

MINUTES OF A MEETING OF THE CABINET HELD IN CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 12 FEBRUARY 2019 AT 14:30

Present

Councillor HJ David – Chairperson

CE Smith
RE Young

PJ White

HM Williams

D Patel

Officers:

Gill Lewis	Interim Head of Finance and Section 151 Officer
Kelly Watson	Head of Legal & Regulatory Services
Mark Shephard	Interim Chief Executive
Susan Cooper	Corporate Director - Social Services & Wellbeing
Andrew Rees	Democratic Services Manager
Lindsay Harvey	Corporate Director Education and Family Support
Michael Pitman	Business & Administrative Apprentice

308. DECLARATIONS OF INTEREST

None.

309. APPROVAL OF MINUTES

RESOLVED: That the Minutes of a meeting of Cabinet of 22 January 2019 be approved as a true and accurate record.

310. CORPORATE PLAN 2018-2022 REVIEWED FOR 2019-20

The Interim Chief Executive sought endorsement of the Council's Corporate Plan 2018-22 for 2019-20 prior to submission to Council for approval.

He informed Cabinet that the Council has a duty to set well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and to set improvement objectives under the Local Government (Wales) Measure 2009. He stated that the current Corporate Plan covering 2018-22 sets out three corporate well-being objectives and has been reviewed for 2019-20. In reviewing the Plan, the Council has further developed its well-being objectives and these priorities, once approved, will be the Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and improvement objectives under the Local Government (Wales) Measure 2009.

The Interim Chief Executive reported that the Corporate Overview and Scrutiny Committee on 14 January 2019 had considered the revised draft plan and had made a series of constructive comments for amendment and inclusion. The comments had been considered and wherever feasible, appropriate amendments had been made to the draft Plan. He informed Cabinet that the Plan will be reviewed annually taking into account changing circumstances and progress made against the well-being objectives to ensure that the requirements of the Local Government (Wales) Measure 2009 and the Wellbeing of Future Generations (Wales) Act 2015 are met. Once approved, the Plan will replace the current Corporate Plan and will be supported by the Medium Term Financial Strategy, Directorate business plans and service plans.

The Leader placed on record his thanks to the Corporate Overview and Scrutiny Committee which had been very thorough in its scrutiny of the Corporate Plan and had contributed to the revised Plan.

The Cabinet Member Wellbeing and Future Generations commented that the revised Corporate Plan is well set out and easy to follow and requested that the following information be incorporated into the Plan:

- Further information on housing and measures being taken to prevent homelessness, namely the number of hostels and floor space available
- An indicator on the percentage of households successfully prevented from becoming homeless
- Clarity on the number of swimming pools and life centres in the County Borough.

The Leader informed Cabinet that a draft strategy on reducing and relieving instances of homelessness was currently the subject of consultation which would be fed into the Plan. He urged all Members to contact officers with their views on the revised Plan to ensure that it was reflective of all Members. He stated that within the Plan there is a commitment to the development of a water sports centre in Porthcawl to enhance it as a tourist destination; the redevelopment of Maesteg Town Hall into an arts and cultural hub and the continued investment in the Band B School Modernisation Programme.

RESOLVED: That Cabinet endorsed the new Corporate Plan 2018-22, reviewed for 2019-20 subject to the changes listed below and recommended it to Council for approval on 20 February 2019.

- Include further information on housing and measures being taken to prevent homelessness, namely the number of hostels and floor space available
- Include an indicator on the percentage of households successfully prevented from becoming homeless
- Clarity on the number of swimming pools and life centres in the County Borough.

311. **MEDIUM TERM FINANCIAL STRATEGY 2019-20 TO 2022-23**

The Interim Section 151 Officer presented the Medium Term Financial Strategy 2019-20 to 2022-23, which included a financial forecast for 2019-23, a detailed revenue budget for 2019-20 and a Capital Programme for 2018-19 to 2028-29.

She informed Cabinet that the MTFs has been significantly guided by the Council's priorities and while there had been year-on-year reductions in Aggregate External Finance (AEF) has necessitated significant budget reductions across service areas, the Council still plays a very significant role in the local economy, responsible for annual gross expenditure of around £400M and is the largest employer in the County Borough. The Interim Section 151 Officer informed Cabinet that the Corporate Plan is being presented to Council for approval alongside the MTFs 2019-23. The two documents were aligned to each other, enabling explicit links to be made between the Council's priorities and the resources directed to support them.

The Interim Section 151 Officer reported that the MTFs outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, the financial context in which the Council is operating and to mitigate any financial risks and

pressures going forward, at the same time taking advantage of any opportunities that may arise.

The Interim Section 151 Officer provided Cabinet with a Corporate Financial Overview and commented that the Council's gross budget will be around £420m while the net revenue budget is planned for 2019-20 is £270.809m. She stated that around £180m 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 is also wage related, including waste collection operatives, domiciliary care workers, leisure staff and foster carers. The Council also faces reduced income to fund services, as well as legislative and demographic changes. 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 community.

The Interim Section 151 Officer informed Cabinet that the Council is proposing to spend £111m on services delivered by Education in 2019-20, supporting 22,792 pupils. Spending on schools are the biggest single area of spend in the Council. After Education, the largest area of Council spend is in Social Care, Early Help and Homelessness services, which has a total budget of £73m, constituting 27% of the Council's net revenue budget. Of this, the Council is proposing to spend £71m on social care and wellbeing services. She stated that the Council's work on the public realm has a more direct and visible impact within the community, with the Council proposing to spend £19.5m on these services. One of the Council's priorities is in Supporting the Economy and the Council will increasingly work collaboratively with the other nine councils which make up the Cardiff Capital Region City Deal, which is creating a £1.2 billion fund for investment in the region over the next 20 years. The investment will be targeted on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. The Interim Section 151 Officer informed Cabinet of the proposed spend on Other Services, the most significant areas being Regulatory Services; Registrars and Council Tax and Benefits. In addition, there are a number of services the Council does to support the delivery of those services, which are Property and Building Maintenance; Finance; Legal Services; ICT and Internal Audit.

The Interim Section 151 Officer reported on the Strategic Financial Context and informed Cabinet that the MTFs is set within the context of UK economic and public expenditure plans, Welsh Government priorities and legislative programme. The Interim Section 151 Officer informed Cabinet following the announcement of the provisional local government settlement in October 2018, the Chancellor of the Exchequer announced that the Welsh Government will receive an extra £550m over the next three years, with the Welsh Government being able to decide how to spend this allocation. The then First Minister confirmed a package of additional funding proposals for local government, which would be incorporated in the final budget. The Council received its final settlement from the Welsh Government in December 2018, which for this Council resulted in a reduction of 0.1% in Aggregate External Finance or £258k. This was offset by new responsibilities with the true impact for the Council estimated to be a reduction of £1.182m or -0.61% compared to 2018-19, the real position for this Council would be reduction of -1.07% or £2.07m.

The Interim Section 151 Officer reported that the Council had approved a capital programme for 2017-18 to 2027-28 in February 2018, based on the assumption that annual Welsh Government capital funding would be flat lined from 2018-19 onwards. Revised versions of the capital programme had been approved during the financial year to incorporate budgets carried forward from 2017-18 and any new schemes and grant approvals. The Interim Section 151 Officer outlined a comparison of budget against projected outturn at 31 December 2018, with a projected under spend of £5.312m,

comprising a £592k under spend on directorates and a £6.642m net under spend on corporate budgets, offset by net new earmarked reserves of £1.922m.

The Interim Section 151 Officer informed Cabinet of the outcome of the eight week consultation entitled, 'Shaping Bridgend's Future 2018' which received 5,288 interactions. Within this there were 2,677 survey completions, demonstrating a 44% increase on last year. She also thanked the Budget Research and Evaluation Panel in assisting facilitating the budget planning process and the Overview and Scrutiny Committees which resulted in a series of recommendations being made by the Corporate Overview and Scrutiny Committee for consideration by Cabinet.

The Interim Section 151 Officer reported on the budget reduction scenarios and that the most likely scenario was a potential net budget reduction of £35.181m over the course of the MTFS. She also highlighted the current progress on identifying budget reduction proposals. The Interim Section 151 Officer informed Cabinet of the net budget requirement to fulfill the Council's functions, financed from the Welsh Government settlement and Council Tax income, which would require an increase in Council Tax of 5.40%. The Interim Section 151 Officer also informed Cabinet of the pressures of pay, prices and demographics, with there being an estimated increase of 43% in the employer contribution rates for teachers' pensions, which would result in a full year cost of around £3.5m. Price inflation has been allocated to service budgets and includes contractual increases in food costs, social care provision and other commitments.

The Interim Section 151 Officer reported that following a better than anticipated settlement in 2018-19, school budgets were protected from the proposed 1% annual efficiency target, but given the forecast pressure on Council budgets for future years. However following the additional funding announced by the First Minister in November 2018, and the subsequent improved final settlement, along with the outcome of the public consultation and Scrutiny Committees' recommendations, school budgets have again been protected from the 1% efficiency reduction in 2019-20.

The Interim Section 151 Officer reported on the budget pressures which total £2.191m, which represent unavoidable pressures and contractual changes. Budget reduction proposals of £7.621m had been identified from service and corporate budgets to achieve a balanced budget. Fees and charges would be increased by at least Consumer Price Index (at the prevailing rate, currently 2.1%) plus 1%.

The Interim Section 151 Officer informed Cabinet of the position of the Council's Reserves, the forecast movement to 31 March 2019 on Earmarked Reserves would be an overall reduction of £10.925m. A further review would be undertaken at the end of the current financial year, with the forecast movement in reserves for 2019-20 being £7.891m.

The Interim Section 151 Officer reported on the Capital Programme and Capital Financing Strategy for 2018-19 to 2028-29, which has been developed in line with the MTFS principles and the proposed Capital Strategy and reflects the Welsh Government capital settlement for 2019-20. Capital funding of £7.665m, of which £3.938m is provided through un-hypothecated supported borrowing and the remainder of £3.727m as general capital grant. This includes the 2019/20 share (£30m) of the additional £100m of general capital funding announced by the Welsh Government in the provisional settlement. The Council has already received £2.215m as its share of the £50m allocation for 2018-19. The Interim Section 151 Officer outlined the proposed allocations of capital funding.

The Interim Section 151 Officer reported that it was estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in

2014. So far, circa £16.1 million has already been delivered, with £4.3 million under contractual agreement and the balance projected to be realised over the next 18 months (2018-2020). Of the £21 million, £9.8 million relates to school buildings and land vacated through the 21st Century Schools Programme, to be used as match funding for the programme. This excludes any receipts anticipated from the sale of Waterton or Porthcawl Regeneration sites which will be the focus of the disposal programme in the future.

The Interim Section 151 Officer also reported that Prudential Borrowing taken out as at 1 April 2018 was £41.77 million, of which £27.03 million was outstanding. It is estimated that the total borrowed will increase to £43.75 million by the end of this financial year.

The Deputy Leader in commending the budget proposals thanked the public for contributing to the consultation process where there had been a 44% increase in responses to last year and which had helped to shape the budget. He thanked the Finance Team for its work in predicting the settlement which would see a real cut in expenditure of £2m. However an improved final settlement would allow for the protection of schools and it was proposed to spend £111m on schools, £73m on Social Care and £19.5m on public realm. He outlined proposed spend on projects included in the Capital Programme. He stated that in order to deliver these commitments there was a need to deliver a balanced budget resulting in budget reduction proposals of £7.6m and a requirement to increase Council Tax by 5.4%. He placed on record his thanks to the Budget Research and Evaluation Panel, the Overview and Scrutiny process and the public whose views had been listened to.

The Cabinet Member Education and Regeneration in commending the proposal to increase schools budget demonstrated that it had listened to the views of stakeholders. The Cabinet Member Social Care and Early Help commented that the last 4-5 years had been difficult for Social Services, however the Directorate had remodelled the service and had lost staff, while continuing to run the service which was demand led. He informed Cabinet that 2 new extra care facilities are being developed and would shortly be opening. He commended the staff in the Directorate for their hard work and dedication to delivering services.

The Cabinet Member Communities commended the proposal to invest £2.5m in bridge strengthening in the Ogmere Valley. He stated that the Council would have to look at the full cost recovery for the use of sports facilities, reduce the frequency of grass cutting and would in future have to consider the removal of bus route subsidies. He stated that the Council was committed to the delivery of the School Modernisation Programme and Social Care.

The Leader informed Cabinet that all 22 local authorities in Wales are faced with increasing Council Tax and having to make difficult decisions. The Leader thanked the Budget Research and Evaluation Panel which is a cross party panel and the Overview and Scrutiny for providing a number of recommendations on the budget. He stated that the priorities of the Cabinet are school budgets and of the £4.6m increase in Council Tax, £4.5m would be spent on schools. He informed Cabinet that the Council has written to the UK Government requesting that it fully fund the increase of £3.5m in teachers' pension contributions and that a response was awaited.

RESOLVED: That Cabinet approved the MTFs 2019-20 to 2022-23 including the 2019-20 revenue budget and the Capital Programme 2018-19 to 2028-29 and recommended these to Council for adoption and in particular requested that the following specific elements are forwarded to Council for approval:

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- The MTFS 2019-20 to 2022-23
- 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 report
- The Capital Programme 2018-19 to 2028-29, attached at Appendix G of the MTFS.

312. URGENT ITEMS

There were no urgent items.