

MINUTES OF A MEETING OF THE CABINET HELD IN COUNCIL CHAMBER, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 1 MARCH 2016 AT 2.30 PM

Present

Councillor MEJ Nott OBE – Chairperson

HJ David

M Gregory

CE Smith

HM Williams

Officers:

Darren Mepham

Chief Executive

Ness Young

Corporate Director - Resources & Section 151 Officer

Mark Shephard

Corporate Director - Communities

Susan Cooper

Corporate Director - Social Services & Wellbeing

Andrew Jolley

Assistant Chief Executive Legal & Regulatory Services and Monitoring Officer

Andrew Rees

Senior Democratic Services Officer - Committees

Nicola Echanis

Head of Strategy Partnerships & Commissioning

Gary Jones

Head of Democratic Services

847. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members:

Councillor HJ Townsend – Cabinet Member Childrens Social Services and Equalities

Councillor PJ White – Cabinet Member Adult Social Care and Wellbeing

848. DECLARATIONS OF INTEREST

None.

849. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of Cabinet of 16 February 2016 be approved as a true and accurate record.

850. MEDIUM TERM FINANCIAL STRATEGY 2016-17 TO 2019-20 AND DRAFT BUDGET CONSULTATION PROCESS

The Chairperson of the Corporate Resources and Improvement Overview and Scrutiny Committee presented the recommendations of the Corporate Resources and Improvement Overview and Scrutiny Committee and the findings of the of the Standing Budget Research and Evaluation Panel (BREP) in considering the draft Cabinet proposals on the Medium Term Financial Strategy 2016-17 to 2019-20. He stated that in considering the challenges associated with continued budget reductions, the Budget Research and Evaluation Panel recognised the need for a whole Council response to be adopted in managing anticipated cuts to services against a backdrop of increasing demand, public sector reform and the challenging financial outlook. He informed Cabinet that the Standing BREP had met on seven occasions and examined the Budget Strategy for the Council as whole and individual draft budget proposals for each Directorate by means of with Directors and Officers. He stated that the Panel had requested presentations and detailed information to inform discussions regarding the

direction of future budget cuts across the Authority including the rationale behind the early draft proposals and how they linked to the new Corporate priorities.

The Leader placed on record his thanks to the Members of the Corporate Resources and Improvement Overview and Scrutiny Committees and the Budget Research and Evaluation Panel for the work undertaken in relation to the draft Budget Proposals and that the recommendations would be considered by Cabinet.

RESOLVED: That Cabinet agreed to consider the recommendations of the Corporate Resources and Improvement Overview and Scrutiny Committee, in response to the Medium Term Financial Strategy 2016-17 to 2019-20 and the Draft Budget Consultation Process.

851. MEDIUM TERM FINANCIAL STRATEGY 2016-17 TO 2019-20

The Section 151 Officer presented the Medium Term Financial Strategy (MTFS) for 2016-17 to 2019-20, which included a financial forecast for 2016-20, a detailed draft revenue budget for 2016-17 and a Capital Programme for 2016-17 to 2025-26.

The Section 151 Officer reported that the Corporate Plan is reviewed each year to ensure it continues to reflect the Council's corporate improvement priorities, commitments and performance indicators. The Corporate Plan would be presented to Council alongside the MTFS as the two documents are aligned to each other and include explicit links between resources and corporate priorities. The Medium Term Financial Strategy articulated how the Council planned to use its resources to support the achievement of its corporate priorities as well as the management of its statutory and core duties, known pressures and risks.

The Section 151 Officer reported on the financial context in that the Chancellor of the Exchequer had announced as part of the 2015 Autumn Statement an improvement of £27 billion in public sector finances over the next 5 years. As a consequence of this the Welsh Government had been given a cash increase of 0.85% for 2016-17. She stated that the provisional Local Government Settlement provided an average -1.4% reduction in Aggregate External Finance for 2016-17 across Wales, with Bridgend's reduction being 1.2%, which includes a requirement to protect school budgets equivalent to 1% above the change in the Welsh Government's Revenue Budget as well as notional additional funding for social services pressures. The Final Local Government Settlement would not be published until 2 March 2016 and voted upon by the Welsh Government on 9 March 2016.

The Section 151 Officer reported that there was no indication of local government settlements for 2017-18 onwards, but in view of current economic and fiscal projections and the absence of other information the MTFS sets out a most likely scenario based on the most likely assumption of a -3.2% annual reduction in Aggregate External Finance for 2017-18, 2018-19 and 2019-20, which would mean a total recurrent budget reduction of £35.531m from 2016-17 to 2019-20.

The Section 151 Officer also reported on the grant transfers into the revenue settlement for 2016-17, however the full picture on specific grants was not yet clear, but the draft settlement did include information on a number of changes to the level of grants at an all Wales level which impact on the Council's resources. She stated that the Welsh Government had ceased the Regional Collaboration Fund in 2016-17 but had increased the Intermediate Care Fund from £20m in 2015-16 to a proposed £50m across Wales for 2016-17. This Fund had been allocated to the NHS to support greater integration with local authorities. The Section 151 Officer informed Cabinet that the draft 2016-17 draft

budget assumed a Council Tax increase of 3.9% based on an appropriate balance between service provision and the financial burden of any rise on households.

The Section 151 Officer reported that Council in February 2015 had approved a capital programme for 2015-16 to 2024-25, based on the assumption that annual capital funding would be flat lined from 2015-16 onwards. Revised capital programmes were approved during the year reflecting funding changes to some schemes, slippage, additional external funding approvals and changes to expenditure profiles. The Local Government Capital Settlement for 2016-17 provided the Council with £6.296m capital funding for 2016-17, which is £8k more than 2015-16, with no indications given for 2017-18 or beyond. The Section 151 Officer informed Cabinet of the comparison of budget against projected outturn at 31 December 2015, which showed an overall under spend of £1.165m, comprising £602k net underspend projected on Directorate budgets and £563k underspend on corporate budgets.

The Section 151 Officer reported on the MTFs for the next four financial years, based on the latest information available from the Welsh Government. The MTFs is reviewed regularly and amended as additional information became available, with the detail for future years being developed over the period of the strategy. The development of the MTFs 2016-17 to 2019-20 has been led by Cabinet and the Corporate Management Board and took into account the views of the Auditors and Overview and Scrutiny Committees and issues arising in 2015-16, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning. As well as linking explicitly to the Council's corporate priorities, the MTFs is linked to the Workforce Plan, the ICT Strategy, the Treasury Management Strategy, the Asset Management Plan and the Council's Transformation Programme.

The Section 151 Officer informed Cabinet that consultation on the MTFs had been undertaken over an eight week period which included an online survey, community engagement workshops, social media debates, community engagement stands and a meeting with third sector organisations. There had been 1,819 responses with positive support for the majority of proposals put forward. At least 80% of participants agreed with the three proposed participants; however 71% believed something was missing, citing most commonly the themes of streamlining the Council, public transport and infrastructure and local business support. The majority of respondents agreed with the idea of protecting some services over others but two thirds felt schools should be expected to make efficiency savings too. She stated that in addition to the public consultation, Cabinet and the Corporate Management Board had been working with the Budget Research and Evaluation Panel to facilitate the budget planning process and Cabinet had considered the recommendations of the Corporate Resources and Improvement Overview and Scrutiny Committee. The Section 151 Officer stated that a number of changes had been made to the budget reduction proposals as a result of the public consultation and the overview and scrutiny process. In particular, the budget reduction proposal for highways maintenance had been reduced by £0.5m from the £1.207m consulted on. Similarly the proposal to cut subsidised bus routes by £229k has been reduced to just £15k in 2016-17. In addition the proposed budget reduction to voluntary sector bodies of £33k has been reduced to £15k in 2016-17.

The Section 151 Officer highlighted the MTFs principles which would drive the budget and spending decisions over the four year period. Principle 12 has been expanded in response to the significant financial challenges the Council expects to face over the coming years to allow the Council to manage inescapable problems with delivery of particular savings when they arise until a solution can be found.

The Section 151 Officer reported that the MTFs planning assumptions for 2017-20 are based on an annual reduction in AEF of -3.2% and an assumed increase in council tax

of 3.9% for 2017-18, 4.2% for 2018-19 and 4.5% for 2019-20. The AEF figure of -1.2% is based on the published Provisional Settlement. The Section 151 Officer highlighted the potential net budget reductions requirement based on the best scenario, most likely scenario and worst scenario for 2016-17, 2017-18, 2018-19 and 2019-20.

The Section 151 Officer reported that the MTFs included an additional £6.451m for a number of foreseen pressures that the Council will have to manage over the MTFs period, plus £1.4m for the transfer in of the Outcome Agreement Grant. In addition, consideration was given each year to any inescapable unforeseen Directorate pressures that cannot be accommodated within existing budgets and that £2.316m inescapable pressures had emerged during 2015-16. The Council has unavoidable pressures of £10.167m in 2016-17.

The Section 151 Officer reported on how much the Council needs to find from within existing budgets to help meet the inescapable pressures it faced over the next four years, based on the AEF assumptions and assumed Council tax increases of 3.9% in 2016-17 and 2017-18, 4.2% in 2018-19 and 4.5% in 2019-20. Cabinet and CMB are working together to develop plans to meet the most likely scenario. The Section 151 Officer outlined the risk status of the budget reduction proposals for 2016-17 to 2019-20 and that proposals had been amended since the draft budget to reflect the £18k reduction to the cut in the third sector funding proposal. The Section 151 Officer reported that delivering budget reductions of £35.5m would result in a smaller Council as two thirds of the Council's net revenue budget is required to meet cost of staff. It was intended to manage reductions in Council budgets through the continuation of a recruitment freeze, redeployment, early retirements, and voluntary redundancies, but some compulsory redundancies would continue to be necessary. The Section 151 Officer highlighted the risk status of these for each year and also highlighted the savings proposals categorised according to the priorities in the Corporate Plan.

The Section 151 Officer reported on the Draft Revenue Budget for 2016-17 which, based on the proposed budget of £254,891m the council tax increase for 2016-17 would be 3.9%. The Section 151 Officer informed Cabinet of the impact of pay, prices and demographics and unavoidable pressures on the revenue budget. The draft settlement from the Welsh Government included within it additional amounts in respect both of schools' protection as well as the recognition of the pressures facing social care. Budget reduction proposals of £7.477m had been identified from service and corporate budgets to achieve a balanced budget. Corporate budgets include funding for the council tax reduction scheme, the costs of financing capital expenditure, the unallocated inflation budget, a central contingency provision, discretionary rate relief, provision for redundancy related costs and the carbon reduction commitment. Income from fees and charges would be increased by CPI of +0.3% plus 1% subject to rounding, or in line with statutory or service requirements. The Council has maintained its Council Fund at a minimum of £7m and at 31 March 2015 it was £7.45m and it was proposed that the general fund be maintained at no less than £7m in 2016-17 with the Council's earmarked reserves being kept under review and the forecast may change in the final MTFs report to Council in March 2016.

The Section 151 Officer reported on the proposed capital programme for 2016-17 to 2025-26 and Capital Financing Strategy (including prudential borrowing and Capital Receipts forecast). Both had been developed in line with the MTFs principles and reflect the Welsh Government provisional capital settlement for 2016-17, which provides general capital funding for the Council for 2016-17 of £6.296m, of which £3.914m is un-hypothecated supported borrowing and the remainder £2.382m as general capital grant. There had been no indicative allocations provided for 2017-18 but it was assumed that this level of funding would remain constant after 2016-17. The development of the proposed capital programme had involved a review of the Council's capital investment

requirements for 2016-2025 compared to available capital. The programme contains a number of fixed annual allocations that are met from the total general capital funding for the Council. In addition, the Council has approved a contribution of £1m per year as part of the local authority matched funding contribution for the Programme. The current capital programme contains a number of significant strategic investment projects which support a number of the proposed new corporate priorities. The following projects had been included in the Council's approved programme but funding for each project would not be confirmed until the Welsh Government had approved the final business case and sufficient capital receipts had been generated:-

- Coety / Parc Derwen Primary School
- Special Education Needs Provision
- Garw Valley South Primary Provision
- Pencoed Primary School
- Gateway Primary Provision
- Mynydd Cynffig Primary School
- Heronsbridge Special School

The Section 151 Officer informed the Cabinet that the Capital Financing Strategy is underpinned by the Council's Treasury Management Strategy. Capital receipts of around £21m could be generated as part of the enhanced disposals programme, with approximately £9.3m already delivered and £11m of capital receipts to be generated over the next three years of which £4m is expected to be realised in 2016-17. Of the £21m, £8.8m relates to school buildings and land vacated through the 21st Century Schools Programme to be used as match funding for the programme. It included receipts anticipated from the Waterton site along with the sale of other surplus sites within the County Borough.

The Section 151 Officer reported that Council on 25 February 2015 had approved Prudential Borrowing of £41.5m, which included £5.6m of Local Government Borrowing Initiative funding towards the costs of the 21st Century Schools Programme. Total Prudential Borrowing taken out by the end of 2016-17 is estimated to be £41.745m, of which £32m is still outstanding.

The Section 151 Officer also reported that the Council is required prior to the start of the financial year to approve the Treasury Management and Investment Strategies for 2016-17 and the Treasury Management and Prudential Indicators for the period 2016-17 to 2019-20.

The Section 151 Officer reported that the budget reduction proposals had been the subject of an Equality Impact Assessment.

The Cabinet Member Resources in commending the MTFs stated that the Council in order to deliver the proposed new priorities set out in the Corporate Plan, meet its statutory responsibilities and at the same time be attentive to the needs of communities must take a very proactive approach to managing its resources. He stated there is a need to strike an appropriate balance between service provision and the financial impact on householders through the level of council tax increase.

He informed Cabinet that in terms of the MTFs, the Council continues to face significant financial challenges and still has to make difficult decisions as a result of cuts imposed by the UK Government. He stated that the Council has undertaken extensive public consultation on the budget and the budget reduction proposals presented in the MTFs are in line with the responses that the Council received.

He also commented that the Council has tried to limit the impact of budget reductions on citizens by rigorously pursuing efficiency measures, whilst the provisional Local Government settlement by the Welsh Government was better than anticipated the Council still needs to make budget reductions in the order of £35.5m over the next four years.

The Deputy Leader welcomed the additional investment by the Welsh Government in the Intermediate Care Fund as a result of representations made by the Welsh Local Government Association to the Minister. The additional funding will enable people being discharged from hospital to remain in their home. He stated that demographic pressures had been recognised by the Welsh Government resulting in social services being protected. He also stated that the protection of schools budgets will ensure that education outcomes could be maintained. The Deputy Leader also informed Cabinet that despite the Council being required to make budget reductions of £35.5m over the life of the MTFs, it intended pressing ahead with providing new schools for Cwm Garw and Brynmenyn, Bettws and Pencoed as well as making significant investment to primary provision in Kenfig Hill and also special educational needs provision. The Council was also making a major commitment by developing 2 new extra care facilities to meet current need and to plan for the future.

The Cabinet Member Regeneration and Economic Development stated that citizens could be assured that services were being held together despite austerity measures. He also stated that he welcomed initiatives such as the City Deal and investment by an ICT company in Pencoed.

The Leader placed on record his thanks to the Section 151 Officer and her team in developing the MTFs.

RESOLVED: (1) That Cabinet approved the MTFs 2016-17 to 2019-20 including the 2016-17 revenue budget, the Capital Programme 2016-17 to 2025-26 and the Treasury Management Strategy 2016-17, and recommend these to Council for adoption. In particular Cabinet approved that the following specific elements are forwarded to Council for approval:

The MTFs 2016-17 to 2019-20

- The Net Budget Requirement of £254,891,190 in 2016-17.
- A Band D Council Tax for Bridgend County Borough Council of £1,297.78 for 2016-17.
- The 2016-17 budgets as allocated in accordance with Table 8 in paragraph 4.23 of the report.
 - The Capital Programme 2016-17 to 2025-26
 - The Treasury Management Strategy 2016-17 and Treasury Management and Prudential Indicators 2016-17 to 2019-20.
 - The Corporate Income Generation and Charging Policy

(2) Cabinet delegated authority to the Section 151 Officer to make any necessary amendments to the MTFs that arise from the Final Welsh Government settlement, prior to the publication of the Final MTFs Council report on 3 March 2016.

852. CORPORATE PLAN 2016-2020

The Chief Executive sought approval of the Corporate Plan 2016-20 prior to its submission to Council.

He informed Cabinet that the corporate priorities and proposed budget reductions had been subject to public consultation over an eight week period where 1,819 responses had been received from a combination of the consultation survey. A similar survey was also undertaken with employees and a social media debate had taken place. The Chief Executive had led a Twitter debate on success indicators linked to the corporate priorities. He stated that the purpose of the survey was to seek citizens' views on how the Council measures success. The survey was made available online, at local libraries and also in alternative formats upon request. A total of 37 suggestions/ideas were generated; 24 responses were received online; 66 comments during the twitter debate reaching 586 individuals. He informed Cabinet that all suggestions have been reviewed and of those ideas, five have been considered particularly useful. Six new indicators have since been developed or identified around those six ideas.

The Chief Executive informed Cabinet that the Corporate Plan had been developed to deliver on the revised corporate priorities. The Plan identifies programmes and projects to carry out these priorities and sets out the commitments for 2016-17. The Plan is supported by the Medium Term Financial Strategy with the Council's overall revenue and capital budgets forming an integral part of it. He stated that the Medium Term Financial Strategy has been guided by the Council's priorities in the Corporate Plan and will enable delivery of those priorities. He outlined the principles of the Corporate Plan guided by the "One Council" approach.

The Chief Executive informed Cabinet that the Corporate Plan will be presented to the meeting of Council on 10 March 2016 together with the MTFs and in line with the requirements of the Local Government (Wales) Measure 2009; the Plan must be published by 31 March 2016.

The Deputy Leader in commending the Corporate Plan stated that it was shorter than previous Plans which is a reflection of the financial position of the Council.

RESOLVED: That Cabinet approved the Corporate Plan 2016-20 and the following six new performance indicators be included in the Corporate Plan and recommended to Council for approval.

- People reporting that they have received the right information and advice when they needed it
- People who are satisfied with the care and support they received
- Number of adults who received a service provided through a social enterprise, co-operative, user led service or third sector organisation during the year
- Number of Council-owned assets transferred to community for running
- Number of managers receiving training to improve their people management skills (including absence management)
- Number of employees receiving training to improve Welsh language skills.

853. URGENT ITEMS

There were no urgent items.

854. EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, the public be excluded from the meeting during consideration of the following item of business as it contained exempt information as defined in Paragraphs 14 and 16 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

Following the application of the public interest test it was resolved that pursuant to the Act referred to above, to consider the under-mentioned item in private with the public being excluded from the meeting as it would involve the disclosure of exempt information as stated above.

855. APPROVAL OF EXEMPT MINUTES

856. APPROVAL OF FINANCIAL IMPLICATIONS ARISING FROM THE PROVISION OF NEW EXTRA CARE FACILITIES IN THE COUNTY BOROUGH

The meeting closed at 3.48 pm