

CABINET - TUESDAY, 14 FEBRUARY 2017

MINUTES OF A MEETING OF THE CABINET HELD IN COMMITTEE ROOMS 1/2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 14 FEBRUARY 2017 AT 2.30 PM

Present

Councillor – Chairperson

HJ David
CL Reeves

CE Smith

HJ Townsend

HM Williams

Apologies for Absence

PJ White

Officers:

Randal Hemingway	Head of Finance & Section 151 Officer
Julie Ellams	Democratic Services Officer - Committees
Darren Mephram	Chief Executive
Deborah McMillan	Corporate Director Education & Family Support
Mark Shephard	Corporate Director - Communities
Susan Cooper	Corporate Director - Social Services & Wellbeing
Andrew Jolley	Corporate Director Operational & Partnership Services

1056. DECLARATIONS OF INTEREST

None

1057. CORPORATE PLAN 2016-20 - REVIEWED FOR 2017-18

The Chief Executive sought endorsement of the Council's reviewed Corporate Plan 2016-20 for 2017-18 prior to submission to Council for approval.

The Corporate Plan set out the Council's priorities for 2016-20 and defined the Council's commitments for 2017-18. It also set the Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and outlined how the Council's Medium Term Financial Strategy (MTFS) and other strategic plans would support the Council's core business and priorities.

The current corporate plan was reviewed for 2017-18, the review focused on updating the Council's commitments and measures of success for 2017-18 and defining and integrating the Council's well-being objectives into the Plan. The Council's vision, values, principles and priorities remained unchanged from the current plan.

The three corporate priorities were the Council's improvement objectives under the Local Government (Wales) Measure 2009 and wellbeing objectives under the Wellbeing of Future Generations (Wales) Act 2015. The well-being statement, required by the Act, was embedded into the Plan. The commitments were the steps the Council would take to deliver the integrated improvement and wellbeing objectives in 2017-18. The plan also set out how the objectives made a contribution to the seven national wellbeing goals.

The aims of the first priority, "Supporting a successful economy", were to help local people develop skills and take advantage of opportunities to succeed, create conditions for growth and enterprise and create successful town centres.

The second priority, “Helping people to be more self-reliant”, would give people more choice and control over what support they received by providing early access to advice and information, reduce demand by investing in targeted early help and intervention programmes, support carers in maintaining their roles and support the third sector, town and community councils and community groups to meet local needs.

The third priority, “Smarter use of resources”, concentrated on achieving the budget reductions identified in the MTFS, improving the efficiency of and access to services, making the most of physical assets, developing the culture and skills required and making the most of our spend on goods and services.

The Cabinet Member for Communities updated Members on progress with priority one, “Supporting a successful economy”. She had recently attended a session explaining the low carbon heat scheme in the Llynfi Valley. This was an exciting way to meet heating needs and was the first scheme in the country.

The Leader agreed that this was a pioneering project and Bridgend County Borough Council was the only authority in receipt of funding to pursue this at a time when fuel poverty was a major issue.

The Cabinet Member for Education and Regeneration referred to the targets for apprenticeships and traineeships created by external contractors as part of the 21st Century schools and other BCBC projects and the number taken up by the residents of Bridgend. He explained the knock on effect this had on education and stressed how important it was to promote apprenticeships.

The Leader agreed that it was important to capture new apprenticeships and gave the example of BAM Construction who had agreed to take on apprentices to assist in the construction of a new school. There were a number of similar initiatives which the authority should be proud of.

The Cabinet Member for Wellbeing and Future Generations referred to the Well-being of Future Generations (Wales) Act 2015, the importance of the long term aims and the significance of the appointment of a Cabinet Member responsible for this area.

The Cabinet Member for Wellbeing and Future Generations referred to the building of the Rhiw centre and the 3 apprentices working on site helping the authority reach its targets. She suggested the plan should include an indicator for Looked After Children taking apprenticeships. The Leader agreed that as good Corporate Parents, Looked After Children should be given these opportunities.

He added that the public had been consulted extensively and it was important that the plan reflected changes in the community. Support for care leavers to secure appropriate accommodation should be included in the plan along with a measure showing to what extent this had been achieved.

The Chief Executive agreed to update the Plan to reflect the changes.

RESOLVED: That Cabinet endorsed the reviewed Corporate Plan 2016-20 for 2017-18, subject to the changes listed below, and recommended it to Council for approval on 1 March 2017.

- Continue to capture apprenticeship opportunities
- Include indicators for Looked After Children taking apprenticeships.

- Support care leavers to secure appropriate accommodation and include a measure.

1058. MEDIUM TERM FINANCIAL STRATEGY 2017-18 TO 2020-21

The Medium Term Financial Strategy 2017-18 to 2020-21, which included a financial forecast for 2017-21, a detailed revenue budget for 2017-18 and a Capital Programme for 2017-18 to 2026-27 was presented.

The Council's Corporate Plan was being presented to Council for approval alongside the MTFS 2017-21 and the two documents were aligned to each other, enabling links to be made between the Council's priorities and the resources directed to support them.

The Chief Executive gave an outline of the budget narrative and advised that while the Council's net revenue budget was set at £258.093m for 2017-18, its overall expenditure far exceeded this. Allowing for specific grant expenditure and services funded by the income generated, the Council expected a gross budget of nearly £400m in 2017-18. He stated that around £170m of this expenditure is spent on the Council's staff, including teachers and school support staff. Much of the cost of the services provided by external organisations was also wage related, which included, waste collection agents, domiciliary care workers and foster carers. He also informed Cabinet that the Council faced both reduced Welsh Government funding as well as financial pressures, and the Council was required to find additional funds to meet inescapable increases in budget, such as the apprenticeships levy or an increase to the national living wage. He stated that the Council has adopted a corporate plan that sets out the approaches that it will take to manage these pressures whilst continuing to ensure that, as far as possible, services can be provided that meet the needs of the Bridgend community.

The Chief Executive advised Cabinet that the Council proposed to spend £108m on services delivered by the Education & Family Support Directorate in 2017-18, with the majority of it being spent by the 59 schools across the county, which represents the biggest single area of spend in the Council. In addition to the £87m budget annually delegated to schools, the Council has committed £24.7m in building and refurbishing schools as part of the 21st century school modernisation programme, which is match funded with £24.7 million of Welsh Government funding. He stated that the Council has a longer term goal to make the overall schools system more efficient, for example through making sure we have the right number of school places available in the right parts of the county. In 2017-18 all schools will be requested to make an efficiency saving within the year of 1%. The Council however recognises that schools, like other services, face financial pressures which they cannot avoid. Additional central funding however will be provided to meet nationally agreed pay awards and price inflation, which would mean that schools budgets overall, will see a very small increase. The Council will also continue to invest in a range of services that give early support to children and families, with 80% of these services being funded separately by typically short term grants from Welsh Government. These grants include Flying Start, Families First and Communities First, European Social Fund and the Education Improvement Grant. He stated that the Council will seek to protect its investment in education and early intervention and is making minimal changes to the services delivered at this time. However in addition to asking schools to make a 1% efficiency saving, changes were proposed in 2017-18 that are reflected in the budget, detailed in paragraph 3.3.3 of the report.

The Chief Executive informed Cabinet that after Education, the largest area of spend is on social care, which includes social care for children and for adults who are vulnerable or at risk. He stated that the Council recently brought the children's and adult social care teams together in order to give a stronger focus on social care as a professional

discipline and to identify efficiency savings by helping these two areas to work more closely together. The Sport, Play and Active Wellbeing team had been brought in to the same directorate to better support prevention, early intervention and wellbeing approaches. Over the past three years the Council has delivered savings of over £9 million in social care and its strategy for the next few years is to manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence. This needed to be achieved within existing budget. The Council was proposing to spend £65m on social care and wellbeing services. Some pressures are allowed for in planning the 2017-18 budget, but the Council was not able to increase the budget to meet demand. This would be unsustainable and if budgets were increased year on year to meet new demand, it would increasingly mean the Council would have to restrict other services. Therefore, the Council's strategy is to transform how services are delivered. Transformations were being proposed to both better support people and cost less. The Council has identified a number of further transformations that continue this approach and which are reflected in changes to the budget. These included:-

- Learning Disability Services
- Innovative ways to reduce high cost placements in adult social care
- Reduced dependence on residential placements in learning disability and mental health services by targeting greater use of Shared Lives (family based care and support)
- Committing £3m to 2 new extra care schemes so that people can be supported but live more independent lives than they would in residential care.

The above measures will be taken together with continuing investment in assistive technology and investment in community coordinators (both measures intended to allow people greater control over their services and independence) and means that the Council plans to deliver budget reductions of over £2.2 million in 2017-18 whilst continuing to invest in early interventions that manage both current and future increases in demand.

The Chief Executive reiterated how the budget allocation for the authority was disseminated between the various Directorates, particularly in relation to Education and Social Care, where the majority of the Council's net budget is allocated. In addition, the Council was likely to spend around £6m of direct Welsh Government grant on public realm services in 2017-18, to include waste services, public transport, rights of way and road safety. In addition to delivering these grant funded services the Council proposes to spend a further £17 million net budget on these services. Additionally, the costs associated with waste collection are expected to increase significantly and it was expected that in the region of £11m would be spent on the collection and disposal of waste in 2017-18.

The Chief Executive informed Cabinet that the Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where it will have the least impact across Council services, recognising that this still may be significant in some areas. The Council will encourage others to work with it or assume direct responsibility in some cases. Proposed changes in this respect were identified in paragraph in 3.3.5 of the report.

Reductions in spend in these areas will allow the protection of the Council's investment in its Council's priorities and in areas where it has far less ability to exercise control (such as children's social care). In addition investment will be made in initiatives that allow others to either share responsibility for the delivery of services where they are beneficiaries. The new Parks Pavilions key holding and cleaning arrangements will

mean the Council will ensure pavilions are cleaned to a good standard, usually once a week, but responsibility for any further cleaning, opening and closing will pass to those user clubs and organisations. Further to this, Community Asset Transfer will continue to be a major element of the Council's strategy to transfer buildings to local community groups to operate for themselves.

He informed Cabinet that the Council will increasingly collaborate with the nine other councils which make up the Cardiff Capital Region City Deal focusing on raising economic prosperity, increasing job prospects and improving digital and transport connectivity and the Council will be spending in the region of £2.1m net a year running these services. This was a very important project he added. The Council will also continue to pursue the development of each of the three main towns, with the development of Cosy Corner and the Harbour Quarter in Porthcawl, the redevelopment of Maesteg Town Hall, and the redevelopment of the Rhiw in Bridgend and the Llynfi Valley. He stated that much of this investment is not the Council's own money, but together, these schemes amounted to around £20m in total.

The Chief Executive advised that the Council operates a number of other services which it recognises fulfil specific and important roles. In many cases these are statutory though the precise level of service to be provided is not defined in law. The most significant changes affect Regulatory Services; Registrars; Housing; Council Tax and Benefits.

The Chief Executive confirmed that there are a number of things that the Council does that support the delivery of services but which themselves are not visible to the public. The services need to be maintained with sufficient capacity to support these whilst making them as efficient and effective as possible. Over the course of 2017-18 the Council planned to make efficiency savings in Property and Building Maintenance; Legal Services; Finance; Human Resources and Organisational Development; ICT; Digital Transformation; Procurement; Democratic Services and Audit.

The Section 151 Officer explained that the Council's MTFs was set within the context of UK economic and public expenditure plans, Welsh Government priorities and the legislative programme. In the immediate aftermath of the UK's decision to leave the European Union, the Chancellor of the Exchequer announced that the government would abandon the predecessor's target of budget surplus by 2019-20. While this indicatively suggested a higher level of public spending than previously expected, the Institute for Fiscal Studies reported on 8 November a worsening position of £25 billion by 2020 and warned of the potential requirement for further austerity measures. New fiscal targets were set which aimed for 2% underlying deficit and debt falling by 2020

The Welsh Government announced its final budget for 2017-18 on 20 December with an additional £136 million of capital funding. There was also an additional £10 million revenue funding announced for social services, £6 million to support homelessness prevention and an additional £10 million of revenue funding, through a special grant, to support high street retailers, pubs and restaurants with business rates, following the 2017 revaluation. Details were not yet available on how this would be implemented.

On 21 December, Councils received the Final Local Government Settlement. The headline figure was an overall increase of 0.2% in Aggregate External Finance (AEF) from 2016-17. This was in addition to an extra £25 million across Wales in recognition of the contribution which social services made to the success of the health service. There was an actual cash increase in AEF from 2016-17 of £123,000. However, Bridgend's funding on a like-for-like basis was a reduction of £0.6 million, or -0.3%. Unlike previous years, the final settlement did not include funding to protect school budgets.

The Section 151 Officer explained that the implications for 2018-2021 were as reported in the draft MTFs. The MTFs "most likely" scenario assumptions of an annual reduction on AEF of -3.2% for 2018-19, 2019-20 and 2020-21 were maintained.

The 2017-18 final Revenue Budget included a Council tax increase of 2.9%. The level of the increase sought to strike an appropriate balance between the needs of the Council and its citizens.

The Welsh Government Capital Settlement remained as reported in the draft MTFs, a reduction of £8,000 to £6.288 million. The current year (2016-17) financial performance was a projected underspend of £418,000 as reported at a previous Cabinet meeting.

Cabinet and CMB continued to seek to embed a culture of medium term financial planning within the Council. Further efforts had been made to secure greater involvement of stakeholders in the development of the MTFs. An eight week consultation was undertaken during October and November 2016 and 2,533 responses received, a 65% increase on the response rate last year.

In addition to the public consultation, Cabinet and CMB had been working with the Budget Research and Evaluation Plan over the last six months to facilitate the budget planning process. The draft budget report approved by Cabinet in November had also been scrutinised by the Council's Overview and Scrutiny Committees resulting in a report from the Corporate Resources and Improvement (CRI) Committee. Cabinet had considered the CRI Committee's recommendations and a response to these was provided in the report.

Responses received from the public consultation and the CRI Committee had been considered and a number of changes made to its budget reduction proposals as a result. In particular budget reductions impacting on the public realm had been significantly reduced. The proposal to cease proactive resurfacing had been removed (£215,000), gully cleaning frequency would not be reduced (£40,000), and weed spraying would be maintained at the current level (£15,000), as would management of rear lanes and footpaths overgrowth (£30,000). Furthermore, the budget included a new fund to be targeted towards public realm improvements, with a recurrent budget of £400,000.

The Section 151 Officer explained the MTFs principles. Principle 12 was expanded in the previous MTFs to include provision for a MTFs Budget Reduction Contingency Reserve. Table 3 of the report showed the allocations so far during 2016-17 in mitigation of specific proposals. As part of the quarter 3 reserves review, the MTFs Proposals Supported by Budget Reductions Contingency Reserve had been restored to its original level in light of increasing challenges in delivering future budget reduction proposals. Planning assumptions for 2018-21 were based on an annual reduction in AEF of -3.2% and an assumed increase in Council tax of 4.2% for 2018-19, 4.5% for 2019-20 and 4.5% for 2020-21.

When it came to managing within the MTFs Resource Envelope, much of the detail was familiar and unchanged compared to recent years apart from energy cost inflation following a relative decrease in recent years, the National Living Wage and the significant cost of the apprenticeships levy.

The MTFs included an additional £2.167 million pressures. £5.063 million of inescapable pressures had emerged during 2016-17. In total, the Council had unavoidable pressures of £7.230 million in 2017-18.

The Section 151 Officer explained the Council's budget reduction requirement and the budget reduction scenario. He also reported current progress on identifying budget

reduction proposals. The 2017-18 proposals had been amended since the Draft Budget report to reflect the removal of a number of proposals in response to the budget consultation, as outlined in the report. A number of proposals for 2018-19 onwards required further information and analysis and so were not sufficiently well developed to be included at this point in time. A commitment had been made to try and find at least 50% of the budget reductions through smarter use of resources. This was incrementally harder to achieve but the plans in the report would deliver 58% of the required reductions through efficiency measures. Collaboration and Service Transformation amounted to 7%, policy changes amounted to 13% and a further 22% from managed service reductions.

The Council's Risk Assessment was attached to the report. These risks had been taken into account in the preparation of the MTFs and where there were identifiable financial implications these had been provided for either within the budget or earmarked reserves. Where the financial risks were not clear, such as the costs associated with full implementation of Welsh Language Standards currently under appeal, the risk was covered by the Council Fund.

A national pay settlement had been based on an overall increase of 2.4% over two years. For the majority of staff the increase was 1% for both 2016-17 and 2017-18.

The Section 151 Officer explained that pensions and how they were presented in the budget historically made pension deficit contributions as part of its overall employer contributions, currently set at 21.3% of pensionable pay. It was foreseen in the draft budget that the Actuary would require that the deficit contributions would need to be made as a lump sum payment in future. The Council had agreed with the actuary that this change was not necessary. There was no true financial impact on the Council, or on individual directorates, but this explained a presentational difference in the report. The overall contribution rate of 21.3% remained unchanged for the next triennial period.

Under Schools Budgets, the Section 151 Officer explained that the 2017-18 budget included both a 1% efficiency target for schools and allowances for inflationary and inescapable pressures to be met centrally, thus treating school budgets on an equivalent basis as other areas of the Council. Taken together, there was a small increase in overall school budgets.

The main changes in unavoidable pressures between the draft and final budget were:

- A new pressure of £598,000 in respect of the local authority's contribution to the Cardiff Capital Region City Deal to provide a revenue contribution to meet Bridgend's share of the overall £120 million local authority capital funding requirement.
- An additional pressure of £94,000 to meet the project management and joint committee costs associated with the City Deal.
- A new pressure of £61,000 to meet unavoidable pressures faced by the South Wales Fire and Rescue Authority.
- A new pressure of £400,000 in respect of public realm works.

The report included detailed Directorate Base Budgets for 2017-18. The MTFs supported the delivery of the Council's corporate priorities and Directorate budgets which would be used to support these and core services and statutory functions.

As at 31 March 2016, the Council Fund was £7.604 million, 2.32% of Gross Revenue Expenditure (GRE) and Council was seeking to increase its Council Fund to 2.7% of GRE (£8.840 million based on 2015-16).

The Section 151 Officer reported that a further review would be undertaken at the end of the current financial year and transfers made at this point taking account of the overall financial position of the Council. At this time Directors would be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expected to arise in 2017-18 and these would be considered in the context of Directorate outturn positions as well as that of the Council as a whole.

The Capital Programme had been revised since the draft budget report to Cabinet on 29 November to take into account proposed new capital schemes following a review of the Council's capital investment requirements. The proposed Capital Programme settlement, General Capital Funding (GCF) for the Council of £6.288 million in 2017-18 was set out in the report. The Programme was last revised in October 2016. Since then a review had been underway to identify the Council's capital investment requirements, compared to available capital, against the following four criteria as detailed in the report. The schemes set out in Table 14 were proposed to be included within the Capital Programme for 2017-18 onwards. A number of schemes were subject to Cabinet approval of business cases and/or confirmation of external funding and would only proceed once these agreements were secured. Furthermore, there were potentially large capital pressures for which funding had not currently been identified. These included significant highways schemes, 21st Century Schools band B and a permanent depot solution.

The Capital Programme also contained a number of fixed annual allocations. These annual allocations had been reviewed as part of the capital planning process and it was proposed that they remained at current levels for 2017-18.

The Section 151 Officer outlined how the Council was using its capital programme to support the new corporate priorities.

The 2017-18 MTFS included as its most significant addition to the capital programme, Bridgend's contribution of £11.3 million towards the overall £1.2 billion Cardiff Capital Region City Deal. There was a need to amend the budget for two of the schemes, Brynmenyn Primary School and Digital Transformation & ICT. £21 million could be generated as part of the enhanced disposals programme, £14.3 million already delivered, £6.7 million to be realised over the next 3 years £1.5 million was expected to be realised by the end of 2017-18.

Prudential Borrowing taken out as at 1 April 2016 was £35.08 million, of which it was estimated that the total borrowed would increase to £35.8 million by the end of this financial year. Future prudential borrowing would include an estimated £5.6 million of Local Government Borrowing Initiative (LGBI) funding towards the costs of the 21st Century Schools Programme. The Treasury Management Strategy 2017-18 (TMS) and the Minimum Revenue Provision (MRP) were detailed in the report.

The Section 151 Officer was required to report annually on the robustness of the level of reserves. The level of Council reserves was sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. The biggest financial risks the Council was exposed to at the present time related to the uncertainty of Welsh Government funding and the increasing difficulty in the delivery of planned budget reductions.

The Section 151 Officer was also required to report to Council if he did not believe that he had sufficient resource to discharge his role as required by s114 of the Local Government Act 1988. He reported that there was sufficient resource to discharge this role.

The Deputy Leader thanked the Section 151 Officer for the months of hard work he had put into the Medium Term Financial Strategy. Members, officers and the public had been consulted and listened to in addition the scrutiny committees and BREP. This provided a more open picture of the budget setting process. The biggest proposed spend for the authority was £108 million on services delivered by the Education and Family Support Directorate in 2017-18. The Council had also committed £24.7 million in building and refurbishing schools as part of the 21st century school modernisation programme. The Council would also provide additional funding to meet nationally agreed pay awards and price inflation so schools would see a small increase.

In addition the Council was proposing to spend £65 million on social care and wellbeing services. This service was demand lead and costs fluctuated hugely with some high cost placements as much as £50 thousand for a single child. The Council was committed to providing different methods of care including £3 million on two new Extra Care Homes.

The Deputy Leader explained that the role of the Cabinet Members was to balance the budget and to take into account the views of the public. He referred to supporting the economy and collaboration with nine other Councils that make up the Cardiff Capital Region City Deal to create a £1.2 billion fund for investment in the region over the next 20 years. In addition the Council would continue to develop the three main towns of Porthcawl, Maesteg and Bridgend.

The Council would continue to protect the public with regulatory services and the Registrars Service would continue to operate to cover their own cost. Almost £70 million was collected in Council Tax from 65,000 households and there were more than 100,000 interactions with the public each year. There were 54 elected members who provided good value for money costing the authority one quarter of 1% of the gross Budget.

The Cabinet Member for Communities confirmed that responses from scrutiny and BREP had been considered and a number of changes had been made as a result. The proposal to cease proactive resurfacing had been removed, gully cleaning frequency would not be reduced and a new fund created for public realm improvements.

The Cabinet Member for Education and Regeneration thanked the Chief Executive and the Section 151 Officer for their work. It had been a long process managing contracting budgets to deliver a balanced budget and achieve priorities. Decisions had to be taken which were neither easy nor popular but necessary. He thanked Directors and Officers for working together.

The Cabinet Member for Wellbeing and Future Generations referred to the Capital Programme and the number of programmes, particularly in Porthcawl. She referred to refurbishment of the Caretaker's Lodge and Heron House at Heronsbridge School and the importance of investing in Bridgend to bring back the most complex children and to allow them to remain in Bridgend.

The Leader concurred with the points raised and referred to the recent ground breaking ceremonies for two desperately needed new schools. One replaced a school with no green space and the second replaced portacabins in use since a fire.

In these difficult times of austerity the reality was council tax would be increased by 2.9% and 100s of posts cut and compulsory redundancies made. This was the end of a long process. The Partnerships and Governance OSC, the Corporate Resources and Improvement OSC, the Children and Young People OSC, the Community Environment and Leisure OSC, the Adult Social Care OSC and BREP had all been consulted in depth, their suggestions had been listened to and changes made accordingly. On the

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basis of this process, the Leader was pleased to make the recommendations outlined in the report.

RESOLVED: That Cabinet approved the MTFS 2017-18 to 2020-21 including the 2017-18 revenue budget, the Capital Programme 2016-17 to 2026-27 and the Treasury Management Strategy 2017-18, and recommended these to Council for adoption. In particular Cabinet approved the following specific elements to be forwarded to Council for approval:

- The MTFS 2017-18 to 2020-21
- The Net Budget Requirement of £258,093,302 in 2017-18.

- A Band D Council Tax for Bridgend County Borough Council of £1,335.42 for 2017-18.

- The 2017-18 budgets as allocated in accordance with Table 9 in paragraph 4.36.

- The Capital Programme 2016-17 to 2026-27.

- The Treasury Management Strategy 2017-18 and Treasury Management and Prudential Indicators 2017-18 to 2020-21.

1059. URGENT ITEMS

None

The meeting closed at 4.00 pm