

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

12 FEBRUARY 2019

JOINT REPORT OF THE INTERIM CHIEF EXECUTIVE AND INTERIM SECTION 151 OFFICER

MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2019-20 to 2022-23

1. Purpose

- 1.1 The purpose of this report is to present Cabinet with the Medium Term Financial Strategy 2019-20 to 2022-23, attached at Annex 3, which includes a financial forecast for 2019-23, a detailed revenue budget for 2019-20 and a Capital Programme for 2018-19 to 2028-29.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priorities:-

1. Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
2. Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
3. Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

- 2.2 The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered. The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2019-20.

3. Background

- 3.1 In March 2016, the Council approved a revised set of three priorities:

- Supporting a successful economy
- Helping people to be more self-reliant
- Making smarter use of resources

This MTFS has been significantly guided by these priorities. Although year-on-year reductions in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible for annual gross expenditure of around £400 million and is the largest employer in the county borough.

- 3.2 The Council's Corporate Plan is being presented to Council for approval alongside the MTFS 2019-23 and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.

4. Current Situation / Proposal

- 4.1 This report is presented to Cabinet to provide details of the Council's Medium Term Financial Strategy (MTFS) for the four year period 2019-20 to 2022-23. The MTFS is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's corporate objectives to be met. The MTFS outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time as taking advantage of any opportunities arising.
- 4.2 The MTFS focuses on how the Council intends to respond to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures on public sector services. It sets out the approaches and principles the Council will follow to ensure the Council remains financially viable and delivers on its corporate priorities.
- 4.3 The Council is required to approve a balanced budget for the following financial year and set the Council Tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable position going into the medium-term.

5. Effect on Policy Framework and Procedure Rules

- 5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.

6. Equality Impact Assessment

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.
- 6.2 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Annex 1). Individual EIAs are completed for 2019-20 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

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

- 7.1 The Well-being of Future Generations Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three wellbeing objectives:

1. Supporting a successful economy
2. Helping people to be more self-reliant
3. Smarter use of resources

The wellbeing objectives are designed to complement each other and be part of an integrated way of working to improve wellbeing for people in Bridgend County. In developing the MTFS, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.

- 7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the wellbeing goals in different ways. A Wellbeing of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.
- 7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none"> • Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council. • Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort. • The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing. • Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.
Prevention	<ul style="list-style-type: none"> • Investment in preventative measures to reduce the burden on more costly statutory services.
Collaboration	<ul style="list-style-type: none"> • Savings generated from collaboration and integrated working.
Integration	<ul style="list-style-type: none"> • Explicit links between the Corporate Plan and the Medium Term Financial Strategy
Involvement	<ul style="list-style-type: none"> • A robust budget consultation exercise, including surveys, community engagement stands and social media debates, to inform proposals.

- 7.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, and this is reflected in the relevant appendices. Where possible the Council has aimed to protect front line

services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at Annex 2.

8. Financial Implications

- 8.1 This report outlines the financial issues that Council is requested to consider as part of the 2019-20 to 2022-23 MTFS. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 8, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.
- 8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.
- 8.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2019-20 and beyond.

9. Recommendations

- 9.1 Cabinet is asked to approve the MTFS 2019-20 to 2022-23 including the 2019-20 revenue budget and the Capital Programme 2018-19 to 2028-29 and recommend these to Council for adoption. In particular it is asked to approve that the following specific elements are forwarded to Council for approval:
- The MTFS 2019-20 to 2022-23 (Annex 3).
 - The Net Budget Requirement of £270,808,634 in 2019-20.
 - A Band D Council Tax for Bridgend County Borough Council of £1,470.87 for 2019-20 (Table 11 of the MTFS).
 - The 2019-20 budgets as allocated in accordance with Table 9 in paragraph 3.3 of the MTFS.
 - The Capital Programme 2018-19 to 2028-29, attached at Appendix G of the MTFS.

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Background Papers:
Final Local Government Revenue and Capital Settlements 2019-20
Cabinet Report – MTFS 2019-20 to 2022-23 – 20 November 2018
Provisional Local Government Revenue and Capital Settlements 2019-20