forward Work Programme

1. The Committee **recommended** that there be an all Member briefing on the use of artificial intelligence within the Social Services and Wellbeing Directorate and how it is envisaged it could safely aid a reduction in staff numbers.
2. The Committee **requested** that the following reports be added to their Forward Work Programme:
 - a. Placement Commissioning Strategy;
 - b. Implementation of the Home Remodelling Programme across Adult Services;
 - c. Policy Revision to include case studies from across the demographic; and
 - d. Assisted Transport Policy.

Subject Overview and Scrutiny Committee 3 – 20 January 2025

Communities Directorate:

Following consideration of the report and detailed discussion with the Cabinet Member, Officers and Invitees, the Committee made the following Recommendations and requests for additional information:

Recommendations:

Budget Pressures

1. Members discussed in detail the additional revenue funding required, over and above the current budget, to operate the waste service as an in-house service from 2026-27, as agreed by Cabinet in November 2024. Following consideration of the Future Waste report on the 30 September 2024 by the Committee, Members had felt that more investigation was needed to provide further analysis on whether the service should be brought in-house or not, and also recommended that a potential extension of the existing contract be considered.

There was disappointment from Members that the previous recommendations made by the Committee had not appeared to have been considered and that there was now a £1.2 million budget pressure sooner than it was necessarily needed.

The Committee **recommended** that the insourcing of the service be looked at again, that modelling and further analysis be done and that the current contract be deferred for a further year to get a better understanding of the situation. Members were concerned that the costs predicted and associated budget pressure for this set for 2026-27 could potentially manifest itself during 2025-26 and also, whether there then could potentially be further recurring pressures for next year.

2. Members discussed the recurrent budget pressure associated with the closure of Bridgend Market and the recurring 300k per annum that was still being paid on the lease, as well as holding costs and covering the cost of the small market hall which was opened in the Rhiw center where 5 traders currently operate. Members were informed that the future of Bridgend Market Hall itself was still being determined.

Members expressed concern that with the hundred-year lease that was taken out initially in 1971; the authority could potentially be paying out 300k for the next 47 years which would accumulate into millions.

The Committee **recommended** that this agreement be explored further to find a long-term resolution and address this funding pressure.

Budget Reduction Proposals

3. Members discussed the ongoing reduction in income across parking services and the specifics on the general downturn in car park income.

Officers explained that since the pandemic the Authority had seen a drop in its entirety across all the car parks with the exception of Porthcawl, in Salt Lake and Rest Bay car parks where the number of visitors has increased.

Members expressed that in their own experience, the car parks in Bridgend were very often full and considering the regeneration plans for Bridgend Town Centre, more car parking provision would be vital. The Committee **recommended** that further exploration be undertaken and evidence examined and reported to the Committee with regard to the car parking offer in the town centre and the budget pressure as a whole.

4. Members discussed at length the reduction in staff who undertake enforcement activities relating to waste. The Committee were concerned with the failure to issue enforcement notices at present and feared what the outcome would be should the enforcement team be cut by such a significant amount.

Recognising the difficulty there was with the burden of proof, Members were greatly concerned there was a risk that the ability to react to these issues would be reduced if the cut was made and therefore the Committee urged and **recommended** the Cabinet revisit the reduction with a view to removing or reducing the proposal.

5. Members expressed concern over the budget reductions relating to increasing fees on Bereavement services, i.e. burial charges by 20%, and stopping the bi-annual supply of blue refuse sacks to all residents. The Committee felt that these proposals, particularly the increase in burial fees, could have a significant impact on the public and **recommended** that if there is any leeway or additional funding potentially available, or changes to budget proposals, that these reductions be prioritised for reconsideration and either removed, or, in the instance of the 20% proposed increase in burial fees, at least reduced.

Supplementary Recommendations

6. Members discussed the Porthcawl Metrolink Station and the justification behind having to pay ongoing revenue costs. They expressed their frustration that when first scrutinising the Metrolink Station they were not informed of the ongoing costs of £100,000 a year until the other redevelopment went ahead.

The Committee **recommended** that any potential revenue liabilities associated with future capital programmes and projects be looked into and predicted as far as possible and fully disclosed when the decisions are made, especially in this time of austerity.

7. Members expressed concerns over the current conditions of highways within the County Borough and the time taken to action any reported issues. Members questioned whether the proposed approximate £1M increase for Capital funding was sufficient to cover the work needed in the forthcoming year. The Committee **recommended** that consideration be given to whether there is any additional funding that could be allocated to this budget to ensure Highways are maintained to an optimal standard.

Additional information:

Following detailed consideration and discussion with the Cabinet Member, Officers and Invitees, the Committee made the following requests for information:

- a. Members requested figures to show the income, expenditure and overall cost to Bridgend County Borough Council for burial services.
- b. Members asked Officers for clarification on what other Local Authorities provide with regard to the supply of blue refuse sacks to residents.
- c. Further to the appointment of the 2 x S.106 Officers, to facilitate a S.106 & Infrastructure Delivery Team within the Planning & Development Services the Corporate Director agreed that these Officers could potentially come along to a SOSC 3 to explain their roles.

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Agenda Item 4

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	28 JANUARY 2025
Report Title:	BUDGET MONITORING 2024-25 – QUARTER 3 REVENUE FORECAST
Report Owner/ Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT
Policy Framework and Procedure Rules:	As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.
Executive Summary:	<ul style="list-style-type: none"> • The net revenue budget for 2024-25 is £360.671 million. The overall projected year end position at 31st December 2024 is a net under spend of £6.787 million, a £13.584 million improvement on the projected net over spend of £6.797 million reported at quarter 2. • The main reasons for the improved projections are a reduction in the net over spends for directorates of £1.836 million, Welsh Government grants of £3.290 million towards the teachers’ pay award for 2024-25 and NJC pay pressures, not needing to utilise the £1.558 million that was built into the Medium Term Financial Strategy 2024-28 towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals, and a £2.27 million saving from Council agreeing a change in the Minimum Revenue Policy. • The main service areas projecting over spends are primarily due to ongoing pressures within the Social Services and Wellbeing Directorate, support for pupils with Additional Learning Needs, Home to School Transport budget and Housing and Homelessness.

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| | <ul style="list-style-type: none">• The budget approved for 2024-25 included budget reduction proposals totalling £13.045 million. The current position is a projected shortfall on the savings target of £1.441 million, or 11.05% of the overall reduction target. |
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1. Purpose of Report

- 1.1 The purpose of this report is to provide Corporate Overview and Scrutiny Committee with an update on the Council's revenue financial position as at 31st December 2024.

2. Background

- 2.1 On 28th February 2024, Council approved a net revenue budget of £359.725 million for 2024-25 based on the provisional local government settlement received from Welsh Government in December 2023. The Welsh Government announced its final settlement on the 27th February 2024 which included an increase in the Revenue Support Grant (RSG) for the Council of £649,540 along with three grants transferring into the settlement totalling £296,723, increasing the net revenue budget for 2024-25 to £360.671 million. The reasons for this increase were outlined in a report to Council on 13th March, but were mainly in respect of an additional £14.4 million (across Wales) included in the Final Local Government Settlement to support pressures in both social care and education, including teachers' pay.
- 2.2 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

3. Current situation / proposal

3.1 Summary financial position at 31st December 2024

- 3.1.1 The Council's net revenue budget and projected outturn for 2024-25 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 31st December 2024

Directorate/Budget Area	Original Budget 2024-25 £'000	Revised Budget 2024-25 £'000	Projected Outturn Q3 2024-25 £'000	Projected Over / (Under) Spend 2024-25 £'000	Projected Over / (Under) Spend Qtr 2 2024-25 £'000
Directorate					
Education, Early Years and Young People	143,485	148,785	150,207	1,422	1,707
Social Services and Wellbeing Communities	104,575	109,390	112,186	2,796	4,456
Chief Executive's	30,704	32,999	33,824	825	616
	22,425	23,460	25,382	1,922	2,022
Total Directorate Budgets	301,189	314,634	321,599	6,965	8,801
Council Wide Budgets					
Capital Financing	7,052	6,958	2,259	(4,699)	(1,606)
Levies	9,635	9,645	9,569	(76)	(77)
Apprenticeship Levy	750	750	870	120	86
Council Tax Reduction Scheme	16,054	16,054	16,515	461	709
Insurance Premiums	1,363	1,363	1,153	(210)	(135)
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	471	41	0
Other Corporate Budgets	23,528	10,167	778	(9,389)	(981)
Total Council Wide Budgets	59,482	46,037	32,285	(13,752)	(2,004)
Total	360,671	360,671	353,884	(6,787)	6,797

3.1.2 The overall projected position at 31st December 2024 is a net under spend of £6.787 million comprising £6.965 million net over spend on directorates and a net under spend of £13.752 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 3.3.

3.1.3 The overall projected position has improved since the net projected over spend of £6.797 million reported at quarter 2. The main reasons for the improved projections are:-

- Welsh Government (WG) grant of £937,539 towards Teachers' pay award 2024-25 and £2,352,854 towards National Joint Council (NJC) pay pressures (3.1.13).
- Not needing to utilise the £1.558 million that was built into the Medium Term Financial Strategy (MTFS) 2024-28 towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals (3.3.5).
- Council agreed a change in the Minimum Revenue Policy (MRP) on 23rd October 2024. The impact in the current year is a reduction in the MRP charge for supported borrowings from the quarter 2 forecast of £3.25 million to £0.98 million at quarter 3 – an improvement of £2.27 million (3.3.5).

3.1.4 The main financial pressures are in the service areas of Social Services and Wellbeing (SSWB), Additional Learning Needs, Home to School Transport (HtST), and Housing and Homelessness.

- 3.1.5 In 2022-23, the SSWB Directorate experienced pressures of work to meet statutory duties against a backdrop of an exponential increase in demand in children's social care, and an increase in the number of independent residential placements in Children's Services, along with pressures in learning disabilities and older persons' residential placements. Whilst budget growth of £8.174 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) for 2023-24, £2.480 million of this was to address the implementation of the Real Living Wage for care workers. The SSWB Directorate continued to see an increase in demand and the budget growth was insufficient to meet that increase, with the outturn showing a £11.827 million over spend in 2023-24.
- 3.1.6 A 3 year sustainability plan to improve outcomes for Children and Family Services was approved by Council on 20th September 2023, funded through a recurrent revenue budget of £3.5 million. Progress is being made with implementing the plan, particularly to progress the steady and safe reduction of agency workforce, through improved retention and recruitment of a permanent workforce, including successful grow your own scheme and international recruits.
- 3.1.7 There continues to be pressures in learning disabilities and mental health services driven by the complexity of need. The Social Services Improvement Board is overseeing a number of actions to address the pressures in the adult services budget, including accelerating the work to transform learning disabilities. Council approved £1.970 million towards the increased costs of home care for adults with learning disabilities and £1 million towards additional residential/nursing placement costs due to new admissions for older people and older people with mental health needs as part of the MTFS 2024-25 to 2027-28. Further actions for 2024-25 have been developed into a 3 year Plan for Sustainable Care and Support for Adults in Bridgend County Borough Council (BCBC) that was approved by Cabinet on 19th November 2024.
- 3.1.8 There is a projected over spend on Home to School Transport (HtST) of £571,000. This is despite Council approving £1.2 million in the 2024-25 budget to address increased costs being experienced following re-tenders, mainly as a consequence of a shortage of drivers and increased fuel costs. In 2023-24, a further retendering exercise took place for Special School contracts, which resulted in an increase of £572,000. The service has also seen an increase in demand for transporting pupils individually due to challenging behaviour and an increase in Additional Learning Needs (ALN) pupils requiring transport provision based on the learner's needs assessment. However, the overall projected over spend has decreased from earlier in the financial year where an over spend of £1.277 million was projected at quarter 1, with the reduction due to in-year tenders issued with price caps for submission for providers, resulting in a significant cost saving for the service area.
- 3.1.9 The Council has seen a significant increase in the provision of temporary accommodation. At the end of 2019-20, the Council was providing temporary accommodation to 83 households. At the end of October 2024 this had increased to 248 households, representing a 199% increase over this period. The wider demand for social housing from those in housing need has also increased. At the end of 2019-20, there were 816 households registered on Bridgend's Common Housing Register. At the end of August 2024, this number had increased to 3,254 households. Budget reduction proposals of £645,000

have been approved by Council against Housing and Homelessness budgets in 2024-25, along with a reduction in Welsh Government funding based on grants confirmed to date of £332,000. There is a projected net over spend of £411,000 in this service area which has improved from the projected over spend of £654,000 reported at quarter 2. The key factor in this reduction is the purchase of Houses in Multiple Occupation enabling a reduction in the use of more expensive options such as tourism style properties.

3.1.10 There continues to be an increase in demand for additional learning needs (ALN) support at schools resulting in a projected over spend of £1.325 million. The projected over spend is in the areas of sensory support and communication, complex medical needs, and relationship support. The number of pupils supported in 2022-23 was 174, increasing to 277 in 2023-24, further increasing to 302 in the Summer term and 340 in the Autumn term of 2024-25.

Budget virements/technical adjustments

3.1.11 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2024. The budget position is reported on the assumption that these virements will be approved.

3.1.12 The main virements and technical adjustments since quarter 2 are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of Early Help Services budgets from Education, Early Years and Young People Directorate to Social Services and Wellbeing Directorate in line with the 3 year sustainability plan already approved by Council to improve outcomes for Children and Family Services in Bridgend.	£1,773,406
Transfer of funding from the Capital Financing budget to Communities Directorate to cover the cost of prudential borrowing for carriageway repairs and highways as agreed when the capital funding was approved.	£94,000

Technical Adjustments

Service vired from / to	Amount
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.14).	£2,193,730
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2024-25 for school employees – confirmed in November 2024.	£1,636,320

Service vired from / to	Amount
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2024-25 for directorate employees – confirmed in November 2023.	£3,772,901
Allocation of funding retained centrally in respect of teachers' pay award 2024-25 (covering September 2024 to March 2025).	£1,996,710

Pay/Price Inflation

- 3.1.13 When the budget for 2024-25 was set very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases. The technical adjustments table above outlines the amounts released from these budgets during quarter 3, based upon confirmed pay awards and evidenced price inflationary uplifts.
- 3.1.14 The adjustments to pay budgets reflect agreement on pay claims for teachers' pay and National Joint Council employees, both of which were agreed in recent months. Welsh Government provided a grant of £937,539 towards the teachers' pay award 2024-25 and £2,352,854 towards NJC pay pressures that were not anticipated at budget setting. These grants have both positively impacted on the projections for other Council Wide budgets as set out in 3.3.5.
- 3.1.15 Price inflationary uplifts include £0.897 million for Home to School Transport contracts in line with the Consumer Price Index (CPI), a further £1.023 million energy uplift for school buildings and £0.132 million energy uplift for street lighting. The impact of the increase in the energy price cap in January will see a further assessment undertaken in quarter 4 to determine if additional energy uplifts are required before the end of the financial year.
- 3.1.16 Inflation rates decreased to a low point of 1.7% in September 2024 compared to 3.8% when the budget was set, although more recently increased to 2.6% in November 2024. In addition, energy prices reduced further than anticipated in 2024-25. Consequently, there is a projected under spend on the price inflation budget as set out in 3.3.5 due to a projected reduction in requirements to allocate price inflation to service areas in-year. There is ongoing uncertainty on energy cost increases in 2025-26 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFs for 2025-26 will need to be supplemented by any funding not committed from the price inflation budget this financial year.
- 3.1.17 With regard to the funding of changes to teachers' pensions, in the Final Settlement the Minister for Finance and Local Government re-stated that funding for this was expected to be provided by UK Government during 2024-25. In December 2024, WG confirmed a grant of £2.809 million for pre-16 teachers' pension contributions and post-16 pension funding of £0.270 million - £3.079 million in total. The actual cost to BCBC is £3.223 million. The shortfall resulted in the requirement to draw down £0.144 million from earmarked reserves. WG also confirmed £0.131 million for fire and rescue authority pension contributions.

Budget Reduction Proposals

- 3.1.18 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £13.045 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 3.1.19 In February 2024 Council approved the Medium Term Financial Strategy for 2024-25 to 2027-28. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £44.882 million over the next four years. However, it has become evident in recent months that the position going forward is likely to be even more challenging than this, with recurrent in-year over spends needing to be mitigated, along with pay and price pressures. Against that background it is essential that expenditure is kept within the overall approved budget as far as possible, and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead. Likewise, any opportunities to reduce spend in-year will be taken to try and improve the year end position.
- 3.1.20 At year end consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Similarly, consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2024-25. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules.

3.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

- 3.2.1 A report was presented to Cabinet on 23rd July 2024 on the Revenue Budget Outturn 2023-24. In the report it was highlighted that there were £280,000 of prior year budget reduction proposals that were not met in full, with a total outstanding balance to be met of £165,000. In addition, of the 2023-24 budget reduction proposals of £2.608 million, it was reported that there was a total outstanding balance to be met of £246,000. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2024-25 financial year, and to identify mitigating actions that will be undertaken to achieve them. All remaining outstanding prior year budget reductions are summarised in **Appendix 1** with a summary per directorate provided in Table 2.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education, Early Years and Young People	40	40	0
Communities	375	159	216
TOTAL	415	199	216

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

3.2.2 Table 2 shows that of the £415,000 outstanding reductions, £199,000 is likely to be achieved in 2024-25 leaving a shortfall of £216,000. Proposals still not likely to be achieved include:

- COM 2 2021-22 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000). The new site in Pyle opened in quarter 4 of 2023-24. The timing of the opening meant that exit terms of the lease are being finalised in 2024-25. Once these have been finalised the full saving will be made.
- COM5 2022-23 (£50,000) and COM3 2023-24 (£120,000) – Commercially let wings of Ravens Court to a partner organisation or business (£50,000). The building has not been commercially let during 2024-25 however, the service anticipates the sale of the freehold in the final quarter which will enable the savings to be realised going into 2025-26.
- COM2 2023-24 – Charging Blue Badge Holders for parking (£40,000). The delivery of this proposal is linked to staffing within the Traffic and Transport section which has been depleted due to unplanned staff absences. A staff member has commenced work on this proposal. It will require a full order making process which typically takes 12 – 18 months.

3.2.3 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 7 states that *“Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays”*. An MTFS Budget Reduction Contingency reserve was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. During the financial year the Section 151 Officer will consider whether any draw down from the MTFS Budget Reduction Contingency reserve is required to mitigate some of the shortfalls.

Budget Reductions 2024-25

3.2.4 The budget approved for 2024-25 included budget reduction proposals totalling £13.045 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £9.784 million has been achieved to date with an additional £1.820 million likely to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £1.441 million, or 11.05% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2024-25

	Total Budget Reductions Required	Total Budget Reductions Achieved to date	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000	£'000
Education, Early Years and Young People	1,560	954	1,247	313
Schools	3,441	3,441	3,441	0
Social Services and Wellbeing	2,248	1,644	1,921	327
Communities	2,460	1,921	2,306	154
Chief Executive's	3,246	1,734	2,599	647
Corporate/Council Wide	90	90	90	0
TOTAL	13,045	9,784	11,604	1,441

3.2.5 The most significant (> £100,000 shortfall) budget reduction proposals unlikely to be achieved in full are:-

- EDFS9 – Cessation of Adult Community Learning provision (£149,000). The shortfall is due to the timing of the required restructure with the consultation process finalised during quarter 3. Savings will be achieved from 2025-26.
- EDFS19 – Communications and Relationships Team (£142,000). Saving will not be met in 2024-25 due to the overall increase in the number of pupils needing the service.
- SCH1 – Efficiency saving against School Delegated Budgets – 3% in 2024-25 (£3.441 million). Whilst the saving is referenced as having been achieved due to the overall reduction in Individual Schools Budget (ISB), as referenced in 3.3.1, the reduced budgets have resulted in total projected deficit balances for schools at year end of £4.989 million. Officers are working with schools to bring this overall deficit down.
- SSW13 – Council to reduce its investment into cultural services (£360,000). Current projections indicate a shortfall of £265,000. On 14th May 2024 Cabinet approved a £50,000 reduction to the book fund and removal of the £15,000 subsidy for the Youth Theatre. Cabinet also approved public engagement over how future savings can be achieved. Maximisation of the Shared Prosperity Fund in 2024-25 has mitigated this shortfall in the short term.
- CEX2 – Chief Executive's Directorate vacancy management factor (£510,000). The projected shortfall of £111,000 is based on known vacancies to date. Unplanned vacancies will be added to the projection as the financial year progresses which should further reduce the shortfall.

- CEX22 – Review of ICT Services (£398,000). There is currently a projected shortfall of £221,000 against this proposal, Further work is needed to be undertaken to review the telephony budgets across the Council, with updates to be provided to Cabinet in future revenue monitoring reports.

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

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

3.3 **Commentary on the financial position at 31st December 2024**

Financial position at 31st December 2024

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

3.3.1 **Education, Early Years and Young People Directorate**

The net budget for the Education, Early Years and Young People Directorate, including school delegated budgets, for 2024-25 is £148.785 million. Current projections indicate an over spend of £1.422 million at year end. The main variances are:

EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Learner Support Group	6,980	8,101	1,121	16.1%
Early Years and Young People Group	2,927	2,719	(208)	-7.1%
Home to School Transport	10,929	11,500	571	5.2%

Schools' delegated budgets

Total funding currently delegated to schools in 2024-25 is £118.611 million.

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

At the start of 2024-25 projections indicated an overall deficit balance for school delegated budgets of £5.161 million at year end. At quarter 2 this had reduced to a projected deficit of £4.709 million. However, at quarter 3, it has increased to a projected deficit of £4.989 million. There are 38 primary schools, 6 secondary

schools and 1 special school (76% of all schools) projecting a deficit balance at year end.

The Financial Scheme for Schools requires all deficit budgets to be approved by the Section 151 Officer and the Corporate Director – Education, Early Years and Young People. For deficit budgets in excess of 5% of the school's annual budget share or £10,000 (whichever is the higher), a deficit recovery plan must be submitted to the Corporate Director – Education, Early Years and Young People identifying how the deficit will be recovered. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school attend termly support and challenge meetings with senior local authority officers. The Section 151 Officer and the Corporate Director – Education, Early Years and Young People have reviewed the deficit plans submitted, with schools being invited to challenge meetings over the autumn term.

Central Education, Early Years and Young People (EEYYP) Directorate budgets

Learner Support Group

- There is a projected net over spend of £1.121 million in Learner Support Group budgets which has decreased from the projected over spend of £1.392 million reported at quarter 2.
- The projected over spend is despite the Council approving £500,000 of additional funding as part of the MTFs 2024-25 for learner support to meet the costs of increased demand for Bridgend pupils in out-of-county placements and for increased demand for support for pupils with ALN in schools.
- There continues to be an increase in demand for ALN support at schools resulting in a projected over spend of £1.325 million, a decrease of £94,000 from the projected over spend of £1.419 million at quarter 2. The projected over spend remains in the areas of sensory support and communication, complex medical needs, and relationship support. The number of pupils supported in 2022-23 was 174, increasing to 277 in 2023-24, further increasing to 302 in the summer term and 340 in the autumn term of 2024-25.
- The inter-authority recoupment budget over spent in 2023-24 by £627,000 due to an increase in demand for Bridgend pupils in out-of-county placements as there were insufficient spaces at Heronsbridge School and Ysgol Bryn Castell. The budget has benefited from budget growth referred to above, in addition to out-of-county placements reducing from 21 (spring 2024) to 19 in the summer term, with a further reduction to 14 in the autumn term. The service is also projecting a one-off refund of £137,000 from an out-of-county placement, where a pupil's circumstances have changed. In addition, since quarter 2 the inter-authority recoupment income projections have improved by £100,000 due to the increased complexity of children being supported in Bridgend schools and, as a consequence, the inter-authority recoupment budget is currently projecting an under spend of £384,000 at quarter 3 compared to an under spend of £282,000 at quarter 2.
- There is a projected £200,000 over spend on the Adult Community Learning budget which is primarily due to the shortfall on the MTFs saving of £149,000 against the service. The shortfall is due to the timing of the finalised restructure which took place in November 2024.

Early Years and Young People Group

- The projected under spend of £208,000 has decreased from the £246,000 projected under spend reported in quarter 2 due to the filling of a core vacancy during quarter 3. The underlying projected under spend primarily relates to a restructure within the Education Welfare Service (£136,000), combined with staff vacancies being held across the Bridgend Youth Service and Education Engagement Team budgets which are contributing to the 2024-25 MTFs vacancy management factor of £342,000 for the EEYYP Directorate.

Home-to-school transport (HtST)

- The revenue outturn report for 2023-24 highlighted a £1.780 million over spend on the HtST budget. This was primarily as a result of retendering exercises that had taken place, which had been impacted by unfavourable market conditions which subsequently resulted in higher costs across many contracts in line with shortage of drivers and increased fuel costs.
- While Council approved a £1.2 million budget pressure for 2024-25 as part of the MTFs to contribute to the increased costs, further retendering exercises in September 2023 resulted in additional costs on special school contracts of £698,000 in 2023-24. The full-year effect of these contracts has placed an additional £572,000 pressure on HtST budgets in 2024-25.
- The service has also seen an increase in demand for transporting pupils individually due to challenging behaviour and an increase in pupils with ALN requiring transport provision based on the learner's needs assessment. Along with a number of contractors handing back contracts and having to re-tender at higher cost, these pressures have added a further projected increase in costs in 2024-25 of £244,000.
- However, the overall projected over spend has decreased to £571,000 from the £1.277 million projected over spend reported at quarter 1. This reduction is primarily due to in-year tenders issued, with a price cap for submissions for providers, resulting in a significant cost saving for the service area.
- Bridgend County Borough Council launched a full public consultation on proposed changes to the home-to-school and college transport arrangements in April 2024, which could make just over £1 million in budgetary savings for the local authority. In July 2024, Cabinet considered the outcome of this public consultation and approved 4 out of the 5 proposals. In September 2024 Cabinet approved a revised Home-to-School Transport Policy, for implementation from September 2025. It is estimated that over £1m of recurring budget reductions can be made from the current home to school transport budget in 2026-27, with a partial saving towards this in 2025-26.

3.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2024-25 is £109.390 million. As referenced in 3.1.12 this includes the £1.773 million Early Help and Edge of Care service budget which has transferred across from the EEYYP directorate during quarter 3 in line with the 3 year sustainability plan approved by Council to improve outcomes for Children and Family Services in Bridgend.

Current projections indicate an over spend of £2.796 million at year end compared to the quarter 2 projected over spend of £4.456 million. The detailed narrative below sets out the main service areas where projections have continued to improve, including Homecare services (learning disabilities, physical disabilities and sensory impairment), learning disabilities (direct payments), homes for older people, prevention and wellbeing, and children and families commissioning/social work budgets.

The outturn for 2023-24 was an over spend of £11.827 million. Council approved budget pressures of £8.330 million for the SSWB Directorate in February 2024 as part of the Medium Term Financial Strategy. The funded pressures include pay and price increases for commissioned services (£3.36 million), addressing recommended levels of resourcing for Children’s Services (£2 million), increased costs of home care for adults with learning disabilities (£1.970 million) and £1 million towards additional residential/nursing placement costs due to new admissions for older people and older people with mental health needs. Despite this growth the Directorate continues to experience the pressures of work to meet statutory duties against a backdrop of an exponential increase in demand and pressures in placements in children’s social care and increased complexity of need in adult social care.

As noted in the quarter 2 report, there continue to be pressures in learning disabilities driven by the complexity of need. There is also significant pressure in children’s residential placements where the need for care experienced children to be cared for in independent residential homes (23) exceeds the available budget. The Social Services Improvement Board is overseeing a number of actions to address the service and financial pressures evident in the children and families and adult services budgets. Good progress is being made at the end of the first year of the 3 year strategic plan for children and families approved in September 2023.

Further actions for 2024-25 have been developed into a 3 year Plan for Sustainable Care and Support for Adults in Bridgend County Borough Council that was approved by Cabinet on 19th November 2024 following consultation and engagement that took place over the summer period.

Since quarter 2, Welsh Government have awarded additional funding within Adult Social Care. Following a consultation exercise undertaken by WG, it has been decided to maintain the maximum charge at £100 per week for non-residential services. WG Ministers agreed to allocate £2.5 million funding for 2024-25 to Local Authorities to reflect that the charge will not be increasing at this time. It is estimated that BCBC will receive circa £100,000. Secondly, on 11th November WG launched the 50 Day Integrated Care Winter Challenge to improve hospital discharge procedures and to build community capacity in order to ease winter pressures on the NHS and social care systems. BCBC was allocated £428,425. Where the additional funding has impacted on the quarter 3 projections this is reflected in the narratives below.

The most significant variances for the directorate are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Adult Social Care	72,730	73,479	749	1.03%
Prevention and Wellbeing	6,474	6,085	(389)	(6.01)%
Childrens Social Care	30,186	32,622	2,436	8.07%

Adult Social Care

There is a net projected over spend of £0.749 million on the Adult Social Care budget, an improvement of £1.191 million from the £1.928 million over spend projected at quarter 2.

The most significant variances contributing to the projected over spend are:

ADULT SOCIAL CARE	Projected Variance Over/(under) budget £'000
Learning Disabilities Day Opportunities	659
Mental Health Homecare	579
Learning Disabilities Residential Care	454
Older People Direct Payments	294
Physical Disability/Sensory Equipment	237
Learning Disabilities Homecare	218
Older People Supported Accommodation	190
Physical Disability/Sensory Impairment Home Care	167
Physical Disability/Sensory Impairment Residential Care	109
Learning Disabilities Direct Payment	(58)
Assessment and Care Management	(69)
Mental Health Supported Accommodation	(196)
Homes for Older People	(524)
Older People Home Care	(852)

- Learning Disabilities Day Opportunities - the projected over spend of £659,000 has reduced by £19,000 since quarter 2. The projected over spend relates mainly to placement numbers exceeding the available budget for external day services (£512,000) in addition to increased transport costs (£162,000) which remain at a comparable level to quarter 2. The underlying reason for the projected over spend continues to be that whilst the learning disabilities home care budget continues to over spend as people have not returned to internal day services, older people are taking up the vacant day services placements. The service cannot be reduced until alternative models of day time support and occupation have been developed following a review which is underway. In addition a new transport policy went to Cabinet in July 2024 and went out for consultation between 6th August 2024 to 29th October 2024. The outcome of the public consultation is firstly being presented to Subject Overview and Scrutiny Committee 2 and subsequently to Cabinet.
- Mental Health Homecare – this includes supported living, short breaks and domiciliary care with the service experiencing increased needs of people with supported living packages of care. The projected over spend of £579,000 has decreased from the quarter 2 projected over spend of £679,000 due to a reduction of 3 placements.

- Learning Disabilities Residential Care – there is a projected over spend of £454,000 compared to £438,000 at quarter 2. The underlying reason for the projected over spend is due to increased costs for existing placements within the residential and nursing service due to changing needs. There has been an increase in 1 placement since quarter 2, from 39 to 40 at quarter 3.
- Older People Direct Payments – there is a projected over spend of £294,000 across the Direct Payments budgets in this area. The main reason for the projected over spend is the increasing complexity of cases that impact on the average cost of direct payments support. The projected over spend has reduced by £75,000 since quarter 2 due to further packages being removed from projections where activity had ceased for longer than six months, along with increases in account reimbursements.
- Physical Disability/Sensory Equipment – there is a projected over spend of £237,000, a reduction of £29,000 from the quarter 2 projected over spend of £266,000. The projected over spend is partly due to an increase in the expected contribution to the community equipment pooled fund (£84,000) with the remainder being due to increases in demand for small works and adaptations and aids to daily living. This is a fluctuating demand led budget which varies month by month and will be closely monitored.
- Learning Disabilities Homecare – there is a projected over spend of £218,000, compared to £457,000 at quarter 2. While the projected over spend is mainly due to increases in staffing costs for the internal Homecare service, due to having to cover staff sickness, (£279,000 compared to £499,000 at quarter 2) this is partly offset by under spends in the external Homecare service (£61,000).
- Older People Supported Accommodation – there is a projected over spend of £190,000 compared to a projected over spend of £201,000 at quarter 2. This projected over spend is based on the current number of placements which have increased from 42 at quarter 2, to 43 at quarter 3.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £167,000, which has reduced from the £329,000 over spend at quarter 2. The over spend is based on the current demand for the service, which is 107 packages of support.
- Physical Disability/Sensory Impairment Residential care – there is a projected over spend of £109,000 at quarter 3 compared to a projected over spend of £26,000 at quarter 2. This is due to the transition of one high cost placement from Children’s Services from November 2024.
- Learning Disabilities Direct Payments – there is a projected under spend of £58,000 across the Direct Payments budgets in this area compared to a projected over spend of £110,000 at quarter 2. Detailed reviews are being undertaken of all direct payment cases, with packages being removed from projections where support has ceased for longer than six months. Account reimbursements have also exceeded budget.
- Assessment and Care Management – there is a projected under spend of £69,000 on directorate wide assessment and care management budgets, an increase from the quarter 2 projected under spend of £13,000. The reduction in projected spend is

primarily due an increase in joint financing income from Health in relation to the Caswell Clinic mental health unit (£73,000). There continues to be a need for agency cover across this area due to demands in the system particularly linked to supporting the acute hospital and timely discharges and the complexity of court protection work in learning disabilities. A plan to permanently recruit and step down agency in a timely way is being implemented.

- Mental Health Supported Accommodation – The projected under spend of £196,000 primarily relates to projected under spends on staffing budgets. The projected under spend has increased from the £164,000 reported at quarter 2 mainly due to staff vacancies being held for the short term.
- Homes for Older People – There is a projected under spend of £524,000 compared to a projected under spend of £252,000 at quarter 2. Since quarter 2 there has been an increase in projected client contributions for internal residential homes. All contributions towards residential care are financially assessed in accordance with the Social Services and Wellbeing (Wales) Act 2014 but the average income received each year will vary in total depending on the financial position of the people needing care during the financial year – e.g. if there are a large number of people who have savings or assets and are therefore not reliant on the local authority paying their contribution in full, then this will increase the overall average income received per person.
- Older People Home Care – There is a projected under spend of £852,000, an increase from the quarter 2 projected under spend of £772,000. The projected under spend still primarily relates to projected under spends on staffing budgets as a result of the remodelling of the Support at Home services into locality based areas and the increase in numbers of people supported through short term reablement packages. Agency staff have been utilised to supplement the workforce where available, and there is positive working with the Employability Service to support people into careers in care. Since quarter 2 there has also been an increase in projected client contributions of £45,000 for the internal Homecare service, plus additional grant income of around £100,000 has been awarded from WG following the consultation outcome not to increase the non-residential maximum charge of £100 per week. However, this has been offset by a projected over spend on external domiciliary care placements due to complexities of people's needs and increased packages of support.

Prevention and Wellbeing

- There is a projected under spend of £389,000 compared to a projected under spend of £293,000 at quarter 2. This is mainly due to maximisation of grant funding from the Shared Prosperity Fund (£465,000) and other smaller grants across the service (£80,000).
- The following MTFs savings are not anticipated to be fully achieved in 2024-25:
 - SSW7 – review opportunities to amend the current energy payment arrangements for the leisure contract - £45,000 shortfall.
 - SSW13 – Council to reduce its investment into cultural services. While the saving is only partly achieved the shortfall is being mitigated with Shared Prosperity funding so that the saving is met in the short term.

Children's Social Care

There is a projected net over spend of £2.436 million on the Children's Social Care budget compared with the projected net over spend of £2.821 million at quarter 2. The most significant variances contributing to this over spend are:-

CHILDREN'S SOCIAL CARE	Projected Variance Over/(under) 2024-25 – qtr 3 £'000
Care Experienced Children	4,092
Management and Admin	(178)
Early Help & Edge of Care	(266)
Other Child & Family Support Services	(534)
Commissioning and Social Work	(678)

- The projected over spend of £4.092 million for Care Experienced Children has increased from the £2.953 million reported at quarter 2. It is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £3.695 million which has increased by £222,000 since quarter 2. This is based on the number of care experienced children in independent residential placements which is currently 23 placements – an increase of 3 since quarter 2. The underlying over spend position is due to the number in independent residential placements (23) exceeding the budget which covers between 6-8 placements depending on the unit cost. In addition there continues to be insufficient in-house foster carer placements to meet needs and children requiring specialist provision, sometimes with high staffing ratios to keep them safe and protected. It should be noted that this budget area can be volatile and small changes in demand can result in very high costs being incurred.
 - There is a projected under spend of £135,225 on the Independent Fostering Agency (IFA) budget based on 33 current placements (35 placements at quarter 2). This is due to alternative, lower cost, placement options being utilised, including Special Guardianship Orders. It should be noted, however, that some of the children in costly independent residential provision would ideally be with foster carers who can manage complex needs. There is insufficient capacity in-house and in IFAs which means that some children's needs are being met in a higher, more expensive, tier of service.
 - Children's Internal Residential Care is projecting an over spend of £188,000 which is an increase of £214,000 since quarter 2. This is due to increased usage of agency workers to cover vacancies across the service.
 - At quarter 2 a WG Eliminating Profit grant of £663,000 was contributing towards reducing the Children Looked After over spend. This grant is now being used to purchase specialist support to help support children at home rather than becoming looked after.
- Management & Administration – there is a projected under spend of £178,000 which has increased from the projected under spend of £105,000 at quarter 2. The service area has benefited from £56,000 of SPF funding since quarter 2. The underlying projected under spend is primarily due to other staff vacancies in this

service area which are contributing to the 2024-25 MTFS vacancy management factor of £255,000 for the SSWB directorate.

- Early Help & Edge of Care – During quarter 3, £1.773 million of Early Help Services budget were transferred from EYYP to the SSWB directorate in line with the 3 year sustainability plan approved by Council to improve outcomes for Children and Family Services in Bridgend. £500,000 of this budget related to a budget pressure approved by Council in February 2024 to strengthen the Council's statutory safeguarding accountabilities, specifically for Early Help and Edge of Care. There is a projected under spend of £266,000 against this budget pressure at quarter 3 as a review of the service is currently underway.
- Other Child & Family Support Services – There is a projected under spend of £534,000 which is due to reduced costs for the Regional Adoption service based on current projections for placements made across the region as at the end of November. This will be closely monitored for the remainder of the year and could be subject to change depending on the number of placements made by the end of March 2025.
- Commissioning and Social Work – There is a projected under spend of £678,280 which has significantly improved since the quarter 2 projected under spend of £72,000. The improvement is firstly due to additional Shared Prosperity funding being agreed since quarter 2 (£165,000). In addition there has been further reductions in staffing costs due to the current vacancies across the service (£212,000) and a reduction in agency costs due to successful recruitments (£213,000) in this budget area.
There remains a projected over spend in care and support and placement costs across the service area (£337,773), the majority of which relate to Care Experienced Children/care support spend such as court mandated drug testing, assessments, reports, travel and therapy costs over which the service has no discretion but to secure against a very limited budget. In total the service has received budget pressures of £3 million (£1 million in 2023-24 and an additional £2 million approved by Council for 2024-25) to address the recommended levels of workforce resourcing for children's services outlined in the 3 year strategic plan for Children and Families approved by Council in September 2023 and recruitment to these posts has commenced.

3.3.3 Communities Directorate

The net budget for the Directorate for 2024-25 is £32.999 million. The current projection is an anticipated over spend of £825,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Fleet Services	184	684	500	271.74%
Development Control	(140)	(214)	(74)	53.17%
Waste Collection & Disposal	11,181	11,397	216	1.93%
Highways Services (DSO)	3,366	3,236	(130)	-3.86%
Corporate Landlord	3,210	3,462	252	7.85%

Fleet Services

- There is a projected over spend of £500,000 at quarter 3 on Fleet services which has worsened from the £460,000 projected at quarter 2, and is also now higher than the £483,000 over spend in 2023-24.
- The fleet services team operate on a break-even basis with re-charges for work undertaken on directorates, South Wales Police (SWP) and the general public's vehicles, generating income to support staffing and overhead costs. Productivity levels have been further impacted by long term sickness and ongoing difficulties with recruitment and retention. A market supplement has been introduced for HGV technicians, in line with the corporate Market Supplement Policy, following comparisons with neighbouring authorities, which has only seen limited success in filling vacancies. A review outlining options for service operating models to mitigate the budget position of fleet services has been delayed due to officer availability and is anticipated to proceed in the first half of the 2025-26 financial year.

Development Control

- The projected under spend in Development Control of £74,000 has improved from the projected over spend at quarter 2 of £72,000. This is primarily due to increased income from Planning Performance Agreements with developers as part of a system of cost recovery in dealing with mainly major development proposals. Fee income is subject to considerable fluctuations between years, depending on number and of types of applications.

Waste Collection and Disposal

- There is a net projected over spend on the Waste Disposal and Collection budget of £216,000. The main underlying pressures on the waste budget include:-
 - The delay in the achievement of the 2022-23 MTFS saving, COM 2 – Relocation of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at the existing site. Whilst the new site opened in quarter 4 of 2023-24 the timing of the opening meant that the full saving could not be achieved in 2024-25 as the exit terms of the lease needed to be finalised (£60,000 shortfall).
 - Increase in subscribers for the Absorbent Hygiene Products (AHP) service (£60,000). The AHP service has been promoted to further improve the recycling levels achieved in Bridgend which also mitigates the risk of fines

imposed by WG if local authorities do not meet their recycling targets. It has seen an increase of 35% since the start of the 2022-23 financial year.

- Decrease in income due to the reduction in the price of recycled materials since quarter 2 (£42,000).
- Shortfall of £113,000 on Trade Waste black bag income due to increased recycling being undertaken by businesses due to the change in law in Wales in April 2024 for all businesses, charities and public organisations to sort their waste for recycling.

Highways Services

- The projected under spend of £130,000 within Highways Services is primarily due to core funded staff being utilised to support work on capital schemes. In these cases, the salary costs can be capitalised thus generating income for the service area.

Corporate Landlord

- There is a projected over spend of £252,000 at quarter 3, a small reduction from the £278,000 over spend projected at quarter 2.
- There continues to be shortfalls in income generated from properties run by the Council that relate to occupancy shortfalls which have continued into 2024-25 and strategies are being developed to reduce these shortfalls in the longer term.
- The shortfall against Bridgend Market of £285,000 is due to the identification of Reinforced Autoclaved Aerated Concrete (RAAC) and the subsequent closure of the market and loss of rental income. Whilst tenants in the new market hall are paying rent and service charges, this is not sufficient to cover full costs.
- There is also a shortfall in income of £128,000 for the Innovation Centre and a strategy is being developed to reduce this income shortfall in the longer term.
- As noted in section 3.2.2 the £50,000 target for 2022-23 and the £120,000 target for 2023-24 in relation to MTFS proposals to seek to commercially let out wings of Ravens Court were not achieved. In addition, there is a further £73,000 MTFS saving across the estate budgets for 2024-25 in relation to office rationalisation which has also not been achieved. The shortfall against the savings targets adds a further £243,000 pressure on the Corporate Landlord estates' budget.
- Corporate Landlord are anticipating the sale of the Freehold of Ravens Court in the final quarter of 2024-25 which will mitigate these MTFS shortfalls going into 2025-26.
- Whilst the over spend in Corporate Landlord was partially mitigated in 2023-24 by staff vacancies of £246,000, ongoing vacancies in this service area are contributing to the 2024-25 MTFS vacancy management factor of £500,000 for the Communities Directorate.

3.3.4 Chief Executive's

The net budget for the Directorate for 2024-25 is £23.460 million. Current projections anticipate an over spend against this budget of £1.922 million. This is a reduction of £100,000 from the quarter 2 projected over spend of £2.022 million. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Actual Variance Over/(under) budget £'000	% Variance
Housing & Homelessness	3,551	3,962	411	11.6%
Legal, Democratic & Regulatory	5,847	6,464	617	10.6%
ICT	3,956	4,248	292	7.4%
Finance	4,076	4,327	251	6.2%

Housing & Homelessness

- There is a projected net over spend of £411,000 on Housing & Homelessness which is a reduction of £243,000 compared with the projected over spend of £654,000 reported at quarter 2.
- The overall budget for housing and homelessness has been reduced by £645,000 in 2024-25 due to MTFs budget reduction proposals. Appendix 2 highlights that it is anticipated that all of these are now likely to be achieved in 2024-25.
- For 2024-25, Welsh Government (WG) have confirmed grant funding of £915,000 for accommodation under the "No One Left Out" funding stream, £198,000 under a Discretionary Homelessness Prevention Grant and £60,000 Strategic Coordinator grant. The total grant funding confirmed for 2024-25 of £1.173 million is significantly lower than the total grant allocation of £1.505 million received in 2023-24. £986,000 of the grant funding covers homelessness accommodation costs and £127,000 is utilised towards Homeless Spend to Save support, e.g. funding bonds for rental properties.
- Projected spend on Homelessness accommodation at quarter 3 is £4.4 million, a reduction of £100,000 since the £4.5 million projected at quarter 2. The key factor in this reduction is the purchase of Houses in Multiple Occupation (HMO) stock as well as utilising an existing BCBC property with the opening of Maple Tree House (previously Children's Residential Home), enabling a reduction in the use of more expensive options such as tourism style properties.
- As well as the core budget (£2.174 million) and total WG accommodation grant funding (£986,000), the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£450,000). The net impact is a projected over spend on accommodation of £790,000.
- The Council has seen a significant increase in the provision of temporary accommodation. At the end of 2019-20, the Council was providing temporary accommodation to 83 households. At the end of October 2024 this had increased to 248 households, representing a 199% increase over this period. The wider demand for social housing from those in housing need has also increased. At the end of 2019-20 there were 816 households registered on Bridgend's Common

Housing Register. At the end of August 2024 this number had increased to 3,254 households.

- Measures to support the delivery of CEX21 – review of Homelessness Service, are in the early stages of implementation but are projected to meet the saving in full. Longer term arrangements are more cost effective. There has also been an increase in the use of the ‘Alternative to Bed & Breakfast’ service, which again is more cost effective when compared to tourism style units.
- The projected over spend of £790,000 on accommodation is offset by projected under spends on the Brynmenyn Homeless Centre (£254,000) due to an increase in Housing Benefit income levels, staff vacancies (£40,000) and maximisation of Supporting People grant (£124,000).

Legal

- There is a projected net over spend of £617,000 across Legal, Democratic and Regulatory services, which is comparable to the quarter 2 projected over spend of £612,000.
- There is a projected over spend on staffing budgets within Legal services of £68,000, which is partly due to the timing of the implementation of the MTFs proposal CEX13 – restructure of Legal Services (£60,000).
- Regulatory Services (Licencing, Public Health, Pest Control) is projecting a net over spend of £142,000 which has reduced since the quarter 2 projected over spend of £165,000. This projected over spend is primarily due to the projected under recoupment of income for taxi examination and licence fees (£61,000). Whilst a similar shortfall was experienced in 2023-24 it was offset by a £74,000 refund being received in relation to the Shared Regulatory Service. The balance is due to the projected shortfall on CEX 8 – Charging the public for Pest control Services (£36,000) based on income levels to date.
- The balance of the projected over spend is due to legal fees continuing to be a budget pressure. Whilst Council approved £300,000 to support the increase in legal fees being experienced, the complex cases requiring King’s Counsel have continued in 2024-25, and the service area is projecting an over spend of £222,000 (£181,000 projected over spend at quarter 2).

ICT

- There is a projected net over spend of £292,000 across ICT budgets which has reduced by £41,000 since quarter 2. The projected over spend is primarily due to the shortfall of £221,000 against the MTFs saving CEX 22 – Review of ICT services, with a planned review of telephony budgets across the Council due to take place during quarter 4. Further updates will be provided to Cabinet in future revenue monitoring reports as this review is implemented.

Finance

- There is a projected net over spend of £251,000 across Finance, an increase of £72,000 since quarter 2. The projected over spend is primarily due to a projected shortfall of £158,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments in Bridgend. Any Housing Benefit award paid over the subsidy level is borne by the Council as the DWP does not fully fund all Housing Benefit expenditure – for example there are a number of tenancy arrangements whereby the subsidy is limited to historic local housing allowance rates or restricted by rent officer determinations.
- The balance is mainly due to the shortfall against CEX 25 – staff savings from Finance senior management (£52,000).

3.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The net budget for 2024-25 is £46.037 million. Current projections anticipate an under spend against this budget of £13.752 million, an improvement of £11.748 million from the £2.004 million under spend projected at quarter 2. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	6,958	2,259	(4,699)	-67.5%
Council Tax Reduction Scheme	16,054	16,515	461	2.87%
Other Corporate Budgets	10,167	778	(9,389)	-92.35%

Capital Financing

- The projected under spend of £4.699 million has improved from the £1.606 million projected under spend at quarter 2.
- £2.405 million of the projected under spend mainly relates to additional interest anticipated from current investments due to the previous increases in interest rates in 2023-24 which were held through to July 2024, before reducing over the ensuing months to the current 4.75% rate agreed in November 2024. It is anticipated that there will be further interest rate reductions, however the timing of these are uncertain and are subject to economic factors and in particular the position of inflation against the Bank of England's 2% target.
- Council agreed a change in the Minimum Revenue Policy on 23rd October 2024, to move the methodology for setting aside revenue resources for the repayment of debt (known as Minimum Revenue Provision – MRP) from a straight line basis to an annuity basis. An annuity basis will result in lower MRP in earlier years with an increasing MRP charge over time. The impact in the current year is a reduction in the MRP charge for supported borrowings from the quarter 2 forecast of £3.25 million to £0.98 million at quarter 3 – an improvement of £2.27 million.

Council Tax Reduction Scheme

- There is currently a projected over spend of £461,000 on the Council Tax Reduction Scheme which has reduced from the £709,000 projected over spend at quarter 2. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2024-25 is higher than in 2023-24 when the gross spend in this budget area was £15.566 million, which is as a consequence of the 9.5% increase in council tax in 2024-25. Cases will continue to be reviewed closely during the year to ensure that only those entitled to receive support continue to do so.

Other Corporate Budgets

- The projected under spend of £9.389 million has improved from the £0.981 million projected under spend at quarter 2. The main areas contributing to this projected under spend are:-
- As referred to in paragraph 3.1.14, during quarter 3 Welsh Government provided a grant of £937,539 towards teachers' pay award 2024-25 and £2,352,854 toward NJC pay pressures that were not anticipated at budget setting. This has positively

impacted on the projections for other Corporate budgets by £3.290 million since quarter 2.

- In addition, even a variance of 1% on the pay settlement for NJC staff can result in a swing of required funding of over £1 million per annum.
- Inflation rates decreased to a low point of 1.7% in September 2024 compared to 3.8% when the budget was set, although more recently increased to 2.3% in October 2024. In addition, energy prices reduced further than anticipated in 2024-25. Consequently there is a projected under spend on the price inflation budget due to a projected reduction in requirements to allocate price inflation to service areas in-year.. There is ongoing uncertainty on energy cost increases in 2025-26 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2025-26 will need to be supplemented by any funding not committed from the price inflation budget this financial year.
- As part of the MTFS 2024-28, £1.558 million was set aside towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals. Only £87k has been allocated during 2024-25, resulting in a projected under spend of £1.543 million which is proposed to be included in the draft MTFS proposals for 2025-26.

3.4 Earmarked Reserves

- 3.4.1 The cumulative revenue draw down by directorates is £2.855 million as shown in Table 4 below. The majority of the draw down from earmarked reserves takes place in the later stages of the financial year, especially on capital and grant funded schemes. In addition, school balances are not adjusted until the year end – an overall draw down in-year of £7.394 million from school balances is currently projected, which would leave a negative balance to be temporarily covered by the Council.
- 3.4.2 A thorough review of earmarked reserves has been undertaken by Corporate Management Board during quarter 3 of 2024-25, including an assessment of the draw down profile and re-profiling of existing earmarked reserves. The assessment also includes identifying earmarked reserves that can be unwound in order to fund emerging risks for the Council as a whole in 2024-25 onwards. Table 4 below shows that the review resulted in £2.490 million of earmarked reserves being unwound, and new earmarked reserves established to support one-off costs, for example, to bring the waste service in-house from 2026-27 as agreed by Cabinet in November 2024, implementation costs for the new replacement WCCIS system (health/social care information system), and to use towards implementation of the WG Eliminating Profit Strategies from Children's commissioned services.

Table 4 – Usable Revenue Earmarked Reserves (Excluding Council Fund) – Quarter 3

Opening Balance 01 Apr 24	Reserve	Net Additions/ Reclassification	Draw- down	Unwound	Closing Balance 31 Dec 24
£'000		£'000	£'000	£'000	£'000
	Corporate Reserves:				
2,772	Asset Management Reserves	(30)	(401)	(88)	2,253
1,330	Major Claims & Insurance Reserves	-	(145)	(355)	830
1,892	Service Reconfiguration	-	-	-	1,892
1,794	Change Management/Digital Transformation	(538)	(253)	(85)	918
500	Economic and Future Resilience Fund	-	-	-	500
2,406	Other Corporate Reserves	-	-	(227)	2,179
10,694	Total Corporate Reserves	(568)	(799)	(85)	8,572
	Directorate Reserves:				
811	Education & Family Support	246	(519)	-	538
2,676	Social Services & Wellbeing	1,670	(926)	(1,194)	2,226
1,442	Communities	-	(14)	(79)	2,069
1,740	Chief Executives	796	(509)	(274)	1,753
6,669	Total Directorate Reserves	3,432	(1,968)	(1,547)	6,586
	Equalisation & Grant Reserves:				
1,278	Education & Family Support	(916)	-	-	362
90	Social Services & Wellbeing	-	-	-	90
2,359	Communities	5	(65)	(88)	2,211
279	Chief Executives	-	(23)	(100)	156
4,006	Equalisation & Grant Reserves:	(911)	(88)	-	2,819
2,405	School Balances	-	-	-	2,405
23,774	TOTAL RESERVES	1,953	(2,855)	(2,490)	20,382

3.4.3 In addition to the usable revenue reserves in Table 4, there are currently £40.763 million of other earmarked reserves funding schemes within the capital programme.

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

4.1 The protected characteristics identified within the Equality Act 2010, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. The

allocation of budget determines the extent to which the Council's well-being objectives can be delivered. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change Implications

6.1 There are no direct implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no direct implications arising from this report.

8. Financial Implications

8.1 These are reflected in the body of the report.

9. Recommendations

9.1 The Committee is recommended to consider the report upon the projected year end revenue position for 2024-25.

Background documents: Individual Directorate Monitoring Reports

PRIOR YEAR BUDGET REDUCTIONS CARRIED FORWARD INTO 2024-25

Ref.	Budget Reduction Proposal		Original Reduction and RAG £000	Total amount of saving likely to be achieved by 24-25 £000	Reason why not achievable	Proposed Action in 2024-25 to achieve
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RAG STATUS KEY

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

EDUCATION, EARLY YEARS AND YOUNG PEOPLE

EDFS1 (2023-24)	Delegate some school transport responsibilities to The Bridge Pupil Referral Unit under a new delivery model to deliver efficiency savings		40	40	During 2023-24 officers investigated the practicalities and implications of a bespoke transport arrangement for the Bridge Alternative Provision. It was determined that without capital investment to purchase a vehicle and additional staff resources that the proposal was not possible to be delivered. The transport budget for The Bridge has been re-instated to 2022-23 levels. Since September 2023, the approach taken in relation to supporting Post 16 learners with college passes has been changed, with the £40K savings now anticipated to be made on the Post 16 transport budget.	No further action required in 2024-25.
Total Education, Early Years and Young People			40	40		

COMMUNITIES

COM 2 (2021-22)	Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site		60	0	The new site opened during quarter 4 of 2023-24. The timing of the opening meant that exit terms of the lease are being finalised in 2024-25. Once these have been finalised, the full saving will be made.	The service will endeavour to meet any shortfall in the saving through alternative one off efficiencies in 2024-25 to deliver a balanced budget position.
COM 3 (2022-23)	Change the composition of Household Food Waste Bags		35	89	The budget reduction proposal was delayed in 2023-24 until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have implemented the change of composition, therefore the saving will be made in full during 2024-25.	No further action required. The new waste contractors from 1st April 2024 have implemented the change of composition, therefore the saving will be made in full during 2024-25.
COM 4 (2022-23)	Remove Business in Focus from running Enterprise Centres in Bridgend		20	20	Review of Business in Focus operating model continues to be explored to identify operating efficiencies with a view to restructuring the management agreement with Business in Focus to deliver this saving in full in 2024-25.	None required - 2024-25 will see the delivery of this saving target in full.
COM 5 (2022-23)	Commercially let a wing of Ravens court to a partner organisation or business		50	0	Building has not been commercially let during 2024-25.	The service anticipates the sale of the freehold in the final quarter of 2024-25 which will enable the savings to be realised going into 2025-26.
COM 1 (2023-24)	Closure of each of the Community Recycling Centre sites for one weekday per week		50	50	Public consultation on this proposal was held between 30 June and 12 September 2023, with the outcome reported to Cabinet on 21 November 2023, when the proposal was approved. A marginal saving was made in 2023-24 with the full saving being realised in 2024-25.	None required - 2024-25 will see the delivery of this saving target in full.
COM 2 (2023-24)	Charging Blue Badge Holders for parking		40	0	The traffic management team were engaged in the introduction of the default national speed limit in built up areas. The saving proposal was not achieved in 2023-24 due to the processes required to introduce any change.	A staff member has commenced work on this proposal. It requires a full order making process which is typically 12-18 months. Progress will be determined by this process and updates will continue to be provided to Cabinet. The service will endeavour to meet any shortfall in the saving through alternative one off efficiencies in 2024-25 to deliver a balanced budget position.
COM 3 (2023-24)	Commercially let two wings of Ravens court to a partner organisation or business		120	0	Building has not been commercially let during 2024-25.	The service anticipates the sale of the freehold in the final quarter of 2024-25 which will enable the savings to be realised going into 2025-26.
Total Communities Directorate			375	159		
GRAND TOTAL OUTSTANDING REDUCTIONS			415	199		
REDUCTIONS SHORTFALL				216		

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MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
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EDUCATION, EARLY YEARS AND YOUNG PEOPLE (FORMERLY EDUCATION AND FAMILY SUPPORT)

CENTRAL EDUCATION, EARLY YEARS AND YOUNG PEOPLE

EDFS1	Reduction in staff mileage budgets	During the pandemic, most meetings were arranged virtually, instead of in person. This arrangement has continued in part with hybrid working, although there are clear cases where in-person meetings are essential. The result is that spend on mileage is less than pre-pandemic levels, and budgets can be reduced accordingly with limited impact on service provision, but positive benefits for achieving net carbon zero.	18	7	18	Full saving should be achieved in 2024-25.
EDFS2	Directorate Vacancy Management Factor	The introduction of an average 3% vacancy factor across the directorate - excluding schools, front-line services and grant-funded and income-generating posts. Recruitment has been an issue across the Council in recent years and there have been underspends in many services which cannot recruit to vacant posts. This target will need to be managed carefully and reviewed to ensure it is achievable.	342	239	320	The Directorate has implemented a very strict regime around managing vacancies, all vacancy management forms are escalated to the Head of Service for authorisation. This has resulted in significant extra pressure on staff and managers and in some areas has resulted in waiting lists. Despite these difficulties the Directorate is on target to achieve 94% of savings required.
EDFS7	Income generation opportunities within the Music Service	Interest in developing a training function for schools provided by the Bridgend Music Service but this has not been costed and at a time when schools are looking to manage their service level agreements (SLAs) very carefully, this might not be possible. The national music service grant is subsidising this at the moment.	3	3	3	Full saving should be achieved in 2024-25.
EDFS8	Increase price of school meals by 30p (saving is limited due to the roll out of the universal primary free school meals (UPFSM) initiative)	The cost of school meal in Bridgend is currently one of the lowest in Wales. It is anticipated that an increase of 30p per meal would still see Bridgend as being in the bottom quartile of school meal cost across Wales. It is worth noting that there may be a decline in the take-up of a school meal following previous price increases and this may negate any savings.	30	8	30	Full saving should be achieved in 2024-25.
EDFS9	Cessation of Adult Community Learning (ACL) provision	This would result in staff redundancies. There could be alternative options available via external partners. This saving could lead to the partnership being weakened. There will also be a loss of presence felt within local communities.	149	0	0	The outcome of the consultation process for the cessation of the ACL service was finalised in quarter 3 of 2024-25. Savings will be achieved from 2025-26.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
EDFS11	Reduction in contribution to Central South Consortium	Welsh Government is currently reviewing school improvement arrangements in Wales. The review is due to report in late spring/early summer 2024. We would look to reduce some of the central administrative functions rather than frontline services (improvement partners/principal improvement partners).	35	35	35	Full saving should be achieved in 2024-25.
EDFS12	Educational Psychology Service - Reduction in equipment, mileage and staff	This may result in educational psychologists not using latest test materials for their assessments which may mean results are invalid. This could also result in a potential reduction in in-person visits to schools and an increase in online sessions. This could result in the local authority being unable to meet its statutory duties under legislation, as the statutory role of educational psychologists could not be met due to reduced capacity. The local authority could be open to legal and tribunal challenge due to missed timescales and failure to meet its statutory duties. Unidentified needs of learners and significant placement breakdowns could lead to an increase in out-of-county specialist placements requested at additional cost.	38	10	38	Full saving should be achieved in 2024-25.
EDFS13	ALN Statutory Team - reduction to staffing structure	The local authority could be unable to meet its statutory duties. The local authority could be open to legal and tribunal challenge due to missed timescales.	17	5	17	Full saving should be achieved in 2024-25.
EDFS14	Early Years ALN, Cognition and Learning and Complex Medical and Motor Impairment - review of pay grades, reduction in staffing numbers	There could be a reduction in training offered to schools. The team may be unable to oversee the Observation and Learning Resource Centres at the current level. The early identification of needs of pupils may not be identified as quickly as desired. Schools may not have expertise to support pupils and needs escalate.	50	9	50	Full saving should be achieved in 2024-25.
EDFS15	The Bridge Alternative Provision - staffing reductions and charging schools for hospital education	The setting may be unable to offer pupils the option to continue their studies through the medium of Welsh (previous Estyn recommendation). There could be insufficient staff to pupil ratios which could have potential safeguarding risks and limit the number of pupils The Bridge is able to accommodate.	81	21	81	Full saving should be achieved in 2024-25.
EDFS16	Learner Support - staffing reductions	There is a statutory requirement to support young people with additional learning needs up to the age of 25. This saving could result in schools being unable to effectively manage additional learning provision, therefore potentially causing more local authority individual development plans which could cost the local authority more. This could result in an increased risk of tribunals.	16	4	16	Full saving should be achieved in 2024-25.
EDFS17	School Modernisation budgets - review of staffing and non-staffing budgets	This could result in challenges in respect of site maintenance. This could also impact on the delivery of some capital projects.	22	22	22	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
EDFS18	Sensory Team - Hearing and visual impairment - review of staffing and non staffing budgets	This could result in a failure to meet statutory duties for hearing impaired (HI) and visually impaired (VI) learners. Learners with a HI and VI may be unable to access visits and in class support, modified resources and the school curriculum. This could result in the Learning Resource Centre not being staffed fully.	35	9	35	Full saving should be achieved in 2024-25.
EDFS19	Communication and Relationships Team - Referrals only accepted for pupils who are at risk of permanent exclusion and placement breaking down. No longer completing observations for the ND Pathway	This could result in schools not following the local authority graduated response due to waiting times of support being implemented. Pupils placed on reduced timetables while schools await action plans could increase. This could result in pupils not progressing on the Neurodevelopmental Pathway due to specialist teachers being unable to complete professional recommendations.	142	0	0	Saving not met in 2024-25 due to the overall increase in pupils needing service. There has been a significant increase in the number of pupils receiving both fixed term and permanent exclusions across Bridgend. This has resulted in additional requests for 1:1 support, to maintain their education provision. In addition to this where a pupil has been identified as requiring a specialist class or provision and there is no available space an ancillary package of support is put in place to meet the Additional Learning Needs Provision identified in the pupils Individual Development Plan (IDP). As per the ALN Code for Wales 2021. We currently have waiting lists at every key stage and across provisions.
EDFS20	Welsh in Education Strategic Plan (WESP) - reduction in translation services and review of staffing	This could result in a less co-ordinated approach to increasing Welsh-medium education and seeking opportunities to engage in activities through the Welsh-medium. WESP Coordinator to translate which would impact the ability to meet targets set within the WESP and could lead to a failure in meeting Welsh Government targets to increase Welsh-medium education.	10	10	10	Full saving should be achieved in 2024-25.
EDFS21	School Music Service - cease payments of all Four counties ensemble financial commitments, cease all hire of vehicles for concerts etc	No offer of collaborative Four Counties activities to learners.	7	7	7	Full saving should be achieved in 2024-25.
EDFS23	Reduction in Catering Services maintenance budget	This could mean a reduction in the purchase of replacement equipment for kitchens and an inability to comply with new refuse legislation from April 2024 for food recycling. This could have an impact on the local authority's resilience to maintain school kitchens effectively.	154	154	154	Full saving should be achieved in 2024-25.
EDFS24	Review of staffing structure within the Education Directorate Support Unit (EDSU)	This could result in several challenges within the directorate's business function arm including the ability to coordinate correspondence, respond to Welsh Government requests and support administrative activity.	63	63	63	Two vacant posts in this service area contributed £72K in savings - £9K above target. This £9K has been used to contribute to EDFS26

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
EDFS25	Review of staffing structures and non-staffing budgets within the Corporate Health and Safety Unit (CHSU)	This could result in less specialist health and safety support available across the organisation and may require the local authority to purchase additional external support if required at a later date.	40	40	40	One vacant post in this service area contributed saving that are £9K above target. This £9K has been used to contribute to EDFS26
EDFS26	Review of staffing structure within Pupil Services	This could result in the directorate having less ability to discharge statutory functions (that is, school admissions, child performance licensing, chaperone licensing, child employment and the appointment of local authority governors).	18	18	18	See comments under EDFS24 and EDFS25
EDFS27	Review of staffing structures within Early Help	This could result in increased referrals to statutory services such as Social Care, and Child and Adolescent Mental Health Services (CAMHS). This could result in reduced support for learners, parents and carers.	132	132	132	Full saving should be achieved in 2024-25.
EDFS28	Youth Support - redistribution of resources including the provision of a mobile youth support facility	This could result in a lack of appropriate spaces for young people to socialise can lead to them becoming isolated which in turn has a negative impact on their emotional wellbeing and mental health. This impact could be mitigated by the use of the new mobile youth provision vehicle.	26	26	26	Full saving should be achieved in 2024-25.
EDFS29	Early Years and Childcare Team - reduction to project delivery budget (for example, training and grants available to childcare settings)	This could result in reduced training opportunities for the sector and the possibility of the team being unable to meet statutory requirements.	14	14	14	Full saving should be achieved in 2024-25.
EDFS30	Edge of Care Services - staffing restructure	This could result in a reduction of services to children and families.	84	84	84	Full saving should be achieved in 2024-25.
EDFS31	Youth Justice Service - review of staffing and non-staffing budgets	Loss of external provision could mean that the Bridgend Youth Justice Service would need to deploy an alternative operating model which may result in a decreased offer to young people.	34	34	34	Full saving should be achieved in 2024-25.
	Total Education, Early Years and Young People		1,560	954	1,247	

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
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SCHOOLS

SCH1	Efficiency savings against School Delegated Budgets - 3% in 2024-2025 then 2% for 2025-26 and 1% thereafter.	It is important to note that some of this impact may be mitigated by the financial support provided to schools from the local authority in assisting schools to meet cost pressures in relation to pay and pensions, and energy. Further to discussion with headteachers, the following potential impacts have been identified: 1. Risk of increased school deficit positions; 2. Potential to result in some teacher and other staff redundancies; 3. Increase in class sizes; 4. Loss of interventions; 5. Increase in staff absence; 6. Low staff morale; 7. Increased workload; 8. Reduced curriculum offer; 9. Reduced leadership/strategic thinking time; 10. Potential inability to meet statutory requirements; 11. Decrease in adult support in classrooms; 12. Increase in pupil exclusions; 13. Decline in standards; 14. Reduction in ability maintain school buildings; 15. Limited extra-curricular activity; 16. Increase in referrals for behaviour support; 17. Reduced support for learners with additional needs; 18. Reduction in professional learning opportunities; 19. Loss of expertise due to teachers and senior leaders leaving the profession.	3,441	3,441	3,441	Savings achieved due to overall reduction in Individual Schools Budget (ISB). However, reduced budgets have resulted in total projected deficit balances for schools at year end of £4.989 million at quarter 3.
Total Schools			3,441	3,441	3,441	
Total Education, Early Years and Young People Directorate			5,001	4,395	4,688	

SOCIAL SERVICES AND WELLBEING

SSW1	Reduction in staff mileage budgets	During the pandemic most meetings were arranged virtually, instead of in person. This arrangement has continued in the main since then with hybrid working, although there are clear cases where in-person meetings are essential, with the result that spend on mileage is less than pre-pandemic levels, and budgets can be reduced accordingly with no impact on service provision, but positive benefits for achieving net carbon zero.	128	96	128	Full saving should be achieved in 2024-25.
SSW2	Directorate Vacancy Management Factor	The introduction of an average 3% vacancy factor across the directorate - excluding front line services and grant funded and income generating posts. Recruitment has been an issue across the Council in recent years and there have been underspends in many services which cannot recruit to vacant posts. This target will need to be managed carefully and reviewed to ensure it is achievable.	255	191	255	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
SSW3	Non Residential Charges Income Generation	Review of the service pricing model and increasing unit costs with a view to generating additional income. Based on unit cost increase of 7.5%. Services are provided to vulnerable adults following an assessment of need. There is risk that individuals will cancel care packages and not have their needs met which could result in higher packages of care required in the future cost and/or an increase in debt recovery. Welsh Government has set a maximum charge of £100 per week that can be charged to an individual for non-residential care, so for those people already paying the maximum amount no additional income will be generated. In terms of flat rate charges such as Transport and Meals, no additional income can be generated under the current regulations.	75	56	75	Full saving should be achieved in 2024-25.
SSW4	Remodelling Day Opportunities	As part of the wider prevention and wellbeing agenda the service is reviewing all daytime opportunities to create environments in vibrant and compassionate communities that offer a wide and diverse opportunity. This will enable the department to review how the localised community hubs are operated and managed. This will include transport arrangements, management structures and overall operation and service that is delivered. The review will include a rebalance of who operate day time services in Bridgend but could reduce the numbers attending and /or a reduction in current service provision.	200	200	200	Plans are in place and full saving should be achieved in 2024-25.
SSW5	Direct Payments Reimbursements	Invest to save proposal approved to fund a staff member to manage individual direct payment cases and action surplus fund reclaims to reduce overall spend. The savings target is net of the costs of implementing this proposal.	250	250	250	Full saving should be achieved in 2024-25.
SSW7	Review opportunities to amend the current energy payment arrangements for the leisure contract	A formal review and extension of contract could enable a change to how energy is paid for within the partnership with a positive impact on costs. Halo currently pay their energy bills directly but if BCBC were to pay there is greater economies of scale and potential tax savings. It would likely need a contract extension and review of the contract to justify such a change.	45	0	0	Advice received as to steps required to amend the partnership agreement to support the savings proposal. Update report required for Cabinet to seek approval for required changes

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
SSW8	Review the full repairing lease aspect of the Health Living Partnership Programme contract and opportunities to invest differently or less within the leisure estate	The poor condition and need for investment of the leisure assets was a key driver in the development of the healthy living partnership and there have been improvements and scheduled maintenance at all venues since 2012. Council may wish to review how much funding it wishes to be spent on asset repairs and maintenance and whether the full repairing lease can be reviewed. Some small reductions may be possible by reviewing options for investment. The impact would be increased pressure on the capital/minor works programme to cover repair and replacement requirements and potentially not all investment needs would be met. The contractual implications of the outcome of the review will need to be considered.	50	0	50	Contract negotiation required to implement saving proposal in development, however full saving should be achieved in 2024-25.
SSW9	Review the operating costs of leisure facilities	The operating costs of the leisure buildings have progressively improved since 2012 and as such the financial savings from building closures have reduced. A review of opening hours will deliver some efficiencies in 2024. A broader leisure strategy is being developed which will inform the remodelling of leisure in the county borough for future years.	30	0	30	Full saving should be achieved in 2024-25.
SSW11	BCBC to waive protections on concessionary pricing and discounted rates for the more vulnerable in leisure settings	These categories of user have been developed in line with the terms of the leisure contract seeking to support our most vulnerable by reducing cost as a barrier to accessing services that support wellbeing. There has been success in this and large numbers of people benefit from concessions including the means tested access to leisure scheme. This subsidy could be removed but risks would include levels of participation reducing and also related income. Many of the beneficiaries in this category are means tested. This may challenge the socio economic duty. These individuals are part of communities which have the lowest mortality rates and the highest burden of chronic disease in the county borough.	15	0	15	Full saving should be achieved in 2024-25.
SSW13	Council to reduce its investment into cultural services including the availability of buildings, services or resources relating to its libraries, supported employment, community venues and arts programmes	Will include consideration of a reduction in library opening hours, library resources, community centres, supported employment for people with disabilities, arts activity and resources (for BCBC to determine) and other services or venues managed on behalf of the Council. It will be for Council to determine the contractual changes it requires and the related changes to the partnership agreement. For some services there will potentially be the need for public engagement or consultation.	360	65	95	Cabinet report in May 2024 approved £50K reduction to book fund and removal of £15K subsidy for the Youth Theatre, along with public engagement over how future savings can be achieved. Maximisation of Shared Prosperity Fund will mitigate the shortfall against this proposal in 2024-25.
SSW14	Dual use facilities operated in partnership with schools to increase income generation in line with fees and charging policy	Sites are operated on a shared usage basis with management agreements. They benefit schools during the day and community beyond. In a number of instances external investment has developed facilities. An opportunity to increase charges and deliver a small saving. Operating costs have increased in recent times and no uplift. We would be looking to increase charges by a further 10%.	8	6	8	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
SSW15	BCBC to withdraw or reduce its commitment to older persons strategy, ageing well in Bridgend and becoming an age friendly community	This would see a reduction to the older persons strategy budget which would limit BCBC to lead on Age Friendly Communities workstreams going forward. This is currently in the corporate plan. If agreed, this would require the policy to be changed. The grant to Cruse is also currently funded from this cost centre so a £20k reduction applicable overall.	15	15	15	Full saving should be achieved in 2024-25.
SSW17	BCBC consider efficiency savings from Third Sector Contracts - bereavement services	Annual grant payment which is a small contribution to larger scale service providing bereavement support for a range of circumstances. Will have been in demand during the pandemic period in particular. Would remove an important support service for those experiencing bereavement.	5	4	4	Notice served covering a 10 months saving in 2024-25.
SSW18	BCBC consider efficiency savings from Third Sector Contracts - dementia services	Annual grant payment, for which we are currently reviewing the specification, its need and how services to support people awaiting or receiving diagnosis fit within overall support available locally and regionally. Numbers of people experiencing dementia predicted to grow and reducing the resource would create demand for alternative support or services.	57	47	47	Notice served covering a 10 months saving in 2024-25.
SSW19	BCBC consider efficiency savings from Third Sector Contracts - stroke services	The service is commissioned by health, where BCBC made a 20% funding contribution. This reduction would impact directly on people who receive these services. The individual impact assessments are in development.	20	20	20	Full saving should be achieved in 2024-25.
SSW21	Reduction to the Healthy Living Partnership Management Fee from 2024-25	The saving will be achieved due to re-profiling the management fee and successfully securing funding from other sources to undertake improvement works/maintenance works that HALO would have otherwise undertaken. Extending the contract would support further potential for savings (SSW6). £164k of this saving relates to Management Fee and £36k relates to Leisure Client budget.	200	200	200	Full saving should be achieved in 2024-25.
SSW22	BCBC consider efficiency savings from Third Sector Contracts - substance misuse services	This is an annual grant payment, which has the potential to be ceased. An impact assessment will need to be completed as no new referrals from BCBC have been made this year, there is a potential that people receiving this service will need ongoing care and support and result in higher packages.	34	28	28	Notice served covering a 10 months saving in 2024-25.
SSW23	Reduction of the BCBC contribution towards the regional Western Bay adoption service	Based on the recent levels of refunds experienced since 2020-21, a reduction appears reasonable. The main risk is that the service may have an increase in cases where children should be placed for adoption and this will increase the usage of the regional service and associated costs.	250	250	250	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
SSW24	SCWDWP Training Reductions 1. Reduction in use of external venues for training delivery. 2. Increase offer of hybrid learning opportunities e.g., on-line resources, e-learning and on-line training. 3.External training courses / conferences to be supported only where there is an identified need that cannot be met by in-house resources. 4. Use of internal staff to facilitate training workshops. 5. Reduce the impact of non-attendance at training by introducing a non-attendance charge.	Insufficient availability of internal venues suitable to hold training events. Certain training requires physical attendance and specialist resources. Requires ICT equipment and skills to access on-line activities. External trainers bring specialist knowledge and skills that internal trainers could not replicate.	50	50	50	Full saving should be achieved in 2024-25.
SSW25	Review of support staffing structure	Redundancy costs would have to be paid, risks in service delivery and compliance agenda which could result in poor regulatory judgements.	55	55	55	Full saving should be achieved in 2024-25.
SSW26	Increasing Charges for in-house care homes	Aim for full cost recovery on in-house care home charges	140	105	140	Full saving should be achieved in 2024-25.
SSW27	Reduction of contribution to BAVO SLA by 10%	Financial pressure on BAVO and reduced service provision for citizens of Bridgend	6	6	6	Full saving should be achieved in 2024-25.
	Total Social Services and Wellbeing		2,248	1,644	1,921	

COMMUNITIES

COM1	Reduction in staff mileage budgets	During the pandemic most meetings were arranged virtually, instead of in person. This arrangement has continued in the main since then with hybrid working, although there are clear cases where in-person meetings are essential, with the result that spend on mileage is less than pre-pandemic levels, and budgets can be reduced accordingly with no impact on service provision, but positive benefits for achieving net carbon zero.	34	17	34	Full saving should be achieved in 2024-25.
COM2	Directorate Vacancy Management Factor	The introduction of an average 5% vacancy factor across the directorate - excluding front line services and grant funded and income generating posts. Recruitment has been an issue across the Council in recent years and there have been underspends in many services which cannot recruit to vacant posts. This target will need to be managed carefully and reviewed to ensure it is achievable.	500	375	500	The directorate has made over 50% of the savings to date and current projections show the full saving should be achievable in 2024-25. The basis of the projection is that current vacancies would need to be held for the remainder of the financial year.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
COM3	Increase garden waste subscription cost to £50 per household and £45 for pensioners (Currently £46 per household or £42 for pensioners)	Potential increase in fly tipping. Loss of subscribers especially as it is the second year the subscription has been increased. Increase would not result in full cost recovery under the current contract, but recyclable tonnages contribute to an improved recycling level against Welsh Government targets to reduce the likelihood of penalties.	13	13	13	Full saving should be achieved in 2024-25.
COM4	Increase bulky waste charges from £25 for 3 items to £30	Potential increase in fly tipping especially as it is the second year the charge has been increased. Increase would not result in full cost recovery under the current contract, but recyclable tonnages contribute to an improved recycling level against Welsh Government targets to reduce the likelihood of penalties.	10	7.5	10	Full saving should be achieved in 2024-25.
COM5	Removal of revenue budget used to fund the Council's Cardiff Capital Region City Deal (CCRCD) capital contribution	When the CCRCD was approved by the Council it was agreed that the Council's capital contribution (circa £11.3m) would be funded from revenue contributions and a recurrent budget pressure of £598k was included in the 2017-18 revenue budget. The total funding required is now almost complete which will enable the revenue budget to be reduced accordingly.	598	598	598	Full saving should be achieved in 2024-25.
COM6	Increase fees on Bereavement services, i.e. burial charges by 20%	Income target has been based on historic income levels achieved and the application of a 20% increase to current charges. There is a risk to achieving the income target if there is a reduction in burials compared with the last two years if they return to pre-pandemic levels, or if relatives seek alternative services from neighbouring authorities.	96	34	59	Fees and Charges increased from 1 April 2024. Income levels will continue to be monitored throughout the remainder of 2024-25 to assess deliverability of saving in full in 2025-26.
COM7	Review of charging mechanism for the Major Projects Team within Corporate Landlord (Architects) to ensure full cost-recovery	Fees to be aligned to industry standard charge out rates to ensure continued competitive rates reflective of the fair and reasonable costs of providing the service compared to an outsourced solution. Such charge out rates to factor in total costs of the major projects team as a whole. Schemes within the capital programme that are using the services of the Major Projects Team will see an increase in the rates charged to them.	97	0	97	Full saving should be achieved in 2024-25.
COM9	Cessation of Shopmobility Scheme	Non statutory service and has ceased since October 2022 following the closure of Brackla 1 Car Park.	21	12	21	Full saving should be achieved in 2024-25.
COM10	Review of Porthcawl Marina berthing fees with a view to it operating on a full cost recovery basis	This would involve a review of the berth fees and other operational costs to enable full cost recovery.	32	13	23	Fees and Charges increased from 1 April 2024. Operational costs continue to be reviewed to ensure budget reduction proposal can be met in full going into 2025-26.
COM11	Cessation of the Parks & Playing Fields Development Fund	In the MTF5 2020-21 to 2023-24 Council approved £75,000 of funding, for a period of two financial years, to support voluntary sports clubs based within the county of Bridgend. This funding period has now come to an end so the funding will be removed.	75	75	75	Full saving should be achieved in 2024-25.
COM12	Removal of non-staffing budget within Economic Development	Budget previously used to support delivery of events, pop up business schools e.g. "rebel business school". The reduction in budget will impact on the economic support able to be provided by BCBC for similar events in the future. Will now source external grant funding for this initiative.	13	13	13	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
COM13	Reduce the budget available for the Climate Emergency Response Programme, including ULEV implementation	The Climate Emergency Programme will have to be remodelled. This will impact on the Welsh Government's net zero 2030 target and will now require additional grant funding from external sources or joint working with partners to achieve our ambitious targets.	55	55	55	Full saving should be achieved in 2024-25.
COM14	Office Rationalisation to include closing Raven's Court and the Innovation Centre and sharing accommodation in Civic Offices with the MASH and SWP.	Opportunity to close underused buildings & save running costs. Also to increase close working relations with South Wales Police and MASH and utilise largely unused area of the Civic Offices. Will also be an opportunity to cover 190K of unrealised savings on accommodation from previous years.	73	0	0	There have been delays to implementing the proposal. The service anticipates this proposal can be met in full in 2025-26.
COM15	Reduce weed spray from 3 times to 2 times a year, reversal to former MTFFS cut.	Will impact on the perceived visual amenity of the Borough, need to look at this with grass cutting and through biodiversity measures.	12	12	12	Full saving should be achieved in 2024-25.
COM17	Removal of Sponsorship for Major Events Fund	Removal of ability to sponsor major Event in 2024/2025 & receive the benefits that accrue from the global marketing opportunities that events provides. Will need to focus increased marketing activities through partnerships in future years.	25	25	25	Full saving should be achieved in 2024-25.
COM18	Reduction in County Wide Strategic Regeneration Funds	Will significantly impact regeneration initiatives & remove the ability to match fund external grants and undertake feasibility studies, parking studies etc. Will impact on both by restricting the ability to match fund external grant schemes and provide regeneration opportunities in our towns centres and valleys. No town centre management activities funded in the future, including summer fayres & events.	300	300	300	Full saving should be achieved in 2024-25.
COM19	Reduction in size of strategic regeneration team to release core funding	Redundancy and restructure required. Will reduce the capacity of the team to deliver regeneration schemes, will involve cessation/ omitting of projects and reprioritisation of work. Corporate Plan Obj's 2 & 3 will be impacted by the reduced resourcing so a reduction in the regeneration that can be achieved and the resulting economic benefits. Following commitment will be at risk of not be realised: 1. Deliver a regeneration strategy for the Ogmore and Garw Valleys. 2. Develop funding bids for our valleys, to enhance the economy and stimulate new job opportunities 3. Deliver a commercial property enhancement grant for all valleys high streets, to make them look better and bring properties back into commercial use. 4. Redevelop Bridgend Central Station, including improving the front public area with a transport interchange at the rear, providing links between bus services and trains, in partnership with Welsh Government and Network Rail.	42	42	42	Full saving should be achieved in 2024-25.
COM22	Removal of Trainee Surveyor Post (Currently Vacant)	Reduction in number of posts within the structure will impact on the effectiveness and efficiency of the service area. Removal of succession planning. Will impact posts around it who will have to pick up functions of this role. Possible impact on line manager grade and partial service restructure required	33	33	33	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
COM23	Reduce available property maintenance budgets in Corporate Landlord by up to 10% per asset	Risk to safety and statutory building compliance. Reduction of maintenance activity counter productive for long term asset operation. This reduction would be limited to assets where non essential maintenance items can be removed. Will have a resulting negative affect on teams delivering maintenance functions with reduction in volume of orders, but these reductions have been taken previously and could be taken again if required	100	0	100	Full saving should be achieved in 2024-25. The service continues to look at opportunities to effectively use the Council's minor works budget to support ongoing maintenance spend on corporate assets.
COM26	Cessation of provision of hard copy recycling calendar to all residents	Item is non-provisional so negotiation would be required with the contractor. Portal allows residents to check their collection day online but may cause some issues for those without access to internet.	45	45	45	Full saving should be achieved in 2024-25.
COM28	Letting of former Woodmat Property, Brynmenyn Estate	Would maximise income but result in loss of use of asset for future depot or CRC relocation. Also, Loss of significant power supply at site for future ULEV charging facilities	35	0	0	Ongoing opportunities being sought to achieve this budget reduction proposal, but let not agreed by end of quarter 3. Projections will continue to be updated as opportunities continue to be sought.
COM29	Removal of Estimator & Cost Control Manager – DLO (Currently Vacant)	Removal of post would require supervisor to undertake duties of cost control.	45	45	45	Full saving should be achieved in 2024-25.
COM30	Switch Waste collection vehicles from HVO fuel to Diesel	Green deliverability as implementation is straightforward. But would represent a backwards step environmentally switching from green vegetable derived fuel back to a fossil fuel, albeit in WG Co2 reporting mechanisms minor variance.	136	136	136	Full saving should be achieved in 2024-25.
COM31	Release of 2 x vacant strategic transport planning posts	No further work on statutory active travel programme and on development of active travel network and other highway infrastructure improvements impacting viability and future development. Council will not be able to fulfil the Local Development Plan policy requirements and loss of S106 contributions Inability to commit to planning performance agreements for large scale schemes/development resulting in a loss of financial contributions No submission of bids for future transport funding under Levelling Up Fund or Shared Prosperity Fund No further work on current Bridgend strategic transport priorities Failure to comply with statutory duties under the Active Travel Act and national planning policy.	70	70	70	Full saving should be achieved in 2024-25.
Total Communities Directorate			2,460	1,921	2,306	

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
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CHIEF EXECUTIVES

CEX1	Reduction in staff mileage budgets	During the pandemic most meetings were arranged virtually, instead of in person. This arrangement has continued in the main since then with hybrid working, although there are clear cases where in-person meetings are essential, with the result that spend on mileage is less than pre-pandemic levels, and budgets can be reduced accordingly with no impact on service provision, but positive benefits for achieving net carbon zero.	18	10	18	Full saving should be achieved in 2024-25.
CEX2	Directorate Vacancy Management Factor	The introduction of an average 3% vacancy factor across the directorate - excluding front line services and grant funded and income generating posts. Recruitment has been an issue across the Council in recent years and there have been underspends in many services which cannot recruit to vacant posts. This target will need to be managed carefully and reviewed to ensure it is achievable.	510	295	399	Current projections indicate over 78% of the saving should be achieved in 2024-25. Unplanned vacancies will be added to the projection as the financial year progresses to reduce the shortfall.
CEX3	Removal of the security patrols at Brynmenyn House - Homelessness hostel	There have been significant challenges since Covid-19. Numerous Community Safety Partnership meetings have been held with ward Councillors and local residents. The security, alongside additional CCTV cameras and lighting, have been part of a package of measures to support the community cohesion. The removal / reduction of the service, would reduce visibility and ability to react to situations, and potentially increase police presence, as these were reduced due to the presence of the security.	150	150	150	Full saving should be achieved in 2024-25.
CEX4	Efficiency saving target targeting supplies and services budgets within Housing Solutions	Limited impact as review has identified small historic under spends against this budget category	35	35	35	Full saving should be achieved in 2024-25.
CEX5	Increase Rental income budget at Brynmenyn House - Homelessness hostel	Limited impact as proposal reflects income levels consistently achieved since the Covid-19 pandemic.	63	63	63	Full saving should be achieved in 2024-25.
CEX6	Staffing saving in Finance Section	Staff saving in finance section achieved through removal of vacant posts and potential restructuring. This will place additional pressure on remaining staff, putting deadlines for grant returns and accounts closure at risk, impacting on levels of grant income achievable.	71	71	71	Full saving should be achieved in 2024-25.
CEX7	Reduced contribution to the Regional Internal Audit Service (RIAS)	Requirement for Head of Internal Audit to provide an annual audit opinion on the Council's control environment in relation to governance, risk management and internal control, which may be more difficult if less audit work undertaken. Consultation on the budget also required with other RIAS partners.	27	27	27	Full saving should be achieved in 2024-25.
CEX8	Charging the public for Pest Control Services	Look to implement a full cost recovery model for this service	67	6	31	Based on income achieved to date, it is projected the saving will be partly achieved, however this will be closely monitored as we progress through the year

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
CEX9	Reduction of ICT Printing costs	Due to the increase in working from home across the authority, savings can be explored in the ICT Print Strategy areas when the printing framework contract is considered for renewal in January 2024. The tender will be designed to be in line with the cultural shifts towards the paperless office agenda.	5	2	5	Full saving should be achieved in 2024-25.
CEX10	Amend the Disclosure and Barring Service (DBS) Policy to only recheck every three years for employees governed by the Care Standards Act 2000, not for all employees who require a DBS.	This approach is being followed in neighbouring authorities, but the impact will be that the employees (outside the Care Standards Act 2000) will only have a DBS on appointment.	30	7	13	Updated policy has been approved by Council and implemented from 1 May 2024.
CEX11	Increase in various Registrars income budgets	Limited impact as proposal reflects income levels consistently achieved since the Covid-19 pandemic.	50	50	50	Full saving should be achieved in 2024-25.
CEX12	Increased income from Registrars' Ceremonies	Increasing the fees charged for Marriages and other ceremonies by 15%. We are currently charging below the Welsh average. The increased cost could potentially reduce demand, however the Registrar's fee is a small percentage of the overall cost of the average wedding budget. It is also an essential requirement for a wedding and it is therefore anticipated that this increase in fee will have minimal impact on demand.	43	22	50	Full saving should be achieved in 2024-25.
CEX13	Restructure of Legal Services	Reduction in capacity, reduction in service delivery, and impact on staffing levels. If the whole saving is agreed this will be the equivalent of 4 posts.	154	62	94	The restructure of Legal Services has been completed. There is a shortfall for 2024-25 due to residual salary costs of posts removed from the structure, however the savings will be made in full from 2025-26.
CEX14	Reconfiguration of Business Support	Significant reduction in business support management and resilience, creating a single point of failure. Business Support is pivotal to managing the central business support to the Chief Executive, Communities and Education and Family Support Directorates. It will create a significant capacity risk in day-to-day management and add to workload pressure and stress down through the structure. The reconfiguration will look at making additional savings across the teams, but this will impact on such things as providing management information to services, particularly Corporate Landlord, supporting Legal Services accreditation to LEXEL, the ability to support minute taking of HR disciplinary and other such investigations, family support services, Youth Justice Services and performance management.	160	100	105	Shortfall in savings target due to timing of implementation of restructure, mitigated partly by under spends on vacant posts. Saving will be achieved in full by 2025-26.
CEX15	Increase income generated from legal fees for property transactions, S106 Agreements and Highway Agreements	Currently the Service charge a set fee of £2k for the S106 process and highway agreements are based on a percentage of the estimated cost of the works for a highway scheme which is currently 1%. An estimate figure of potential increase in income has been given but this is subject to take up of the service and could be more or less.	20	5	20	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
CEX16	Restructure of HR Service	Reduction in capacity, reduction in service delivery, and impact on staffing levels. If the whole saving is agreed this will be the equivalent of 7 posts.	289	203	203	Phase 1 of the HR service restructure has been completed. There is a shortfall for 2024-25 due to residual salary costs of posts removed in the restructure. Phase 2 is due to commence later in the year.
CEX17	Household Canvas - Reduction / Limited Canvass Door Knocking	Will focus on poor response areas but will draw criticism from Electoral Commission.	9	9	9	Full saving should be achieved in 2024-25.
CEX18	Restructure of Procurement Team	Reduction in capacity, reduction in service delivery, and impact on staffing levels. If the whole saving is agreed this will be the equivalent of 2 posts.	62	35	62	Full saving should be achieved in 2024-25.
CEX19	Restructure of Democratic Services	Reduction in capacity, reduction in service delivery, and impact on staffing levels. If the whole saving is agreed this will be the equivalent of 2 posts.	96	30	80	Shortfall in savings target due to timing of implementation of restructure, however full saving should be achieved in 2025-26
CEX20	Restructure of Corporate Policy and Public Affairs Team	Service could not expand and develop as proposed. Graduates could assist until their contract expires (Nov 2024)	45	30	45	Full saving should be achieved in 2024-25.
CEX21	Review of provision of Homelessness Service	Review the options for providing accommodation to those who are homeless by reducing reliance on hotel and private provision	397	199	397	Service area is continuing with the work to reduce the temporary accommodation pressures for single bed units with the aim of reducing the use of the tourism sector.
CEX22	Review of ICT Services	Review the contract for telephony services to commence from April 2024. Review the use of teams in the Authority to reduce software costs. Consider partnership working to support and enhance the ICT provision	398	0	177	Further work to be carried out on a review of the telephony budget across the Council. Update to be provided to Cabinet in future revenue monitoring reports.
CEX23	Review the provision of Partnerships and Customer Services	Reduction in capacity, reduction in service delivery, and impact on staffing levels. Review input from partners where appropriate	216	62	216	Full saving should be achieved in 2024-25.
CEX24	Reduce subsidy to Citizens Advice Bureau by 10%	Financial pressure on CAB and reduced service provision for citizens of Bridgend	22	22	22	Full saving should be achieved in 2024-25.
CEX25	Staff savings from Finance senior management team	This will require a restructure of the Finance senior management team, and potential redundancies, reducing senior leadership capacity and knowledge and experience, at a time of increasing focus and pressure on council finances. This will place additional pressure on remaining staff.	70	0	18	Shortfall in savings target due to timing of implementation of restructure. Saving will be achieved in full by 2025-26.
CEX26	Increase in Finance income budgets	Increase in charges to the Finance Section's clients, including schools and other services / organisations where the finance team provide support e.g. Consortium of Local Authorities in Wales (CLAW).	28	28	28	Full saving should be achieved in 2024-25.
CEX27	Restructure of the Council's Benefits and Assessment Team	This will require a restructure and potential redundancies. This would be exacerbated by annual reductions to the Housing Benefits Administration Grant, which is £20k in 2024-25. The impact will be longer times taken to process housing benefits and council tax reduction claims, and undertake assessments, and more likelihood of error and fraud.	90	90	90	Full saving should be achieved in 2024-25.

MONITORING OF 2024-25 BUDGET REDUCTIONS

Ref.	Budget Reduction Proposal	Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act	Proposed 2024-25 £'000	Value achieved to date 2024-25 £'000	Value Likely to be Achieved 2024-25 £'000	Reason why not likely to be achievable
CEX28	Reduction of staffing in the Council Tax section	This proposal will mean the reduction of staffing, resulting in additional pressure on remaining staff, delays in processing council tax queries, and the real likelihood of reductions in the amount of council tax income being collected. The team is already dealing with additional work as a result of the introduction of council tax premiums for empty properties and the forthcoming introduction of premiums for second homes.	63	63	63	Full saving should be achieved in 2024-25.
CEX29	Reduction to the Shared Regulatory Service budget	Reduction in capacity, reduction in service delivery, and impact on staffing levels. Service has been asked to identify savings by three partner Councils and decision will be made by Joint Committee.	58	58	58	Full saving should be achieved in 2024-25.
	Total Chief Executive's Directorate		3,246	1,734	2,599	

CORPORATE/COUNCIL WIDE

CW1	Increased income receivable from investments and loans	No impact in the short term as current income is significantly higher than budget. However, if interest rates fall below pre-pandemic levels then the level of income will fall. The council's cashflow is managed carefully to ensure security, liquidity and yield, so funding is not placed at risk. As reserves are drawn down there will be less funding available for investing and this level of income may not be achievable.	90	90	90	Full saving should be achieved in 2024-25.
	Total Corporate/Council Wide		90	90	90	

GRAND TOTAL REDUCTIONS	13,045	9,784	11,604
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REDUCTION SHORTFALL			1,441
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6,415	3,456	6,317
2,243	4,054	3,058
4,387	5,535	3,670
13,045	13,045	13,045

BRIDGEND COUNTY BOROUGH COUNCIL	Budget 2024-25			Projected Outturn	Projected Variance Over/(under) budget	% Variance
	Expenditure Budget	Income Budget	Net Budget			
	£'000	£'000	£'000			
EDUCATION, EARLY YEARS AND YOUNG PEOPLE						
School Delegated Budgets	139,913	(21,302)	118,611	118,611	-	0.0%
Learner Support Group	7,984	(1,004)	6,980	8,101	1,121	16.1%
Early Years and Young People Group	7,060	(4,133)	2,927	2,719	(208)	-7.1%
Strategic Performance and Support	18,339	(4,428)	13,911	14,384	473	3.4%
Schools Support	1,428	(838)	590	613	23	3.9%
Sustainable Communities For Learning	3,959	-	3,959	3,920	(39)	-1.0%
Other Education and Family Support	1,867	(60)	1,807	1,859	52	2.9%
TOTAL EDUCATION, EARLY YEARS AND YOUNG PEOPLE	180,550	(31,765)	148,785	150,207	1,422	1.0%
SOCIAL SERVICES AND WELLBEING						
Adult Social Care	97,465	(24,735)	72,730	73,479	749	1.03%
Prevention and Wellbeing	7,513	(1,039)	6,474	6,085	(389)	-6.01%
Childrens Social Care	31,365	(1,179)	30,186	32,622	2,436	8.07%
TOTAL SOCIAL SERVICES AND WELLBEING	136,343	(26,953)	109,390	112,186	2,796	2.6%
COMMUNITIES DIRECTORATE						
Planning & Development Services	2,327	(1,621)	706	706	-	0.0%
Strategic Regeneration	2,104	(1,149)	955	869	(86)	-9.0%
Economy, Natural Resources and Sustainability	13,742	(12,253)	1,489	1,391	(98)	-6.6%
Cleaner Streets and Waste Management	15,242	(1,773)	13,469	13,763	294	2.2%
Highways and Green Spaces	26,395	(13,512)	12,883	13,340	457	3.5%
Director and Head of Operations - Communities	287	-	287	293	6	2.1%
Corporate Landlord	15,717	(12,507)	3,210	3,462	252	7.9%
TOTAL COMMUNITIES	75,814	(42,815)	32,999	33,824	825	2.5%
CHIEF EXECUTIVE'S						
Chief Executive Unit	494	-	494	502	8	1.6%
Finance	39,360	(35,284)	4,076	4,327	251	6.2%
HR/OD	2,345	(398)	1,947	2,020	73	3.7%
Partnerships	3,506	(1,227)	2,279	2,454	175	7.7%
Legal, Democratic & Regulatory	6,992	(1,145)	5,847	6,464	617	10.6%
Elections	181	-	181	181	-	0.0%
ICT	5,215	(1,259)	3,956	4,248	292	7.4%
Housing & Homelessness	11,473	(7,921)	3,552	3,963	411	11.6%
Business Support	1,244	(116)	1,128	1,223	95	8.4%
TOTAL CHIEF EXECUTIVE'S	70,810	(47,350)	23,460	25,382	1,922	8.2%
TOTAL DIRECTORATE BUDGETS	463,517	(148,883)	314,634	321,599	6,965	2.2%
Council Wide Budgets	47,011	(974)	46,037	32,285	(13,752)	-29.9%
NET BRIDGEND CBC	510,528	(149,857)	360,671	353,884	(6,787)	-1.9%

NB: Differences due to rounding of £000's

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Agenda Item 5

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	28 JANUARY 2025
Report Title:	CAPITAL STRATEGY 2025-26
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	<p>The Council’s Financial Procedure Rules (para 3.5.1) requires the Chief Finance Officer to prepare a Capital Strategy for submission to the Council for approval prior to the start of the financial year. The Strategy must demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.</p> <p>The Capital Strategy must comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.</p>
Executive Summary:	<ul style="list-style-type: none"> • The purpose of the report is to present to the Corporate Overview and Scrutiny Committee the draft Capital Strategy 2025-26 to 2034-35. • Control on capital expenditure is governed by legislation. • The draft Capital Strategy has been produced in accordance with CIPFA’s Prudential Code for Capital Finance in Local Authorities. • The draft Capital Strategy sets guiding principles for capital expenditure, and a framework for the management of capital finance. • The Capital Strategy is currently based on financial information as at quarter 2 (30 September 2024) but will be updated with information as at 31 December 2024 and the latest Medium Term Financial Strategy before being presented to Cabinet for endorsement and Council in February 2025 for approval.

1. Purpose of Report

- 1.1 The purpose of this report is to present to the Corporate Overview and Scrutiny Committee the draft Capital Strategy 2025-26 to 2034-35, which includes the Prudential Indicators against which the Council measures itself during the financial year (**Appendix A**), and for the Committee to provide any comments for consideration in finalising the Capital Strategy for Cabinet endorsement and Council approval in February 2025.

2. Background

- 2.1 Control on capital expenditure and investment is governed by legislation. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended, provides the regulatory framework for accounting practices to be followed, and contains detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.
- 2.2 In December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a new edition of the Prudential Code for Capital Finance in Local Authorities. The Code requires local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. This edition included a significant change in the Code, which is that, in order to comply with the Code, an authority must not borrow to invest primarily for financial return. It goes further to clarify that "it is not prudent for local authorities to make any investment or spending that will increase the capital financing requirement, and so lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose". The draft Capital Strategy has been produced in line with the 2021 Code and sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 2.3 The Capital Strategy should demonstrate how the Council ensures that all its capital and investment plans and borrowing are prudent and sustainable. In doing so the Capital Strategy includes the prescribed Prudential Indicators for a three-year rolling period. It is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability.
- 2.4 The Capital Strategy includes the Minimum Revenue Provision (MRP) Policy, which sets out how the Council will set aside revenue resources to repay borrowing. Council approved a change to the MRP at its meeting of 23 October 2024, to calculate the amount of MRP to set aside on an annuity method instead of a straight-line method. The revised MRP Policy is reflected in the Capital Strategy.

3. Current situation / proposal

- 3.1 The principles within the draft Capital Strategy have been applied to the allocation of capital resources and schemes within the Capital Programme included within the Medium Term Financial Strategy (MTFS). This will be approved by Council before the start of the financial year in accordance with the Constitution. Following approval, any schemes for which external funding has been approved will be added to the Capital Programme once the funding has been accepted and included in the next Capital Programme report to Council. Urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer.
- 3.2 The draft Capital Strategy is at **Appendix A**. The financial information included within the draft Capital Strategy will be updated when the Council's budgets are finalised for the Medium Term Financial Strategy. Any comments from the Committee will be considered when the Capital Strategy is finalised for Cabinet to consider at its meeting on 18 February 2025, and for Council to approve on 26 February 2025.
- 3.3 The Strategy emphasises the pressures currently being faced by the Council. Pressures on the capital programme include:
- Increased prices of materials;
 - Supply chain difficulties leading to higher prices and delays in scheme being completed;
 - Recruitment challenges, both within the Council and in companies we contract with, resulting in higher wages and overall contract costs;
 - Additional requirements on schemes to achieve Welsh Government's Net Zero commitment, which includes an aim of collectively achieving net zero across the Welsh public sector, which will lead to changes in the way assets are designed and managed, which will likely result in increased costs.

Welsh Government capital funding to local authorities has remained at the same level as recent years. Whilst previously it was anticipated that capital funding would reduce, the 2025-26 allocation is a slight increase to that previously anticipated, from £4.043 million to £4.772 million, and future estimates show funding as remaining at this increased level. It is a modest increase and with the Council's capital receipts largely committed to schemes within the capital programme, funding any new schemes is challenging. It may be possible to secure specific grants and other funding to deliver schemes. Whilst the Council is able to borrow to fund capital expenditure, this places a long-term liability on the Council as well as a revenue cost in terms of interest payable. The Council also has to set aside revenue resources to repay the debt, which is a further cost to revenue budgets.

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

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

Principle 2: Ensuring strong governance over decision-making

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

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

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

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

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

3.6 Whilst much of the content of the Strategy is similar to last year, changes to Accounting for Leases under International Financial Reporting Standard 16 (IFRS16) will have an impact on the Capital Strategy as operating leases, where costs are charged to revenue, are now required to be recorded on the balance sheet as a right of use asset. This took effect from 1 April 2024, and increases the Council's capital financing requirement. It also increases the Council's liabilities equal to the value of the right of use asset. It is important to note that this is a change to how these assets are accounted for and the net impact of recognising the asset and liability will be at nil cost to the Council. The underlying need to borrow, or Capital Financing Requirement, will increase by the amount of the right to use asset liability, as will the requirement to put aside revenue to repay the debt, known as Minimum Revenue Provision (MRP). However, the MRP will be regarded as having been met by the annual lease payment, therefore there is no additional cost to the Council of this change in accounting treatment. Further information is included within the Capital Strategy Framework section of the draft Capital Strategy.

3.7 The Council has strengthened its processes to approve, manage and monitor capital projects. During 2023 the Council established a Capital Programme Board, whose purpose is to ensure close oversight of key projects within the approved capital programme. The Board consists of the Leader, Cabinet Member – Resources, and members of the Corporate Management Board, and is chaired by the Chief Officer – Finance, Housing and Change. Further detail is included within the draft Capital Strategy at section 3.0 – Governance and Decision Making.

3.8 Section 4.0 of the draft Capital Strategy summarises the 10-year Capital Programme by Council Directorates and identifies some of the key schemes. Key indicators are included at section 5.0 – Funding the Strategy and Section 6.0 – Managing the Borrowing Requirement. These Performance Indicators are crucial in determining the effective management of borrowing to support the Capital Programme and are reported to Cabinet and Council on a quarterly basis.

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

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies,

strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

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

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

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

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

6. Climate Change Implications

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

7. Safeguarding and Corporate Parent Implications

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

8. Financial Implications

8.1 The financial implications are included in the report. Both the financial information and Prudential Indicators will be updated in advance of Cabinet and Council in February 2025.

9. Recommendation

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

- Note the draft Capital Strategy 2025-26 to 2034-35, including the Prudential Indicators 2025-26 to 2034-35 at **Appendix A** and provide any comments for consideration in finalising the Capital Strategy. Such comments should be reported to the Chief Officer – Finance, Housing and Change by 7 February 2025.

Background documents

None



Draft Capital Strategy

2025-26 to 2034-35

Cyngor Bwrdeistref Sirol



INTRODUCTION

Welcome to the Council's 2025-26 to 2034-35 Capital Strategy. The Strategy sets out the Council's plan for capital expenditure, and how that is to be funded, over the next 10 years. It underpins the Council's vision of contributing to a place where people want to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

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

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

The Capital Strategy is reviewed and updated at least annually to take account of changing plans and guidance as appropriate. The Council faces significant financial challenges ahead as it continues to achieve savings across all its services. Whilst the Council receives some grant funding from Welsh Government which contributes to the delivery of an ambitious programme of works, the Council will also have to borrow to deliver its strategic plan. That borrowing has to be affordable in the light of challenging finances and the focus has to be on delivering essential schemes to support the services the Council delivers.



Cllr John Spanswick
Leader of the Council



Mark Shephard
Chief Executive

Image front page: Civic Offices, Bridgend

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STRATEGIC CONTEXT

Bridgend is conveniently situated between Wales' capital city Cardiff to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled along the M4 corridor with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of the South Wales industrial and coastal belt. Bridgend as a County Borough covers around 100 square miles and is home to nearly 146,000 residents and continues to grow. The County Borough's towns are undergoing redevelopment and a number of historic buildings, and the town centres have been rejuvenated over recent years. To the north is the residential town of Maesteg, to the southwest is the coastal town of Porthcawl and to the east is Pencoed. Bridgend County Borough Council is one of 22 Councils in Wales, and accounts for approximately 4.7% of the country's population. The Council has 51 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework.



The Council faces significant challenges moving forward. These include demographic pressures including an ageing population, an increasing number of young people with complex disabilities living into adulthood and requiring care and support, the need for the public sector to decarbonise by 2030 as well as the current cost of living crisis. Inflation has had a significant impact particularly in relation to capital costs and tender pricing. With continued pressure on both revenue and capital budgets the Council will need to ensure it focuses on delivery of key services, supporting communities, particularly the most vulnerable in our society, as well as doing all we can to help our local economy thrive.

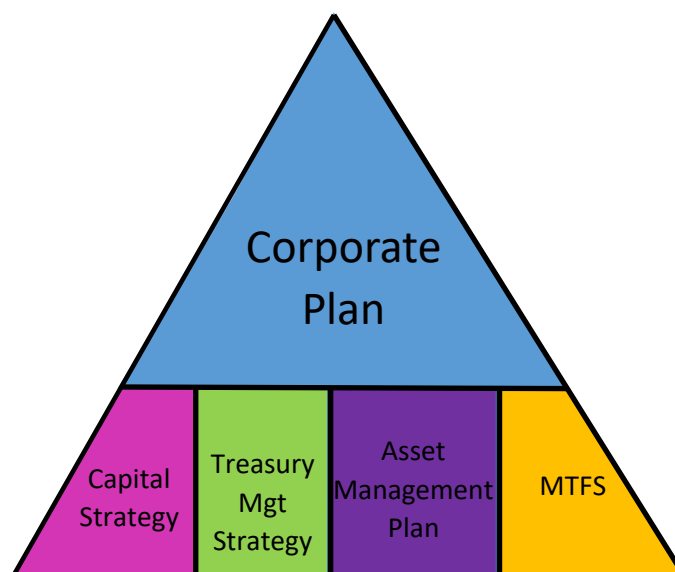
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

CAPITAL STRATEGY FRAMEWORK

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Financing in Local Authorities (2021) placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Local Authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

This Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 10-year Capital Programme. It also reports on the delivery, affordability and risks associated with this Strategy.

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



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

1. asset management planning
2. risk
3. governance and decision making
4. capital investment in 2025-26 and indicatively to 2034-35
5. funding the strategy
6. managing the borrowing requirement
7. prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure
8. affordability

The remainder of this strategy considers these in more detail.

The capital programme is a key element of the MTFS. The MTFS provides a set of clear principles which drive the budget and spending decisions of the Council. There are thirteen principles in total, but the following three refer specifically to the capital programme and Strategy:

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

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

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

IFRS 16 – International Financial Reporting Standard 16 – Leases

The objective of IFRS16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective a lessee should recognise assets and liabilities arising from a lease. The standard requires the Council to recognise assets and liabilities for all leases of over 12 months unless the value of those assets is low.

The Council has to recognise a 'right of use' asset and an equivalent lease liability, which is the Council's obligation to make lease payments. The impact therefore is to increase the Council's Capital Financing Requirement (CFR) – or the amount of assets that will need to be financed via debt, and the revenue resources that will need to be set aside to repay the debt, known as the Minimum Revenue Provision, or MRP. As it is a debt, it could affect the Council's borrowing limits. The impact of IFRS16 leases was an increase to the opening CFR at 1 April 2024 of £3.249 million and increase to the MRP by £0.147 million in 2024-25. The estimated MRP for 2025-26 is £0.154 million.

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



Maesteg Town Hall

1.0 ASSET MANAGEMENT PLANNING

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

“To have a lean sustainable estate that enables Bridgend County Borough Council (BCBC) to live within its means and support delivery of our well-being objectives”

The following principles drive the decisions on the on-going challenge, management and use of BCBC property assets to support the achievement of our corporate priorities and statutory duties:

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

The Council also has a Highways Asset Management Plan (HAMP). The HAMP needs to take into account the following:

1. Much of the infrastructure serving the northern half of the county borough was originally constructed in the early 1900's and was not designed to cope with the current demands (economic, social and environmental) placed upon it.
2. The BCBC highway network is continuously growing with no sign of abatement. The Council has seen much in the way of development over the last decade, resulting in a significant increase in the amount of asset requiring management.
3. Highway Authorities have a statutory duty to maintain highways and ensure that they are available for safe use by all.
4. Climate change is also affecting the way the asset performs with increased deterioration caused by increased rainfall/storm events and increased groundwater tables which affects the structure of the highway asset.

The HAMP sets out how the levels of service for the infrastructure network determined by the Council will be achieved.

HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. The Council adopts a 5-year continuous rolling stock condition programme. The surveys include planned preventative maintenance data that informs the Council's budget allocation for both revenue and capital repairs, maintenance and new build. Given the limited capital and revenue funding and the currently known high level of maintenance backlog, a

prioritisation matrix for budget allocation has been developed. The matrix works to give highest priority to health and safety works. Given the potential level of funding compared to the demand for repairs and maintenance, this may lead to the closure of buildings or the drive for further capital investment in new build projects. The matrix is used to inform the capital funding planning and decision making as it relates to asset management.

For highway structures, the current basis for prioritisation is one of reactive safety repairs, where the asset is risk assessed using a standardised matrix. This risk assessment is then considered against the individual assets Bridge Condition Indices (BCI) rating. This allows the prioritisation of schemes and allocation of the available budget to ensure the best value is achieved. A similar approach is applied to carriageway and footway schemes, where combinations of technical survey, site inspections and reports from members of the public determine the basis for the prioritisation of works.

2.0 RISK

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

It would be expected that in nearly all circumstances, any proposed investment in land and buildings will require the completion of a full feasibility study in the first instance. The purpose of a feasibility assessment is to evaluate the practicality and desirability of a capital project, and assess its deliverability, before the Council invests time and money into the project. It may be that the proposed project cannot be delivered to time or cost or may not deliver the outcomes necessary. If this is the case the feasibility study would confirm that the project should not proceed. The Council needs to understand how successful the project will be, what will be delivered, at what cost, how funded, and what potential risks may be inherent in the project (which may also affect cost). This will determine whether the proposed scheme can proceed to a **capital expenditure bid** and, if approved, subsequent inclusion into the capital programme as a fully funded scheme.

It is accepted that there are a number of capital pressures that will need financing going forward, including economic recovery, decarbonisation, homelessness, digitalisation and coastal defences. Unforeseen future liabilities may also arise during the year, which would need to be considered as part of the Capital Programme. There are also other financial pressures arising as a result of the impact of the war in Ukraine and cost of living crisis, which are being seen in tender prices, and it is anticipated will continue to do so for some time going forward, placing pressure on the capital programme overall, including:

- Increased prices of materials, which have seen significant increases over recent years;
- Supply chain difficulties leading to higher prices and delays in schemes being completed;
- Inability to recruit to key posts, both within the Council and companies we contract with, resulting in higher wages and overall contract costs;
- Additional requirements on schemes to achieve Welsh Government's Net Zero commitments, which includes an aim of collectively achieving net zero across the Welsh public sector by 2030. This will lead to changes in the way we design and manage our assets, which will likely result in increased costs.

These need to be considered at the early stages of project feasibility to ensure that anticipated cost increases are factored into each scheme's forecast budget. Consideration may be given to capped procurement exercises, setting the maximum budget available for works. In addition, delays in suppliers' ability to source and deliver materials for capital schemes need to be considered. This could affect external funding particularly grants where schemes have to be completed within a set deadline.

Capital investment is technically described as:

“Expenditure on the acquisition, creation, or enhancement of ‘long term assets’”

This generally consists of land, property and plant which have a useful life of more than 1 year but can also include funding passed on to other bodies in order for them to undertake capital works. Expenditure outside this definition will be, by definition, revenue expenditure.

Expenditure can be capitalised where it relates to the:

- Acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus vehicles or vessels.

Enhancement of an existing fixed asset means:

- To lengthen the useful life of the asset; or
- To increase substantially the open market value of the asset; or
- To increase substantially the extent to which the asset can be used for the purposes of, or in connection with, the functions of the Council.

Local Authority capital investment is therefore:

1. Expenditure on **creation of new assets, specific projects or non-treasury investments to meet strategic aims**. Non treasury investment to meet service or Council obligations could include loans or equity towards capital expenditure incurred by external bodies, Council subsidiaries or joint ventures.
2. Expenditure on **existing assets** to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.

Within the Accounting Policies for the Council, expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Capital expenditure below £40,000 with the exception of vehicles, is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

The Council currently does not make use of any capitalisation flexibilities nor capitalise any borrowing costs associated with the capital programme. The Council's capital expenditure plans are linked to the Corporate Plan, Asset Management Plan, priorities and service delivery plans with the inclusion of the 'Future Property Needs' within the business plan template.

The Prudential Code and borrowing for financial reward.

In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code'). This update includes a significant change in the Code which is that, in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. There are limited opportunities within the existing investment portfolio to release / sell properties, as the current emphasis is to enhance income return (as opposed to capital value). The majority of the investments held are high yielding and an improved income stream is unlikely on any re-investment. The Public Works Loan Board (PWLB), a key source of borrowing for the Council, requires the Chief Finance Officer to confirm that the Council's spending plans do not include the acquisition of assets primarily for yield, reflecting a view that local authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, than to add debt leverage to return-seeking investment activity.

Commercial Activities

The Council has an existing investment portfolio which is 100% based within the County Borough and primarily the office and industrial sectors. The income streams are generally spread between the single and multi-let office investments on Bridgend Science Park, the multi-let industrial estates and the freehold ground rent investments. The portfolio therefore does not accord with the risk balance in location and sectoral terms to the majority of investment portfolios and is also management intensive, with a large number of units relative to the overall income and value. The total value of Investment Properties was £4.990 million at 31 March 2024. This would be expected to generate a rental income of £458,500 per annum excluding any vacant or rent-free periods. The lessees are responsible for all repairs and maintenance associated with these properties.

The income receivable from the commercial property portfolio is not deemed to be a financial resilience risk in terms of being 'un-proportionate' to the Council's overall income. This will be an ongoing consideration where expenditure on the types of non-treasury investments identified previously are proposed, including development of any limits and indicators to determine any risk proportionality.

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

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

	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Net Revenue Budget*	342.842	360.671	360.671	360.671	360.671	360.671
Income from Commercial Investments	0.459	0.459	0.459	0.459	0.459	0.459
% Ratio	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%

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

Management of Risk

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy. General risks are those which are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control but mitigations have been developed as part of the business planning and governance process.

The effective management and control of risk are also prime objectives of the Council's treasury management activities. The Treasury Management Strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.



Porthcawl Cosy Corner

3.0 GOVERNANCE AND DECISION MAKING

The Council has robust processes in place to approve, manage and monitor capital projects arising from the Capital Strategy. During 2023 the Council established a Capital Programme Board, whose purpose is to ensure close oversight of key projects within the approved capital programme. The Board consists of the Leader, Cabinet Member – Resources, and members of the Corporate Management Board, and is chaired by the Chief Officer – Finance, Housing and Change. Additional officers or Cabinet Members will attend as appropriate and agreed in advance of the meeting, with meetings held bi-monthly. The Board has been established to provide support, help and advice in relation to the Capital Programme and schemes within. Whilst not responsible for delivering capital projects and managing expenditure, it aims to:

- support projects to be completed on time, within approved budget and to the agreed quality; ensuring that work is properly resourced;
- assess risks and ensure appropriate mitigating actions are in place; and
- to understand changes impacting on the project, including major milestones, scope of deliverables, cost and benefits.

The Capital Programme Board also reviews and scrutinises the existing capital programme and fixed annual allocations and makes recommendations on new capital schemes that could be included in the capital programme, or on existing capital budgets which could be amended (increased, reduced or removed) in the capital programme. These then follow the formal approval process through Cabinet and Council.

Prioritisation, Evaluation and Skills

The Council will maintain a rolling ten-year capital programme, to be updated on an annual basis (or more frequently as required) to take into account revised priorities, new schemes and changes in the availability of funding.

The Council's Capital Programme contains a number of recurrent annual allocations, which are the first call on its General Capital Funding. These allocations are reviewed annually with a view to determining whether they are still essential, relevant and achieving the outcomes expected, and amended accordingly.

Where capital resources allow as a result of additional general capital grant, earmarked reserves or capital receipts, as part of the MTFs process, Directorates will be requested to submit Expressions of Interest for new capital schemes, outlining:

- Proposed project
- Timescale
- Potential cost, including identification of ongoing operational (revenue) costs
- Potential revenue savings
- Link to Corporate Priorities
- Risk of not undertaking

These will be ranked in order of fit to:

1. Link to well-being objectives
2. High level of risk of not progressing, based on the criteria below.
3. Service is able to meet any additional revenue costs arising from the scheme e.g. increased Business Rates, running costs.

4. Ability to attract matched funding / high leverage ratio.
5. An appropriate return on investment where appropriate.

Ranking assessment:

High	High risk to Bridgend County Borough Council (BCBC) in terms of service delivery and/or meeting MTFS Savings e.g. urgent/ essential works to prevent imminent building failure and closure.
Medium	Medium risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works required over the next 2 to 5 years.
Low	Low risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works desirable.

As stated, the Council only has limited resources, and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives and in accordance with **PRINCIPLE 1** above (see Principles on page 6).

The business plan put forward for a capital project will be reviewed to ensure it takes account stewardship, value for money, prudence, sustainability and affordability, and has been subject to detailed feasibility assessments. Investment decisions will consider risk and reward and how the project contributes to the achievement of corporate objectives. The phasing of projects over more than one financial year will be assessed to ensure timetabling of plans and budgeting is realistic and funding is available over the life of the project.

The revenue implications for each capital bid are considered at the initial evaluation stage, covering both staffing/running costs associated with the bid and the financing costs over the lifetime of the asset created. One of the Chief Finance Officer's requirements when reviewing capital bids is to ensure that the revenue implications are realistic. The options appraisal exercise undertaken for larger projects seeks to ensure that the lifetime revenue implications of a capital project are fully considered and evaluated, are affordable and are included in the MTFS in accordance with **PRINCIPLE 2** above (page 6).

Successful projects will then be required to complete a full Business Case to be considered in more detail by Corporate Management Board and Cabinet for eventual inclusion in the Capital Programme to be incorporated in the MTFS, to be approved by Council.

In Year Approvals

Any bids for capital funding outside of the annual MTFS bidding round should be accompanied by a full business case and be supported by the appropriate Director, Section 151 Officer and Cabinet. All funding sources should be fully identified before the bid is taken forward for Council approval for inclusion in the capital programme.

In line with the Council's Financial Procedure Rules, schemes for which external funding has been approved (grants, S106 etc) will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council.

In addition, any urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer, subject to a maximum value of £100,000. Any such decision requires approval by either the Chief Executive Officer (or can be sub-delegated to the Section 151 Officer) under the Scheme of Delegation, Scheme B1 paragraph 2.2.

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

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

Approval, Monitoring and Reporting the Capital Programme

It is important given the risks surrounding Capital Projects that the appropriate Governance framework is in place. This is highlighted in **PRINCIPLE 2** above. The Capital Strategy informs the Council's capital investment programme and Treasury Management Strategy. This integration is one of the reasons why it is deemed that full Council should continue to consider and approve the affordability of the Capital Strategy and detailed programme as part of the Council's budget proposals recommended by Cabinet.

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

A monitoring process is in place which:

- Reports on variances in expenditure and slippage on schemes and seeks explanations from project managers to report back to Corporate Management Board and Cabinet to inform future planning decisions
- Quarterly capital monitoring reports will be prepared for Cabinet and Council which should include details of any virements between projects as well as projections of likely year end spend.

The Chief Finance Officer will prepare a Capital Programme for consideration by Corporate Management Board and Cabinet. It must be approved by Council in accordance with the Financial Procedure Rules of the Council's Constitution.

Variations to the capital programme, other than those permitted under Rules 3.4.5 and 3.4.6 of these Rules, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.

A post project appraisal of all projects in accordance with the Project Management Toolkit must be completed to demonstrate how objectives have been met, how final costs compared to budget and what revenue costs / savings materialised. This information will be reported back to feed future appraisal exercises.

Post Project Evaluation

Once any major capital project is completed, it is good practice to look at the project in retrospect. This is an important part of any project to review lessons learned. It is a chance to reflect on what those involved with the project, both from a provider/contractor aspect and customer view, as to what their perspectives on the project were, what they may have changed, what they learned and what could be done better. It is important to learn from mistakes so as to avoid those in the future, but also crucially to gather best practice and to pass this on to other projects. The project manager should undertake a lessons' learned meeting with key personnel once the project has been completed to enable the Council to share best practice in all capital schemes.

Knowledge and Skills

Within the Finance section, the Capital Programme and Treasury Management Strategy are managed by professionally qualified accountants or staff with extensive Local Government finance experience. They all undertake Continuous Professional Development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The Council has access to courses and documentation on developments within the capital and treasury management fields from both CIPFA and the Council's appointed Treasury Management advisors. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is a professionally qualified accountant and follows an ongoing Continuous Professional Development (CPD) programme. All Treasury Management Practices (TMPs) are reviewed and updated as necessary. Where staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite. Arlingclose continue to be the Council's Treasury Management Advisors until August 2028, following a tender process carried out in the summer of 2024.

All the Council's capital projects have project teams from all the professional disciplines from across the Council and when required external professional advice is also taken. Project management tools are used and there is a strong project management ethos within the Council. Throughout the Council is a good mix of professional qualified staff and staff with both commercial and local authority experience. There is a Corporate Landlord team consisting of skilled and professional staff covering design and management, estates and valuation, statutory compliance, strategic asset management planning, facilities management, management and commissioning of repairs and maintenance and energy management to introduce new energy efficiency measures such as upgraded heating, lighting, insulation and investigating new technological solutions that will enable staff to be fully agile and provide a better service, while an online portal is being developed that will provide information, process customer requests and enable staff to log jobs and track progress. The Council has been successful in applying for monies from various sources such as Welsh Government and lottery funding, and has secured significant UK Shared Prosperity Funding (SPF) and Levelling Up Funding (LUF).

4.0 CAPITAL INVESTMENT PROGRAMME 2025-26 TO 2034-35

The ten-year rolling programme has been initially set for 2025-26, and on an indicative basis for the nine years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans. In 2025-26, the Council is planning capital expenditure of £107.775 million as summarised below.

Table 2: Prudential Indicator: Estimates of Capital Expenditure

Directorate	2023-24 actual £'000	2024-25 projection £'000	2025-26 budget £'000	2026-27 budget £'000	2027-28 budget £'000	2028-29 budget £'000
Education and Family Support	7,930	18,895	74,359	1,437	-	-
Social Services and Well-being	1,311	839	-	-	-	-
Communities	16,892	39,499	31,466	6,260	4,320	3,359
Chief Executive's	5,680	5,830	1,950	2,450	2,450	2,450
Council Wide Capital Budgets	-	995	-	-	-	1,884
TOTAL Capital Programme	31,813	66,058	107,775	10,147	6,770	7,693
Right of use assets*	-	3,149	-	-	-	-
TOTAL	31,813	69,207	107,775	10,147	6,770	7,693

*In addition to the above identified capital expenditure, the Council will need to recognise as a right of use asset and an equal liability, the value of finance leases on its balance sheet. This will be as an adjustment to the opening CFR and is currently estimated at £3.149 million.

The main capital projects in this period include:

- Sustainable Communities for Learning Band B (Heronbridge, Mynydd Cynffig, Ysgol Gymraeg Bro Ogwr and Bridgend West). Forecast expenditure of £73.438 million is included in the above table for 2025-26 to 2026-27.
- Porthcawl Grand Pavilion – Forecast expenditure of £17.518 million is included above for 2025-26 for the redevelopment of the building.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.450 million for 2025-26 and £1.950 million from 2026-27 onwards.
- Waste/Recycling vehicles - £8.000 million for 2025-26 to 2027-28.
- Playgrounds Refurbishments - £1.000 million for 2025-26.
- Highways Refurbishments - £1.000 million for 2025-26.

The Council is committed to supporting the Housing with Care Fund (HCF) Welsh Government programme. This is a 4-year capital programme up to 31 March 2026, with indicative funding (for Wales) of £181.5 million for the first 3 years. Schemes that are proposed for inclusion in the capital programme will need to demonstrate all funding is in place and the scheme is deliverable within the funding timescale. At present HCF is funding £230k of projects in the capital programme.

The Council will need to borrow approximately £14.4 million in order to fund new School projects in line with the Schools Modernisation Programme. This will impact on the operational borrowing limit set as part of the Local Government Act 2003.

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

5.0 FUNDING THE STRATEGY

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

Cash Resources	
Non ring-fenced grants	These are for use on Council determined priorities. These include an annual 'General Capital Grant' from Welsh Government
Ring-fenced grants	These are to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is from Welsh Government, which in most cases follows an application or bidding process for schemes or distribution of grants on a formula basis. The short-term nature of grant awards makes long term planning and delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.
External contributions	For example from planning agreements (under Section 106 of the Town and Country Planning Act 1990).
Revenue budgets and Earmarked Reserves	Held specifically to support the affordability of capital investment.
Capital Receipts	These are as a result of the disposal of Council assets and cannot be used to fund revenue budgets.

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

Financial Context

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

- The Council does have limited capital resources; however these are earmarked to existing schemes within the Capital Programme.
- The Council anticipates it will receive resources in the future with an annual capital allocation from Welsh Government, potential s106 monies or new grant approvals.
- The Council does have a Disposal Strategy though has limited capital assets which it could sell and use receipts to reinvest
- The Council is currently servicing debt of £96.87 million of fixed interest loans, at an average interest rate of 4.69% and £2.71 million of interest free Salix loans, giving a total loan debt of £99.58 million.
- The Council's MTFS identifies that the Council still needs to develop savings proposals to meet future anticipated funding levels. Any additional capital expenditure which is not funded through capital resources will increase the pressures on revenue budgets unless that expenditure delivers revenue savings or income to offset such additional expenditure.
- Any new schemes that are not funded by capital receipts, earmarked reserves, revenue contributions or grants, will have a requirement for borrowing to enable the scheme to progress. Such borrowing will be at a cost and is repayable with interest, and the cost of any new borrowing will place an additional pressure on the revenue budget.
- Careful scrutiny of any new proposed capital schemes will be required, to assess the affordability of delivering those schemes given the current difficult financial climate the Council is facing.

Allocation of capital funding

General Capital Funding and Supported Borrowing from Welsh Government will be prioritised towards mandatory capital investments. This includes investment required to meet health and safety requirements. This principle also applies to uncommitted capital receipts and capital reserves.

Unsupported (Prudential) Borrowing will be prioritised as follows:

- To mandatory capital expenditure, including health and safety requirements. This will be considered to be an inescapable capital budget pressure and will be included in future years' budgets as part of the annual budget setting process.
- To capital expenditure which attracts a high level of matched funding. This is particularly important as the Council tries to maximise every £1 it spends on capital with schemes involving external grants or contributions from partners. The aim is for the Council to ensure that it invests in its strategic buildings and town centre infrastructure as grant funding and inward investment opportunities become available by allocating uncommitted reserves, maximising interest free loans or unsupported borrowing.
- To capital expenditure which provides a good financial return. Borrowing for such projects must be funded by the directorate, and therefore the financial benefit accruing to the directorate will be net of financing costs. This approach aligns the directorate incentives with the corporate benefit of such projects. Advantage will be taken of interest free loans where available.

Any borrowing will result in a cost to revenue as borrowing must be repaid, and the majority of borrowing will incur costs in the form of interest payments. This will be factored into any

decision to include a scheme within the Capital Programme which requires any level of borrowing.

Borrowing to pay for Capital Investment

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

- 'Supported Borrowing' – costs of servicing are specifically included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, RSG/share of Non Domestic Rates (not ringfenced for supported borrowing), rent, savings, additional income or sale of assets.

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

Table 3: Capital financing

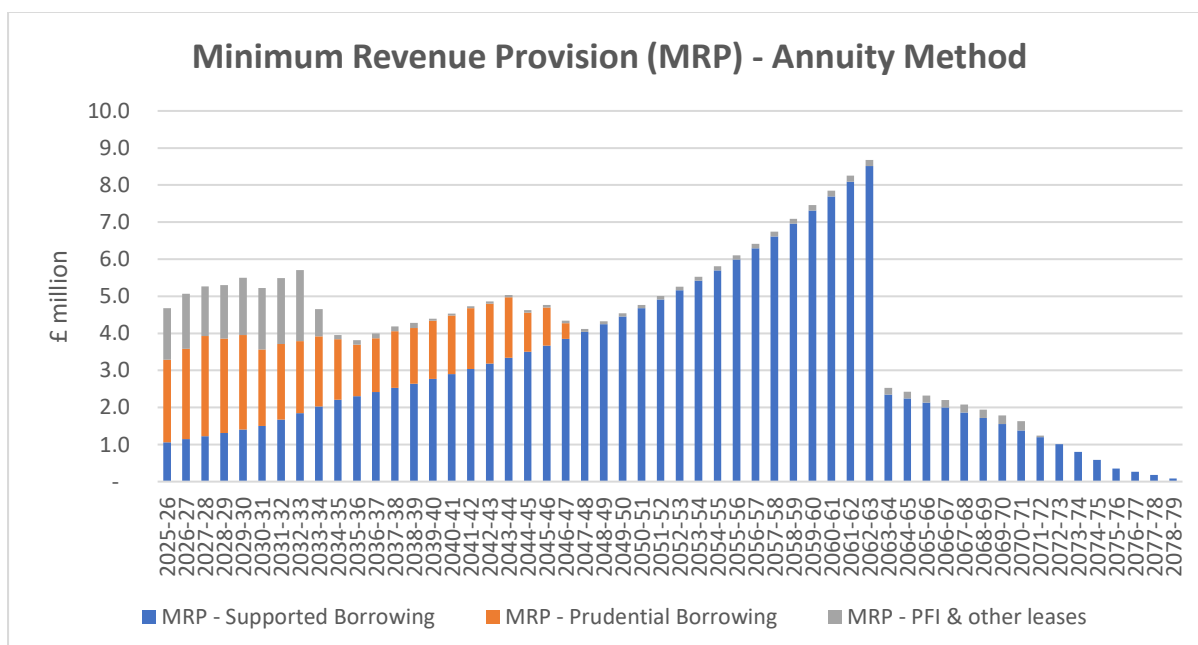
	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget* £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
External sources	18.677	31.360	66.785	3.410	2.725	2.725
Own resources	7.421	27.179	30.472	1.461	-	1.039
Net Financing Requirement	5.716	10.668	10.518	5.276	4.045	3.929
TOTAL	31.813	69.207	107.775	10.147	6.770	7.693

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and is replaced over time by other financing, usually from revenue, which is known as Minimum Revenue Provision, or MRP. This includes revenue contributions to pay off Prudential or Unsupported Borrowing, which is shown as additional Voluntary Revenue Provision. Other MRP on Long Term Liabilities relates to the provision of the secondary school at Maesteg, through the Private Finance Initiative (PFI) and MRP for leases under IFRS16. The calculation of MRP from 1 April 2024 is based on the annuity method as approved by Council on 23 October 2024. The MRP Policy is set out in Section 7 of this strategy. The MRP amounts are shown in Table 4 below:

Table 4: Replacement of debt finance

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Minimum Revenue Provision (MRP)	3.298	1.069	1.149	1.232	1.319	1.412
Additional Voluntary Revenue Provision	2.273	1.849	2.225	2.439	2.700	2.543
Total MRP & VRP	5.571	2.918	3.374	3.671	4.019	3.955
Other MRP on Long term Liabilities	0.929	1.148	1.232	1.323	1.295	1.394
Total Own Resources	6.500	4.066	4.606	4.994	5.314	5.349

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. Debt-financed expenditure is that which is **not** funded by grants, contributions, reserves or capital receipts. The CFR is forecast to increase by £5.912 million during 2025-26, and then increase slightly in 2026-27 by £0.282 million. The forecast MRP over the long term is shown in the graph below.



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

Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2027-28 Budget £m
Opening Capital Financing Requirement	176.504	175.720	185.471	191.383	191.665	190.396
Adjustment to opening CFR – IFRS16 leases	-	3.149	-	-	-	-
Movement in Financing Requirement	(0.784)	6.602	5.912	0.282	(1.269)	(1.420)
Closing Capital Financing Requirement	175.720	185.471	191.383	191.665	190.396	188.976

Lease accounting

Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the Council owning such assets itself.

Asset Disposals

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be reinvested in new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council's forecast use of capital receipts are set out in Table 6.

Table 6: Forecast capital receipts

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Opening balance	25.728	25.985	14.430	2.975	2.454	2.454
Asset sales	0.257	2.265	-	-	-	-
Applied in capital programme	-	(13.820)	(11.455)	(0.521)	-	-
Closing balance	25.985	14.430	2.975	2.454	2.454	2.454

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

6.0 MANAGING THE BORROWING REQUIREMENT

The Council's major objectives when borrowing are:

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to secure funding in any one year at the cheapest cost commensurate with future risk
- to forecast average future interest rates and borrow accordingly
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

Limits to Borrowing Activity

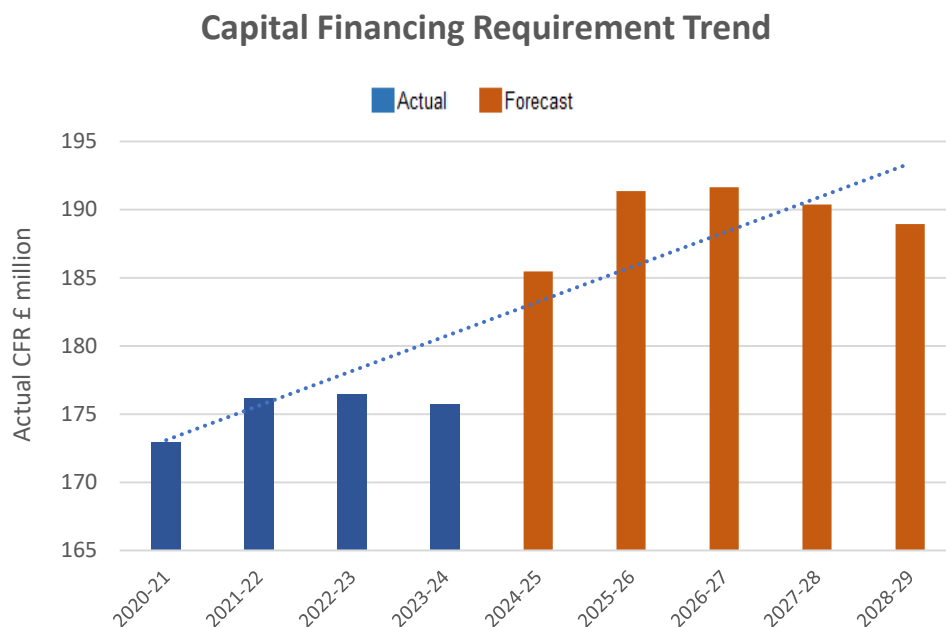
The Council's long-term borrowing excluding Salix loans, which are interest-free, at 31 December 2024 was £96.87 million at an average interest rate of 4.69%. The majority of lending is Public Works Loan Board with maturity dates between 2025 and 2057. £19.25 million of borrowing relates to Lender's Option Borrower's Option (LOBO) loans that have a maturity date of 2054, however these may be rescheduled in advance of this maturity date. The Council has a number of energy schemes which are funded via Salix interest free loans. These loans are required to be repaid between 5 and 10 years.

External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association made between individual loans and particular types of expenditure. The Council makes use of internal borrowing and maintains an under-borrowed position in accordance with **PRINCIPLE 3** above. The capital borrowing need (Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Projected levels of the Council's total outstanding debt, which comprises borrowing, PFI and Other Long-Term Liabilities, are shown below compared with the Capital Financing Requirement:

Table 7: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Debt (incl. PFI & leases)	117.682	108.736	103.428	99.000	95.996	94.288
Capital Financing Requirement	175.720	185.471	191.383	191.665	190.396	188.976

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term. The chart below shows the trend in the CFR from 2020 onwards. The increasing trend reflects the anticipated increases in spend in the capital programme from commitments which are funded by internal borrowing.



To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing based on the current assumptions within the Capital Programme and the use of capital receipts and reserves. However, this forecast could change significantly should schemes within the capital programme and use of reserves be delayed. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2025-26. The actual amount will be monitored and assumptions challenged and external borrowing will only be taken out if there is no opportunity to use Internal Borrowing.

Table 8: Borrowing and the Liability Benchmark

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Outstanding Borrowing (excl. PFI & Leases)	104.608	93.711	89.685	86.581	84.872	84.558
Liability Benchmark	44.399	86.999	127.627	132.492	132.750	134.017

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. Due to the level of debt financing anticipated within the Capital Programme the operational limit has been increased to £140 million. This level is considered affordable by the Council. There are no changes to the authorised limits.

Table 9: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Authorised limit – borrowing	170.000	170.000	170.000	170.000
Authorised limit – other long term liabilities	25.000	25.000	25.000	25.000
Authorised Limit Total	195.000	195.000	195.000	195.000
Operational boundary – borrowing	120.000	140.000	140.000	140.000
Operational boundary – other long term liabilities	20.000	20.000	20.000	20.000
Operational Boundary Limit Total	160.000	160.000	160.000	160.000
Total Borrowing and Long Term Liabilities	108.736	103.428	99.000	95.996

The impact of changes to lease accounting under IFRS16, which requires that operating leases are brought onto the balance sheet as a right of use asset and equivalent lease liability, is that it increases the Council’s liabilities and therefore its estimated borrowing requirement, although actual borrowing may be below this level. The current estimate is that there will be a borrowing requirement of £37.94 million for 2025-26, £45.91 million in 2026-27 and £47.88 million in 2027-28 compared to the current level of borrowing. *In incremental terms* this would be borrowing of £37.94 million in 2025-26, £7.97 million in 2026-27 and £1.97 million in 2027-28. It is anticipated that the current limits do not need amending and borrowing will fall within the boundaries set.

Other Long Term Liabilities

Private Finance Initiative

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with ten years remaining on the term) which will be £11.973 million at 31 March 2025 including the short term liability of £1.078 million included as current liabilities in the Council’s balance sheet in the Statement of Accounts. This is a technical adjustment and is equivalent to the amount that is to be paid during 2025-26.

IFRS16 - Leases

As noted on page 6, this also includes leases that were formerly treated as operational, but under IFRS16 are required to be recognised as Right of Use assets, with an equal liability. The following leases have been recognised as Liabilities in the balance sheet for 2025-26:

Description	Right of Use Asset 01/04/25 £000	Lease liability as at 01/04/25 £000
Land and Buildings	3,149	- 3,149
TOTAL	3,149	- 3,149

Pension Guarantees

The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given a pension guarantee to Awen Cultural Trust. This guarantee means that if an admitted body fails to pay its pension obligations, the Council will be responsible for taking on those obligations.

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

7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2025-26

The annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2025-26 will be on the following basis:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported will be based on the Capital Financing Requirement after accounting adjustments on an annuity basis over 45 years.
- ii. The Council has previously recognised one significant asset. MRP will be charged on an annuity basis over the remaining asset life.
- iii. For unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on an annuity basis over the remaining asset life. The rate used in the annuity calculation will be based on the PWLB certainty rate for a loan equal to the asset life. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iv. For assets funded via Salix loans, MRP will be charged equal to the schedule of repayments of the loan.
- v. For assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year.
- vi. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead. Where loans do not have an annual repayment MRP may be required or may be waived where capital receipts are expected within a prudent period.
- vii. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2025-26 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/25 £m	2025-26 Estimated MRP £m
Capital expenditure before 01/02/2008 and any after 01/04/2008 that does not result in a significant asset (Supported)	(i)	128.830	0.988
Supported capital expenditure - significant asset	(ii)	2.631	0.081
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		31.284	1.849
PFI, Finance Leases and other arrangements	(iii)	12.974	1.148
TOTAL COUNCIL FUND		175.719	4.066

8.0 AFFORDABILITY

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

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

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

Table 10 below shows the proportion of the budget that will need to be set aside to finance capital expenditure, which is expected to increase over the life of the current capital programme, accelerating the pressure that capital expenditure, funded from debt, puts on the revenue budget. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. A gross ratio is also calculated which indicates the gross financing cost i.e. it represents a worst case scenario.

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

	2023-24 Actual %	2024-25 Estimate %	2025-26 Estimate %	2026-27 Estimate %	2027-28 Estimate %	2028-29 Estimate %
General Fund - Net Capital Financing Budget	2.03%	3.03%	3.05%	3.07%	3.10%	3.13%
General Fund - Gross Capital Financing Budget	3.52%	3.41%	3.43%	3.45%	3.48%	3.51%



Porthcawl Metrolink

Appendix 1

Capital Funding Sources

Borrowing

The Council is able to borrow money on the money market or from the Public Works Loan Board (PWLB) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow). However, for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs and any on-going related revenue support. With the exception of the Welsh Government's allocation of Supported Borrowing, all other borrowing is unsupported i.e. where associated interest and debt repayment costs must be met from existing revenue budgets, Council Tax, savings or additional income generation.

The Council is only able to borrow for "unsupported borrowing" (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable.

All schemes funded from Prudential Borrowing are approved by full Council, and in accordance with MTFS **PRINCIPLE 11** must be affordable and sustainable, with payback met from Directorate or Council revenue budgets over a period no longer than the life of the asset. Projects requiring funding through prudential borrowing should submit a robust business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax).

The potential for Prudential Borrowing is not unlimited and must be considered within the Council's overall borrowing limits. Whenever Prudential Borrowing is under consideration, the means of payment must be clearly identified. Typically this can be from:

- Income or savings generated by the investment;
- Budget reductions made elsewhere in the Directorate to compensate;
- Additional recurrent funding approved by Council as part of the budget setting process.

There may be the need for borrowing where there is no identifiable future revenue stream, for example, to repair or construct infrastructure assets. This may be to support Corporate Priorities. The cost of such borrowing falls on the council tax payer through payments of debt interest on the Council's revenue account and repayment of debt over a specified period of time. This is known as the Minimum Revenue Provision (MRP). There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council, it is likely that such schemes will be an "exception".

External Grants

The Council receives annual capital grant funding from Welsh Government and is able to bid for grant funding directly to other government departments or from other grant awarding bodies.

The annual funding from Welsh Government is not ring-fenced so the Council has flexibility in how it allocates this funding. It is proposed that this is earmarked in the first instance to works deemed to be of a mandatory nature e.g. health and safety, or towards Wellbeing Objectives.

Any additional capital grant funding received from external sources must be managed in line with the Council's Grants Policy. Delegated authority is required to bid for and accept any external funding, and external funding applications should be supported by a strong business case which demonstrates how the project meets the Council's Corporate Priorities and how any future revenue costs will be met.

Capital Receipts from Asset Disposals

The Council generates capital receipts from the sale of surplus assets. Maximisation of these receipts will increase the amount that can be spent on capital investment. Capital receipts cannot be used to fund revenue costs.

The Council has a statutory obligation to deliver best consideration under S123 of the Local Government Act 1972 and will seek to obtain market value in its disposals. However, there are exceptions and there will sometimes be a balance to strike where disposals can achieve social, economic or environmental policy objectives which contribute towards the Corporate Plan. In such instances, consideration will be given to the Value for Money that this represents.

The Council has also introduced a Community Asset Transfer (CAT) Strategy, where it considers the transfer of assets to third party groups at less than best consideration to support its objectives. The Council will consider, on a case-by-case basis, the potential transfer of assets to an alternative provider after a full assessment of the long-term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives. Where the Council proposes to dispose of or grant a long lease at nil consideration, or at a value below market value, a valuation will be undertaken to ensure that the Council is fully aware of the receipt that it is foregoing as a result of the Community Asset Transfer.

A key principle of the Council's Capital Strategy, **PRINCIPLE 4**, is that, unless specifically agreed by Cabinet for exceptional circumstances, all capital receipts will be treated as general capital funding and allocated according to determined priorities. This supports the "One Council" approach. However, this does not negate the need for Council to approve any proposed schemes from that receipt. There may potentially be other schemes where the Council decides to set aside receipts in this way and these will be approved within the reporting of the Capital Programme.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal. In relation to development sites it will produce a technical pack which will include site investigations, planning briefs, utilities and drainage information, as relevant. The Council will consider the most appropriate method of disposal by way of private treaty, tender or by public auction. Generally it will dispose of assets on the open market, in order to robustly demonstrate that it has delivered best consideration. However, there will be occasions when it will sell off market to a single bidder. In these instances it will seek an independent valuation to assess the capital receipt and to affirm that best consideration has been delivered.

S106 contributions

Under S106 of the Town and Country Planning Act 1990 (as amended), contributions can be sought from developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place. This funding is commonly known as Section 106 (S106) contributions. Section 106 Agreements are legal agreements between Local Authorities and developers, which are linked to planning

permissions and can also be known as planning obligations. A section 106 agreement is designed to make a development possible that would otherwise not be possible, by obtaining concessions and financial contributions from the developer. Any contributions received from the developer are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the capital programme once an eligible scheme has been identified. S106 contribution agreements can be used, for example, for the provision of educational facilities, highways infrastructure, affordable housing, play areas and open spaces, in line with the Council's adopted policy on the use of section 106 agreements. Consideration of available S106 funding should be taken when agreeing the capital programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding. Contributions can be time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement, any funds not spent in line with the agreement would have to be repaid to the developer.

Revenue and Reserves

The Council is able to use revenue funding and reserves for capital schemes. However, whilst government funding to the Council has seen a modest increase, as a result of competing revenue budget pressures and the impact of the inflationary and cost of living pressures, which have placed significant pressure on the revenue budget, the Council is unable to use revenue budgets or establish new reserves to directly fund capital projects, unless funding has already been set aside.



Appendix 2

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS								CUMULATIVE Total 2023 - 2034		
			Total Cost	BCBC Funding	External Funding	Council July 24 2024-25	New Approvals / Reductions	Virement	Slippage (to)/from Future	Revised 2024-25	2025-	2026-	2027-	2028-	2029-	2030-	2031-	2032-		2033-	2034-
											€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000		€'000	€'000
Education & Family Support																					
1	Highways / Other Offsite Works Band B Schools	20/21	IP3	3,400	3,400	-	100					100	3,300							3,400	
2	Heronbridge Replacement	22/23	IP3	40,353	13,732	26,621	1,338					1,338	38,210	805						40,353	
3	Myrdd Cynffig Replacement	22/23	IP3	14,017	5,312	8,105	287					287	13,440	290						14,017	
4	Y G Bro Dgw'r Replacement	22/23	IP3	15,809	3,716	12,091	411					411	15,056	342						15,809	
5	Bridgend West MIM	22/23	IP3	1,995	574	1,421						-	1,995							1,995	
6	Ysgol Dyfun Gymraeg Llangynydd	21/22	IP3	97	97	-	97					97								97	
7	Land Purchase Band B	21/22	IP3	2,028	2,028	-						-	2,028							2,028	
8	Garw Valley South Primary Provision	14/15	IP3	61	61	-	61					61								61	
9	Pencoed Primary School - Band A	14/15	IP3	51	51	-	51					51								51	
10	Pencoed School Highways Works	16/17	IP3	56	56	-	56					56								56	
11	Abercerdin Primary School Hub	21/22	IP3	277	277	-	277					277								277	
12	Brynateg Comprehensive School All Weather Pitch	21/22	IP3	38	38	-	38					38								38	
13	Schools Minor Works	RECURRENT	IP3	462	287	175	362	100				462								462	
14	Schools Traffic Safety	16/17	IP3	56	56	-	56					56								56	
15	School Modernisation	14/15	IP3	336	336	-	336					336								336	
16	Pencoed Primary School - Classroom Extension	22/23	IP3	862	616	246	862					862								862	
17	Coety Primary School - Extension	22/23	IP3	1,968	1,632	336	1,638					1,638	330							1,968	
18	Brynittion Comprehensive School - New Teaching Block	22/23	IP3	1,660	271	1,389	1,660					1,660								1,660	
19	Brynittion Comprehensive School Highways	23/24	IP3	134	134	-	134					134								134	
20	Education S106 Schemes	16/17	IP3	-	-	-	163	(163)				-								-	
21	Schools Capital Maintenance Grant	19/20	IP3	3,524	2,397	1,127	2,429	1,095				3,524								3,524	
22	Welsh Medium Childcare Provision - Bridgend	19/20	IP3	550	-	550	550					550								550	
23	Welsh Medium Childcare Provision - Dgmore	19/20	IP3	-	-	-	-					-								-	
24	Welsh Medium Childcare Provision - Porthcawl	19/20	IP3	550	-	550	550					550								550	
25	Welsh Medium Childcare Provision - Highways Schemes	19/20	IP3	-	-	-	-					-								-	
26	Free School Meals	22/23	IP3	1,444	409	1,035	1,444					1,444								1,444	
27	Community Focused Schools	22/23	IP3	2,328	189	2,139	2,328					2,328								2,328	
28	ALN Capital Grant	22/23	IP3	1,229	316	913	1,229					1,229								1,229	
29	Y G Bro Dgw'r Mobile Classrooms	22/23	IP3	437	-	437	214	223				437								437	
30	Porthcawl Welsh Medium Seedling School	22/23	IP3	370	370	-	370					370								370	
31	Flying Start Extension - Nantymoel Primary	23/24	IP3	563	-	563	563					563								563	
32	Flying Start Highways	24/25	IP3	36	22	14	36					36								36	
Total Education and Family Support				94,691	36,979	57,712	17,646	1,149	100	-	18,895	74,359	1,437	-	-	-	-	-	-	94,691	
Social Services and Well-being																					
Adult Social Care																					
33	Bryn Y Cae	19/20	IP2	40	40	-	40					40								40	
34	Ty Cwm Dgw'r Care Home	21/22	IP3	23	23	-	23					23								23	
35	Wellbeing Minor Works	RECURRENT	IP2	212	212	-	212					212								212	
36	Bakers Way	17/18	IP2	10	10	-	10					10								10	
37	Children's Residential Accommodation Hub	18/19	IP2	74	74	-	74					74								74	
38	Telecare Transformation Project	22/23	IP2	-	-	-	-					-								-	
39	Breakaway	23/24	IP2	98	-	98	98					98								98	

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023-2034
			Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 24 2024-25 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage (to)/from Future £'000	Revised 2024-25 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	2032-2033 £'000	2033-2034 £'000		
Culture																					
40 Community Centres	20/21	NONPTY	167	167		167						167									167
41 Bryngarw House	20/21	NONPTY	8	8		8						8									8
42 Ysgol Bryn Castell Hard-Court	22/23	IP3	99	-	99	99						99									99
43 Dgmore Valley Life Centre	23/24		108	11	97	108						108									108
Total Social Services and Well-being			839	545	294	839	-	-	-			839	-	-	-	-	-	-	-	-	839
Communities																					
Street Scene																					
44 Community Children's Play Areas	20/21	IP2	3,851	3,851	-	2,851						2,851	1,000								3,851
45 Parks/Pavilions/Community Centres CAT	14/15	IP3	1,436	1,216	220	936						936	500								1,436
46 Aber Playing Fields	19/20	NONPTY	11	11	-	11						11									11
47 Cardiff Capital Region City Deal	17/18	IP1	7,691	7,691	-	1,190						0	2,434	940		1,039	1,648	1,630			7,691
48 Coychurch Crem Works	RECURRENT	NONPTY	75	-	75	75						75									75
49 Remedial Measures - Car Parks	17/18	IP3	135	135	-	135						135									135
50 Civil Parking Enforcement	17/18	IP3	20	20	-	20						20									20
51 Road Signs 20mph Default Speed	22/23	IP2	521	-	521	328		193				521									521
52 Road Safety	14/15	IP1	6	6	-	6						6									6
53 Pencoed Tech Park Act Travel	20/21	IP1	-	-	-	-						-									-
54 Highways Structural Works	RECURRENT	IP3	3,554	3,554	-	494						494	340	340	340	340	340	340	340	340	3,554
55 Carriageway Capital Works	RECURRENT	IP3	2,500	2,500	-	250						250	250	250	250	250	250	250	250	250	2,500
56 Carriageway & Footway Renewal	1	IP3	-	-	-	-						-									-
57 Road Safety Improvements - Heol Mostyn	19/20	IP1	-	-	-	168		(168)				-									-
58 Prow Capital Improvement Programme	15/16	IP3	65	-	65	65						65									65
59 Highways Refurbishment	19/20	IP3	2,000	2,000	-	1,000						1,000	1,000								2,000
60 Replacement of Street Lighting Columns/ River Bridge Protection Measures	RECURRENT	IP3	4,096	4,000	96	400		45	51			496	400	400	400	400	400	400	400	400	4,096
61 River Bridge Protection Measures	16/17	IP1	22	22	-	22						22									22
62 Communities Minor Works	RECURRENT	IP3	762	762	-	562			200			762									762
63 Ultra Low Emissions Vehicle Transformation Fund 2	22/23	IP1	23	-	23	23						23									23
64 Fleet Transition Ultra Low Emissions Vehicles	21/22	IP1	155	-	155	155						155									155
65 Net Zero Carbon Fleet	21/22	NONPTY	147	147	-	147						147									147
66 Porthcawl Metro-Link (CCR)	21/22	IP1	948	948	-	948						948									948
67 Penrysg Road Bridge - LTF/CCR	19/20	IP1	-	-	-	13		(13)				-									-
68 Residents Parking Bridgend Town Centre	14/15	IP1	109	109	-	109						109									109
69 Fleet Vehicles	14/15	IP3	1,864	1,864	-	1,881		(17)				1,864									1,864
70 AHP Waste	19/20	IP3	-	-	-	4		(4)				-									-
71 Extension to Cornelly Cemetery	18/19	NONPTY	5	5	-	190		-	185			5									5
72 Extension to Porthcawl Cemetery	18/19	NONPTY	35	35	-	164		-	129			35									35
73 Cemeteries	18/19	NONPTY	314	314	-				314			314									314
74 S106 Highways Small Schemes	14/15	IP3	39	-	39	39						39									39
75 Unadopted Roads	14/15	IP2	380	380	-	380						380									380
76 Fire Suppression System Tondy Waste Depot	21/22	NONPTY	-	-	-	17		(17)				-									-
77 Puffin Crossing Kentig Hill	22/23	IP3	6	6	-	6						6									6
78 Ynysawdre to Brynoethin ATR	23/24	IP2	-	-	-	-						-									-
79 Coal Tip Safety	23/24	NONPTY	457	-	457	457						457									457
80 Traffic Signal Replacement (Coity Castle Pub Gyratory)	23/24		290	290	-	290						290									290
81 Grass Cutting Equipment	24/25		340	340	-				340			340									340
82 Waste Vehicles	24/25		8,000	8,000	-							-	3,000	3,000	2,000						8,000

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023 - 2034 £'000
			Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 24 2024-25 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage (to)/from Future £'000	Revised 2024-25 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	2032-2033 £'000	2033-2034 £'000		
Regeneration & Development																					
83	Special Regeneration Funding	17/18	IP1	436	436	-	436													436	
84	Cosy Corner (PRIF)	21/22	IP1	-	-	-	-													-	
85	Porthcawl Regeneration	20/21	IP1	2,616	2,616	-	2,616													2,616	
86	Economic Stimulus Grant	19/20	IP1	417	417	-	417													417	
87	Coastal Risk Management Programme	20/21	IP1	210	210	-	210													210	
88	Ewenny Road Industrial Estate	21/22	IP1	3,493	-	3,493	3,493													3,493	
89	CESPI/Arbed Phase 1	21/22	NONPTY	2,233	855	1,378	1,804													2,233	
90	Bridgend Heat Scheme	16/17	IP1	3,265	2,276	989	3,265			(3,265)										3,265	
91	Maesteg Town Hall Cultural Hub	17/18	IP1	1,547	1,297	250	1,547													1,547	
92	Town & Community Council Fund	RECURRENT	IP3	669	669	-	219													669	
93	Porthcawl Townscape Heritage Initiative	14/15	IP1	124	124	-	124													124	
94	Commercial Property Enhancement Fund	21/22	IP1	134	134	-	134													134	
95	Urban Centre Property Enhancement	19/20	IP1	1,024	-	1,024	1,075			(51)										1,024	
96	2030 Decarbonisation	RECURRENT	IP3	1,615	1,615	-	425			230										1,615	
97	Shared Prosperity Fund	22/23	IP1	4,931	-	4,931	5,221			(290)										4,931	
98	Local Places for Nature	23/24	IP1	110	-	110	110													110	
99	Porthcawl Grand Pavilion	22/23	NONPTY	19,193	2,000	17,193	10,363			(8,688)										19,193	
100	Low Carbon Heat	24/25		1,089	-	1,089	1,089													1,089	
Corporate Landlord																					
101	Capital Asset Management Fund	18/19	IP3	-	-	-	773			(773)										-	
102	Raven's Court	18/19	IP3	-	-	-	446			(106)										-	
103	DDA Works	14/15	NONPTY	206	206	-	206													206	
104	Minor Works Asset Management	RECURRENT	IP3	11,771	11,771	-	2,032			(431)										11,771	
105	Fire Precautions	14/15	NONPTY	177	177	-	77			100										177	
106	Bryncethin Depot Facilities	14/15	IP3	517	517	-	517													517	
107	Waterton Upgrade	18/19	IP3	3,591	3,591	-	7,074			(3,500)										3,591	
108	Evergreen Hall	19/20	IP3	60	60	-	29			31										60	
109	Investing in Communities	19/20	IP3	47	47	-	47													47	
Total Communities				99,332	67,224	32,108	57,085	(4,343)	(100)	(13,143)	39,439	31,466	6,260	4,320	3,359	3,968	3,950	2,170	2,170	2,170	99,332
Chief Executive's																					
Housing / Homelessness																					
110	Disabled Facilities Grants (DFG)	RECURRENT	IP2	17,197	17,065	132	1,447			500										17,197	
111	Discretionary Housing Grants	RECURRENT	IP2	2,000	2,000	-	200													2,000	
112	Housing Renewal / Empty Properties	RECURRENT	IP1	973	973	-	73													973	
113	Enable Grant	16/17	IP2	270	-	270	270													270	
114	Homelessness and Housing	22/23	IP2	530	-	530	530													530	
115	Health and Wellbeing Village	21/22	IP1	480	-	480	480													480	
116	Affordable Housing	23/24	IP1	1,066	530	536	1,066													1,066	
117	Leasing Scheme Wales	23/24		-	-	-	187			(187)										-	
ICT																					
118	Investment in ICT	RECURRENT	IP3	4,395	4,395	-	795													4,395	
119	Digital Transformation	22/23	IP3	102	102	-	102													102	
120	Replacement CCTV	21/22	IP3	38	38	-	38													38	
121	ICT Datacentre Replacement	22/23	IP3	238	238	-	238													238	
122	HwB Schools IT	21/22	IP3	91	91	-	91													91	
Total Chief Executive's				27,360	25,432	1,948	5,517	(187)	-	500	5,830	1,950	2,450	2,450	2,450	2,450	2,450	2,450	2,450	27,360	

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023-2034 €'000
			Total Cost €'000	BCBC Funding €'000	External Funding €'000	Council July 24 2024-25 €'000	New Approvals / Reductions €'000	Virement €'000	Slippage (to)/from Future €'000	Revised 2024- 25 €'000	2025- 2026 €'000	2026- 2027 €'000	2027- 2028 €'000	2028- 2029 €'000	2029- 2030 €'000	2030- 2031 €'000	2031- 2032 €'000	2032- 2033 €'000	2033- 2034 €'000		
Council Wide Capital Budgets																					
123 Corporate Capital Fund	RECURRENT	NONPTY	773	773	-	773	-	-	-	773	-	-	-	-	-	-	-	-	-	773	
124 Unallocated	RECURRENT	NONPTY	11,976	11,976	-	222	-	-	-	222	-	-	1,884	1,884	1,884	2,034	2,034	2,034	11,976		
Total Council Wide Capital budgets			12,749	12,749	-	995	-	-	-	995	-	-	1,884	1,884	1,884	2,034	2,034	2,034	12,749		
Total Expenditure			234,991	142,929	92,062	82,082	(3,381)	-	(12,643)	66,058	107,775	10,147	6,770	7,693	8,302	8,284	6,654	6,654	6,654	234,991	
Expected Capital Resources																					
General Capital Funding																					
General Capital Funding - General Capital Grant			28,568	28,568	-	4,043	-	-	-	4,043	2,725	2,725	2,725	2,725	2,725	2,725	2,725	2,725	2,725	28,568	
General Capital Funding - Supported Borrowing			39,298	39,298	-	3,937	-	-	-	3,937	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	39,298	
Capital Receipts - Schools			2,951	2,951	-	222	-	-	-	222	2,729	-	-	-	-	-	-	-	-	2,951	
Capital Receipts - General			22,845	22,845	-	18,199	(4,383)	-	(218)	13,598	8,726	521	-	-	-	-	-	-	-	22,845	
Earmarked Reserves			37,056	37,056	-	15,605	(760)	-	(2,042)	12,783	19,016	940	1,039	1,648	1,630	-	-	-	-	37,056	
Revenue Contribution			577	577	-	577	-	-	(1)	576	1	-	-	-	-	-	-	-	-	577	
Prudential Borrowing (Directorate Funded)			3,644	3,644	-	3,644	-	-	(1,822)	1,822	1,822	-	-	-	-	-	-	-	-	3,644	
Prudential Borrowing (Corporately Funded)			7,830	7,830	-	1,600	-	-	-	1,600	4,767	1,347	116	-	-	-	-	-	-	7,830	
SALIX Interest Free Loan - w/G			160	160	-	160	-	-	-	160	-	-	-	-	-	-	-	-	-	160	
Sub-Total General Capital Funding			142,929	142,929	-	47,987	(5,163)	-	(4,083)	38,741	43,715	9,462	6,770	7,693	8,302	8,284	6,654	6,654	6,654	142,929	
External Funding Approvals																					
w/G - Other			15,738	-	15,738	14,637	1,101	-	-	15,738	-	-	-	-	-	-	-	-	-	15,738	
w/G - 21st Century Schools			45,718	-	45,718	-	-	-	-	-	45,033	685	-	-	-	-	-	-	-	45,718	
w/G - Enable Grant			270	-	270	270	-	-	-	270	-	-	-	-	-	-	-	-	-	270	
w/G - Integrated Care Fund (ICF)			480	-	480	480	-	-	-	480	-	-	-	-	-	-	-	-	-	480	
w/G - Welsh Medium Capital Grant			1,537	-	1,537	1,314	223	-	-	1,537	-	-	-	-	-	-	-	-	-	1,537	
Westminster			18,115	-	18,115	10,168	-	-	(8,493)	1,675	16,440	-	-	-	-	-	-	-	-	18,115	
Cwm Taf Morgannwg (HCF)			230	-	230	230	-	-	-	230	-	-	-	-	-	-	-	-	-	230	
S106			5,673	-	5,673	2,695	458	-	-	3,153	2,520	-	-	-	-	-	-	-	-	5,673	
Cardiff Capital Region (CCR)			3,493	-	3,493	3,493	-	-	-	3,493	-	-	-	-	-	-	-	-	-	3,493	
Transport Grant			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Heritage Lottery Fund (HLF)			250	-	250	250	-	-	-	250	-	-	-	-	-	-	-	-	-	250	
Sport Wales			363	-	363	363	-	-	-	363	-	-	-	-	-	-	-	-	-	363	
Other			195	-	195	195	-	-	(67)	128	67	-	-	-	-	-	-	-	-	195	
Sub-Total External Funding Approvals			92,062	-	92,062	34,095	1,782	-	(8,560)	27,317	64,060	685	-	-	-	-	-	-	-	92,062	
Total Funding Available			234,991	142,929	92,062	82,082	(3,381)	-	(12,643)	66,058	107,775	10,147	6,770	7,693	8,302	8,284	6,654	6,654	6,654	234,991	
Funding Shortfall(Surplus)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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