

Bridgend County Borough Council

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



MEDIUM TERM FINANCIAL STRATEGY

2020-21 to 2023-24





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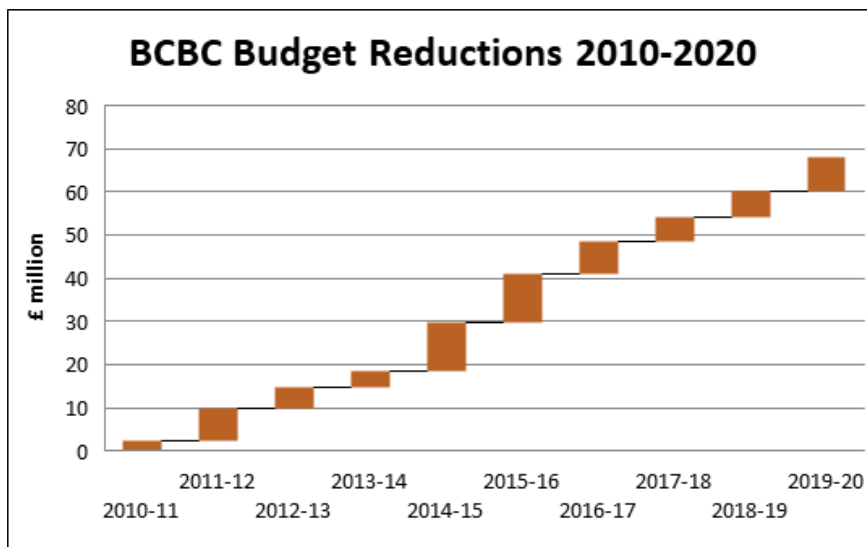
1. INTRODUCTION

1.1 The Council aspires to improve the understanding of its financial strategy, link more closely to its well-being objectives and explain the Council's goal of delivering sustainable services in line with the overarching ambition of the Well-being of Future Generations (Wales) Act 2015. This narrative summarises the continued and significant investment in public services that the Council will make. It also sets out where we will be making significant changes to particular areas of service and consequences of these to the budget.

1.2 Corporate Financial Overview

Over the last 10 years, the Council has made £68 million of budget reductions, as shown in the chart below. This represents 30% of the Council's 2009-10 budget:

Bridgend County Borough Council Budget Reductions 2010 to 2020



While the Council's net revenue budget is planned at £286.885 million for 2020-21, its overall expenditure far exceeds this. Taking into account expenditure and services which are funded by specific grants or fees and charges, the Council's gross budget will be around £420 million in 2020-21. The local authority's annual revenue budget covers the day-to-day running costs of the local authority (including staff salaries, housing maintenance, pensions, operational costs etc.). Around £175 million of the gross budget is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include for example waste collection operatives, domiciliary care workers, leisure staff and foster carers.

The Council gets the majority of its revenue funding from Welsh Government through the Revenue Support Grant and a share of Non Domestic Rates. It supplements this through council tax collection, other grants and fees and charges. Council tax is a charge that local authorities charge to help to pay for their services. The amount that council tax payers pay is made up of 3 elements:

- Bridgend County Borough Council charge
- Community Council charge
- Police and Crime Commissioner for South Wales charge

In terms of council tax, the proportion of council tax required to balance the Council's budget has steadily increased over recent years and it currently funds almost 30% of the budget.

As well as having less income to fund services, there are other pressures that squeeze resources. Amongst these are:

- Legislative changes e.g. the Environmental (Wales) Act 2016, the Well-being of Future Generations (Wales) Act 2015, and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.
- Demographic changes - People are living longer which is obviously good news but that also can bring increased dependency through people living with more complex or multiple conditions.
- An increase in the number of pupils at our schools, which places increased pressure on school budgets, along with an increase in free school meals entitlement which brings additional funding pressures.

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 citizens and communities in Bridgend. These approaches are:

- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This isn't always as easy as it sounds because often different rules or opportunities apply to different services. Nevertheless acting as 'One Council working together to improve lives' is enshrined in the Council's vision.
- Wherever possible the Council will support communities and people to become more resilient by creating their own solutions and reducing dependency on the Council. This is because it is not sustainable for the Council to continue to aspire to meet all and every need that arises and because there is capacity, talent and ideas in other parts of the community that can be encouraged to play an active and effective role in sustaining and often enhancing local services. The Council has a role in encouraging, enabling and leading this approach and has adopted this as one of its underlying principles.

- The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty and disadvantage. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions. The new proposed socio-economic duty on public bodies will reflect these aims.
- The Council has three wellbeing objectives that reflect these and other principles. One of these objectives is to make “Smarter Use of Resources”. This means we will ensure 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.

1.3 Education

The Council is proposing to spend £121 million on services delivered by the Education and Family Support Directorate in 2020-21. The majority of this money will be spent by Bridgend’s 59 schools and one pupil referral unit.

In addition to the £100 million proposed budget to be delegated to schools in 2020-21, which mostly pays for the salaries of teaching and other school staff, and the running costs of the facilities (ongoing revenue expenditure), the Council has already spent £21.6 million in building and refurbishing schools as part of our 21st Century School Modernisation Band A Programme and has provisionally committed to a further £19 million as part of the Band B Programme. This comprises one-off capital expenditure across several years, with significant match funding from Welsh Government. Welsh Government has provided approval in principle in respect of the Strategic Outline Programme submitted by the Council around our aspirations for Band B funding. However, approval will also be required for individual project business cases. While it is too early to say how this will progress, the concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in our main special school, mainly in the primary sector. While this is inevitably dependent to some extent on an increased population as a result of new housing, it is likely that this will represent the most significant area of capital expenditure for the Council in future years.

The Council has a longer-term goal to make the overall schools system more efficient (e.g. through making sure we have the right number of school places available in the right parts of the county (including ensuring enough capacity for anticipated future increases in school age population)).

For 2020-21 the level of budget reductions required is not as great as had been feared. As a result, it has been possible to protect schools from a proposed 1% annual efficiency target for one year. However, the forecast pressure on Council budgets for future years is such that it may be unavoidable for 2021-2022 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

The Council has identified ‘Helping people and communities to be more healthy and resilient’ as a ‘Well-being Objective’ and early intervention is an important part of this

– taking steps wherever possible to prevent people becoming reliant on Council services. As well as being of great social value to individuals and communities, this approach is more cost effective. Successful intervention at an early age and at an early stage can prevent needs from escalating and requiring more costly and complex help later on.

In seeking to protect our investment in education and early intervention, the Council is making minimal changes to the services delivered at this time. We are proposing the following changes in 2020-2021 that are reflected in the budget:

- We intend reviewing our staffing structures within the directorate, which we anticipate will secure efficiency savings of around £50,000.
- We would like to reduce our contribution to Central South Consortium over the coming years. This is, however, subject to agreement with our partners. For 2020-2021, we anticipate a further cut of £17,000 (3%). We will continue discussions around savings that can be made in future years.

We will continue our phased implementation of the Council's revised Home-to-School/College Transport Policy, where we have established it is safe to do so. We expect to achieve at least £75,000 of efficiency savings during 2020-21. We are also reviewing other aspects of our transport provision including post-16 transport and a full consultation exercise is being carried out to inform this.

1.4 Social Care and Early Help

After Education, the largest area of Council spend is on social care. This includes social care for children and for adults who are vulnerable or at risk. Within the Directorate there is a strong ethos on social care as a professional discipline and by the two areas working more closely together there is a strong focus on ensuring positive outcomes for those people we work to support. The Directorate continues to develop new approaches to service delivery and this includes better support and outcomes for prevention, early intervention and wellbeing. This approach supports the wellbeing objective of 'helping people and communities to be more healthy and resilient' and is also part of the Directorate's transformation plan with a clear link to the Medium Term Financial Strategy.

There are established working relationships between children's social care and early help and intervention services with mechanisms in place to ensure close working and appropriate and proportionate responses to families and children in need.

Our strategy for the next few years is to more effectively manage demand and introduce new ways of working in order to lessen dependency and enable people to maximise their independence.

Social services is largely a demand led service and whilst the long term strategy is to enable people to be more self-reliant, the demographics show that people are living longer, often with more complex conditions than ever before. This means that there are more people living in the community who would previously have remained in hospital or entered a care home. Children's social care is also demand led and the financial pressure to meet need can fluctuate very rapidly. This needs to be achieved

within available budgets. In total, the Council is proposing to spend £71 million on social care and wellbeing services in 2020-21.

Though some pressures are allowed for in planning the 2020-21 budget, we are not simply increasing the budget to meet demand. This would be unsustainable and if we increased budgets 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. Introducing new ways of working which will be sustainable in the long term alongside a demand led service is inevitably taking time. The service has made good progress in achieving the required savings, however the increase in demand and complexity of care required continues to put pressure on our budgets.

In order to be sustainable going forward, the Council is ensuring that any changes are introduced in a planned and timely way in order to take existing and future customers with us as well as the general workforce. This work has already commenced and the budget saving proposals for 2020-21 build on the implementation plans that are already underway. The re-modelling programmes focus on changing the culture and reviewing what has become 'custom and practice'.

The Council has already made changes. In adult social care we have changed the assessment framework in order to improve the outcomes for people who need care and support whilst also reducing the numbers of people who require long term support. The Council focuses on helping people to achieve the outcomes they want for themselves, targeting our interventions on what is missing, rather than going straight to what package of care we can give them. We are also actively reviewing the way we deliver domiciliary care, day services and residential care for children. There has also been an increased focus on developing foster care.

Importantly these transformations are designed to both better support people and cost less. The Council has identified a number of further transformations that continue this approach, some of which are reflected in changes to the budget. These include a full review of the learning disability accommodation strategy for complex needs and remodelling of Children's residential and fostering services.

Housing as a determinant of physical and mental health is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing Act (2014) introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness. The service also administers the Supporting People Grant from Welsh Government (£5.8 million).

The support activities are both broad and diverse. This is done both through a range of corporate joint working and contract arrangements with third sector organisations, delivering specific projects for people who are vulnerable with complex needs. These projects include services for people suffering domestic abuse, mental health and substance misuse issues, learning disabilities, accommodation for young people, people with mental health support needs and other housing related support for people who need help to access or maintain accommodation successfully.

Housing will be looking at service efficiencies in 2019-20 through changing the way we operate in terms of Disabled Facilities Grants (DFGs) and the development of an interactive experience for housing applicants. Alongside the continued adoption of a strategic approach to homelessness prevention and provision by working with partner organisations, housing will continue to use the Social Housing Grant effectively to increase the supply of social housing.

1.5 Public Realm

Most of the Council's net budget is spent on education and social care – these are very valued services, but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, collect and dispose of our waste.

In 2020-21 the Council is likely to receive around £4.2 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is £21.8 million. The fact that schools have had a high degree of financial protection in previous years has meant that the Council's other services have been under considerable pressure to make savings and in many cases we have had to reduce levels of service. However the services in the Communities Directorate have also been subject to service changes that have resulted in alternative delivery models that have increased productivity, as well as collaborative approaches that have increased both efficiency and service resilience. Additional investment in this area is proposed for 2020-21.

The seven year contract with Kier is now moving into its third year and the costs associated with waste collection still remain competitive on an all Wales basis. During the first two years of the contract there has been a significant increase in the amount of waste recycled, (Bridgend is currently the second best performing authority in Wales), and therefore a significant reduction in the volume of our residual waste – we expect this to benefit the Council financially over time, subject to contractual conditions with our disposal arrangements. An indicative net saving of £1.3 million was identified in 2019-20 as a result of negotiating new operating arrangements at the Materials Recovery and Energy Centre (MREC) but achieving these savings is dependent on reaching agreement with Neath Port Talbot Council to appoint a new operator able to run the site in a more cost efficient manner, with a reduced cost per tonne, recognising the substantial reduction in the overall tonnage of residual waste Bridgend now takes to the facility. We expect to spend in the region of £8.5 million on the collection and disposal of waste in 2020-21.

A major challenge for the Council is how to continue to meet public expectations for many highly visible and tangible services when the available overall Council budget inevitably means the Council will be less able to deliver these services to the same level and frequency. These services are often the ones the public identify with their council tax payments.

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 we think it will have the least impact across Council services, recognising that this still may be significant in some areas. We will also develop alternative ways of delivering and sustaining services including greater and more effective collaboration and encouraging others to work with us or assume direct responsibility for services in some cases. The most significant proposed change in this respect is:

- A move to shift the responsibility for the management and maintenance of sports fields and pavilions from the Council to user clubs and groups or local town and community councils. The Council will adopt a flexible approach to community asset transfer (CAT), utilising the new streamlined CAT process, and ensuring that appropriate advice and both capital investment (from the CAT fund in the capital programme) and revenue support (from the new sports club support fund) are made available. The Council aims to achieve savings of £300,000 in 2021-22 from transferring these assets.

Reductions in spend in these areas will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control.

1.6 Supporting the Economy

Whilst this is a Council priority, services such as regeneration and economic development as a discretionary service have nevertheless made significant reductions to their budgets over recent years. The Council has delivered this by employing fewer but more highly skilled staff, and focussing activity more narrowly on priority areas to maximise impact. Going forward, we will increasingly collaborate on a regional basis with the nine other Councils that make up the Cardiff Capital Region City Deal, particularly in areas such as transport, economic development and strategic planning. The City Deal is creating a £1.2 billion fund for investment in the region over the next 20 years. This long term investment will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the City Deal, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams to reflect this direction of travel. The Council will be spending in the region of £1.9 million a year running these services, plus a further £700,000 as Bridgend's contribution to the Deal itself. These teams will ensure successful delivery of high profile regeneration projects as well as efforts to mitigate the Ford engine plant closure. We are also in the process of developing a new Local Development Plan and an important part of our budget planning is making sure that it is resourced appropriately to ensure our plan is properly researched and evidenced and sets out the development planning proposals for the County Borough which will shape its future, including housing growth.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the development of Cosy Corner and the Harbour Quarter and the marketing of the initial development sites at Salt Lake in Porthcawl, the redevelopment of Maesteg Town Hall, and investment in initiatives to improve the town centre in Bridgend. Much of this

investment is not the Council's own money, but skilled teams are required to bid successfully in a competitive environment to ensure money is levered in.

The Council will continue to operate a number of grant funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes such as Bridges into Work.

1.7 Regulatory and Corporate Services

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 areas are as follows:

Regulatory Services

This is a combined service with the Vale of Glamorgan and Cardiff City Councils which will spend around £1.8 million on a group of services that includes Trading Standards, Environmental Health, Animal Health and Licensing (Alcohol, Gambling, Safety at Sports Grounds, Taxis etc.). These services all ensure in different ways that the public is protected.

As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

Registrars

The Council operates a registrar's service that deals primarily with the registration of Births, Marriages and Deaths. The service also undertakes Civil Partnership and Citizenship ceremonies. It is proposed that the main base for the registrars' service is moved from Tyr Ardd to Civic Offices during 2020-21, creating efficiencies in terms of operating costs by rationalising the Council's estate and generating an additional capital receipt.

Council Tax and Benefits

The taxation service collects over £80 million in Council tax from around 65,000 households across the county borough. Our collection rates over the last two years have been the highest ever in the Council's history. We are determined to maintain this high level, but we are seizing the opportunity to reduce the cost of operating the service, by offering online services. We now offer a range of secure Council tax functions online, allowing residents to self-serve at a time and location convenient to them. This will allow us to reduce the cost of running the service.

Benefits are funded by the central UK government but the administration of Housing Benefit and the Council Tax Reduction Scheme falls to the Council.

Universal Credit (UC) for working age people was fully introduced in Bridgend during June 2018. In conjunction with Citizens Advice, the Benefits Service will provide digital and personal budgeting support to assist people making new claims for UC.

We are continuing to invest in the automation and digitisation of services where appropriate, for example the schools admissions service is now almost entirely automated, and while some of the financial benefits have taken longer to achieve, as developing the necessary systems has taken longer than anticipated, work is ongoing to identify priority areas throughout the council which will help achieve savings in future years of the MTFs.

1.8 Corporate Services

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. We need to maintain these services with sufficient capacity to support our services whilst making them as efficient and effective as possible. In many cases we operate such services by sharing with other organisations. Opportunities for further collaboration or sharing in these service areas has been and will continue to be explored.

Property and building maintenance

The Council is undertaking a review of its commercial property portfolio, identifying asset management opportunities and the mechanisms required to deliver a sustainable increase in income. Alongside this, the Council is continuing to dispose of assets it no longer requires to deliver services, in order to provide further investment in our capital programme.

The Council has brought together its asset management and building maintenance functions, and has centralised all premises repairs, maintenance and energy budgets into a single 'corporate landlord' service within the Communities Directorate. This will better enable us to manage compliance, embed 'whole life costing' approaches into decision-making, manage the quality of work undertaken by contractors, and thereby deliver efficiencies in the management of our estate.

This is intended to produce further savings of £350,000 with effect from 2020-21 including savings from further operational efficiencies, streamlined business processes, IT investment, improved procurement and contract management and the deletion of some vacant staff posts.

Legal services

The Council needs to maintain effective legal support for all of its services. At a time when the Council is trying to transform services it is important to bring about these changes within the law. The service also directly supports front line services such as Education and Social Services, and is provided by a mix of permanent internal staff and expertise purchased from the private sector when necessary. Almost half of our in-house legal team is specifically focussed on child protection cases.

The service is nevertheless very lean and so our focus will be on ensuring that we can build more resilience and responsiveness into the service through some changes in responsibilities and operating practice.

Finance

The Council has a central team that manages all of the financial management of the Council. This includes high level strategic advice, the Council's accounts, monitoring of financial performance and supports the oversight and management of the Council's finances. The service fulfils certain legal requirements that ensures transparency and accountability in the way that public money is used – for example in producing accounts which are then audited and in delivering value for money in service delivery.

The Council has recently upgraded its finance system to achieve improvements in the way the Finance Section works, and will be looking to further improve and enhance functionality to meet legislative changes. Significant progress has been made in automating payments and the Council will continue to develop and extend this to a wider range of suppliers.

Human Resources (HR) and Organisational Development (OD)

With over 6,000 employees including schools, the Council needs a dedicated human resources service. The primary role of the service is to provide professional advice, guidance and support to managers and staff on a wide range of HR and OD issues as well as provide HR services for the payment of salaries, pension, contract and absence administration. Other services include training and development, recruitment and retention, developing employee skills and 'growing our own'. We intend making greater investment in recruiting more apprentices next year.

Working closely with our recognised trade unions, it maintains positive and transparent employee relations arrangements.

ICT

The ICT service is assisting the Digital Transformation programme, supporting the changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. The Council spends around £5 million on its ICT services provision to support main Council activities and schools. The ICT service has focused on developing staff through the apprenticeship programme in conjunction with HR, developing skills and enabling career progression in-house.

Procurement

The Council has a central team that provides procurement support across the range of services that we provide. Effective procurement is essential to ensuring good value for money across the Council, but we will still continue to seek corporate wide efficiencies in the operation of this service. The service is also focusing more efforts on developing the foundational economy based on local procurement as well as reviewing its overall approach in an effort to secure better outcomes for the Council from its large annual spend in this area.

Democratic Services

The Council is a democratic organisation with 54 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. Like many Councils, Bridgend has a mayor whose job is to chair meetings of the Council and represent the Council in the community (this is completely different to the elected mayors in cities like London and Bristol). These democratic processes require support to ensure accountability and transparency in decision making. The number of elected members in each authority is set independently. Their remuneration is also determined by an independent Panel.

Internal Audit

Our Regional Internal Audit Shared Service is provided by a joint service that we share with the Vale of Glamorgan, Rhondda Cynon Taf and Merthyr Councils. The service carries out routine checks and investigations to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources.

2. STRATEGIC FINANCIAL CONTEXT

2.1 The Council's MTFS is set within the context of UK economic and public expenditure plans, Welsh Government's priorities and legislative programme. The MTFS articulates how the Council plans to use its resources to support the achievement of its wellbeing objectives and statutory duties, including the management of financial pressures and risks over the next four years. It helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of balances to meet changes in resources or demands from year to year without impacting unduly on services or Council tax payers.

2.2 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2020-21 and outline proposals for 2021-22 to 2023-24.
- The capital programme for 2019-20 to 2029-30, linked to priority areas for capital investment based upon the Council's Capital Strategy.
- The Corporate Risk Assessment.

The Financial Context

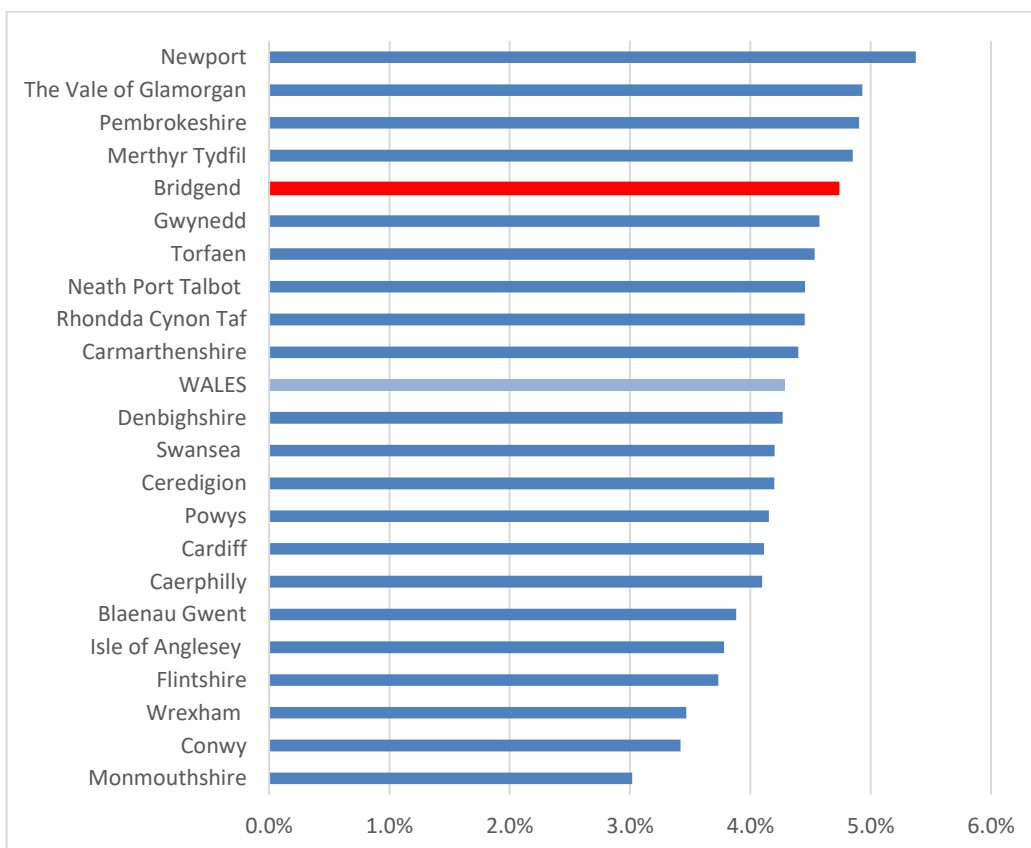
2.3 In September 2019 the Chancellor undertook a fast tracked one-year Spending Round to set departmental budgets for 2020-21. In his report he announced that the UK government will ramp up government spending next year at the fastest rate in 15 years, vowing to "turn the page on austerity". This included new funds to boost the NHS, improve schools and tackle violent crime, along with £600 million extra for the Welsh Government's budget in 2020-21. In response to the Spending Round the Minister for Finance and Trefnydd announced that Welsh Government's revenue budget for 2020-21 would increase by 2.3% or £593 million but the Welsh Government's budget in 2020-21 would still be 2 per cent, or £300 million, lower in real terms than in 2010-11.

2.4 Following this, on 28 October 2019 European Union (EU) ambassadors agreed to further delay Brexit until 31 January 2020, and then on 6 November 2019 the Prime Minister, Boris Johnson, called a UK General Election for 12 December 2019. As a result of this, Welsh Government decided to defer the announcement of their draft budget, along with the provisional local government settlement, until 16 December 2019. This also meant a delay in the announcement of the Welsh Government's final budget and local government settlement until 25 February 2020, so the Medium Term Financial Strategy and the budget for 2020-21 is proposed on the basis of the provisional settlement.

Welsh Government Final Local Government Settlement

- 2.5 Bridgend's draft MTFs was presented to Cabinet on 14 January 2020, based on the provisional settlement, before being submitted for scrutiny. As outlined in that report, Bridgend's published provisional settlement was an increase in Aggregate External Funding (AEF) of 4.7%. This was the fifth highest increase across all Welsh Local Authorities as illustrated below.

Revenue Funding for Welsh Councils 2020-21 (provisional settlement)



- 2.6 The final local government settlement is due to be announced on 25 February 2020, and debated by Welsh Government on 4 March 2020. Whilst not anticipated, if there are any significant changes in funding between the provisional and final settlement, these will not impact upon the level of council tax proposed, but will be managed in the first instance through council wide budgets, such as those held for pay or price increases, or one-off transfers to or from earmarked reserves until a report can be brought back to Council at a later date to provide a more sustainable solution.

Settlement Implications for 2020-2024

- 2.7 As a result of the one-year Spending Round, Welsh Government has not provided any indications of likely funding levels for 2021-22 onwards, which makes forward planning quite difficult, particularly in the post-Brexit years. It is likely that this will be informed by the outcome of the next UK budget which has been announced for 11

March 2020. The assumptions currently built into the MTFS for future years will be reviewed and updated as necessary following the UK Budget.

Transfers into and out of the 2020-21 Revenue Settlement

- 2.8 As mentioned in the draft MTFS report to Cabinet in January, the provisional settlement includes information on a small number of transfers into the Revenue Support Grant (RSG) in respect of the Teachers' Pensions Grant (£1.807 million) and the Teachers' Pay Grant (£555,000) for the period September 2019 to March 2020, along with £80,000 towards the costs of social care tasks performed by registered nurses in nursing homes.

Specific Grants

- 2.9 The picture on changes to specific grants is available at an all Wales level, but not yet at an individual authority level for a number of grants. While many of the grants remain unchanged from the 2019-20 figure, there is a proposed significant decrease in the Sustainable Waste Management grant of around 10%. This has been mitigated through a budget pressure.
- 2.10 However, there are also increases in several grant schemes, including the Social Care Workforce and Sustainability Pressures Grant which has increased by an additional £10 million, from £30 million to £40 million (an additional £444,000 for Bridgend), an increase of £8 million to the PDG Access Grant to cover more year groups and an increase to the Pupil Development Grant. Welsh Government has advised that the specific information will be updated for the final settlement.

Council Tax

- 2.11 The 2020-21 final Revenue Budget, shown in Table 9, includes a Council Tax increase of 4.5%, as proposed in the draft MTFS report to Cabinet in January 2020. This is lower than the options included in the public budget consultation (6.5% minimum) to strike a balance between the responses received from residents about council tax increases, and the need to mitigate against a number of unfunded, unavoidable pressures, including pay increases and demographic changes. Going forward the scale of the financial challenge remains considerable once external pressures and risks have been taken into consideration so an assumed annual increase of 4.5% continues to be included for 2021-2024.

Welsh Government Capital Settlement

- 2.12 In February 2019 Council approved a capital programme for 2018-19 to 2028-29, based on the assumption that local authorities would receive the third tranche of the additional £100 million capital funding allocated across Wales for 2018-19 to 2020-21 (£20 million for 2020-21) and then funding would return to its pre 2018-19 level. Council has approved revised versions of the capital programme during the financial year to incorporate budgets carried forward from 2018-19 and any new schemes and grant approvals. The provisional local government capital settlement provides this

Council with £7.983 million capital funding for 2020-21, which is £318,000 more than 2019-20 and £761,000 more than was originally anticipated. This is as a result of an additional un-hypothecated allocation of £15 million which Welsh Government hopes “will enable local authorities to respond to the urgent need to decarbonise, in light of the climate emergency declared by the Welsh Government and many councils over the past year”. No indications have been given for 2021-22 or beyond but it is anticipated that the funding will return to the pre 2018-19 levels.

- 2.13 A review has been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council’s infrastructure, service managers have not been asked to submit capital bids for funding at this stage, but there is recognition that there are a number of capital pressures that will need addressing and funding during the year and beyond so specific areas have been targeted for requests, particularly in respect of public realm proposals.

Current Year (2019-20) Financial Performance

- 2.14 The in-year financial position as at 31 December 2019 is shown in Table 1 below.

Table 1 – Comparison of budget against projected outturn at 31 December 2019

| Directorate/Budget Area | Original Budget 2019-20 £'000 | Revised Budget 2019-20 £'000 | Projected Outturn Q3 2019-20 £'000 | Projected Over / (Under) Spend 2019-20 £'000 | Projected Over / (Under) Spend Qtr 2 2019-20 £'000 |
|--|-------------------------------------|------------------------------------|---|---|---|
| Directorate | | | | | |
| Education and Family Support | 116,208 | 114,949 | 115,509 | 560 | 594 |
| Social Services and Wellbeing | 70,834 | 71,582 | 72,267 | 685 | 918 |
| Communities | 25,331 | 25,862 | 25,680 | (182) | 32 |
| Chief Executive's | 18,609 | 18,622 | 17,644 | (978) | (885) |
| Total Directorate Budgets | 230,982 | 231,015 | 231,100 | 85 | 659 |
| Council Wide Budgets | | | | | |
| Capital Financing | 7,430 | 7,329 | 6,766 | (563) | (570) |
| Levies | 7,376 | 7,134 | 7,117 | (17) | 0 |
| Apprenticeship Levy | 700 | 700 | 620 | (80) | (77) |
| Council Tax Reduction Scheme | 14,854 | 14,854 | 14,637 | (217) | (103) |
| Insurance Premiums | 1,588 | 1,588 | 1,339 | (249) | (258) |
| Repairs & Maintenance | 870 | 870 | 870 | 0 | 0 |
| Pension Related Costs | 430 | 430 | 436 | 6 | 0 |
| Other Corporate Budgets | 6,579 | 6,889 | 2,735 | (4,154) | (3,800) |
| Total Council Wide Budgets | 39,827 | 39,794 | 34,520 | (5,274) | (4,808) |
| Appropriations to Earmarked to Reserves | | | 4,391 | 4,391 | 3,574 |
| Total | 270,809 | 270,809 | 270,011 | (798) | (575) |

- 2.15 The overall projected position at 31 December 2019 is a net under spend of £798,000 comprising £85,000 net over spend on directorates and £5.274 million net under spend on council wide budgets, offset by net appropriation to earmarked reserves of £4.391 million. The main reason for the under spend of £4.154 million

on 'Other Corporate Budgets' is due to Welsh Government advising local authorities of £2.622 million of additional grant funding being made available during 2019-20 to meet the increased cost of teachers' pensions, fire service pensions, and teachers' pay increases, all of which were originally funded in full through the MTFS. The balance relates to uncommitted funding centrally retained for pay, prices and budget pressures, which will be monitored during the winter period. In June 2019 Council approved that an 'Investing in Communities Fund' be established with £2 million of this funding to support the capital minor works programme by enabling more capital improvement works to be undertaken on Council assets in our local communities.

- 2.16 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 £7.621 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. Going forward, directorates will either have to realise any outstanding budget reductions in full or find alternative proposals to meet the saving, in addition to any new proposals for 2020-21 onwards.
- 2.17 In accordance with the Council's Financial Procedure Rules any planned over spends or under spends by directorates may be carried forward into next year. Fortuitous under spends in budgets may be applied to offset over spends on other budgets.

Medium Term Financial Strategy (MTFS) 2020-21 to 2023-24

- 2.18 This section of the report sets out the proposed MTFS for the Council for the next four financial years, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFS is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 2.19 The development of the MTFS 2020-21 to 2023-24 is led by Cabinet and Corporate Management Board (CMB) and takes into account auditors' views, the recommendations of the Budget Research and Evaluation Panel, the public consultation, and issues arising during 2019-20, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.
- 2.20 Implementation of the MTFS will continue to be led by Cabinet and CMB, supported by financial and performance data. Cabinet and CMB will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).

Scrutiny and Challenge

- 2.21 As stated in paragraph 2.19, Cabinet and CMB continue to seek to embed a culture of medium term financial planning within the Council. Against that background, further efforts have been made again this year to secure greater involvement of stakeholders in the development of the MTFs and the Corporate Plan. An eight week consultation 'Shaping Bridgend's Future 2019' was undertaken between 9 September and 3 November 2019. This covered a range of budget proposals under consideration as well as seeking public views on resource allocation, priorities and the principles around budget protections and taxation levels. The consultation included an online survey, community engagement stands, attendance at town and community council meetings, community group meetings and social media debates. In addition, in order to gather the views of young people, the consultation team attended an all-Bridgend headteachers' event to promote the survey as well as asking individual schools to take part in interactive sessions in order to gather feedback. The results were collated and presented to Cabinet on 17 December 2019 in order to further inform decisions on the MTFs.
- 2.22 The consultation was supported by a full communications and promotional plan. The main activities included two media releases, a BCBC budget explainer video, various press release/editorials in the media, a social media/web campaign, poster/sign campaign, direct marketing to key target audiences e.g. businesses, schools, youth council and internal communications for staff and elected members. Links were also made to the consultation through HALO, Awen and BAVO's communication outlets. Elected Members have also received pre-Council briefings.
- 2.23 Overall, the council received 7,437 interactions during the consultation, covering survey completions, engagement event attendees and social media interactions and via the authority's Citizens' Panel. This is an increase of 2,149 (40.6%) on the 5,288 interactions from last year, of which 1,200 related to an increase on social media comments.
- 2.24 A summary of the main headlines arising from the consultation is provided in Table 2 below.

Table 2 – Headline Figures from Public Consultation

| Headlines from the Public Consultation | |
|--|------------|
| Council Tax | |
| 64% of respondents stated that they would be prepared to pay an additional 6.5% council tax (this was the lowest amount that could be chosen). | |
| 83% of respondents were not willing to pay an additional 13.6% council tax in order to protect all services for 12 months. | |
| The proposals to make savings that were supported by respondents were: | |
| Close Community Recycling Centres for one day per week each (70%). | |
| The council is not best placed to provide pest control services (58%). | |
| Remove funding for town centre events (54%). | |
| Remove funding for all strategic events (40%) and remove funding for Elvis Festival (32%). | |
| Remove funding for Bridgend Business Forum (72%). | |
| Reduce the funding for Adult Community Learning to save £65k (58%). | |
| Support for a model of localised day services through the development of Community Hubs (69%). | |
| Remove escorts from school transport where there are less than eight pupils (56%). | |
| Delegate funding to primary schools for pupils with additional learning needs (57%). | |
| Move to less face to face interactions within the Customer Services Contact Centre within Civic Offices (70%). | |
| Move to an appointment based system in the Customer Services Contact Centre (59%). | |
| The proposals that were not supported by respondents were: | |
| Move to a reactive street cleaning service (63%). | |
| Removal of funding for CCTV (70%). | |
| Removal of funding for Pop-up Business School (58%). | |
| Reconfiguration of the homelessness service (54%). | |
| Delegation of money for cognition and learning services to schools (52%). | |
| Generating Income | |
| 61% of respondents agreed that the council should consider commercial ventures to fund and protect front line services. | |
| 60% of respondents stated that the council should consider the possibility of providing energy to its residents to generate income. | |
| Social Media Responses – most common comments: | |
| Theme | No. |
| Don't increase council tax by 13.6% | 242 |
| We pay more council tax yet receive less services | 203 |
| Cut council staff/wages/expenses/pensions | 200 |
| Requests for more information on annual accounts and budget reductions | 116 |
| Cut councillors/wages/expenses | 99 |
| Council should challenge central government funding cuts | 88 |
| Issues with recycling and waste service | 73 |

2.25 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Panel (BREP) over the last six months to facilitate the budget planning process. The draft budget report approved by Cabinet in January 2020 has also been scrutinised by the Council's Overview and Scrutiny

Committees resulting in a report to Cabinet from the Corporate Resources and Improvement (CRI) Committee, outlining a number of recommendations. Cabinet has considered the CRI Committee's recommendations, which include recommendations from BREP, and a response to these is provided in Appendix H.

2.26 Cabinet and CMB have reflected on the responses received from the public consultation and have drafted the budget based on the comments and responses received. Consequently, some budget reduction proposals which were previously under consideration have either been amended, deferred or removed for this final budget. These include:

- removal of adult community learning
- reduced funding for the pop-up business school
- removal of the CCTV service
- reducing or removing street cleaning provision
- removal of certain community recycling centres, and
- reduced funding for highways.

MTFS Principles

2.27 As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which drive the budget and spending decisions over 2020-2024 and which Members and others can examine and judge the Council's financial performance against. The fourteen key principles included within the last MTFS for 2019-20 to 2022-23 have been considered by BREP and Cabinet and updated to reflect the current Council situation. There are now thirteen updated principles as follows:

1. There will be a "One-Council" approach to the Medium Term Financial Strategy with a view on long term, sustainable savings proposals that are focused on re-shaping the Council over the full period of the MTFS.
2. All budget related decisions will align with the principles of the Well-being of Future Generations (Wales) Act 2015.
3. The Council will continue to meet its statutory obligations and demonstrate how it directs resources to meet the Council's wellbeing objectives. Other resource strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFS and the Corporate Plan.
4. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities.
5. All services will seek to provide value for money and contribute to public value, and will continuously review budgets to identify efficiency savings.
6. Financial plans will provide an optimum balance between income and

expenditure for both capital and revenue, with opportunities for generating additional income taken in line with the Council's Income Generation and Charging Policy.

7. 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.
8. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.
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.
13. Resources are allocated to deliver transformational projects based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS.

The MTFS Budget Reduction Contingency Reserve referenced in Principle 7 enables the Council to manage delays or unforeseen obstacles to the delivery of significant MTFS budget reduction proposals. Table 3 below identifies the allocations to date from this reserve during 2019-20:

Table 3: MTFS Proposals supported by Budget Reductions Contingency Reserve in 2019-20

| MTFS Reference | Original Saving Proposal £'000 | Funding from MTFS Budget Reduction Contingency £'000 |
|---|-----------------------------------|---|
| COM 52 - MREC | 1,300 | 500 |
| EFS 1 – Learner Transport Policy (17-18) | 20 | 20 |
| EFS 2 – School Transport Route Efficiencies (17-18) | 40 | 40 |
| EFS 1 – Learner Transport Policy (18-19) | 67 | 67 |
| EFS 1 – Learner Transport Policy (19-20) | 67 | 67 |
| TOTAL | 1,494 | 694 |

The level of this reserve will be kept under review by the Section 151 officer in light of forecast difficulties in delivering specific future budget reduction proposals.

MTFS Resource Envelope

- 2.28 The published provisional 2020-21 Aggregate External Finance (AEF) figure is an increase of 4.7%. In the MTFS 2019-20 to 2022-23, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2020-21 of an annual reduction in AEF of -1.5% and an assumed increase in Council tax of 4.5% for 2020-21 to 2022-23, recognising the ongoing uncertainty around our funding in future years following Brexit. Whilst the settlement for next year is significantly better than anticipated, given the uncertainty going forward and the significant pressures resulting from pay, pensions and demographic increases in 2020-21 onwards, the proposed Council Tax increase for 2021-22 onwards will remain at 4.5%.
- 2.29 The MTFS will be regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the uncertainties around Brexit in the coming months and years. In view of the uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios, based on percentage changes in AEF shown in Table 4. These will be updated as necessary following any information arising from the UK Budget on 11 March 2020.

Table 4 – MTFS Scenarios: % Change in AEF

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------|--------------|--------------|--------------|--------------|
| | % Change | % Change | % Change | % Change |
| Best Scenario | +4.7% | -1.0% | -1.0% | -1.0% |
| Most Likely Scenario | +4.7% | -1.5% | -1.5% | -1.5% |
| Worst Scenario | +4.7% | -3.0% | -3.0% | -3.0% |

Managing within the MTFs Resource Envelope

- 2.30 The financial forecast for 2020-24 is predicated on £29.293 million budget reductions being met from Directorate and Corporate budgets and these are referred to later in the report. It is also predicated on a number of spending assumptions, including:
- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.
 - Inflationary uplifts to support specific contractual commitments including increases in energy costs.
 - The future impact of national policies and new legislation which may not be accompanied by commensurate funding such as the Additional Learning Needs and Educational (Tribunal) Act Wales 2018 and the Environment (Wales) Act 2016.
 - Fees and Charges will increase by the statutory minimum or CPI (+1.3% at December 2019) plus 1%.
 - Significant increases in staffing costs as a result of the 6.2% increase in the national living wage from April 2020 (with further increases expected in April 2021), along with the impact of staff pay increases in 2020-21. These include the full year effect of the teachers' pay increase in September 2019 (minimum 2.75%) and potential increases for non-teachers following the unions recent pay claim, which includes a 10% pay increase for all NJC pay points, an increase in annual leave and reduction in the working week. If these were agreed, in part or in full, they would be completely unaffordable for the Council and would require a significant increase in the value of budget reductions required or a significant increase in council tax, beyond that proposed already. These agreements would significantly increase the overall pay bill, and the amount we pay in respect of external contracts.
 - With regard to pensions' contributions, the employer contribution rate for teachers' pensions increased from 16.48% to 23.68% from September 2019. The part-year cost for Bridgend for 2019-20 is around £2.1 million, and this was met in the main from one-off grant funding from Welsh Government. This grant has transferred into the settlement in 2020-21 and the amount allocated to Bridgend is £1.807 million, which just falls short of the total requirement. The full year effect is around £3.6 million, an additional £1.8 million for 2020-21, and this is one of the pressures to be funded from within the 4.7% increase in AEF announced by the Welsh Government.
- 2.31 For 2020-21, the MTFs includes an additional £9.364 million for the above known pay and price pressures. In addition, each year consideration is given to any

inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £6.683 million of inescapable pressures have emerged during 2019-20 and are explained in more detail in paragraphs 3.12 to 3.15 below. In total, the Council has identified pressures of £16.047 million in 2020-21.

MTFS Budget Reduction Requirement

2.32 Table 5 below shows the Council's potential net budget reduction requirement based on the forecast resource envelope and assumed council tax increases (paragraph 2.28 above) and inescapable spending assumptions (paragraph 2.30 and 2.31 above).

Table 5 – Budget reduction scenarios

| | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | 2023-24 £'000 | Total £'000 |
|-----------------------------|------------------|------------------|------------------|------------------|----------------|
| Best Scenario | 2,413 | 8,162 | 7,972 | 7,775 | 26,322 |
| Most Likely Scenario | 2,413 | 9,178 | 8,962 | 8,740 | 29,293 |
| Worst Scenario | 2,413 | 12,225 | 11,872 | 11,518 | 38,028 |

2.33 Cabinet and CMB are working together to develop plans to meet the most likely scenario above for the four year period. In the event of the worst case materialising in any year, the budget shortfall would have to be met from the Council Fund and / or a further increase in Council Tax while additional budget reduction plans could be developed. Should the best case scenario arise then Cabinet and CMB would look to reduce the impact on services as well as Council Tax.

2.34 Table 6 shows current progress on identifying budget reduction proposals.

Table 6 – Risk Status of Budget Reduction Proposals 2020-21 to 2023-24

| Year | GREEN: | AMBER: | RED: | Budget reductions Identified so far | Budget reductions not yet developed | Total Required |
|---------------------|------------------------------------|--|--|-------------------------------------|-------------------------------------|----------------|
| | Proposal developed and deliverable | Proposal in development but includes delivery risk | Proposals not fully developed and include high delivery risk | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2020-21 | 1,023 | 996 | 394 | 2,413 | 0 | 2,413 |
| 2021-22 | 309 | 1,941 | 1,214 | 3,464 | 5,714 | 9,178 |
| 2022-23 | 0 | 955 | 208 | 1,163 | 7,799 | 8,962 |
| 2023-24 | 0 | 955 | 223 | 1,178 | 7,562 | 8,740 |
| Total | 1,332 | 4,847 | 2,039 | 8,218 | 21,075 | 29,293 |
| % of total required | 5% | 17% | 7% | 28% | 72% | 100% |

2.35 As mentioned in paragraph 2.26, a number of the initial 2020-21 budget reduction proposals have been removed, deferred or amended following the public consultation and member scrutiny. A number of proposals for 2020-21 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time. Proposals currently under consideration include:

- Digital transformation of wider Council services
- Income generation opportunities
- Further reductions in employee numbers
- Working with partners to asset transfer and protect community facilities;
- Further development of the Corporate Landlord Model.

2.36 Cabinet and CMB have given a commitment to try and find at least 50% of the budget reductions through smarter use of resources rather than by cutting the quality or level of services. This gets incrementally harder to achieve, but as Table 7 shows the plans set out in this report will deliver 62% of the required budget reductions through smarter use of resources, such as:

- The wider digital transformation of Council services;
- Further development of efficiencies in the corporate landlord function;
- Income generation opportunities;
- Further reductions in employee numbers;
- Working with partners to protect sustainable community facilities.

Table 7 – Budget Reduction Proposals 2020-21 to 2023-24

| | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | 2023-24 £'000 | Total £'000 | % |
|---|------------------|------------------|------------------|------------------|----------------|-----|
| Smarter Use of Resources | 1,561 | 1,649 | 955 | 955 | 5,120 | 62% |
| Managed Service Reductions | 502 | 1,405 | 208 | 223 | 2,338 | 28% |
| Collaboration & Service Transformation | 35 | 300 | 0 | 0 | 335 | 4% |
| Policy Changes | 315 | 110 | 0 | 0 | 425 | 5% |
| Total Identified to date | 2,413 | 3,464 | 1,163 | 1,178 | 8,218 | |

2.37 Budget reduction proposals relating to Collaboration and Service Transformation amount to 4% of the total budget reductions. Policy changes amount to 5% and include reducing services to the statutory minimum as well as cutting some discretionary services. The policy change proposals are subject to consultation.

2.38 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real term's reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFS period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment, early retirements and voluntary redundancies, but some compulsory redundancies will continue to be necessary.

Corporate Risk Assessment

- 2.39 The Council's Corporate Risk Assessment identifies the key corporate risks and mitigating actions and is attached as Appendix I. These risks have been taken into account in the preparation of the MTFs and where there are identifiable financial implications these have been provided for either within the budget or earmarked reserves. Where the financial risks are not clear, the risk is covered by the Council Fund.

3. REVENUE BUDGET 2020-21

- 3.1 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and specific transfers into the settlement from Welsh Government, and subtracting any budget reduction proposals.
- 3.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 8 summarises the 2020-21 budget requirement and how it will be financed.

Table 8 – Net Budget Requirement

| | 2020-21 £'000 |
|--|--------------------------|
| 2019-20 Net Budget (Table 1) | 270,809 |
| Transfers and New Responsibilities (para 2.8) | 2,442 |
| 2020-21 Pressures (para 2.31) | 16,047 |
| 2020-21 Budget Reductions (Table 5) | -2,413 |
| 2020-21 Net Budget Requirement | 286,885 |
| <i>Financed by:</i> | |
| 2019-20 Net Budget (Table 1) | 270,809 |
| Net Cash Increase in AEF (para 2.28) | 11,320 |
| Council tax increase of 4.5% (para 2.11) plus increase in tax base | 4,756 |
| 2020-21 Net Funding Total | 286,885 |

2020-21 Revenue Budget

- 3.3 Table 9 presents the detailed net revenue budget for 2020-21. This includes specific grants transferring into the settlement as outlined in paragraphs 2.9 and 2.10.

Table 9 – Net Revenue Budget 2020-21

| | Revised Budget 2019-20 | Specific Transfers to/ (from) WG | Inter-Directorate Transfers | Pay / Prices / Pupil Growth | Budget Pressures | Budget Reduction Proposals | Revenue Budget 2020-21 |
|--|------------------------|----------------------------------|-----------------------------|-----------------------------|------------------|----------------------------|------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Service Directorate Budgets: | | | | | | | |
| Central Education & Family Support | 21,319 | 45 | -166 | 64 | 356 | -239 | 21,379 |
| Schools | 95,546 | 2,121 | -298 | 808 | 1,375 | 0 | 99,552 |
| Education and Family Support | 116,865 | 2,166 | -464 | 872 | 1,731 | -239 | 120,931 |
| Social Services & Wellbeing | 71,577 | 80 | -353 | 0 | 410 | -820 | 70,894 |
| Communities | 25,862 | | -157 | 45 | 2,686 | -646 | 27,790 |
| Chief Executives | 18,622 | | -152 | 0 | 266 | -508 | 18,228 |
| Total Directorate Budgets | 232,926 | 2,246 | -1,126 | 917 | 5,093 | -2,213 | 237,843 |
| Council Wide Budgets: | | | | | | | |
| Capital Financing | 7,329 | | | | | | 7,329 |
| Levies | 7,406 | | | | 53 | | 7,459 |
| Repairs and Maintenance | 870 | | | | | | 870 |
| Council Tax Reduction Scheme | 14,854 | | | 400 | | | 15,254 |
| Apprenticeship Levy | 700 | | | | | -50 | 650 |
| Pension Related Costs | 430 | | | | | | 430 |
| Insurance Premiums | 1,588 | | | 0 | | -150 | 1,438 |
| Other Council Wide Budgets | 4,706 | 196 | 1,126 | 8,047 | 1,537 | | 15,612 |
| Total Council Wide Budgets | 37,883 | 196 | 1,126 | 8,447 | 1,590 | -200 | 49,042 |
| Net Budget Requirement | 270,809 | 2,442 | 0 | 9,364 | 6,683 | -2,413 | 286,885 |

3.4 The net budget will be funded by:

Table 10 – Net Budget Funding

| | £ | % |
|-----------------------|--------------------|-------------|
| Revenue Support Grant | 153,441,858 | 53.48 |
| Non Domestic Rates | 49,685,392 | 17.32 |
| Council Tax Income | 83,757,919 | 29.20 |
| Total | 286,885,169 | 100% |

Council Tax Implications

3.5 The implications in terms of the Council Tax increase (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in Table 11.

Table 11 – Council Tax Increase 2020-21

| | |
|------------------------|-----------|
| 2019-20 Average Band D | £1,470.87 |
| 2020-21 Average Band D | £1,537.06 |
| % Increase | 4.50% |
| Weekly Increase | £1.27 |

Pay, Prices, Pensions and Demographics

- 3.6 As mentioned in paragraph 2.30, the National Joint Council (NJC) negotiating body has submitted a pay claim for non-teaching local government workers for 2020-21 and discussions are ongoing. No agreement has been reached on this at present. Depending on the final outcome of these discussions there could be additional budget pressures that the Council has to meet, which may not be known until during the 2020-21 financial year. In addition, whilst the teachers' pay award has been agreed for the 2019-20 academic year, there will be additional pressure from any new pay award to be implemented from September 2020. Welsh Government has indicated that the increased funding that it has provided through the settlement should recognise the future impacts of teachers' pay awards which will come into effect from September 2020.
- 3.7 Funding for price inflation has been allocated to service budgets, where known, including provision for increases in business rates, rents and other contractual commitments, where known.
- 3.8 The remaining inflationary provision will be retained centrally within corporate budgets and allocated during the year as any unknown or unforeseen contract price inflation is agreed, in particular where the index is set after the Council's budget is approved.

Non-Teachers' Pensions

- 3.9 The Council has received the provisional results of the actuarial valuation of the Local Government Pension Fund as at 31 March 2019. The valuation shows that, based on the performance of the fund at that time, the employer's contributions required by the authority from April 2020 for the next three years is a potential reduction from the current 21.3% to a proposed 19.8%. This is based on changes to the assumptions used to value liabilities and changes to membership since the last valuation. The impact of this is a potential reduced cost of employer's contributions of £1.126 million per annum, the budget for which has been centralised under 'Inter-Directorate Transfers' in Table 9 to be set aside for the unknown non-teachers' pay award referred to above until such time as the final contribution rate and the costs of the pay award are known with certainty.

Schools' Budgets

- 3.10 In 2019-20 school budgets were again protected from the proposed 1% annual efficiency target. However, the forecast pressure and uncertainty around Council budgets for future years was deemed to be such that it was felt to be almost impossible not to include the 1% efficiency target in proposals for 2020-21 onwards, given that school budgets account for around a third of net revenue expenditure, so head teachers and governing bodies were advised to use the 2019-20 financial year to plan ahead. However, following receipt of the better than anticipated 2020-21 provisional settlement from Welsh Government, and recommendations from the various consultation events, school budgets have again been protected from the 1% efficiency target in 2020-21.

- 3.11 There are a significant number of pressures on school delegated budgets for 2020-21 and beyond, not least the full year cost of the teachers' pay award and pensions increase, and pressures of funding additional learning needs. The total impact of these pressures is around £4.3 million, which is partly met from transfers into the settlement and partly from funding for pay, prices and unavoidable pressures.
- 3.12 It should be noted that the 1% efficiency target is maintained for 2021-22 and beyond, in recognition of the pressures stated above, forecast reductions to the settlement and mounting external pressures across Council services.

Budget Pressures

- 3.13 The final schedule of budget pressures is attached at Appendix A and presents a number of recurrent pressures, totalling £6.683 million. These mainly represent unavoidable pressures arising from legislative changes, increased costs and contractual changes. However, in addition to these unavoidable pressures, Cabinet have considered the responses to the budget consultation and other issues arising during the year and have included a new recurrent budget pressure of £2 million to address a number of public realm and place shaping issues, not least carriageway resurfacing, transport and road safety, gulley cleaning, pitch drainage and play areas, site preparation for housing and commercial development and general maintenance issues throughout the county borough, along with supporting infrastructure. This will, in part, help to address the estimated £50 million backlog of highways repairs and maintenance work that exists. This could be a combination of capital or revenue spend, and any capital requirements will be subject to full Council approval in line with financial procedures.
- 3.14 Further provision has been made to develop an apprenticeship programme throughout the Council to enable staff to undertake formal training alongside the development of practical skills. The aim is to "grow our own" skilled and professional workforce particularly in services where we are struggling to recruit to specialist posts, e.g. building control, transportation officers, engineers, planners and surveyors.
- 3.15 The January Draft Budget report to Cabinet explained that budget pressures identified at that time were subject to change before the Final Budget. The main changes are identified in Table 12 below.

Table 12: New Budget Pressures

| Item | Value £'000 | Description |
|-------------------|----------------|--|
| Fire Service Levy | 53 | Increase in precept to cover pay, price and demographic increases, including the increase in employer's contributions to superannuation. Total precept increase is £325,000 but £272,000 set aside in 2019-20 towards pensions increase. |

- 3.16 Furthermore, inevitably additional pressures will arise during the year as a result of increased numbers or legislative changes. Officers are currently considering the

pressures arising from increased numbers of pupils needed behavioural support along with legislative pressures in other services, and a provisional allocation of £500,000 has been set aside for these. Funding will be allocated in-year subject to business case approval, where necessary. Cabinet is also minded to invest in capital improvements to the highways network to make it more sustainable for the future, and reduce the need for ad hoc repairs. Additional funding is likely to be committed during the financial year to meet the recurrent revenue costs of any required borrowing to fund this proposal, and some funding has been held centrally for this purpose until such time as a scheme is fully developed. Any proposal will be submitted for full Council approval before inclusion in the capital programme. The total cost of pressures identified in Appendix A equates to £6.683 million.

Budget Reductions

- 3.17 Budget reduction proposals totalling £2.413 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in Appendix B. Since the draft MTFS was reported to Cabinet in January 2020, only one budget reduction proposal has been amended:

EFS54 – Reduction to the Central South Consortium – this has been reduced from £56,000 to £17,000, to take into account the 3% reduction to local authority contribution levels for 2020-21 agreed by the Joint Committee.

Council Wide Budgets

- 3.18 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies, centrally held pay and prices provisions, insurance budgets, discretionary rate relief and provision for redundancy related costs. A thorough review of recent years' under spends within corporate budgets was undertaken in 2017-18 which led to budget reductions totalling £2.610 million in 2018-19 and a further £2.388 million in 2019-20. Consequently the scope available for further reductions is quite limited, as a number of these budgets are fixed and unavoidable, without putting the Council at risk. The higher than anticipated pay awards, teachers' pensions' increases and inflationary increases has put also additional pressure on these budgets.
- 3.19 The South Wales Fire and Rescue Authority covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. For 2019-20 the levy on Bridgend, and consequently its Council Tax payers, is £6,746,905. The Fire and Rescue Authority is facing similar pension increase pressures on its budget as teachers, and has received some grant funding towards this in both 2019-20 and 2020-21, but there is a shortfall, and when pay and demographic pressures are added to this, the increase in levy for 2020-21 for Bridgend is £325,000. The Council provided a budget pressure towards fire service pension costs in 2019-20, but there is still a remaining budget pressure for 2020-21 of £53,000.

Fees and Charges

- 3.20 Generally, income from fees and charges will be increased by CPI (at the prevailing rate, 1.3% at December 2019) plus 1%, subject to rounding, or in line with statutory

or service requirements. Schedules of fees and charges will be reported separately, as usual, under Delegated Powers. New charges or charges that have been included in the 2020-21 budget and are above the general increase are shown in Appendix C.

- 3.21 Council approved a corporate income generation policy in March 2016 which aims to set a consistent approach across Council services and outline key principles to be applied. As a key principle, where a decision has been taken to charge for a service, the Council will aim for full cost recovery, except where there is a conscious decision which is consistent with Council priorities, recognising that the service would then be subsidised by Council Tax payers.

MTFS Support for Well-being Objectives

- 3.22 Appendix D details the Directorate Base Budgets for 2020-21. The MTFS supports the delivery of the Council's well-being objectives and Table 13 below summarises Directorate budgets which will be used to support these and core services and statutory functions. A more detailed analysis is shown in Appendix E.

Table 13 – 2020-21 Budget by Well-being Objective

| Budget 2020-21 Wellbeing Objectives | | | |
|--|-----------------------------|--|----------------|
| Directorate | Wellbeing Objectives | Core Services & Statutory Functions | Total |
| | £'000 | £'000 | £'000 |
| Central Education & Family Support | 8,114 | 13,265 | 21,379 |
| Schools | 41,499 | 58,053 | 99,552 |
| Social Services and Wellbeing | 53,541 | 17,353 | 70,894 |
| Communities | 8,848 | 18,942 | 27,790 |
| Chief Executive's | 2,075 | 16,153 | 18,228 |
| Council Wide Budgets | 351 | 48,691 | 49,042 |
| NET BUDGET REQUIREMENT | 114,428 | 172,457 | 286,885 |

4. COUNCIL RESERVES

- 4.1 The Council's Reserves and Balances Protocol attached at Appendix F sets out the principles used to assess the adequacy of reserves, the rationale for establishing reserves and the arrangements for monitoring reserves. For the last three years, the Council has maintained its Council Fund at a minimum of £7 million and at 31 March 2019 it was £8.776 million, which is 4.98% of the net budget excluding school delegated budgets. In the face of continued uncertainty regarding the economy and public finances, and in line with the revised MTFS Principles it is recommended that the Council seeks to increase its Council Fund to a level of 5% of the Council's net budget, excluding schools. This will be monitored and will depend upon financial performance during future periods and the need to cover against specific risks as they arise through the earmarked reserves process.
- 4.2 In accordance with the Protocol, a review of the Council's financial risks, pressures and reserves was undertaken at period 6 and period 9 in 2019-20. Appendix F also sets out the forecast movement in the Council's Earmarked Reserves by the end of 2019-20 and 2020-21. At this point the forecast movement to 31 March 2020 on Earmarked Reserves is an overall reduction of £4.250 million on the assumption of:
- The estimated draw down of a large amount of the Capital Programme Contribution reserves of £3.786 million, which does rely on capital spend being incurred from January until March 2020. Offsetting this is an increase in the Capital Programme reserve during the year of £6 million, including £2 million for Investing in Communities;
 - Estimated draw-down of £1.130 million for Digital Transformation, £643,000 for MTFS contingency and £365,000 change fund, with £606,000 of reserves unwound;
 - The forecast draw down of £1.413 million from the Directorate Earmarked Reserves, either by Directorates, or as a result of any reserve that is no longer required being unwound, both offset by additions of £777,000 as a result of new Directorate Reserves following the various reviews. This results in a projected net decrease on **Reserves Held for Directorates' Planned Developments** of £635,000;
 - The projected net draw down from the **Equalisation and Grant Reserves** for 2019-20 is £844,000;
- 4.3 In line with the Protocol, a further review will 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, including the final outturn, actual accrued Council Tax income, Earmarked Reserve levels, the Council Fund level and any new pressures or risks that need to be provided for. At this time Directors will be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2020-21 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole. In advance of that process, the forecast movement in reserves for 2020-21 assumes:
- An overall reduction in Earmarked Reserves of £8.345 million during 2020-21;
 - Full draw down from a number of reserves including demolition reserves, Investing in Communities and the Road Safety Reserve.

- Draw down from the Capital Programme Contribution Reserve, Capital Feasibility Reserve and Asset Management Reserve in line with the current Capital Programme expenditure profile.

It does not include the potential increase of reserves for 2020-21 as a result of fortuitous under spends at the end of this financial year. The forecast position is summarised in Table 14 below:

Table 14 – Summary of Usable Earmarked Reserves

| Opening Balance 1 April 2019 £'000 | Reserve | Movement 2019-20 £'000 | Closing Balance 31 March 2020 £'000 | Movement 2020-21 £'000 | Closing Balance 31 March 2021 £'000 |
|---|--------------------------|------------------------------|--|------------------------------|--|
| 48,107 | Total Earmarked Reserves | (4,250) | 43,857 | (8,345) | 35,512 |

5. CAPITAL PROGRAMME AND CAPITAL FINANCING STRATEGY

- 5.1 This section of the report deals with the proposed Capital Programme for 2019-20 to 2029-30, which forms part of, but extends beyond the MTFS. It has been developed in line with the MTFS principles and the Council's Capital Strategy and reflects the Welsh Government capital settlement for 2020-21. The Programme has been revised during the financial year to bring it up to date and take into account new capital schemes either funded from external resources, or from internal resources following a review of the Council's capital investment requirements.

Capital Programme 2019-20 to 2029-30

- 5.2 This section of the report reflects the Welsh Government provisional capital settlement for 2020-21, which provides general capital funding (GCF) for the Council for 2020-21 of £7.983 million of which £3.986 million is provided through un-hypothecated supported borrowing and the remainder £3.997 million as general capital grant. This is £318,000 more than the amount received in 2019-20 and £761,000 more than was originally anticipated.
- 5.3 The funding includes the 2020-21 share (£20 million across Wales) of the additional £100 million of general capital funding (across Wales for 2018-19 to 2020-21) announced by Welsh Government last year. This is in addition to the additional £60 million capital provided across Wales over the same three years for a local authority road refurbishment scheme, funded by grant outside of the settlement. The £7.983 million also includes this authority's share of an additional £15 million across Wales to enable local authorities to respond to the urgent need to decarbonise, in light of the climate emergency declared by the Welsh Government and many councils over the past year. No indicative allocations have been provided for 2021-22, so for now it is assumed that the level of funding will revert to the pre 2018-19 level, assuming the end of the £100 million capital grant, but this will be indicative only.
- 5.4 The original budget approved by Council on 20th February 2019 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2018-19 and any new schemes and grant approvals. A review has also been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers have not been asked to submit capital bids for funding at this stage. Cabinet has, and will continue to, determine its strategy in terms of capital priorities and where known these are built into the Capital Strategy to be approved by Council in February 2020.
- 5.5 Since the latest capital programme was approved by Council in January 2020 there are a small number of new schemes that need building into the programme:

Caerau Heat Network

The Caerau Heat Scheme is an innovation project with a total cost of £9,732,922. The cost of the operation will be funded through a mixture of European Regional Development Fund (ERDF) grant (£7,296,245) and match funding (£2,436,677). The match funding has all been secured and is primarily derived from retrospective project spend (WG/UK Government funding) which has all been received by BCBC and submitted and audited by WEFO. The remainder of the match funding is from a small amount of ongoing BCBC staff time. Nordic Heat have been procured to develop the project through to construction and are currently engaged in the preparation of an Outline Business Case and ground investigation. If both activities provide suitable answers to progress the scheme a contractor will be procured in 2021 to design, build and operate the scheme.

Valleys Task Force Empty Homes Grant Scheme

A report was presented to Cabinet in November 2019 on the Valleys Task Force Empty Homes Grant. It was reported that the Welsh Government had provided support to the Valleys Taskforce by rolling out an Empty Homes Grant to all local authorities in the taskforce areas as a pilot for the period from October 2019 to the end of March 2020. This was met 100% by Welsh Government. It was indicated that this would be extended to a second phase, which would require 35% match funding contribution from local authorities. For Bridgend it is anticipated that the total cost of phase 2 could be in the region of £300,000, with a match funding requirement of £105,000 but this will depend upon demand for the grant funding from home owners. It is intended that the match funding will be met from uncommitted capital receipts.

This grant will support the delivery of the Council's and Welsh Government's priority of returning empty properties into use in the Valleys areas of Bridgend County Borough, to help regenerate communities, provide more choice and suitable accommodation for residents.

Schools' Capital Maintenance Grant

Similar to last year, Welsh Government has recently announced a grant of £43 million across Wales, £1,961,250 for Bridgend, to address the backlog of maintenance works across schools. The funding can be used to offset locally determined capital expenditure in 2019-20 and the funding displaced by this grant will be spent in 2020-21 for investment in the improvement of schools. This includes spend on:

- Window repairs or replacement
- Roof replacement
- Electrical works / re-wiring
- Repairing or replacing flooring
- Plumbing / Boiler replacement
- Minor structural repairs
- Plastering /Ceiling replacement
- Asbestos Removal

In addition, there are changes to a number of existing schemes, including:

Maesteg Town Hall

The total scheme cost for Maesteg Town Hall has reduced since January 2020 following the receipt of final contract sums. There is a reduction of £309,000 in respect of the total contract sum following receipt of tenders, and value engineering. Further work to reduce costs through the identification of value engineering options will be considered on site. The reduction in cost will be offset in a reduction in the funding required from the Investing in Communities Fund. In addition, the remaining element of cost originally anticipated to be met from the Investing in Communities Fund will now be met from uncommitted capital receipts to ensure that the Fund is used to maximum effect and targets as many assets as possible.

Fleet Vehicles

A number of fleet vehicles are reaching the end of their useful life and need replacement. These are generally purchased using prudential borrowing and repayments made by the relevant service cover the cost of the borrowing. Those currently requiring replacement include two 3.5T Light Sweepers for highways, four Kubota M4002 Tractors, a trailer for the bereavement service and a replacement minibus for one of the Council's special schools. The total cost will be in the region of £352,000, which will be funded mostly by prudential borrowing, with a small element funded from the revenue budget.

There is also slippage of some funding into 2020-21 for some schemes plus a small number of new grant funded schemes. Any additional proposals will be considered in light of, and in line with, the proposed Capital Strategy and brought back to Council for approval at a later date.

- 5.6 The Capital Programme contains a number of fixed annual allocations that are met from the total general capital funding for the Council. These annual allocations have been reviewed as part of the capital planning process and no changes are proposed to be made to them in 2020-21 at this time.

The proposed allocations are therefore outlined in Table 15:

Table 15 – Proposed Annual Allocations of Capital Funding

| | 2020-21 £'000 |
|--|------------------|
| Highways Structural Works | 200 |
| Carriageway Capital Works | 250 |
| Disabled Facilities Grant | 1,950 |
| Housing Renewal / Empty Property Schemes | 100 |
| Special Regeneration Funding | 540 |

| | 2020-21 £'000 |
|---|------------------|
| Minor Works | 1,130 |
| Community Projects | 50 |
| Corporate Capital Fund (Renewals / Match Funding) | 200 |
| Street lighting / Bridge infrastructure replacement | 400 |
| Highways Structural Works | 200 |
| Total | 4,820 |

Capital Programme link to the Wellbeing Objectives

- 5.7 Table 16 outlines how the Council is using its capital programme to support the wellbeing objectives.

Table 16 – Capital Programme by Wellbeing Objective

| Wellbeing Objective | Revised 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 to 2029-30 £'000 | Total £'000 |
|--|-----------------------------|------------------|------------------|-----------------------------------|----------------|
| 1. Supporting a Successful Sustainable Economy | 10,525 | 22,719 | 7,838 | 33,477 | 74,559 |
| 2. Helping People and Communities to be more Healthy and Resilient | 4,333 | 1,950 | 1,950 | 15,600 | 23,833 |
| 3. Smarter Use of Resources | 14,608 | 29,240 | 17,893 | 65,444 | 127,185 |
| Core Services & Statutory Functions | 671 | 2525 | 0 | 8,367 | 11,563 |
| TOTAL | 30,137 | 56,434 | 27,681 | 122,888 | 237,140 |

Supporting a Successful Sustainable Economy

- 5.8 The proposed capital programme includes a number of new and existing projects which will help to support a successful sustainable economy by, for example, the redevelopment of Maesteg Town Hall, providing improved community facilities to include the town library and performance spaces, as well as offering improved accessibility for visitors and creating jobs. This is in addition to significant new investment in ensuring that the highways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments. There is extensive investment in all of our town centres, with works progressing on Porthcawl Regeneration and the development of Enterprise Hubs, to build on previous investment and initiatives. These supplement those existing schemes, such as the Cardiff Capital Region City Deal (CCRCD) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. As mentioned above, investment to bring empty properties back into use will also help to improve the aesthetic appearance of our communities and help to regenerate them.

Helping People and Communities to be more Healthy and Resilient

- 5.9 The two new Extra Care Schemes opened in Ynysawdre and Maesteg to enable people to live more independently than they would in residential care. There is also significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes. The Council receives Integrated Care Fund capital grant on an annual basis as part of its partnership with Cwm Taf Morgannwg University Health Board. This is built into the capital programme as it is approved for specific schemes.

Smarter Use of Resources

- 5.10 The Schools' Modernisation Programme forms a cornerstone of the wellbeing objective of smarter use of resources, with the remaining schemes in Band A of the 21st Century Schools programme all now completed, and work commencing on Band B options, which will result in further capital investment of around £70 million in the Council's schools' estate.
- 5.11 There is a total budget of £1 million in the capital programme for works to Council assets, to make them suitable for Community Asset Transfer (CAT). This is to ensure that as many buildings as possible can be kept open and provide long term community benefits.
- 5.12 In addition, Council has previously approved significant investment in upgrading existing buildings through the capital minor works programme and the Investing in Communities fund to reduce running costs, including maintenance, and improving energy efficiency across its assets. This is in addition to the two existing schemes within the programme which will see significant investment in energy efficiency schemes, across Council buildings and street lighting, which will be repaid from recurrent revenue savings generated.
- 5.13 The revised capital programme is attached as Appendix G. This includes those amendments outlined in paragraph 5.5, along with any other changes to the programme since it was approved in January 2020.

Capital Receipts

- 5.14 The Council estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in 2014. So far, circa £18 million has already been delivered, with £2.56 million under contractual agreement and the balance projected to be realised over the next 6 months (2019-2020). 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. It 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. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

Prudential (Unsupported) Borrowing

- 5.15 Total Prudential Borrowing taken out as at 1 April 2019 was £43.998 million, of which £27.796 million was outstanding. It is estimated that the total borrowed will increase to £44.95 million by the end of this financial year.
- 5.16 Future prudential borrowing could include an estimated £2 million towards the costs of the 21st Century Schools Band B Programme, including associated highways works.

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