

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

10 MARCH 2016

REPORT OF THE SECTION 151 OFFICER

MEDIUM TERM FINANCIAL STRATEGY 2016-17 to 2019-20

1. Purpose

- 1.1 The purpose of this report is to present Council with the Medium Term Financial Strategy 2016-17 to 2019-20, which includes a financial forecast for 2016-20, a detailed revenue budget for 2016-17 and a Capital Programme for 2016-17 to 2025-26.

2. Connections to the Corporate Plan

- 2.1 The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2016-17.

3. Background

Corporate Plan - Policy Context

- 3.1 The Council reviews its Corporate Plan each year to ensure it continues to reflect the Council's corporate improvement priorities, commitments and performance indicators. Continuing austerity and demands on public services will require the Council to operate differently in the coming years and against that background three new corporate priorities have been developed for 2016-2020:
- Supporting a successful economy
 - Helping people be more self-reliant
 - Smarter use of resources
- 3.2 The Council's Corporate Plan is being presented to Council alongside the MTFS and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.
- 3.3 The Council's MTFS is set within the context of UK economic and public expenditure plans, Welsh Government priorities and legislative programme. It articulates how the Council plans to use its resources (revenue and capital) to support the achievement of its corporate priorities as well as the management of its statutory and core duties, known pressures and risks. The MTFS 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, risks or unforeseen demands from year to year without impacting unduly on services or council tax payers.

3.4 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2016-17 and outline proposals for 2017-18 to 2019-20.
- The Capital Programme for 2016-17 to 2025-26, linked to priority areas for capital investment and Capital Financing Strategy.
- The Treasury Management Strategy 2016-17 and Corporate Risk Register.

The Financial Context

3.5 In his 2015 Autumn Statement, the Chancellor of the Exchequer reported a £27 billion improvement in the UK's public finances, and set out spending plans designed to move the UK government's expected borrowing from £73.5 billion in 2015-16 to a forecast £10.1 billion surplus by 2019-20. However, his subsequent speech on 7 January 2016 here in Wales sounded a much more cautious note – highlighting the risks and headwinds of global instability, volatile commodity prices and referencing the “stop-start recoveries” experienced by other economies in the western world in recent years.

3.6 Against that background the UK Government Settlement to the Welsh Government for 2016-17 is a cash increase of 0.85%. There is no settlement at this point for future years.

Welsh Government Final Local Government Settlement

3.7 In the provisional Local Government Settlement Councils across Wales received an average -1.4% reduction in Aggregate External Finance (AEF) for 2016-17 (after allowing for transfers into and out of the Settlement). Bridgend's reduction was -1.2% (£2.301 million), but this figure includes a requirement to protect school budgets equivalent to 1% above the change in the Welsh Government's Revenue Budget (£1.578 million or 1.85%) as well as notional additional funding for social services pressures.

3.8 On 11 February 2016, officers received an updated provisional settlement figure (based on latest data) which provides only an additional £7,000 for 2016-17 (revised reduction £2.294 million). The Final Local Government Settlement was published on 2 March 2016, and will be voted upon on 9 March 2016, the day before Bridgend Council meets to agree its own budget. As such this report and the figures contained herein are subject to approval of the final settlement by the Assembly. Any changes will be reported verbally to Council on 10 March.

Settlement Implications for 2017-2020

3.9 The Minister has given no indication of the future allocations for 2017-18 onwards, but in view of current economic and fiscal projections and in the absence of other information the MTFS sets out a most likely scenario predicated on an assumption that AEF will reduce by -3.2% for 2017-18, 2018-19 and 2019-20. Based on these assumptions the total recurrent reductions required from 2016-17 to 2019-20 amount to £35.531 million.

Grant Transfers into the 2016-17 Revenue Settlement

- 3.10 The full picture on specific grants is not yet clear, but the draft settlement includes information on a number of changes to the level of grants at an all Wales level which impact on the Council's resources. Specifically:
- The Outcome Agreement Grant funding of £1.4 million has been transferred into the Revenue Support Grant (RSG).
 - A reduction in the Single Environment Grant across Wales. The actual reduction to Bridgend is 4.4% or £127,000.
 - A reduction in the Families First grant of 16.7% across Wales. The actual reduction to Bridgend is 11.7%, or £223,000.

Regional Collaboration Fund / Intermediate Care Fund

- 3.11 The Regional Collaboration Fund ends on 31 March 2016, but the Intermediate Care Fund will increase from £20 million in 2015-16 to £50 million across Wales for 2016-17. This Fund has been allocated by the Welsh Government to the NHS, but it is provided to support greater integration with local authorities.

Council Tax

- 3.12 In line with his advice to councils in recent years, the Minister's announcement on the provisional settlement encouraged councils "to take account of all income streams", reminding councils that the RSG was not the only source of funding and reiterated that Welsh Government offers considerable flexibility to authorities in Wales which is not available to their counterparts in England. The proposals for 2016-17 are based on a Council Tax increase of 3.9% based on an appropriate balance between service provision and the financial burden of any rise on households.

Welsh Government Capital Settlement

- 3.13 In February 2015, Council approved a Capital Programme for 2015-16 to 2024-25, based on the assumption that annual Welsh Government capital funding would be flat lined from 2015-16 onwards. Council subsequently approved revised capital programmes during the year, reflecting funding changes to some schemes, slippage, additional external funding approvals and changes to expenditure profiles. The final Local Government Capital Settlement for 2016-17 provides this Council with £6.296 million capital funding for 2016-17, which is only £8,000 more than 2015-16. No indications have been given for 2017-18 or beyond.

Current Year (2015-16) Financial Performance

- 3.14 The in-year financial position as at 31 December 2015 is shown in Table 1 below

Table 1 – Comparison of budget against projected outturn at 31 December 2015

Directorate/Divisions	Revised Budget	Projected Outturn	Projected Over / (Under) Spend	Projected Over / (Under) Spend
	2015-16 £'000	2015-16 £'000	Qtr 3 2015-16 £'000	Qtr 2 2015-16 £'000
Directorate				
Education and Transformation	105,835	105,735	(100)	(221)
Social Services and Wellbeing	60,987	60,885	(102)	(7)
Communities	25,210	25,344	134	104
Resources	14,438	14,273	(165)	(333)
Legal & Regulatory Services	6,089	5,720	(369)	(114)
Total Directorate Budgets	212,559	211,957	(602)	(571)
Council Wide Budgets				
Capital Financing	10,372	10,372	0	0
Precepts and Levies	6,912	6,912	0	0
Repairs and Maintenance	1,100	1,000	(100)	0
Council Tax Reduction Scheme	13,869	13,500	(369)	(385)
Insurance Costs	1,634	1,634	0	0
Other Corporate Budgets	5,755	5,661	(94)	(390)
Total Council Wide Budgets	39,642	39,079	(563)	(775)
Total	252,201	251,036	(1,165)	(1,346)

3.15 The overall projected position as at 31 December 2015 is a net under spend of £1.165 million, comprising £602,000 net under spend on Directorates and £563,000 under spend on corporate budgets. At this point in the financial year £1.230 million of budget reduction proposals had a **RED** RAG status meaning that they will not be achieved in the current financial year, while £1.481 million were categorised as **AMBER** meaning they will only be delivered in part. This represents a risk for the Council in 2016-17 and Directors are looking to progress these proposals or to identify the alternatives in their place. The delivery of these proposals will continue to be monitored in 2016-17.

4. Current Situation

MTFS 2016-17 to 2019-20

4.1 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.

4.2 The development of the MTFS 2016-17 to 2019-20 has been led by Cabinet and Corporate Management Board (CMB) and has taken into account the views of

auditors, 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. Implementation of the MTFs will continue to be led by Cabinet and CMB, supported by financial and performance data. The Council will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners). As well as linking explicitly to the Council's corporate priorities, the MTFs also links to other internal resource strategies such as the Workforce Plan, the ICT Strategy, the Treasury Management Strategy, the Asset Management Plan and the Council's Transformation Programme.

Scrutiny and Challenge

- 4.3 As stated in paragraph 4.2, 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 this year to secure greater involvement of stakeholders in the development of the MTFs and the Corporate Plan. "Shaping Bridgend's Future" an eight week consultation was undertaken during October and November 2015 and included an online survey, community engagement workshops, social media debates, community engagement stands and a meeting with third sector organisations. Members had the opportunity to take part in a budget workshop similar to the public engagement events. The results have been presented in a separate Cabinet report and are therefore not detailed here. 1.3% of the population (1,819 responses) responded to the consultation with positive support for the majority of proposals put forward. The response rate (13 per 1000) is considered in statistical terms to be a valid sample size and is a 311% increase on the response rate last year which is welcomed.
- 4.4 80% of respondents agreed with the three proposed priorities, although 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 equally around two thirds felt that schools, an area which has received Welsh Government protection in recent years, should be expected to make efficiency savings too. 11 of the 12 budget reduction proposals put forward received majority support, with the weakest support for reductions in highway maintenance, which received 48%. A full list is given below in Table 2 below.
- 4.5 In addition to the public consultation, Cabinet and CMB have been working with the Budget Research and Evaluation Plan over the last six months to facilitate the budget planning process. The Draft budget report approved by Cabinet in January has also been scrutinised by the Council's Overview and Scrutiny Committees resulting in a report from the Corporate Resources and Improvement (CRI) Committee. Cabinet has considered the CRI Committee's recommendations and a response to these is provided in Schedule A.

Table 2 – Budget Reduction Proposals consultation response

Rank	Proposal	Introduce or increase proposed budget reduction (%)	Introduce Smaller budget reduction (%)	Cut elsewhere (%)
1	Online services	87	9	5
2	Lifeguard services	83	14	3
3	Regeneration	82	13	5
4	Looked after children	73	18	9
5	Complex homecare	72	19	9
6	Holiday support for people with a learning disability	69	24	7
7	Nursery service	66	24	10
8	Subsidised bus routes	61	30	9
9	Parks and playing fields	59	29	12
10	Street cleaning	57	27	16
11	Respite care	54	33	13
12	Highway maintenance	48	37	15

- 4.6 Cabinet and CMB have reflected on the responses received from the public consultation and the CRI Committee and has made a number of changes to its budget reduction proposals as a result. In particular the budget reduction proposal for highways maintenance has been reduced by £0.5 million from the £1.207 million consulted on. Similarly the proposal to cut subsidised bus routes by £229,000 has been reduced to just £15,000 in 2016-17. In addition the proposed budget reduction to voluntary sector bodies of £33,000 has been reduced to £15,000 in 2016-17.

MTFS Principles

- 4.7 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 2016-2020 and which Members and others can examine and judge the Council's financial performance against. The fourteen key principles are to ensure that:
1. The Council continues to meet its statutory obligations and demonstrates how it directs resources to meet the Council's corporate priorities.
 2. Adequate provision is made to meet outstanding and reasonably foreseen liabilities.
 3. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks.
 4. Budgets will be reviewed annually to ensure existing and forecast spend is still required and to identify further efficiency savings as required to meet inescapable budget pressures.
 5. Financial plans provide an optimum balance between income and expenditure for both capital and revenue.

6. All services seek to provide value for money and contribute to public value.
 7. 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.
 8. The Council Fund balance will be maintained at a minimum of £7 million over the MTFS period and reach 2.7% of Gross Revenue Expenditure by 2019-20.
 9. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals.
 10. 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.
 11. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
 12. Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency will be maintained
 13. Other resource strategies (including the Workforce Development Plan, Treasury Management Strategy, ICT Strategy and Asset Management Plan) are kept under review to maintain alignment with the MTFS and the Corporate Plan.
 14. Budgets will be managed by Corporate Directors in accordance with the Council's Financial Procedure Rules.
- 4.8 Principle 12 has been expanded in response to the significant financial challenges the Council expects to face over coming years to allow the council to manage inescapable problems with delivery of particular savings when they arise until a solution can be found.

MTFS Resource Envelope

- 4.9 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, recognising the ongoing uncertainty around our funding in future years. The 2016-17 AEF figure is -1.2% based on the published Final Settlement, subject to approval by the Assembly, as outlined in paragraph 3.8 above. Over and above this however, future years' assumptions are all subject to change, not least due to continuing economic uncertainty as evidenced in paragraph 3.5 above. Furthermore, pay and prices and budget pressures will

continue to be influenced by national legislative and policy developments. 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 delivery of the Corporate Plan on track. 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 3.

Table 3 – MTFS Scenarios: % Change in AEF

	2016-17	2017-18	2018-19	2019-20
	% Change	% Change	% Change	% Change
Best Scenario		-1.5%	-1.5%	-1.5%
Most Likely Scenario	-1.2%	-3.2%	-3.2%	-3.2%
Worst Scenario		-4.5%	-4.5%	-4.5%

Managing within the MTFS Resource Envelope

4.10 The MTFS assumes that Directorates will absorb within existing budgets any non-contractual inflationary pressures up to the prevailing CPI rate (currently 0.3%). However, there are a number of foreseen pressures that the Council will have to manage over the MTFS period. The exact amounts needed to fund them may not be known so assumptions are made in the MTFS for:

- Projected demographic changes;
- Inflationary uplifts to support specific contractual commitments;
- Inflation for energy costs based on notification of known increases and projected forward pricing;
- Known impact of national policies and legislation not accompanied by commensurate funding e.g. Welfare Reform Bill; Social Services and Wellbeing Act; school budgets' protection; Living Wage; and auto enrolment;
- Increases in employer pension contributions;
- The removal of the National Insurance Contribution rebate as a result of the introduction of the single tier state pension in April 2016; and
- Minimum increases in fees and charges of the statutory minimum or CPI (at prevailing rate, currently +0.3%) plus 1%.

4.11 For 2016-17, the MTFS includes an additional £6.451 million for the above known pressures plus £1.4 million for the transfer in of the Outcome Agreement Grant. In addition, each year consideration is given to any inescapable unforeseen Directorate pressures that cannot be accommodated within existing budgets. £2.316 million of inescapable pressures have emerged during 2015-16 and are explained in more detail in paragraph 4.30 below. In total, the Council has unavoidable pressures of £10.167 million in 2016-17.

MTFS Budget Reduction Requirement

- 4.12 Table 4 below shows how much the Council needs to find from within existing budgets to help meet the inescapable pressures it is facing over the next four years, based on the AEF assumptions in Table 3 and assumed Council Tax increases of 3.9% in 2016-17 and 2017-18 and then 4.2% in 2018-19 and 4.5% in 2019-20.

Table 4 – Budget reduction scenarios

	2016-17	2017-18	2018-19	2019-20	Total
	Actual	Required Reductions			
	£000	£000	£000	£000	£000
Best Scenario	7,477	6,002	6,509	5,979	25,967
Most Likely Scenario	7,477	9,190	9,697	9,167	35,531
Worst Scenario	7,477	11,628	12,135	11,605	42,845

- 4.13 The figures for 2017-18 are £1 million lower than in the Draft Budget which is due to changes to the inescapable budget pressures for 2016-17, explained in paragraph 4.31 below.
- 4.14 Cabinet and CMB are working together to develop plans to meet the most likely scenario above. 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.
- 4.15 Table 5 shows current progress on identifying budget reduction proposals.

Table 5 – Risk Status of Budget Reduction Proposals 2016-17 to 2019-20

Year	GREEN: Proposal developed and deliverable	AMBER: Proposal in development but includes delivery risk	Budget reductions Identified So far	RED: proposals not yet developed	Total Required
	£000	£000	£000	£000	£000
2016-17	3,451	4,026	7,477	0	7,477
2017-18	617	5,003	5,620	3,570	9,190
2018-19	0	2,619	2,619	7,078	9,697
2019-20	0	1,283	1,283	7,884	9,167
Total	4,068	12,931	16,999	18,532	35,531
% of total required	11.4%	36.4%	47.8%	52.2%	100%

RED Proposals not yet developed or under consideration
AMBER Proposal in development, but includes delivery risk
GREEN Proposal developed and deliverable

4.16 The 2016-17 proposals have been amended since the Draft Budget report to reflect the £18,000 reduction to the cut in the third sector funding proposal (CS1). A number of proposals for 2016-17 onwards require further information and analysis and so are not included separately at this point in time. In line with the risk categories above such proposals will be identified in future reports when they achieve an **AMBER** or **GREEN** RAG status. Proposals currently under consideration include:

- Digital transformation of council services;
- Income generation opportunities;
- Further reductions in employee numbers;
- Reconfiguration of post 16 education provision;
- Working with partners to protect community facilities; and
- Review of nursery education provision.

4.17 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 harder each year to achieve, but as Table 6 shows the plans set out in this report will deliver 66% of the required budget reductions through efficiency measures, such as:

- Retendering learner transport contracts
- A safe reduction in the number of Looked after children
- Income generation from other public sector bodies
- Development of online services
- Staffing restructures

Table 6 – Budget Reduction Proposals 2016-17 to 2019-20

	2016-17	2017-18	2018-19	2019-20	Total	%
	£'000	£'000	£'000	£'000	£'000	
Smarter Best Use of Resources	4,371	4,400	1,454	916	11,141	66
Managed Service Reductions	735	504	335	0	1,574	9
Collaboration & Service Transformation	1,221	319	163	200	1,903	11
Policy Changes	1,150	397	667	167	2,381	14
Total Identified as at 1 March 2016	7,477	5,620	2,619	1,283	16,999	

4.18 Table 6 categorises each proposal for the reader and shows that 34% of the budget reductions identified so far will come from policy changes, collaboration, service transformation or as a last resort managed service reductions. Proposals in these categories are subject to consultation and Equality Impact Assessments and include changes to Youth Offending Service; remodelling adult social care; savings from the regulatory services collaboration; changes to the eligibility criteria for adult social care; changes to children's respite care; and increasing planning application fees.

4.19 Delivering £35.5 million of budget reductions will result in a smaller Council because around two thirds of the Council's net revenue budget is required to meet the pay costs of its employees. Efforts continue to manage the inevitable workforce reduction by holding vacancies, redeployment, early retirements and voluntary

redundancies (VER), but some compulsory redundancies will continue to be necessary. Over the MTFS period, the Council will need to ensure there are sufficient funds in the corporate redundancy budget and service reconfiguration earmarked reserve to meet VER costs.

Corporate Risk Assessment

- 4.20 The Council's Risk Assessment identifies the key corporate risks and mitigating actions and is attached as Schedule B. 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, such as the costs associated with Local Government Reorganisation, the risk is covered by the Council Fund.

2016-17 Net Budget Requirement

- 4.21 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 subtracting any budget reduction proposals. Appendix A shows the 2016-17 budget requirement and provides indicative figures for the subsequent three years based on the most likely scenario.
- 4.22 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 7 summarises the 2016-17 budget requirement and how it will be financed.

Table 7 – Net Budget Requirement

	2016-17
	£000
2015-16 Net Budget (Table 1)	252,201
2016-17 Pressures (Para 4.11)	10,167
2016-17 Budget Reductions (Table 5)	(7,477)
2016-17 Net Budget Requirement	254,891
<i>Financed by:</i>	
2015-16 Net Budget (Table 1)	252,201
Less Net Reduction in AEF (£2.294 million (para 3.8) less £1.4 million OA Grant (para 3.10))	(894)
Council tax increase of 3.9% (para 3.12) plus change in tax base	3,584
2016-17 Net Funding Total	254,891

2016-17 Revenue Budget

- 4.23 Table 8 presents the detailed net revenue budget for 2016-17. This includes specific grants transferring into the settlement as outlined in paragraph 3.10.

Table 8 – Revenue Budget 2016-17

	Revised Budget 2015-16 £000	Specific Grant Transfers from WG £000	Inter-Directorate Transfers £000	School Protection £000	NI & Pension Changes £000	Pay / Prices / Demographics £000	Inescapable Budget Pressures £000	Budget Reduction Proposals £000	Revenue Budget 2016-17 £000
Service Directorate Budgets:									
Education & Transformation									
Education & Transformation	20,548				270	29	223	-910	20,160
Schools	85,287			1,578	0	0			86,865
	105,835	0		1,578	270	29	223	-910	107,025
Social Services & Wellbeing									
Adult Social Care	40,173		-157		429	717	81	-1,837	39,406
Safeguarding	18,068				143	32		-557	17,686
Sport, Play and Active Wellbeing	2,746				16	0		-296	2,466
	60,987	0	-157	0	588	749	81	-2,690	59,558
Communities									
	25,077		256		290	67	197	-1,336	24,551
Resources	14,436		-106		291	36	363	-1,205	13,815
Legal & Regulatory Services	6,090				93	0		-398	5,785
Total Directorate Budgets	212,425	0	-7	1,578	1,532	881	864	-6,539	210,734
Corporate Budgets:									
Capital Financing	10,372		56					-300	10,128
Levies	6,912					12	58	-23	6,959
Repairs and Maintenance	1,100							-200	900
CTR Scheme	14,254					350		-300	14,304
Sleep Ins	800								800
Pension Related Costs	1,190				68				1,258
Insurance Premiums	1,634		-3			28		-100	1,559
Other Corporate Budgets	3,514	1,400	-46	-1,578		3,580	1,394	-15	8,249
Total Corporate Budgets	39,776	1,400	7	-1,578	68	3,970	1,452	-938	44,157
Net Budget Requirement	252,201	1,400	0	0	1,600	4,851	2,316	-7,477	254,891

4.24 The net budget will be funded by:

Table 9 – Net Budget Funding

	£	%
Revenue Support Grant	145,232,718	56.98
Non Domestic Rates	42,282,679	16.59
Council Tax Income	67,375,793	26.43
Total	254,891,190	100%

Council Tax Implications

4.25 The implications in terms of the Council Tax increase (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in Table 10.

Table 10 – Council Tax Increase 2016-17

2015-16 Average Band D	£1,249.07
2016-17 Average Band D	£1,297.78
% Increase	3.9%
Weekly Increase	£0.94

Pay, Prices and Demographics

- 4.26 At this point in time, a national pay settlement has not been agreed, but the Employers are offering a total of 2.4% over two years. The 2016-17 budget assumes this is accepted and the appropriate amount has therefore been retained centrally to meet this cost, which will be allocated to Directorate budgets once known.
- 4.27 Price inflation has been allocated to service budgets and includes provision for contractual increases in business rates, food costs, energy costs and other commitments. In addition, provision has been made for an estimated increase in employer pension contributions from 1 April 2016.
- 4.28 The remaining inflation provision will be retained centrally within corporate budgets and reviewed pending the outcome of any unforeseen demand led contract price inflation in relation to, for example, unexpected increases in energy costs or adjustments which may be required to meet contractual increases where the index is set after the Council's budget is approved.

Delegated Schools' Budget

- 4.29 The Delegated Schools' Budget has been completely protected from the reductions that other Directorates have had to find. The 2016-17 budget provides an additional £1.578 million to the schools' budget to meet the Welsh Government's 1% protection commitment.

Unavoidable Pressures

- 4.30 The final schedule of unavoidable pressures is attached at Appendix B and presents a number of recurrent and one off pressures, totalling £2.316 million. The January Draft Budget report explained that budget pressures identified at that time were subject to change before the Final Budget. The main changes are:
- the removal of the pressure relating to the provision of social care in the Parc Prison as Welsh Government grant has been agreed.
 - A reduction in the funding requirement for implementation of the Welsh Language Standards, which reflects the forecast cost of implementing the majority of the standards due to take effect in 2016-17. The pressure does not take into account the financial implications of a number of standards for which the Council is preparing an appeal on the basis that they are unreasonable or disproportionate. The financial implications of these are significant and unaffordable and should the appeal be unsuccessful the Council would have to meet the costs in the short term from a combination of corporate contingency (normally reserved for emergencies such as extreme weather events) or the Council Fund until recurrent funding could be identified either from budget reductions elsewhere or Council Tax increases.
 - A new pressure of £1 million (one-off funding) to finance part of the capital grant required to deliver the provision of two Extra Care Housing schemes.
- 4.31 In total for 2016-17, the recurring pressures total £1.235 million. The one-off pressures total £1.081 million and funding for these will be retained in corporate budgets and allocated to services as and when they are needed during 2016-17.

The recurrent budget associated with the one off pressures has been included in the 2017-18 allowance for budget pressures, which has reduced the level of budget reductions required in that year by £1 million.

Budget Reductions

- 4.32 Budget reduction proposals totalling £7.477 million have been identified from service and corporate budgets to achieve a balanced budget. These are detailed in Appendix C.

Corporate Budgets

- 4.33 Corporate budgets include funding for the Council Tax Reduction Scheme, 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.
- 4.34 For 2016-17, the Welsh Government has included the Outcome Agreement Grant (£1.4 million in 2015-16) within the RSG and as such it will no longer be included in corporate budgets.

Fees and Charges

- 4.35 As a minimum, income from fees and charges will be increased by at least CPI (at the prevailing rate, currently 0.3%) plus 1%, subject to rounding, or in line with statutory 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 2016-17 budget and are above the general increase are shown in Appendix D.
- 4.36 A corporate income generation policy has been developed during the year which is included in Appendix E for approval. The policy 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 Corporate Priorities

- 4.37 Appendix F details the Directorate Base Budgets for 2016-17. The MTFS supports the delivery of the Council's corporate priorities and Table 11 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 G. Because the Council's priorities for 2016-20 are different to those in the past a comparison with previous years would not be valid.

Table 11 – 2016-17 Budget by Corporate Improvement Priority

Budget 2016-17 Corporate Improvement Priorities			
Directorate	Corporate Improvement Priorities	Core Services & Statutory Functions	Total
	£'000	£'000	£'000
Education & Transformation	9,521	10,639	20,160
Schools	36,170	50,695	86,865
Adult Social Care	27,146	12,260	39,406
Safeguarding & Family Support	17,686	0	17,686
Sport, Play & Active Wellbeing	239	2,227	2,466
Communities	4,445	20,106	24,551
Resources	469	13,346	13,815
Legal & Regulatory Services	0	5,785	5,785
Corporate Budgets	138	44,019	44,157
NET BUDGET REQUIREMENT	95,814	159,077	254,891

Council Reserves

- 4.38 The Council's Reserves and Balances Protocol attached at Appendix H 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 2015 it was £7.45 million, which is 2.3% of Gross Revenue Expenditure (GRE) compared to a Welsh average of 2.7% for the same period. If the Council Fund was used to cover GRE, it would last 8.3 days compared to a Welsh average of 10 days. Against that background and in the face of continued uncertainty regarding the economy, public finances and Local Government Reorganisation, it is recommended that the Council seeks to increase its Council Fund up to the Welsh average of 2.7% of GRE (£8.801 million based on 2014-15) by the end of the MTFS period. 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.
- 4.39 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 2015-16. Appendix I sets out the forecast movement (as at 1 March 2016) in the Council's Earmarked Reserves and the Council Fund by the end of 2015-16 and 2016-17. At this point the forecast movement to 31 March 2016 is an overall reduction in usable reserves of £1.956 million on the assumption of:
- Full drawdown of £1.044 million of the Treasury Management Reserve to refinance existing loans by paying off premiums;
 - A net reduction in the capital contribution reserve of £1.275 million (taking account of a £2.5 million transfer out to the Major Claims Reserve for potential capital contractual claims) and a transfer in from Other Corporate Budgets of £1.425 million to support the Council's Capital programme;
 - The drawdown of £379,000 from the Change Management fund in respect of a number of projects including the creation of the Awen Trust;

- Forecast draw down of £604,000 from the Directorate Issues Reserve; £77,000 to be carried forward into 2016-17 for the Deprivation of Liberty assessment costs; and an unwinding of the £809,000 balance at year end;
- The reclassification of £0.5 million between the Insurance Earmarked Reserve and the Insurance Provision; and
- The net addition of around £1.277 million from forecast accrued Council Tax income at year end into the Service Reconfiguration Reserve after draw downs during the year. This will help to meet the investment requirements associated with Transformation Programmes such as digital transformation and Extra Care provision.

4.40 An assessment is currently being undertaken on the business case for making a contribution to the Pension Fund to meet outstanding superannuation liabilities as a means of reducing pressure on the Council's revenue budget in the future. No allowance has been made for this in the movement of reserves forecast in Table 12 or Appendix I as this is subject to further advice.

4.41 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 out-turn, 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 2016-17 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 2016-17 assumes:

- An overall reduction in usable reserves of £6.61 million during 2016-17;
- The full drawdown of the Car Parking Strategy, Waste Management Contract and Welfare Reform Reserves;
- The drawdown of the Capital Programme Contribution Reserve, Capital Feasibility Reserve and Asset Management Reserve in line with the current Capital Programme expenditure profile;
- The drawdown of the Change Fund reserve in line with amounts allocated for the 2016-17 financial year; and
- A forecast addition of £1.2 million to the Service Reconfiguration Reserve and a drawdown of £1.5 million in respect of Extra Care in 2016-17.

Table 12 – Summary of Usable Earmarked Reserves

Opening Balance 1 April 2015 £'000	Reserve	Movement 2015-16 £'000	Closing Balance 31 March 2016 £'000	Movement 2016-17 £'000	Closing Balance 31 March 2017 £'000
7,450	Council Fund Balance	-	7,450*	-	7,450*
35,334	Total Earmarked Reserves	(1,956)	33,378	(6,610)	26,768
42,784	Total Usable Reserves	(1,956)	40,828	(6,610)	34,218

* Increases up to 2.7% of GRE are not included in forecast as they will be dependent upon affordability following year-end reviews of reserves, revenue outturn and pressures

Capital Programme and Capital Financing Strategy

4.42 This section of the report deals with the proposed Capital Programme for 2016-17 to 2025-26, which forms part of, but extends beyond the MTFS. It also covers the Council's capital financing strategy. Both have been developed in line with the MTFS principles and reflect the Welsh Government capital settlement for 2016-17. The Programme has been revised since the draft budget report to Cabinet on 12 January to take into account proposed new capital schemes following a review of the Council's capital investment requirements.

Capital Programme 2016-17 to 2025-26

- 4.43 Appendix J sets out the proposed Capital Programme for the period 2016-17 to 2025-26. The Welsh Government final capital settlement for 2016-17 provides General Capital Funding (GCF) for the Council of £6.296 million in 2016-17, of which £3.914 million is un-hypothecated supported borrowing and the remainder £2.382 million is General Capital Grant. No indicative allocations have been provided for 2017-18, so for now it is assumed that this level of funding will remain constant for years after 2016-17, but this will be indicative only.
- 4.44 The Programme was last revised in October 2015. Since then a review has been underway to identify the Council's capital investment requirements for 2016-2025, compared to available capital, against the following four criteria:
- Link to proposed new corporate priorities;
 - Level of risk associated with investing (in terms of impact on service delivery, ability to meet MTFS budget reductions, and prevention of building failure and closure);
 - Budgetary provision for any additional revenue costs arising from the scheme;
 - Payback period (where appropriate).
- 4.45 Following a rigorous appraisal process and a review of the amount of funding available, the schemes set out in Table 13 are proposed to be included within the Capital Programme for 2016-17 onwards. A number of schemes are subject to Cabinet approval of business cases and/or confirmation of external funding and will only proceed once these agreements are secured.

Table 13 – Proposed New Capital Schemes

Project Title	Scheme Outline	Total Scheme Cost £'000	Estimated BCBC Funding Required £'000	Other Funding Sources
Refurbishment of the Caretaker's Lodge and Heron House, Heronsbridge School	To enable 52 week residential provision in-county for children with disabilities, to reduce the number of children placed out of county.	286	286	N/A
Town Beach Revetment Sea Defence, Porthcawl	Construction of pre-cast Concrete Terraced Revetment to replace the deteriorating coastal defences along the Esplanade Road seafront.	3,552	714	Welsh Government Grant
Modernisation and mobilisation of the homecare workforce	To replace current manual systems, to introduce a new e-homecare system, with iCall installed.	72	72	N/A
Maesteg Comprehensive School Highways	Improvements to meet Health and Safety Executive requirements.	500	300	BCBC Specific Reserve
Maesteg Town Hall	This will involve providing additional facilities within the Town Hall and co-locating library provision. This project will be managed by Awen Cultural Trust.	3,845	500	ERDF / Lottery
Relocation of Household Waste Recycling Centre	To develop a new HWRC at Village Farm Industrial Estate in Pyle in line with WRAP best practice guidance for improving performances at HWRCs.	1,328	1,328	N/A
DDA Works at Civic Offices	To address accessibility and staff welfare issues and concerns.	120	120	N/A
Health and Safety Improvements around Schools	To improve traffic and transport safety in and around school premises.	500	500	N/A
Bridge Strengthening A4061 Ogmoredale Valley	To strengthen the bridge to enable it to withstand abnormal load traffic.	2,450	2,450	N/A
Smart System and Heat Programme	The council will work with the ETI to develop plans to heat homes and businesses using cutting-edge technology.	76,000	250	WG, EU, Private Sector
Provision of two Extra Care facilities in the Valleys Gateway and Maesteg	£2.5 million capital grant to be awarded to preferred Registered Social Landlord (RSL) partner towards facility construction costs; plus £0.5 million for contingency and to meet any associated infrastructure costs.	8,000	3,000	Balance to be funded by preferred RSL partner

4.46 Subsequent to further funding becoming available, additional projects may be added to the capital programme during the next financial year. However, this will be subject to retaining a contingency amount of capital receipts to meet any unforeseen risks.

4.47 The Capital Programme also 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 it is proposed that they remain at current levels for 2016-17, as follows:

- Highways and Transportation Capitalised Repairs – given the backlog of repairs and maintenance of highways it is recommended that this annual allocation be maintained at the current level;
- Disabled Facilities Grants and Housing Renewal Schemes – Cabinet agreed in September 2015 to amend the Private Sector Housing Renewal and Disabled Adaptations Policy, which this funding supports, to amend two existing grants (Empty Homes Grant and Assistance to RSLs), and to include a new grant – the Home Security Grant to assist people suffering from domestic abuse. It is proposed to keep these allocations at existing levels;

There has been slippage against this budget in recent years, due to delays in Occupational Therapy referrals, so the service is cautious not to reduce this budget in case it cannot meet the cost of referrals;

- Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2020-21 to provide matched funding for the Welsh Government's Structural Funding Programme 2014-20. As outlined in the report to Council in July 2014 this provides flexibility in the Capital Programme to enable the Council to take advantage of and maximise external funding opportunities, mitigate funding shortfalls which can occur between grant bid and offers stages and provide some contingency for additional spending pressures on regeneration projects.
- Minor works – The Capital Programme currently includes an allocation of £1.1 million to tackle the backlog of capital minor repairs and maintenance works in the Council's existing buildings and non-buildings infrastructure, as well as energy management, fire prevention and DDA capital schemes. There is also a £600,000 revenue budget available to meet revenue repairs and maintenance. The revenue budget is being reduced by £150,000 as part of the MTFs following rationalisation of administrative assets, so it is proposed to maintain the capital allocation at this level. The Corporate Property Group is responsible for allocating this funding to projects during the financial year.
- Since 2008-09 Town and Community Councils have been able to apply for match funding from the Council for local projects and as a result a number of worthwhile community projects have been developed. In October 2015, Council agreed to increase the funding in the Capital Programme to £100,000 to support Community Asset Transfer (CAT).

4.48 In addition, it is recommended that two additional fixed annual allocations be included to meet the on-going costs of Bridgelink / Telecare equipment replacement, and street lighting / bridge infrastructure replacement, covering street lighting column replacement, bridge erosion and scour protection. This brings the total commitment to 80.53% of the 2016-17 General Capital Funding, as shown in Table 14:

Table 14 – Current Annual Allocations of Capital Funding

	2015-16 £'000	% of 2016-17 GCF
Highways Capitalised Repairs	200	3.18%
Transportation Capitalised Repairs	250	3.97%
Disabled Facilities Grant	2,350	37.33%
Housing Renewal Schemes	100	1.59%
Special Regeneration Funding	540	8.58%
Minor Works	1,100	17.47%
Community Projects	100	1.59%
Bridgelink / Telecare replacement	30	0.48%
Street lighting / Bridge infrastructure replacement	400	6.35%
Total	5,070	80.53%

- 4.49 In February 2014 Council confirmed its commitment to contribute £1 million per year from core capital funding (£5 million total across the life of the 21st Century Schools Programme), as part of the local authority matched funding contribution for the Programme. This leaves a balance of general capital funding of £226,000.

Capital Programme link to the Corporate Priorities

- 4.50 Table 15 outlines how the Council is using its capital programme to support the new corporate priorities.

Table 15 – Capital Programme by Improvement Priority

Improvement Priority	Revised 2015-16 £000	2016-17 £000	2017-18 £000	2018-19 to 2025-26 £000	Total £000
1. Supporting a Successful Economy	6,730	15,293	4,429	5,446	31,898
2. Helping People to be more Self-Reliant	3,566	6,432	2,380	19,040	31,418
3. Making Smarter Use of Resources	18,768	20,178	23,138	18,299	80,383
Addressing Statutory Risks / OBAU	2,625	1,650	1,750	14,050	20,075
TOTAL	31,689	43,553	31,697	56,835	163,774

Supporting a Successful Economy

- 4.51 The proposed capital programme includes a number of projects which will help to support a successful economy by, for example, investing in the three main towns in the County Borough through infrastructure investment, regeneration and town

centre developments. This also involves investing in replacement bridges and shoring up our sea defences, which are considered important elements for improving economic conditions through the provision of road links to towns and industrial estates.

- 4.52 The Smart System and Heat Programme aims to work with local authorities across the UK to develop innovative smart solutions to generating and distributing heat at a local level. The total programme cost is in the region of £76 million, with funding being sought from a number of sources, including Welsh Government, European funding and funding from private sector suppliers. The contribution of £250,000 is included in the capital programme as a contribution to the overall programme subject to a clear direction being agreed on the funding mechanism for the whole scheme, managing any treasury management implications and identifying an appropriate use for Bridgend's contribution.
- 4.53 The proposed programme includes a scheme to develop a cultural hub in Maesteg Town Hall. The plan is to bring together cultural facilities, to improve footfall within the Town Centre and manage the backlog of repairs and maintenance required in the Grade II listed building. This facility is currently managed by Awen Cultural Trust, and they will work with the Council to secure significant external funding to support this project.
- 4.54 The Porthcawl sea defence revetment works draws on 75% Welsh Government funding towards a total scheme costs of £3.552 million. The seafront provides an important contribution to employment and the economy of Porthcawl. The renewal of sea defences will give renewed confidence to stakeholders to continue to visit and invest in the area, reduce the whole life maintenance costs of the existing structure and protect utilities, commercial and residential property. The design stage will be carried out in 2016-17.

Supporting Vulnerable People to Remain Independent

- 4.55 The largest project in relation to priority two is the proposed capital grant funding to support the creation of two Extra Care schemes in the County Borough. Once operational, these will provide an alternative for service users who have the potential to remain independent and therefore reduce the need for more traditional models of care such as residential care. The Extra Care investment is in the form of a capital grant to the successful housing association partner for the two schemes. In previous years, developments across Wales have previously benefitted from Welsh Government support in the form of Social Housing Grant. However this funding stream has ended and consequently council has undertaken a competitive process to determine the level of Council investment required. The funding will be secured against the continued provision of facilities.
- 4.56 Funding is included for increased mobile ICT provision for the homecare workforce which will enable greater efficiency and safety in the workforce.
- 4.57 £2.35 million of annual capital funding is allocated to Disabled Facility Grants which form a recurrent investment in helping people to be more self-reliant and remain in their own homes.

Smarter Use of Resources

- 4.58 The Schools' Modernisation and Investment Programme forms a cornerstone of the corporate priority making smarter use of resources. School modernisation and school improvement complement each other, and well established collaborative arrangements are taking forward strategies to enhance teaching and learning and school leadership, supported by state of the art buildings and the innovative use of new technology. The Welsh Government has committed to fund £22.475 million of the total costs (currently estimated at £45.510 million) for Band A priority projects, through a combination of capital grant and the Local Government Borrowing Initiative, with the balance met from Council resources. Council has agreed that this would be met from core funding allocations of £5 million, anticipated S106 funding of £5.288 million and projected receipts from the sale of schools and other sites, and other contributions, of £12.747 million.
- 4.59 The programme is based on the current estimated expenditure profile over the funding period. This is an ambitious programme and it is essential that the planned capital receipts already committed and ring fenced from the sale of school sites to finance the programme are retained for this purpose. Any change to this commitment would require Council approval.
- 4.60 In the meantime, the following projects are included in the Council's approved programme, but funding for each project will not be confirmed until Welsh Government approves the final business case and sufficient capital receipts have been generated:

Table 16 – 21st Century School Programme – Band A

Project	Current Status
Coety / Parc Derwen Primary School	Construction complete – school opened 2 nd November 2015 as per the statutory notice. In defects period.
Special Education Needs Provision	Construction completed – school opened 15 th June 2015 as per the statutory notice. The Bridge Alternative Provision and education support services have transferred into the campus.
Garw Valley South Primary Provision	Revised OBC approved, awaiting Ministerial confirmation. Planning permission sought. Cabinet approval sought to appropriate the land. Progressing procurement option.
Pencoed Primary School	Design commenced. Consultation regarding relocating the school commencing shortly. School opening date revised to April 2018. SOC submitted to WG.
Brynmenyn Primary Provision	OBC approved by WG. Currently out to tender for the design and build of the school. Tender return date Friday 25th March.
Mynydd Cynffig Primary School	Primary school opened on a split site on 1 st September 2015 as per the statutory notice. Revised SOP submitted to WG for their consideration.
Héronsbridge Special School	Exploring opportunities for additional capacity to meet needs of children with ASD.

- 4.61 The revised programme also includes a scheme to rationalise assets at Heronsbridge School to enable residential provision for children with disabilities on a 52 week a year basis, to enable children to stay within Bridgend rather than being placed in establishments far from the family home. This will enable revenue savings to be made and will ensure more efficient use of the assets available.
- 4.62 Other schemes included within the programme are focused on maximising the use of ICT and other assets to provide a better quality of service at the same or reduced cost, and to contribute towards Welsh Government recycling targets. Other projects address health and safety and DDA requirements in and around Council buildings.

Capital Financing Strategy

- 4.63 The Capital Financing Strategy is underpinned by the Council's Treasury Management Strategy. The two key principles used in the Capital Financing Strategy are:
1. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
 2. 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.

Capital Receipts

- 4.64 The Council estimates that around £21 million could be generated as part of the enhanced disposals programme, with circa £9.3 million already delivered (anticipated to reach £10 million by the end of 2015-16) and circa £11 million of capital receipts to be generated over the next three years 2016-17 to 2018-19, of which £4 million is expected to be realised in 2016-17. Of the £21 million, £8.8 million relates to school buildings and land vacated through the 21st Century Schools Programme, to be used as match funding for the programme. It includes receipts anticipated from the sale of surplus sites within the County Borough. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

Prudential Borrowing

- 4.65 Prudential Borrowing totalling £41.5 million was approved by Council on 25 February 2015, which included £5.6 million of Local Government Borrowing Initiative (LGBI) funding towards the costs of the 21st Century Schools Programme.
- 4.66 Total prudential borrowing taken out by the end of 2016-17 is estimated to be £41.745 million, which takes into account additional fleet purchases and LGBI funding for street lighting, highways and the 21st Century Schools Programme, of which approximately £32 million is still outstanding.

Treasury Management Strategy 2016-17

- 4.67 The Prudential Code for Capital Finance in Local Authorities (fully revised 2011) requires the Council to set a number of Treasury Management Indicators and report them within the Treasury Management Strategy. 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. These are included in the Treasury Management Strategy 2016-17, attached as Appendix K. The indicators either summarise the expected activity or introduce limits upon the activity, reflect the underlying capital programme and provide assurance that capital investment decisions are affordable, prudent and sustainable.

5. Effect on Policy Framework and Procedure Rules

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

6. Equality Impact Assessment

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.
- 6.2 A high level equality impact assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Appendix L). EIAs have been completed for individual 2016-17 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

7. Financial Implications

- 7.1 This report outlines the financial issues that Council is requested to consider as part of the 2016-17 to 2019-20 MTFS. The Council's Chief Financial Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals and the financial uncertainties surrounding the implementation of local government re-organisation. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 8 in paragraph 4.7 above and essential that revenue service expenditure and capital expenditure is contained within the identified budgets.
- 7.2 The Chief Financial Officer is also required to report to Council if he/she does not believe that he/she has sufficient resource to discharge his/her role as required by s114 of the Local Government Act 1988. Members should note that there is

sufficient resource to discharge this role.

- 7.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified in the body of the report the MTFs provides a firm basis for managing the Council's resources for the year 2016-17 and beyond.

8. **RECOMMENDATIONS**

- 8.1 Council is asked to approve 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. In particular it is asked to approve the following specific elements:

- 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 (Table 10).
- The 2016-17 budgets as allocated in accordance with Table 8 in paragraph 4.23.
- The Capital Programme 2016-17 to 2025-26 (Appendix J).
- The Treasury Management Strategy 2016-17 and Treasury Management and Prudential Indicators 2016-17 to 2019-20 (Appendix K).
- The Corporate Income Generation and Charging Policy (Appendix E)

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March 2016

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Background Papers:
Final Local Government Revenue and Capital Settlements 2016-17
Cabinet Report – MTFs 2016-17 to 2019-20 1 March 2016
Provisional Local Government Revenue and Capital Settlements 2016-17
Cabinet Report – MTFs 2016-17 to 2019-20 - 14 July 2015

4 Year Budget Forecasts 2016-17 to 2019-20				
	Budget 2016-17	Indicative Budget 2017-18	Indicative Budget 2018-19	Indicative Budget 2019-20
Service Budgets	£000	£000	£000	£000
Education & Transformation	20,160	19,793	18,103	16,015
Schools	86,865	86,023	85,189	84,363
Social Services & Wellbeing Communities	59,558	56,579	52,678	50,729
Resources	24,551	22,625	22,014	20,545
Legal and Regulatory Services	13,815	12,359	11,024	9,682
	5,785	5,121	4,977	4,399
Total Directorate Budgets	210,734	202,500	193,985	185,733
Corporate/ Other Budgets				
Council Tax Reduction (CTR) Scheme	14,304	14,504	15,204	15,904
Repairs and Maintenance	900	900	900	900
Levies	6,959	6,959	6,959	6,959
Capital Financing	10,128	9,978	9,978	9,978
Pension Related Costs	1,258	1,608	1,808	1,808
Insurance Premiums	1,559	1,459	1,359	1,359
Sleep Ins	800	800	800	800
Corporate Budgets	2,359	2,303	2,247	2,191
Inflationary/Other Pressures	5,890	10,866	15,784	21,069
	44,157	49,377	55,039	60,968
Net Budget Requirement	254,891	251,877	249,024	246,701

Assumptions:

1. Projected demographic changes.
2. Known impact of national policies and legislation not accompanied by commensurate funding e.g. Welfare Reform Bill, Social Services & Wellbeing Act; Living Wage and auto enrolment.
3. Inflationary uplifts to support specific contractual commitments.
4. Removal of the national Insurance Contribution rebate as a result of the introduction of the single tier state pension in April 2016.
5. Provision for inflationary uplifts to support specific contractual commitments and a provisional pay award which is an increase to the wage bill of 2.4% over 2 years (2016-2018).
6. A projected increase of 0.3% in 2016-17, 0.2% in 2017-18 and a further 0.2% in 2018-19 in employers' pension contributions resulting from the triennial Actuarial Valuation. There are additional increases in employers' contributions for teachers' pensions of 2.3% (part year effect).
7. Fees and Charges will increase by the statutory minimum or CPI (at prevailing rate, currently 0.3%) plus 1%.
8. Services will absorb within budgets non contractual inflationary pressures of up to the prevailing CPI rate.

Directorate	Proposed Improvement Priority	Service Area	Description of pressure	Recurrent Pressure	One Off Pressure (allocated in-year)
				£000s	£000s
Education	Helping people to be self-reliant	Integrated Working	To mitigate the reduction in the Families First grant from Welsh Government	223	
Wellbeing	Helping people to be self-reliant	Adult Social Care	The Social Services and Wellbeing Act will place a responsibility on Local Authorities to arrange for advocacy services to be made available to people with needs for care and support, whether or not those needs are being met by a local authority. There is currently a very low level of advocacy services in Bridgend which is located in the voluntary sector. There is a clear need for a specifically commissioned advocacy service with a focussed remit to meet the requirements of the Act.	50	
Wellbeing	Smarter use of resources	Adult Social Care	To provide recurrent funding for a carers development officer role for which grant funding has ended. The Social Services and Wellbeing Act places local authorities duty of care for Carers on an equal footing with the cared-for.	31	
Wellbeing	Helping people to be self-reliant	Extra Care	To provide a one-off revenue contribution to capital funding as part of the overall commitment to the new Extra Care facilities to be developed in the County Borough.		1,000
Communities	Core services & statutory functions	Public Transport	To mitigate the reduction in a specific grant from Welsh Government. The obligation on Local Authorities to administer passes has not diminished however the support from Welsh Government has dropped from £3 to £1 per pass.	70	
Communities	Supporting a successful economy	Waste	To mitigate the reduction in the Single Environment grant from Welsh Government, which provides financial support for waste collection and recycling activities.	127	
Resources	Smarter use of resources	Homelessness	A new Emmaus facility for the homeless has opened in the county borough. As the accommodation is classed as exempt, the full rental cost must be met by the authority whereas only the level agreed by the rent officer can be recovered from the Department for Work and Pensions (DWP), leaving a shortfall	143	
Resources	Smarter use of resources	Benefits	In line with other local authorities, there has been an increase in the financial value of overpayments in housing benefits, regardless of reason/fault, as both the overpayment rate has increased and the level of housing benefit has risen with rents. A proportion of overpayments cannot be reclaimed from DWP	220	
Corporate	Core services & statutory functions	Fire Service Precept	Increase in precept by 0.92% to meet additional pressures faced by the service.	58	
Corporate	Core services & statutory functions	Welsh Language	To meet the costs of implementation of the Welsh Language Standards. Failure to comply with the standards will result in a fine of £5,000 for each standard not adhered to.	313	81
Total Budget Pressures				1,235	1,081

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
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PROPOSED IMPROVEMENT PRIORITY

- IP1 - Supporting a successful economy
- IP2 -Helping people to be self-reliant
- IP3 -Smarter use of resources
- NONPTY-Core services & statutory functions

CATEGORIES

- BUR- Making Best Use of Resources
- MSR- Managed Service Reductions
- CST - Collaboration and Transformation
- PC - Policy Changes

RAG STATUS KEY

- RED Proposals not yet developed or under consideration
- AMBER Proposal in development but includes delivery risk
- GREEN Proposal developed and deliverable

EDUCATION & TRANSFORMATION

CENTRAL EDUCATION & TRANSFORMATION

CH1	Wise	IP1	MSR	Out of County budgets - reduction of Education costs by returning children with additional needs to in-house provision with additional support if required	Potentially, the needs of children will not be totally met and this could lead to legal challenge. Currently children's complex needs are met out of county and therefore bringing these in-house will bring them closer to home but they may need additional support which in turn may have a financial impact on a case by case basis.	1,513	13%		200			
CH2	Healthy	IP2	CST	Youth Offending Service Collaboration	Posts which have become vacant have not been replaced and there are a number of posts which BCBC now do not hold (e.g. information officer post which is shared with NPT). The YOT is combined with Swansea and NPT and the reduction needs to be agreed with them.	419	23%		95			
CH3	Corporate Business	IP3	BUR	Retender Learner Transport contracts	Lower cost contracts may result in reduced quality of service as well as an increase in the number and complexity of complaints regarding the service.	4,310	2%	400	100			
CH4	Corporate Business	IP3	MSR	Rationalise Special Education Needs transport	Children with special educational needs may see changes to their current modes of transport and they will have to share transport when they have had dedicated transport in the past. This will inevitably lead to complaints from parents and could result in successful challenge.	4,310	3%	100	150			
CH5	Corporate Business	IP3	PC	Review of Learner Transport Policy regarding statutory distances for free travel	The number of children receiving free transport will reduce, this could affect the choice of schools parents make which may skew our current pupil projection numbers leading to an imbalance in numbers. It could also lead to a reduction in the number of parents and children choosing Welsh medium or faith provision. This could negatively affect the WESP and also the PIs in relation to Welsh medium education.	4,310	5%			67	67	67
CH9	Wise	IP3	BUR	School transport route efficiencies	Minimal impact. More efficient routes to be identified.	4,310	9%	200	200	200		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
CH15	Healthy & Wise	IP3	BUR	Staff Restructure - Inclusion and Additional Learning Needs	Potential redundancies and reduction in the staffing resources available. There will be inevitable delays in children receiving an assessment of their needs and then a further delay in services being available to meet those needs. This may negatively affect some children's ability to learn and may result in children with additional needs not meeting their full potential.	3,202	3%		100			
CH36	Wise	IP3	BUR	Saving on premises budget due to amalgamation of SEN services	Minimal impact. Amalgamation of services has led to savings on premises budgets.	66	45%		30			
CH38	Wise	IP3	BUR	Efficiency review of Catering Service	Efficiencies have been identified year on year within this service and the service will be unable to continue to make such efficiencies year on year without compromising on quality.	663	15%			100		
CH40	Corporate Business	IP3	BUR	Reduction in cost of Central South Consortium arising from efficiencies generated from transfer of additional services.	Additional services will be provided to all member authorities by the Central South Consortium, generating efficiency savings through collaboration. The danger of this approach is the LA will lose the remnants of the locally retained services.	676	5%		35			
				Total Education and Transformation central					910	367	67	67
SCHOOLS												
SCH1	Wise	IP3	BUR	Agreement in principle: Cabinet have agreed that schools should be expected to find 1% efficiency savings.	The details of these efficiencies and the potential impact on each individual school has been detailed in a separate document. It is however clear that even a 1% budget reduction has the potential to make some schools unviable, will result in many schools going even further into a deficit position and will result in some teacher redundancies.	85,086	3%			842	834	826
				Total Schools					0	842	834	826
N/A			N/A	Proposals under consideration or not yet developed within Education & Transformation Directorate							1,623	2,021
				Total Education & Transformation Directorate					910	1,209	2,524	2,914

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
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SOCIAL SERVICES & WELLBEING

Theme 1 - Remodel Service Delivery												
ASC1	Healthy & Wise	IP2	CST	Focus local authority homecare on specialist and complex care	Focus in-house homecare provision on specialist and complex care and retain 2,268 hours to achieve this. Commission the remaining 2,132 hours from the independent sector to deliver more generic packages of care	1,895	13%	307	250			
ASC2	Healthy & Wise	IP2	CST	Support increased independence through enablement and progression in Learning Disability services	The reviews of care packages will include a consideration of the authorities statutory obligation to provide support and that which the service user could fund themselves. Advice has been sought from the legal team and these reviews will be done on an individual basis and based on a needs assessment.	3,280	1%	220	40			
ASC3	Healthy & Wise	IP2	PC	Link the work on the new assessment framework to the new national eligibility criteria as part of the Social Services and Wellbeing Act ensuring timely	This saving proposal is based on the adoption of a whole system transformation to the assessment framework with a view to improve the well-being outcomes for people who need care and support and reduce the numbers of people requiring long term support. This has and will transform the way we respond to people contacting social care services; it will be a balance between offering people high quality advice and information to assist them to resolve their problems by maximising the use of community resources, developing solutions that don't require complex assessment or the formal provision of care and therefore reducing the level of individuals that require long term managed care. The savings represent a 6% reduction in commissioned care packages	21,459	4%	1,399	662	150		
ASC7	Healthy & Wise	IP2	CST	Reprovision and remodelling of Shared Lives	The saving will reduce dependence on residential placements to a Shared Lives setting for all adults. There will always be a need for residential placements which places pressure on this saving however work is currently progressing with the new provider to identify individuals that would benefit from this type of service model	968	10%	135	50	50		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
ASC9	Healthy & Wise	IP3	CST	Review CHC-eligible cases to secure appropriate contribution to packages of care	This is managed as one of the work streams under the Changing the Culture Project Board overseen by the Remodelling Adult Services Board. Where CHC applications are being made the progress is tracked and the financial impact recorded. All applications are monitored and where necessary engagements with the Health Board are overseen by Senior Management. These savings have been based on between 7 to 12 individual being eligible for CHC funding.	21,459	1%	70	118			
ASC17	Healthy & Wise	IP2	MSR	Managed Service Reductions Residential & Respite Care	A review of the level of residential respite care provided to individuals may impact on the level of service received. Figures are based on a 13% reduction in current levels of demand and spending.	5,777	13%			414	335	
ASC18	Healthy & Wise	IP2	PC	Development of Extra Care Housing	Development of Extra Care as an alternative to Residential Care, to meet the future needs of Bridgend Residents	2,017	33%			160	500	
ASC19	Healthy & Wise	IP3	CST	Develop a Delivery Model for the Bridgend Resource Centre	Development of an income stream for the service via 'selling' 4 weekly placements to other public sector organisations and reviewing the management arrangements of the centre. A working group has been established and project management arrangements are being developed.	1,306	8%		108			
ASC21	Healthy & Wise	IP3	MSR	Transfer Family Care Service to the Community Hubs	A transfer plan will be produced during 2015/16	237	89%		210			
CH25	Healthy & Wise	IP2	BUR	Reduction in Safeguarding LAC numbers and related reduction in costs	It is envisaged that costs can be reduced if children at risk can be identified early and alternative support be provided instead of them becoming 'Looked after'	9,862	9%		357	520		
ASC27	Healthy & Wise	IP3	PC	Redesign respite and emergency services, including a review of transition services	Redesign respite and emergency services across Adults and Children Services						100	100
Theme 1 - Remodel Service Delivery - sub-total									1,795	1,294	935	100
Theme 2 - Service Efficiencies												
ASC6	Healthy & Wise	IP3	BUR	Management, Admin and Training Implement measures to achieve 7% and 5% across the 2 years	There will be a low impact on the public.	2,550	3%	215	76			
ASC12	Healthy & Wise	IP3	BUR	Continued efficiencies within LD Day Services	A staff restructure is being implemented and an options appraisal for the future management arrangements of the service is being produced	1,062	15%	35	36	120		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
ASC15	Healthy & Wise	IP3	BUR	Achieve transport efficiencies	There will be no impact on staff or service users by this arrangement which involves some of the in-house routes being provided by a community transport organisation.	724	2%	37	18			
ASC23	Healthy & Wise	IP3	BUR	Changes in Workforce	Work will commence in October 2015 to plan a new structure for the Social Services and Wellbeing Directorate. This will involve bringing services together across Adults, Children and Sport, Play and Active Wellbeing. Implementation planned for 2016-17. There will also be potential changes to the workforce as a result of the SS&WB Act however it is too early to anticipate the extent of this hence the red RAG status for 17/18 and 18/19.	Cross service budget			100			
CH22	Healthy & Wise	IP2	PC	Remodelling of Children's Respite Care	Remodelling children respite services in Bridgend, a review of current provision is underway in line with partners.	430	47%		200			
HL 2	Healthy	IP3	BUR	Review Healthy Living Partnership Contract	Decisions would be needed following presentation of options and consideration of financial penalties and capital claw-back.	2,140	24%		181	188	140	
HL3	Healthy	IP3	CST	Continued savings associated with the Halo leisure partnership	None if the business plan can continue to be delivered with reduced financial support from the Council	2,140	4%	247	80			
HL5	Healthy	IP3	MSR	Transfer management of Porthcawl dual use hall to school management	Potential withdrawal of facility for community use or increase in pricing by School. Usage is low, in comparison to other sites, and could be managed by School.	12	100%		12			
HL4	Healthy	IP3	MSR	Review of Lifeguard services to consider length of season and beach coverage.	Removing the lifeguard service would reduce support for rescues, assists, advice, first aid and lost children. Partnership with lifeguarding clubs would increase voluntary patrolling arrangements alongside paid cover for school holiday periods.	151	15%		23			
Theme 2 - Service Efficiencies - sub-total									726	308	140	0
Theme 3 - Income Generation												
ASC10	Healthy & Wise	IP3	BUR	Develop income stream for specialist Mental Health placements at Glyn Cynffig	There is currently a service review underway for this care provision, one of the areas being explored could be the potential generation of income for the directorate from other public sector organisations .	113	78%	15	15	73		
ASC20	Healthy & Wise	IP3	PC	Introduce charges for supplementary holiday support in Learning Disabilities	Implementation of this process will bring a consistent model across all learning disability support living services	Cross service budget			100			

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
ASC22	Healthy & Wise	IP3	BUR	Income Generation at Bryn y Cae	To work in partnership with Health and other public sector organisations to reconfigure the use of beds at this provision. This could include further development of reablement beds or creation of transition beds	555	10%		54			
Theme 3 - Income Generation									169	73	0	0
N/A			N/A	Proposals under consideration or not yet developed within Social Services & Wellbeing Directorate			0%			1,304	2,826	1,849
Total Social Services & Wellbeing Directorate									2,690	2,979	3,901	1,949
COMMUNITIES												
COM4	Place	IP1	BUR	Review staffing structures within the Communities Directorate to identify possible savings	The proposal in 2016/17 on top of previous reductions, may impact on the Council's ability to develop projects and programmes to support a successful economy and draw in external funding. The impact will be mitigated by focusing the remaining resources on strategic projects, and by integrating support for business and tourism. Any community based regeneration will be funded through externally funded programmes such as the RDP	17,263 (staffing budget for Communities Directorate as a whole)		544	260			
COM7	Place	NONPTY	MSR	Review of Grounds Maintenance & Bereavement Services	The introduction of wild meadow flowers to some grassed areas accompanied by a reduction in grass cutting will give a more natural look to verges and grassed areas, with less neatly cut and mown verges. Sports pitches and bowling greens will receive less maintenance. Changes to the provision of park pavilions will also be required. Budget reductions attached to Bereavement Services may lead to a reduction in general grounds maintenance activities.	1,234	6%	437	69			
COM9	Corporate Business	IP3	BUR	Review of Highways maintenance/DLO Services	This will result in staffing reductions and service reconfiguration which will deliver efficiency savings but will also require a reduction in highways service provision such as winter gritting operations, flooding, highway damage and maintenance (including pot hole repair), hazarding and street lighting. Any necessary reduction in service will be mitigated as far as possible through greater prioritisation of resources to meet areas of greatest need and demand.	6,373	11%	308	417	290		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
COM16	Place	NONPTY	MSR	Review of supported bus services	Depending on the public consultation outcome this would reduce the subsidy currently provided to some of the least used routes in some parts of the County Borough.	322	5%	120	15			
COM18	Corporate Business	NONPTY	PC	15% Increase in planning application fees in line with Welsh Government guidelines	Planning fees have not increased in Wales since 2009. It is not considered that there will be any major impact on attracting development to Bridgend as the increase is national and comparative fees in England have already been increased. Developers are aware of the increase and will be prepared although there may be a consequent 'rush' to submit applications before the increase takes effect. There is the risk of planning fee income being dependent on the number of applications submitted. If there is another downturn in the economy then we may not achieve the predicted levels.	-499	-15%		75			
COM20	Place	NONPTY	MSR	Reduction to Winter Maintenance Budget	This cut is in addition to the reductions to the highways maintenance /DLO services already approved. It will mean that the service standard reduces further resulting, for example, in less winter road gritting.	319	19%			60		
COM21	Corporate Business	IP3	PC	Review of overtime across Highways/Streetscene	This reduction is part of a corporate project to seek to review and reduce overtime payments across the Council. It will result in less out of hours work and may therefore lead to delays in response across the service	£3,669K total staffing budget for Highways Services			90			
COM22	Place	NONPTY	MSR	Reduction of current weed spraying to one spray per annum	A reduction of 50 % from two sprays per annum to one will result in greater weed growth on the highway network including pavements.	30	50%			15		
COM23	Place	NONPTY	MSR	Technical Surveys - Reduction in budget to cover only costs of SCRIM/SCANNER and a number of other required inspections	The digital scanning of the highway network can be reduced to cover the minimum required for Welsh Government purposes.	20	25%			5		
COM24	Place	NONPTY	MSR	Reduction in road marking maintenance	This proposal will result in less frequent maintenance and re-marking of line painting on roads	100	10%			10		
COM26	Corporate Business	IP3	PC	Removal of Security budget Waterton	A technological solution is being sought to remove the need for the current security arrangements	20	100%			20		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
COM27	Corporate Business	IP3	CST	Fleet budgets	This is an efficiency savings based on is expected to be delivered through joint procurement, increased commerciality, economies of scale and administrative efficiency	-96	N/a - Fleet has a net income budget				93	
COM28	Place	NONPTY	MSR	Review of Housing budgets for efficiency savings in 2016/17. Saving in 19/20 from Homelessness Budget (fully committed until this year)	This is an efficiency savings which, dependent on demand (e.g. arising from the introduction of Universal Credit), should be deliverable without an impact on service performance.	941	6%		56			
COM32	Corporate Business	IP3	BUR	Implementation of Digital working and Touch screens in Workshop equating to a saving of 0.5FTE	Nil Public Impact	24	50%		12			
COM33	Corporate Business	NONPTY	BUR	Review of all budget heads in Business Support creating less resilience for unexpected expenditure	Nil Public Impact	81	31%		25			
HL5	Healthy & Wise	IP3	CST	Library Service Options appraisal and implementation of agreed service model	Implementation will be delivered by Awen Trust and is in the partnership agreement	Total culture budget for 15 16 is £3,250. Total of savings = £719K	22%		150			
COM17	Healthy/Wise & Corporate Business	IP3	CST	New models of service delivery will be in place for Cultural Services by 16/17. Savings required for 17/18 will comprise an extension of these.	Implementation will be delivered by Awen Trust and is in the partnership agreement	Saving would be pursuant to Partnership Agreement (Cultural Trust)	"			101		
HL6	Corporate Business	IP3	CST	Development of arts venues trust	Implementation will be delivered by Awen Trust and is in the partnership agreement	Saving would be pursuant to Partnership Agreement (Cultural Trust)	"		100			
ASC5	Healthy & Wise	IP3	BUR	Service efficiencies - work related schemes	Efficiencies delivered from Bleaf and WoodB joining the Cultural trust.	278	24%	67	67			

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
N/A			N/A	Proposals under consideration or not yet developed within Communities Directorate						1,425	518	1,469
				Total Communities Directorate					1,336	1,926	611	1,469

RESOURCES

FINANCE AND ICT

RES1	Corporate Business	IP3	BUR	To reduce the number of Finance and accountancy staff	Detailed plans to be developed and consulted upon at the appropriate time, but expectation is that some savings, particularly in future years, would come from collaboration. Capacity will be reduced to undertake statutory financial functions and support schools and directorates.	2027	11%	119	51	169		
RES3	Corporate Business	IP3	BUR	To reduce costs of ICT systems	Plan to bring finance system back in-house and to reduce number of software applications and licenses as Council reduces	1423	26%	0	192	182		
RES4	Corporate Business	IP3	CST	To reduce the number of Internal Audit hours commissioned from joint service	Reduced internal audit capacity within the Council focused increasingly on statutory work only, increasing risk of failure of internal controls	403	18%	20	19	34	20	
RES7	Corporate Business	IP3	BUR	To reduce the number of ICT service staff	Detailed plans to be developed and consulted upon at the appropriate time. Capacity will be reduced to undertake key support functions and participation in corporate transformation projects	2,056	4%	52	18	70		
RES27	Corporate Business	IP3	BUR	To put Council Tax and some aspects of benefits online and to collaborate with others	Digitisation should result in better customer access and service, but savings are likely to be delivered through staff reductions from putting council tax and some benefits on line. A detailed plan is being developed and will be consulted upon.	2198	23%	0	60	150	290	
RES28	Corporate Business	IP3	BUR	To secure reductions in External Audit Fees	Agreed reduction in external auditor's fees	420	21%	0	87			
RES33	Corporate Business	IP3	BUR	To recover grant audit fees from grant	Plan to negotiate with Welsh Government to ensure audit of grants covered by grant. Expected reduction in grants in future years should also reduce pressure on net budget.	47	64%	0			15	15
RES34	Corporate Business	IP3	BUR	To repay prudential borrowing on ICT capital	Net revenue budget has been released by repaying loan early from 2014-15 fortuitous under spend.	220	77%		170			
				Total Finance and ICT					597	605	325	15

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
HUMAN RESOURCES												
RES12(b)	Corporate Business	IP3	CST	Reduce CCTV Services Operations	Quality of service (i.e. response time) likely to be compromised, subject to the pace and scale of roll out of digital services across the Council.	297	10%	30	30			
RES13	Corporate Business	IP3	BUR	To reduce number of staff in HR, OD and Communications and business support	Staff reductions will be managed by reprioritising and reconfiguring work programmes.	2,689	4%	164	95			
RES15	Corporate Business	IP3	BUR	To publish County Bulletin and Bridgenders electronically only	Digitisation of content is better use of resources and hard copies would be made available at council offices	19	84%	3	16			
RES36	Corporate Business	IP3	BUR	To reduce DBS checks budget	A reduction in net budget is possible due to a sustained reduction in demand	100	10%		10			
Total Human Resources									151	0	0	0
PROPERTY (ESTATES AND BUILT ENVIRONMENT)												
RES19	Corporate Business	IP3	BUR	To increase non-operational estate income	Increased income provided an additional investment property can be purchased. Increasing rental and fees to commercial tenants will generate additional income but this puts occupancy levels at risk.	-752	-11%	25	5	50	25	
RES21	Corporate Business	IP3	BUR	To rationalise the core office estate - disposal of Sunnyside	Staff have moved into Civic Offices making better use of space and saving on running costs	1,148	23%	120	191	25	25	25
RES29	Corporate Business	IP3	BUR	To rationalise the core office estate - leasing of Raven's Court	Plan to move staff into Civic Offices, generate rental income and save on running costs, will require investment in ICT to enable staff to work in an agile manner and to achieve staff to desk ratio of 3:2.	411	71%		195	95		
RES30	Corporate Business	IP3	BUR	To review the Resources Directorate Service Level Agreement with Schools	SLA to be reviewed to ensure principle of full cost recovery is in place for services provided by Resources Directorate. Assumption is there is an imbalance between the SLA and the cost of its delivery.	312	38.1%		44	75		
RES32	Corporate Business	IP3	BUR	To reduce the number of non-Trading Account staff in the Built Environment Service	Service is exploring potential commercial opportunities to sell its design and construction services to other public sector partners. Increase in income dependent on securing new business	725	21%			150		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
RES40	Corporate Business	IP3	BUR	Change Out of Hours Service provided by Built Environment	Will require Built Environment and Highways staff to provide cover for each other, with stand by cover partly provided by Emergency Planning officers to achieve saving	725	3%		22			
RES38	Corporate Business	IP3	BUR	To maximise the productivity of the Built Environment DLO	Review of DLO productivity levels and charging structure to identify productivity gain opportunities	2,935	5%			145		
				Total Property					457	540	50	25
N/A			N/A	Proposals under consideration or not yet developed within Resources Directorate						311	960	1302
				Total Resources Directorate					1,205	1,456	1,335	1,342

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
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LEGAL & REGULATORY SERVICES

LRS1	Wealthy / Healthy	IP3	CST	Public Protection Collaboration	The project is intended to reduce costs and maintain resilience. The project is expected to provide savings over and above those originally stated and it is important that the project provides proportionate savings to its costs to avoid other parts of the department taking an unacceptably high burden of cuts in one area. Savings targets for years 2018 on are speculative.	1,953	29%	286	181	134	50	200
LRS2	Corporate Business	IP3	BUR	Restructure of Legal & Democratic, Performance & Partnership Services.	Concern in relation to the ability of the department to provide services to the authority impacting not only on performance but on the ability to meet wider MTFS savings. Disproportionate effect on Legal Services. Reductions place significant burden on service requiring reduction of service demand from central and front line services including committee and Member support.	3,416	2%	268	70			
LRS3	Corporate Business	IP3	BUR	Increase income targets Registrars	Unlikely to have an impact but must retain ongoing monitoring of income	0	0%		66			
LRS4	Corporate Business	IP3	BUR	Staff reductions already made	Reduction in capacity	3,416	3%		81			
LRS5	Corporate Business	IP3	BUR	Corporate savings target Procurement	Requires new structure and business model with Corporate support	0	0%				25	50
N/A			N/A	Proposals under consideration or not yet developed within LARS Directorate						530	69	328
Total LARS									398	664	144	578

CORPORATE / COUNCIL WIDE

CS1	Corporate Business	NONPTY	BUR	Rationalise and reduce voluntary sector funding by 5%	Minimal Impact	Cross directorate		78	15			
CS3	Corporate Business	NONPTY	BUR	Reduction in provision for corporate building maintenance	Sale of Sunnyside building and additional investment in Civic Offices has reduced the call on the corporate R & M budget	1,100	18%	50	200			
CS5	Corporate Business	NONPTY	BUR	Review capital financing budgets, including increase in investment income	Reduce the amount of interest paid on loans and increase the amount of interest generated from external investments.	10,315	5%	200	300	216		

Budget Reduction Proposals 2016-17 to 2019-20

Ref.	Links to Population Outcome	Proposed Improvement Priority 2016-20	Categories	Budget Reduction Proposal	Impact	Budget 2015-16 £'000	Total Budget Reduction 2016-2020 as % of 2015-16 Budget	2015-16 Budget Reductions £000	Indicative 2016-17 £000	Indicative 2017-18 £000	Indicative 2018-19 £000	Indicative 2019-20 £000
CS7	Corporate Business	NONPTY	PC	Reduction in the Coroner's precept	This will require discussions with precepting authorities e.g. Fire and Rescue Authority to secure reductions in precepts, in line with overall reductions in public sector funding.	6,928	0%	102	23			
CS8	Corporate Business	NONPTY	BUR	Reduction in other Corporate budgets including pay and price provision.	Impact to be determined depending on economic climate, inflationary rates etc.	6,027	6%	72		340		
CS9	Corporate Business	NONPTY	BUR	Reductions in Insurance Premiums	Reduction in the annual amount put aside to increase the estimated cost to the Council of the outstanding liability for Employer's Liability, Public Liability and Property.	1,736	17%	100	100	100	100	
CS13	Corporate Business	NONPTY	BUR	Reduction in provision for Council Tax Reduction Scheme	Budget underspent by £800k in 2014-15. Impact will need to be monitored as this budget is demand led.	14,254	4%		300	300		
N/A			N/A	Proposals under consideration or not yet developed within Corporate Budgets							1082	915
				Total Corporate / Council Wide					938	956	1,182	915

				GRAND TOTAL REDUCTIONS					7,477	9,190	9,697	9,167
				ESTIMATED BUDGET REDUCTION REQUIREMENT					7,477	9,190	9,697	9,167
				REDUCTION SHORTFALL					0	0	0	0

	3,451	617	0	0
	4,026	5,003	2,619	1,283
	0	3,570	7,078	7,884
	7,477	9,190	9,697	9,167

Type of Charge	Comment	Detail of Revised Fee / Charge
WELLBEING DIRECTORATE		
Adult Social Care	<p>Whilst charges are adjusted annually in light of the anticipated year's costs of providing services, it is a requirement that the charges reflect the actual costs of delivering services. It is therefore not possible to increase costs simply on the basis of an inflationary amount. Irrespective of the calculated charges for services, the amount an individual pays for any services is based on a financial means test, and for non-residential services is capped in line with the Fairer Charges (Wales) regulations. The cap is £60 for 2015-16 irrespective of the total cost of all services provided to an individual.</p>	TBA
COMMUNITIES DIRECTORATE		
Pre- Application Planning Advice	<p>Under the Wales Planning Act 2015, Welsh Government is introducing by March 2016, a national mandatory paid preliminary pre-application enquiry service (PE) for all development including householder schemes. The fees will be set nationally and are proposed to be similar to the fees currently charged under the Bridgend scheme, although the level of detail required in the response under the national scheme is below that which is currently provided under the existing Bridgend service. Bridgend was one of the first authorities in Wales to introduce a paid PE service and the fee level has remained the same for over 5 years. There is scope for BCBC to review its PE service in order to provide a more bespoke response in addition to that proposed within the mandatory national scheme. This will include an increase in fees to reflect the level of information required.</p> <p>The concept of local planning authorities (LPAs) providing a PE service over and above the national scheme is supported by WG and it is a matter for each LPA to set its own charges.</p> <p>The new fee structure will be subject to further consideration but will be no less than 15% above existing rates in line with the national increase in general planning fees as introduced by Welsh Government in October 2015. It is proposed to introduce the revised service in April 2016.</p>	<p>Full details of the revised PE structure will be provided following further consideration and will be subject to a separate Cabinet report.</p> <p>Additional categories of advice for proposed development introduced as part of the WG mandatory scheme (not currently part of the BCBC scheme) :-</p> <p>Householder advice £25 New dwellings (1-9) £250 Rural enterprise dwellings £250</p> <p>Commercial Development (500-100 sq mtr floor area) £250</p>
Building Control Searches	Historically, officers have provided this information free of charge to search	Search information

Type of Charge	Comment	Detail of Revised Fee / Charge
	companies and individuals. This has resulted in a considerable work pressure on staff and consequently a computer programme was developed in order to provide easy, remote access to search information free of charge on-line via the Council's web pages. However, some companies and individuals continue to request this information via the FOI process. It is considered necessary to introduce a reasonable retrieval charge to cover staff time in providing this information, which could otherwise be sought free of charge.	administration fee £25
Planning Application Fees	Planning applications fees are set nationally by Welsh Government and an across the board increase of 15% was implemented in October 2015. Welsh Government predicted that this increase (the first since 2009) would translate into an average of £80k additional income for local planning authorities. In Bridgend's case, based on the average fee income for the period 2010-2015 this equates to approximately £78k.	15% increase.
Porthcawl Marina Mooring Fees	Plans to increase the fees for berth holders by 5% as part of a progressive approach to reducing the subsidy on the Marina. During 2015-16 the Marina has been required to pay National Non Domestic Rates which had not been the case prior to the redevelopment of the facility. The charges for berth holders remain competitive when compared to other facilities across the coast. There is also a waiting list in operation for people wanting to occupy vacant berths that arise.	5% increase
RESOURCES DIRECTORATE		
Property Rental Charges	There are contractual arrangements in place in relation to market units / garages / some starter units where rental charges are increased in line with CPI / RPI. Of the remainder of properties rental charges are dependent on rent reviews and assessed against market value of property and not indices.	

Bridgend County Borough Council Income Generation and Charging Policy

Purpose

This policy exists to clarify the important role that charging and income generation has in supporting the Medium Term Financial Strategy. It provides a clear and consistent approach to charging across the Council. Its key aims are:

- To create a consistent and coordinated approach to charging, that is applied across services;
- To outline the key principles for charging by Bridgend County Borough Council;
- To set out the annual review process for all discretionary charges.

Key Principles

For some services charges are mandatory, and the fee is set nationally, whilst for other services the Council is expressly prohibited from charging. Therefore, a basic assumption is that the Council will apply and collect statutory charges as appropriate and further consideration is therefore outside of the scope of this document.

However discretionary fees and charges represent an important source of revenue, providing finance for activity that is designed to achieve the Council's objectives. Nevertheless, there is a potential conflict between raising revenue, promoting access and the usage of services whilst considering the challenges of poverty and social exclusion that exist within the Borough and also the effects on local taxpayers. A consistent and informed approach to charging across the different services of the Council will enable this conflict to be reconciled and managed in the interests of achieving the Council's objectives. All discretionary charges will be covered by this policy.

The Local Government Act 2003 gave local authorities the general power to charge for discretionary services which are not covered by any other legislation with the following restrictions:

- the income from charges for a service should not exceed the cost of providing that service (over a "reasonable" but unspecified period, e.g. 3 years);
- the recipient of the service must have agreed to its provision and agreed to pay for it;
- different people and/or organisations may, where it is fair to do so, be charged different amounts.

When to charge

Whenever future consideration is given to funding sources for specific services, it will be expected that the Council will charge for services, except where a clear decision is taken not to do so for one of the reasons given below. In particular, charges should be levied to support Council corporate priorities and to encourage behaviour change of our customers.

Reasons for not charging are:

- i. There is a legal or statutory reason forbidding the levy of charges.
- ii. The Council has entered into other contractual arrangements which prevent the levy of charges.
- iii. The costs incurred as a result of collecting a charge would be greater than the income generated.
- iv. The potential risks to the Council incurred as a result of charging outweigh the benefits. Introducing a charge would result in a high risk that:
 - There would be a significant fall in demand and as a result the Council would not achieve one or more of its corporate priorities as defined in the Corporate Plan or the cost of doing so would become prohibitively expensive.
 - The reputation of the Council would be significantly damaged.
 - Charging would change behaviour of customers resulting in a high likelihood that costs would be incurred elsewhere in the business which would be greater than the income generated.

Setting of Fees and Charges

Charges should be set using clear and transparent evidence and knowledge to support the level of charge. The MTFs states that generally, income from fees and charges will be increased by CPI (at the prevailing rate) plus 1%, or in line with statutory or service requirements. However, when determining specific charges, it is appropriate to take into account some or all of the following:

- Encouraging specific activities and use of certain services;
- Discouraging some undesired activities and frivolous demands for a service;
- Ensuring regulatory compliance;
- Whether the Council wishes to act as a supplier of last resort;
- Contributing to long-term sustainability of some activities or services;
- Local market factors;
- Consideration of charges for similar services raised by other local authorities or private sector competitors;
- Whether in some cases reduced charges should be available to some groups to promote inclusion;
- Whether discounts (for example age related charges) or promotion (for example seasonal charges) will be offered;
- Whether scope exists to increase take-up through more effective marketing and publicity and the form that this might take.

The objectives of different charging strategies are as follows:

Charging Strategy	Objective
Commercial Charges	The Council will aim to cover the cost of providing the service and make a surplus used to fund other priority services. The full cost of the service, including an element for capital financing costs, support services and corporate overheads, will be the starting point for calculating charges.
Full Cost Recovery	The council will aim to recover the costs of providing this service from those who use it. The full cost of the service, including an element for capital financing costs, support services and corporate overheads, will be the starting point for calculating charges.
Subsidised	Users of the service to make a contribution to the costs of providing it. This might be to meet a service objective or allow competition with other providers.
Free	The Council may choose to make the service available at no charge to meet a service objective - cost of service will then met by all Council Tax payers.
Statutory	Charges will be determined in line with legal requirements

Where any future decision is taken to charge for a service, the Council will aim to set charges reflecting the full cost of a service, except where concessions have been agreed as detailed below. The full cost will be defined to include all staffing and materials costs and an element of overheads relating to central council support functions relevant to that service.

If the income from a service does not meet its costs, this should be as a result of a conscious decision, consistent with council priorities. The service will then be subsidised by Council Tax payers.

Where charges will not made for a service or are set below the full cost recovery level, the reasons should be reconsidered annually as part of the annual Medium Term Financial Strategy process to ensure that they remain valid and that significant income is not being foregone. The council recognises that, for some services, the costs may have been historically under-recovered and a period of adjustment towards full cost recovery may be required.

Fair charging

Charges should be set at a level that is fair to service users and Council Tax payers. Concessions may be available to those determined to be unable to pay the full charge. The impact on service users of charging increases should be considered, particularly where they may impact disproportionately on particular groups of Council Tax payers. Impact assessments will be carried out to assess changes and where this is significant steps should be taken to minimise them.

Consistent Charging

Charges for similar services should be consistent across the Council. Concessions for target groups should be applied consistently across the Council, where concessions are not mandatory (see below).

Concessions

There are two types of concessions:

- mandatory concessions as determined by statute; and
- discretionary concessions which are wholly within the power of the Council.

The principle of recovering full costs through charging for all services wherever it is possible to do so applies to concessions. Therefore, concessions will not be provided unless:

- There is a legal or statutory reason expressly stating the need to provide a concession. These mandatory concessions will be provided in line with national guidelines.
- Target groups (e.g. those in receipt of means-tested benefits) would be disadvantaged or would not be able to access the service without a concession, and as a result the Council would not achieve its corporate priorities as defined in the Corporate Plan.

Administration of Charges

The Council will use simple, practical and efficient methods of collecting charges.

The basic principles for administering fees and charges will be:

- Charges should be simple to understand and administer;
- Charges should be well promoted so that service users can clearly understand the charging structure and methods of payment before they become liable to pay;
- Where possible methods of payment should be flexible, convenient and take into account the needs of disadvantaged/vulnerable groups in the community; wherever possible online payment should be encouraged;
- Where possible and practicable payment should be made prior to the service being received or at the point of delivery;
- Documentation should be retained to substantiate that the customer accepted liability of the charge to support any debt recovery action required should payment not be received.

The Council will take a fair but firm stance on debt recovery. Service users and Council Tax payers should not expect to subsidise services whilst others avoid paying. Service managers should ensure that the Council's debt recovery policy is properly followed and enforced.

Process for introducing or changing charges

Charges will be reviewed annually as an integral part of the MTFS process.

The annual review process will take into account the following:

- Costs increases, inflationary or otherwise, to ensure these are adequately reflected in the charges.

Note: the MTFS stipulates that in general charges should be increased by 'CPI plus 1%'

- Benchmarks from comparator authorities.
- Legislative changes, either restricting or providing new flexibility or freedom to charge.
- Change in Council policy or priorities as determined in the MTFS where charges or concessions could be introduced, varied or removed to support these priorities.
- Change in service provision or level of provision, which may result in additional or increased charges.
- New and improved methods of collecting payments reducing the cost and increasing the effectiveness of doing so.
- Changes to any reasons not to charge.
- Changes to any reasons for a decision taken not to recover the full costs of a service through charges or the provision of concessions.
- Other new or changed social, community, economic or environmental pressures that will affect charging or individuals' and groups' ability to pay.

A schedule is included in the MTFS, presented to Cabinet and Council prior to the start of the financial year, outlining any proposed charges above the general recommended increase.

Under the Council's Delegated Powers Scheme (Scheme A, paragraph 1.6) each Cabinet Member has the authority:

To approve, subject to the budget process:

- (i) Fees and charges for new services in accordance with any relevant charging policy approved by the Cabinet; and
- (ii) Increases in existing fees and charges which are in accordance with any relevant charging policy approved by the Cabinet and which are necessary to reflect either inflation or other increases in costs.

DIRECTORATE BASE BUDGETS

APPENDIX F

	Revised Budget 2015- 16	Specific Grant Transfers from WG	Inter Directorate Transfers	School Protection	NI & Pension Changes	Pay/Prices/ Demographics	Adjustments for budget switches between and within Directorates	Inescapable Budget Pressures 2016- 17	Budget Reduction Proposals 2016-17	Revenue Budget 2016-17
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
AOS- SERVICE										
Education & Transformation										
Education & Transformation										
AOSCAA - INCLUSION	3,570				60				-300	3,330
AOS CAB - FOUNDATION	1,065				19	1				1,085
AOSC AC - YOUTH SERVICE	422				47					469
AOS CAD - TRANSITION	0									0
AOS CAE - POST 14	0									0
AOS CAF - STATUTORY ADVICE & PSYCHOLOGY	494									494
AOS CAG - EMOTIONAL HEALTH & BEHAVIOUR	1,528				25				-30	1,523
AOS CAH - SCHOOL IMPROVEMENT	785								-35	750
AOS CAI - SCHOOLS MUSIC SERVICE	0									0
AOS CBA - STRATEGIC PLANNING & RESOURCES	3,936					7				3,943
AOS CBB - BUSINESS STRATEGY & SUPPORT	443				9					452
AOS CBC - SUPPORT FOR CHILDREN & LEARNERS	5,366				31	21			-450	4,968
AOS CBD - COMMISSIONING & PARTNERSHIPS	821				43			223		1,087
AOS CBF - STRATEGIC MANAGEMENT	1,449				8					1,457
AOS CBG - YOUTH OFFENDING SERVICE	419				23				-95	347
AOS CFA - DIRECTORATE CONTINGENCY	25				5					30
AOS CGA - TRANSFORMATION	225									225
	20,548	0	0	0	270	29	0	223	-910	20,160
Schools										
AOS CBE - INDIVIDUAL SCHOOLS BUDGET	85,287			1,578						86,865
	85,287	0	0	1,578	0	0	0	0	0	86,865
Social Services & Wellbeing										
Adult Social Care										
AOS BAA - OLDER PEOPLE	19,183				222	717	-50		-889	19,183
AOS BAB - ADULT PHYS DIS/SENS IMPAIRMENT	3,548				18		45		-12	3,599
AOS BAC - ADULTS LEARNING DISABILITIES	12,774		-157		105		-160		-666	11,896
AOS BAD - ADULTS MENTAL HEALTH NEEDS	2,692				37		-31		-94	2,604
AOS BAF - OTHER ADULT SERVICES	211				3		1		0	215
AOS BAG - ADULT SERVICES MGT & ADMIN	1,765				44		195	81	-176	1,909
	40,173	0	-157	0	429	717	0	81	-1,837	39,406
Safeguarding										
AOS BEA - SAFEGUARDING	18,068				143	32			-557	17,686
	18,068	0	0	0	143	32	0	0	-557	17,686
Sport, Play & Active Wellbeing										
AOS BBG - MISCELLANEOUS SERVICES	159				2				-23	138
AOS BBH - RECREATION AND SPORT	2,587				14				-273	2,328
	2,746	0	0	0	16	0	0	0	-296	2,466
Communities										
AOS DAA - DEVELOPMENT	334				34		-3		-75	290
AOS DAB - HOUSING & COMMUNITY REGEN	1,341				24	0			-56	1,309
AOS DAC - REGENERATION	1,780				25	0			-260	1,545
AOS DAD - REGEN & DEV - MGMT	125				1					126
AOS DBA - STREETWORKS	7,764				33	34	44	127		8,002

DIRECTORATE BASE BUDGETS

	Revised Budget 2015- 16	Specific Grant Transfers from WG	Inter Directorate Transfers	School Protection	NI & Pension Changes	Pay/Prices/ Demographics	Adjustments for budget switches between and within Directorates	Inescapable Budget Pressures 2016- 17	Budget Reduction Proposals 2016-17	Revenue Budget 2016-17
AOS- SERVICE										
AOSDBB - HIGHWAYS AND FLEET	6,275				89	27	6		-477	5,920
AOSDBC - TRANSPORT & ENGINEERING	861				30	5		70	-15	951
AOSDBE - PARKS & OPEN SPACES	2,105				29	1	-44		-99	1,992
AOSDBF - STREET SCENE MGT & ADMIN	317				9		-3			323
AOSDCA - BUSINESS UNIT	594				14		-3		-37	568
AOSDEA - ADULT LEARNING	178						-2			176
AOSDEB - ARTS & ENTERTAINMENT	398					0	-398			0
AOSDEC - LIBRARY SERVICE	864					0	-864			0
AOSDED - COMMUNITY CENTRES	147						-61			86
AOSDEE - BRYNGARW HOUSE	110					0	-110			0
AOSDEF - CENTRAL SERVICES	1,755		256				1,438		-317	3,132
AOSDFA - ELECTIONS	129				2	0				131
	25,077	0	256	0	290	67	0	197	-1,336	24,551
Resources										
SERAA - CHIEF EXECUTIVE UNIT	658				3					661
SERAG - PROPERTY (ESTATES)	1,674		-2		21	30	-20		-391	1,312
SERAH - HUMAN RESOURCES	3,906		-14		67		-8		-151	3,800
SERAI - FINANCE & ICT	7,474		-90		154	6	16	363	-597	7,326
SERAJ - PROPERTY (BUILT ENVIRONMENT)	724				46		12		-66	716
	14,436	0	-106	0	291	36	0	363	-1,205	13,815
Legal & Regulatory Services										
AOSACA - LEGAL SERVICES	2,256				34		35		-147	2,178
AOSACB - DEMOCRATIC SERVICES	1,562				24		-11		-47	1,528
AOSACC - REGULATORY SERVICES	1,631				25		-21		-181	1,454
AOSACG - PROCUREMENT	288				4		2			294
AOSACH - PARTNERSHIPS	353				5		-5		-23	330
	6,090	0	0	0	93	0	0	0	-398	5,785
Service Base Budgets	212,425	0	-7	1,578	1,532	881	0	864	-6,539	210,734
CAPITAL FINANCING	10,372		56						-300	10,128
LEVIES	6,912					12		58	-23	6,959
REPAIRS & MAINTENANCE	1,100								-200	900
CTR SCHEME	14,254					350			-300	14,304
SLEEP INS	800									800
PENSION RELATED COSTS	1,190				68					1,258
INSURANCE PREMIUMS	1,634		-3			28			-100	1,559
OTHER CORPORATE BUDGETS	3,514	1,400	-46	-1,578		3,580		1,394	-15	8,249
TOTAL BUDGETS	252,201	1,400	0	0	1,600	4,851	0	2,316	-7,477	254,891

BUDGET 2016-17 DETAILED CORPORATE IMPROVEMENT PRIORITIES					
Service Budgets	Supporting a successful economy £'000	Helping people to be more self-reliant £'000	Smarter use of resources £'000	Core services & statutory functions £'000	TOTAL £'000
Education & Transformation	8,327	969	225	10,639	20,160
Schools	36,170	0	0	50,695	86,865
Social Services & Wellbeing					
Adult Social Care	0	26,965	181	12,260	39,406
Safeguarding & Family Support	0	17,686	0	0	17,686
Sport, Play & Active Wellbeing	142	97	0	2,227	2,466
Communities	3,096	1,201	148	20,106	24,551
Resources	-17	3	483	13,346	13,815
Legal & Regulatory Services	0	0	0	5,785	5,785
Corporate Budgets	138	0	0	44,019	44,157
NET BUDGET REQUIREMENT	47,856	46,921	1,037	159,077	254,891

Reserves and Balances Protocol

1. Background

- 1.1 Bridgend County Borough Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of its Council Fund balance and Earmarked Reserves. The policy has regard to LAAP Bulletin 99 'Local Authority Reserves and Balances', issued in July 2014.
- 1.2 The requirement for local authorities to hold financial reserves is acknowledged in statute. Reserves are one component of an authority's medium-term financial planning - other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. These decisions are inter-linked. This means that, to ensure prudent financial management, some authorities will need to maintain reserves at higher levels than others.
- 1.3 Section 32 and 43 of the Local Government Finance Act 1992 require local authorities in Wales to have regard to the level of reserves needed to meet estimated spending when calculating the budget requirement. Section 25 of the Local Government Act 2003 requires:-
- the Chief Finance Officer to report to members on the budget including the adequacy of reserves; and
 - Members to have regard to the Chief Finance Officer's report in making their decisions.
- 1.4 As a result, in reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the Council Fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

2. Types of Reserve

- 2.1 The Council will maintain the following usable reserves:

Nature of Reserve	Description
Council Fund	to manage the impact of uneven cash flows and unexpected events or emergencies;
Earmarked Reserves	to meet known or predicted requirements and include Insurance Reserves, Earmarked reserves will be established on a "needs" basis, in line with planned or anticipated requirements;
Delegated School Balances	these represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council;
Equalisation Reserves	to meet future PFI costs arising from advance payments of Revenue Support Grant or spread the costs incurred in a particular future year over the period of the MTFS; and
Capital Receipts Reserve	this has been shown for completeness as it forms part of the Usable Reserves of the Council. Capital receipts are available to finance capital expenditure in future years.

- 2.2 The Council will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts. These are called Unusable Reserves. The

Council's unusable reserves are the Capital Adjustment Account, the Revaluation Reserve and the Pensions Reserve.

3. Regulatory Framework

3.1 It is the responsibility of the CFO to advise the local authority about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. CIPFA do not accept the case for introducing a generally applicable minimum level of reserves either as an absolute amount or a percentage of budget. It is for the local authority to make its own judgement based on relevant local circumstances.

3.2 For each Earmarked Reserve there needs to be a clear protocol setting out:-

- The reason for / purpose of the Reserve
- How and when the reserve can be used
- Procedures for the reserve's management and control
- A process and timescale for review

4. Principles to Assess the Adequacy of Reserves

4.1 The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, or Council Fund, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process; and
- the effectiveness of the budget monitoring and management process.

4.2 CIPFA guidance on Local Authority Reserves and Balances advises that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget is approved. Within the Council's Medium Term Financial Strategy (MTFS), there are a number of main principles that relate to reserves. These are detailed below:-

MTFS Principle 8

The Council Fund balance will be maintained at a minimum of £7 million over the MTFS period and reach 2.7% of Gross Revenue Expenditure by 2019-20

The Council Fund balance provides resources for purposes such as general contingencies and cash flow management. It acts as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to cushion the impact of unexpected events or emergencies. This is in accordance with CIPFA's Guidance Note on Local Authority Reserves and Balances. The Council Fund balance at the 31 March 2015 was £7.450 million (£7.395 million 13-14). This represents 2.3% of Gross Revenue Expenditure for 2014-15 in comparison with the All Wales average of 2.7% for the same period.

MTFS Principle 2

Adequate provision is made to meet outstanding and reasonably foreseen liabilities

The Council holds a number of earmarked reserves to cover potential liabilities or for unforeseen events and include the Insurance Earmarked Reserve and a Major Claims reserve. These are reviewed throughout the year and the balances are adjusted at the end of the financial year based on the most up to date information of potential outstanding liabilities. This process includes analysis of external assessments or actuary reports on the levels needed for the insurance or pension funds. The Council also holds an insurance provision to meet the estimated cost to the Council of outstanding liabilities for Employer's Liability, Public Liability and Property.

MTFS Principle 7

Balances are not used to fund recurrent budget pressures or to keep down council tax rises unless an equivalent saving or increase in council tax is made in the following year in recognition that balances are a one-off resource

The principle allows for the use of balances where there is to be an equivalent saving in the following year. There are a small number of earmarked reserves that have been established specifically relating to this principle. These include, for example, the funding of new Information Technology to make services more efficient in the future. These reserves will be utilised over the forthcoming financial year.

MTFS Principle 9

Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals

In order to support sound option appraisals a Capital Feasibility earmarked reserve has been created. Capital investment is intrinsic to the MTFS and as a result there are also earmarked reserves that support asset management planning, fund capital minor works in relation to health and safety and an earmarked reserve to support major schemes within the Capital Programme of the Council.

MTFS Principle 12

Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency is maintained

The MTFS proposed the establishment of a Change Management Programme earmarked reserve specifically to support delivery of the Corporate Plan and MTFS.

There are also some other earmarked reserves which are supporting service reconfiguration and transformation.

The current financial landscape demands that significant savings need to be made in order to deliver a sustainable budget. It is therefore prudent to have reserve levels to provide a buffer or a safeguard during uncertain times. An earmarked reserve will be established at a level to be determined annually following an assessment of budget reductions categorised as 'red' and deemed material within the MTFs. This will provide additional capacity for discretionary use by the CFO to manage inescapable problems with delivery.

5. Establishment and Monitoring of Reserves

- 5.1 In considering specific reserves, the CFO will have regard to matter relevant in respect of each reserve, and will advise the Council accordingly. The process for the determination of Directorate reserves will be based upon the principles of effective financial management. The agreement of business cases will be determined by the CFO, having considered the recommendations of the Corporate Management Board.
- 5.2 Directorate Finance Officers are issued with details of how to apply for Directorate Earmarked Reserves within the Closing of Accounts Pack for the financial year. The Pack includes guidance as follows :- "For a request to be approved, there must be a firm commitment / policy decision, i.e. order raised or committee minute. The requested amount must be material and should be restricted in number to those considered to be of key. Subject to these criteria being met, the Directorate will be informed of whether the requests have been approved."
- 5.3 The CFO together with the Head of Finance and ICT and Group Managers Finance will review the establishment, monitoring and the level of Corporate Reserves. These include Specific Contingency Reserves, Capital Development or Asset Related Reserves and MTFs/Transformational Reserves. The meetings will examine evidence from external information such as actuary reports or insurance and risk management assessments; changes in legislation; new emerging risks or capital initiatives. The establishment of the Earmarked Reserve, both Directorate and Corporate, is authorised by CFO and reported within the Statement of Accounts. The draft accounts are presented to Audit Committee in June following the end of the financial year. They are then scrutinised by External Audit and a revised post- audit Statement of Accounts is reported to Audit Committee by the end of September.
- 5.4 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised, through normal monitoring reports. Reserves can only be used once and so should not be held to fund ongoing expenditure (MTFS Principle 7). This would be unsustainable as, at some point, the reserves would be exhausted. To the extent that reserves are used to meet short term funding gaps, they must be replenished in the following year. However, Earmarked Reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.
- 5.5 All Earmarked Reserves are recorded on a central schedule held by the Financial Control Team which lists the various earmarked reserves and the purpose for which they are held and shows the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balance. Any appropriations to or from Earmarked Reserves are controlled by the Financial Control Team. Evidence of expenditure incurred at period 6, period 9 and year-end will be required from Directorate Finance Officers and a pro-forma will need to be completed which will be authorised by the CFO to release the funding from the earmarked reserves. Earmarked Reserves will only be drawn down at each review if the Directorate cannot absorb these pressures from underspends elsewhere within their budgets. The drawdown from earmarked reserves will be

included within to quarterly monitoring reports to Cabinet. Appropriate working papers for each reserve are produced at year-end and provided to the External Auditor to support the disclosures within the Statement of Accounts.

6. Summary of Earmarked Reserves

6.1 The forecast for reserves over the financial year 2015-16 and 2016-17 is shown in below:-

Opening Balance 1 April 2015 £'000	Reserve	Movement 2015-16 £'000	Closing Balance 31 March 2016 £'000	Movement 2016-17 £'000	Closing Balance 31 March 2017 £'000
7,450	*Council Fund Balance	-	7,450	-	7,450
	Earmarked Balances :-				
4,486	Reserves Held for Directorates' Planned Developments	(1,959)	2,527	(1,412)	1,115
15,262	Specific Contingency Reserves	884	16,146	(940)	15,206
8,178	Capital Development or Asset Related Reserves	(1,518)	6,660	(3,622)	3,038
7,408	MTFS/Transformational Reserves	637	8,045	(636)	7,409
35,334	Total Earmarked Reserves	(1,956)	33,378	(6,610)	26,768
303	Equalisation of Spend Reserves	20	323	(70)	253
43,087	Total Usable Reserves	(1,936)	41,151	(6,680)	34,471

* increases up to 2.7% of GRE are not included in forecast as they will be dependent upon revenue out-turn positions

6.2 A summary of the earmarked reserves are detailed below:-

6.2.1 Reserves Held for Directorates' Planned Developments

These reserves are for a number of planned developments in the forthcoming years such as car parking, ICT and Financial Systems, Adult Social Care developments as well as specific directorate issues anticipated for 2015-16. These reserves will be increased at year-end to meet any agreed funding arising from planned underspends within directorates. Any reserves that are no longer required will be released back into the general revenue budget.

6.2.2 Specific Contingency Reserves

These reserves have been created to cover specific known risks including one off service pressures identified in MTFS Council Reports, any implications from welfare reform, the deficit on the pension fund, major capital contractual claims and mitigate potential equal pay claims and the assessment for future insurance liabilities from the insurance and risk management advisors.

6.2.3 Capital Development or Asset Related Reserves

These reserves have been set up for a number of reasons to support the Council's Asset Management Plan and Capital Programme. They include a reserve that provides a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to

alleviate pressure on the revenue budget and accelerate the realisation of capital receipts that may include the costs of demolition of non-saleable surplus properties and related health and safety works, one for planned maintenance expenditure and any emergency works on the Council's buildings and establishments and one for capital feasibility studies and asset management plans.

6.2.4 Medium Term Financial Strategy/Transformational Reserves

These reserves have been established to support invest to save projects, severance costs and costs associated with providing corporate capacity to progress planned developments linked to achieving budget reductions and transformational change as articulated in the MTFS and the Bridgend Change Programme.

6.2.5 Equalisation of Spend Reserves

These reserves ensure that expenditure that is incurred in a particular future year is smoothed over the period of the MTFS. These include the costs of elections, Building Control Costs and the preparation of the Local Development Plan.

7. Summary of Specific Provisions and Balances

7.1 As well as the Council Fund and Earmarked Reserves as detailed in the above table, there are a number of specific provisions and balances as follows:-

Delegated School Balances

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council. Current projections suggest that these balances will be around £2.000 million by 31 March 2016 (£2.410 million at 31 March 2015).

Maesteg School PFI Equalisation Fund

This Fund is used to equalise the funding available from Welsh Government to meet the costs of the Unitary Charge for the Private Finance Initiative School at Maesteg over the contract period. The balance will be £3.706 million by 31 March 2016 (£3.407 million at 31 March 2015).

Specific Provisions

The Council holds two provisions for unforeseen events namely for carbon reduction commitment and one to meet the total outstanding liability of Bridgend's self-insurance fund based on a professional analysis of the claims outstanding for Employer's Liability, Public Liability and Property. The current projections suggest that the balance on the provisions will be around £3.300 million by 31 March 2016 (£2.424 million at 31 March 2015).

Appendix I – Earmarked Reserves Forecast

Opening Balance 1 April 2015 £'000	Reserve	Movement 2015-16 £'000	Closing Balance 31 March 2016 £'000	Movement 2016-17 £'000	Closing Balance 31 March 2017 £'000
7,450	Council Fund Balance	-	7,450	-	7,450
	Earmarked Balances :-				
555	Car Parking Strategy	(120)	435	(435)	-
861	ICT & Finance Systems	(311)	550	(250)	300
600	Wellbeing Projects	(67)	533	(250)	283
31	Connecting Families	(31)	-	-	-
1490	Directorate Issues 2015-16	(1,413)	77	(77)	-
824	Looked After Children	-	824	(400)	424
125	Porthcawl Regeneration	(17)	108	-	108
4,486	Reserves Held for Directorates' Planned Developments	(1,959)	2,527	(1,412)	1,115
10,531	Major Claims Reserve	2,448	12,979	(250)	12,729
3,177	Insurance Reserve	(500)	2,677	(200)	2,477
210	Waste Management Contract	(20)	190	(190)	-
1,044	Treasury Management Reserve	(1,044)	-	-	-
300	Welfare Reform Bill	-	300	(300)	-
15,262	Specific Contingency Reserves	884	16,146	(940)	15,206
702	Asset Management Plan	(202)	500	(246)	254
300	Building Maintenance Reserve	-	300	-	300
627	Capital feasibility fund	(41)	586	(190)	396
115	DDA Emergency Works	-	115	(35)	80
6,434	Capital Programme Contribution	(1,275)	5,159	(3,151)	2,008
8,178	Capital Development or Asset Related Reserves	(1,518)	6,660	(3,622)	3,038
4,749	Service Reconfiguration	1,277	6,026	(300)	5,726
2,398	Change Management	(379)	2,019	(336)	1,683
261	Invest to save / Joint projects	(261)	-	-	-
7,408	MTFS/Transformational Reserves	637	8,045	(636)	7,409
35,334	Total Earmarked Reserves	(1,956)	33,378	(6,610)	26,768
42,784	Total Usable Reserves	(1,956)	40,828	(6,610)	34,218

	Corporate Priority	Indicative																Total 2015/16 to 2025/26 £'000	TOTAL scheme £'000	
		Total Costs to 31-3-15	October 2015	New Approvals	Vire	Slippage	Revised 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Re-locate Household Waste Recycling Centre - West Parks Pavilions	Smarter Use of Resources	-	-	-	-	-	742	586	-	-	-	-	-	-	-	-	-	1,328	1,328	
Playground at Fford yr Eglwys		72	10	-	-	9	19	968	-	-	-	-	-	-	-	-	-	987	1,059	
Highways Street Infrastructure	Non Priority	-	75	-	-	-	75	-	-	-	-	-	-	-	-	-	-	75	75	
Bridge Strengthening - A4061 Ogmore Valley	Smarter use of resources	-	1,250	-	-	-	1,250	-	-	-	-	-	-	-	-	-	-	1,250	1,250	
Residents Parking Bridgend Town Centre	Non Priority	-	-	-	-	-	-	150	250	50	2,000	-	-	-	-	-	-	2,450	2,450	
Street Scene Minor Works	Supporting a Successful Economy	16	136	-	-	-	136	-	-	-	-	-	-	-	-	-	-	136	152	
Bridgend Recreation Car Park	Smarter use of resources	-	14	-	-	-	14	-	-	-	-	-	-	-	-	-	-	14	14	
Shop Mobility	Supporting a Successful Economy	-	115	-	-	-	115	-	-	-	-	-	-	-	-	-	-	115	115	
Transport Grant Schemes	Helping People to be more Self Reliant	-	105	-	105	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Coychurch New Cremators	Smarter use of resources	-	1,038	-	-	-	1,038	-	-	-	-	-	-	-	-	-	-	1,038	1,038	
Asda Land Compensation	Non Priority	220	840	-	-	-	840	-	-	-	-	-	-	-	-	-	-	840	1,060	
Regeneration & Development		26	19	5	-	-	24	-	-	-	-	-	-	-	-	-	-	24	50	
Bridgend Digital	Supporting a Successful Economy	105	21	-	-	-	21	-	-	-	-	-	-	-	-	-	-	21	126	
Bridgend Town Centre Infrastructure Programme		-	182	-	-15	-	167	-	-	-	-	-	-	-	-	-	-	-	167	167
Special Regeneration Funding		-	-	-	-	-	-	271	540	540	540	540	-	-	-	-	-	-	2,431	2,431
Bridgend Townscape Heritage Initiative		1,916	381	-	-	-	381	40	-	-	-	-	-	-	-	-	-	-	421	2,337
Maesteg Townscape Heritage Initiative		2,149	12	-	-	-	12	-	-	-	-	-	-	-	-	-	-	-	12	2,161
Porthcawl Townscape Heritage Initiative		61	598	-	15	-	613	225	35	35	-	-	-	-	-	-	-	-	908	969
Bridgend Town Centre		8,695	95	-	-	-	95	-	-	-	-	-	-	-	-	-	-	-	95	8,790
Maesteg Town Centre Regeneration Phase 4		2,751	51	-	-	-	51	-	-	-	-	-	-	-	-	-	-	-	51	2,802
Maesteg Town Hall Cultural Hub		-	-	-	-	-	-	281	803	2,416	345	-	-	-	-	-	-	-	3,845	3,845
South East Wales Local Inv Fund		2,032	138	-	-	-	138	120	-	-	-	-	-	-	-	-	-	-	258	2,290
Llyfni Valley Development Programme		-	-	-	-	-	-	2,400	-	-	-	-	-	-	-	-	-	-	2,400	2,400
Porthcawl Infrastructure		266	-	-	-	-	-	5,507	-	-	-	-	-	-	-	-	-	-	5,507	5,773
Town Beach Revetment Sea Defence, Porthcawl		-	174	-	-	-174	-	571	2,901	80	-	-	-	-	-	-	-	-	3,552	3,552
Porthcawl Rest Bay Waterside Cycle		-	33	-	-	-	33	248	-	-	-	-	-	-	-	-	-	-	281	281
Vibrant and Viable Places		630	4,267	-246	105	-105	4,021	5,060	-	-	-	-	-	-	-	-	-	-	9,081	9,711
Commercial Improvement Areas		-	110	-	-	-	110	70	-	-	-	-	-	-	-	-	-	-	180	180
Rural Development Plan		-	-	-	-	-	-	150	-	-	-	-	-	-	-	-	-	-	150	150
Community Economic Development		483	22	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	22	505
Housing Renewal Area		-	474	-	-	-200	274	200	-	-	-	-	-	-	-	-	-	-	474	474
Housing Renewal Schemes		-	300	-	-	-	300	100	100	100	100	100	100	100	100	100	100	100	1,300	1,300
Smart System and Heat Programme	-	-	-	-	-	-	50	50	100	50	-	-	-	-	-	-	-	250	250	
Housing Renewal/Disabled Facilities Grants	Helping People to be more Self Reliant	-	3,337	-	-	-980	2,357	3,330	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	26,837	26,837	
Sport, Play and Active Wellbeing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bryngarw House	Non Priority	-	28	-	-	-	28	-	-	-	-	-	-	-	-	-	-	28	28	
Healthy Living Minor Works		-	25	-	27	-	52	-	-	-	-	-	-	-	-	-	-	52	52	
Berwyn Centre		-	200	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200	200	
Pyle Life Centre		28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
Total Communities		26,708	16,168	-180	27	-1,450	14,565	21,333	8,465	6,521	6,235	3,840	3,300	3,300	3,300	3,300	3,300	77,459	104,167	
Resources																				
Minor Works	Non Priority	-	602	-30	-375	-	197	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	11,197	11,197	
Upgrading Industrial Estates		-	40	-	-	-	40	-	-	-	-	-	-	-	-	-	-	40	40	
Fire Precautions		-	122	-	100	-	222	-	-	-	-	-	-	-	-	-	-	222	222	
DDA Works		-	150	-	-	-	150	-	-	-	-	-	-	-	-	-	-	150	150	

	Corporate Priority	Indicative																Total 2015/16 to 2025/26 £'000	TOTAL scheme £'000	
		Total Costs to 31-3-15	October 2015	New Approvals	Vire	Slippage	Revised 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
DDA Works at Civic Offices	Smarter Use of Resources	-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	120	120	
Maximising Space and Technology / BCP		875	597	-	-	-	597	-	-	-	-	-	-	-	-	-	-	597	1,472	
Civic Offices External Envelope		-	-	-	-	-	-	2,550	-	-	-	-	-	-	-	-	-	-	2,550	2,550
Agile Working (Rationalisation of Admin. Estate)		-	637	-	-	-	637	-	-	-	-	580	-	-	-	-	-	-	1,217	1,217
Community Care Information System		3,840	2,744	-	-	-	2,744	-	-	-	-	-	-	-	-	-	-	-	2,744	6,584
Relocation of Depot Facilities	60	4,376	-	-	-4,347	29	4,347	-	-	-	-	-	-	-	-	-	-	4,376	4,436	
Bridgend Market	Non Priority	-	20	-	-	-	20	-	-	-	-	-	-	-	-	-	-	20	20	
Non-Operational Assets	Smarter Use of Resources	520	480	-	-	-	480	-	-	-	-	-	-	-	-	-	-	480	1,000	
Investment in ICT		-	300	-	-	-300	-	300	-	-	-	-	-	-	-	-	-	300	300	
Community Projects		310	148	-	-	-	148	100	100	100	50	50	50	50	50	50	50	798	1,108	
Total Resources		5,605	10,216	-30	-275	-4,647	5,264	8,517	1,200	1,200	1,150	1,730	1,150	1,150	1,150	1,150	1,150	24,811	30,416	
Unallocated		-	-	-	-	-	-	-	-	218	1,262	696	1,816	1,816	1,816	1,816	1,816	11,256	11,256	
Total Expenditure		90,753	40,223	-135	-	-8,399	31,689	43,553	31,697	10,376	8,683	6,296	6,296	6,296	6,296	6,296	6,296	163,774	41,672	
Expected Capital Resources																				
General Capital Funding																				
General Capital Funding - Supported Borrowing			3,909	-	-	-	3,909	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914	43,049		
General Capital Funding - General Capital Grant			2,379	-	-	-	2,379	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	26,199		
Capital Receipts			9,062	-30	-	-3,451	5,581	14,803	11,108	380	2,026	-	-	-	-	-	-	33,898		
Unsupported Borrowing			2,485	-	-	-	2,485	977	-	-	-	-	-	-	-	-	-	3,462		
Loan - WG			-	-	-	-	-	2,400	-	-	-	-	-	-	-	-	-	2,400		
Local Govt Borrowing Initiative (Highways Infrastructure)			527	-	-	-	527	-	-	-	-	-	-	-	-	-	-	527		
Local Govt Borrowing Initiative (21st Century Schools)			2,883	-	-	-2,595	288	1,450	2,597	1,323	-	-	-	-	-	-	-	5,658		
Earmarked Reserves			1,019	-	-	-140	879	4,771	1,086	100	50	-	-	-	-	-	-	6,886		
Revenue Contribution			2,560	-	-	-1,690	870	2,690	-	-	-	-	-	-	-	-	-	3,560		
Sub-Total General Capital Funding			24,824	-30	-	-7,876	16,918	33,387	21,087	8,099	8,372	6,296	6,296	6,296	6,296	6,296	6,296	125,639		
External Funding Approvals																				
WG - Flying Start			281	-	-	-	281	-	-	-	-	-	-	-	-	-	-	281		
WG - Other			4,596	66	-	-200	4,462	861	2,176	60	-	-	-	-	-	-	-	7,559		
WG - 21st Century Schools			1,317	-	-	-454	863	4,350	7,674	-	-	-	-	-	-	-	-	12,887		
WG - Vibrant & Viable			3,650	-246	-	-	3,404	1,771	-	-	-	-	-	-	-	-	-	5,175		
S106			3,628	-	-	131	3,759	504	-	-	-	-	-	-	-	-	-	4,263		
Transport Grant			1,211	-	-	-	1,211	-	-	-	-	-	-	-	-	-	-	1,211		
Heritage Lottery Fund (HLF)			462	-	-	-	462	475	760	2,217	311	-	-	-	-	-	-	4,225		
Coastal Housing			150	-	-	-	150	2,205	-	-	-	-	-	-	-	-	-	2,355		
Sport Wales			-	75	-	-	75	-	-	-	-	-	-	-	-	-	-	75		
EU			104	-	-	-	104	-	-	-	-	-	-	-	-	-	-	104		
Sub-Total External Funding Approvals			15,399	-105	-	-523	14,771	10,166	10,610	2,277	311	-	-	-	-	-	-	38,135		
Total Funding Available			40,223	-135	-	-8,399	31,689	43,553	31,697	10,376	8,683	6,296	6,296	6,296	6,296	6,296	6,296	163,774		
Funding Shortfall/Surplus			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Glossary of terms

SBIG - School Building Improvement Grant

WG - Welsh Government

SEN - Special Educational Needs

TG - Transport Grant

SUSTRANS - Org. focused on making smarter travel choices

EU - European Union

WVSRA - Western Valleys Special Regeneration Area

HLPP - Healthy Living Partnership Programme

Act 1990

TREASURY MANAGEMENT STRATEGY 2016-17



1.0 Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) in February 2012 which requires the Council to approve a treasury management strategy before the start of each financial year. In addition to the CIPFA Code, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an Investment Strategy before the start of each financial year. This Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

The Council has an integrated Treasury Management Strategy (TMS) where borrowing and investments are managed in accordance with best professional practice. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore any actual loans taken are not associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's Standard of Professional Practice on Treasury Management. Council will receive reports on its treasury management activities, including as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its financial year end. Quarterly reports will also be received by Cabinet.

The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2.0 Economic Context and Forecasts for Interest Rates

Economic background: Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 84th consecutive month at its meeting in February 2016. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the

government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain stubbornly low.

Interest rate forecast: The Council's treasury adviser Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, with a slow rise finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.30% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

Arlingclose (Council's TM Advisers) central interest rate forecast – January 2016

	Bank Rate	3 month LIBID rate	1 Year LIBID rate	5-year gilt yield	10 year gilt yield	20 year gilt yield	50 year gilt yield
Mar 2016	0.50	0.60	1.20	1.30	1.90	2.50	2.50
June 2016	0.50	0.70	1.35	1.38	1.95	2.53	2.55
Sept 2016	0.75	0.80	1.45	1.45	2.00	2.55	2.60
Dec 2016	0.75	0.95	1.55	1.53	2.05	2.58	2.63
Mar 2017	1.00	1.05	1.70	1.60	2.10	2.60	2.65
June 2017	1.00	1.15	1.80	1.68	2.15	2.63	2.68
Sept 2017	1.25	1.30	1.95	1.75	2.20	2.65	2.70
Dec 2017	1.25	1.40	2.00	1.83	2.25	2.68	2.73
Mar 2018	1.50	1.50	2.10	1.90	2.30	2.70	2.75
Jun 2018	1.50	1.60	2.15	1.98	2.35	2.73	2.78
Sept 2018	1.50	1.65	2.15	2.05	2.40	2.75	2.80
Dec 2018	1.50	1.70	2.15	2.13	2.45	2.78	2.83
Mar 2019	1.50	1.75	2.15	2.20	2.50	2.80	2.85

3.0 The Council's Current Treasury Management Position

Table 1: Council's debt and investment position as at 31 December 2015

		Principal as at 31-12-15	Average Rate
		£m	%
Fixed rate long term funding	PWLB(i)	77.62	4.70
Variable rate long term funding	PWLB	-	-
	LOBO(ii)	19.25	4.65
Total Long Term External Borrowing(iii)		96.87	4.69
Other Long Term Liabilities(iii) (including PFI)		23.45	
TOTAL GROSS DEBT		120.32	
Fixed rate investments (iv)		32.00	0.49
Variable rate investments		8.00	0.58
TOTAL INVESTMENTS(v)		40.00	0.51
TOTAL NET DEBT		80.32	

- (i) Public Works Loan Board (PWLB)
- (ii) Lender's Option Borrower's Option (LOBO)
- (iii) Long term borrowing/liabilities include all instruments with an initial term of 365 days or more and long term liabilities includes the short term element of the liability
- (iv) The investment totals include instant access deposit accounts which are included as "Cash" in the Council's balance sheet in the Statement of Accounts and also investments shown as "Cash Equivalents" in the Council's balance sheet that mature in 1 month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value

Fixed rate in the above table includes instruments which are due to mature in the year

The £19.25m relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore, the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The next trigger point is 22 July 2016 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. The long term liabilities figure of £23.45 million at 31 December 2015 includes £18.92 million for the

Council's Private Finance Initiative (PFI) arrangement (for the provision of a Secondary School in Maesteg) and a new Long Term Liability of £2.40 million relating to a loan from the WG Central Capital Retained Fund for regeneration works within the Llynfi Valley.

Investments are anticipated to drop from £40.00m on 31 December 2015 to approximately £17m by the 31 March 2016. As in previous years this is due partly to the reduction in income collected from Council Tax and National Non-Domestic Rates in February and March 2016 and expenditure expected for the capital programme.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Forecast changes in these sums are included in the Prudential Indicators shown in **Schedule A** which shows that the Council expects to comply with this recommendation during 2015-16, 2016-17 and the following three years.

4.0 Borrowing Strategy

The major **objectives** to be followed in 2016-17 are:-

- to minimise the revenue costs of debt,
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing ,
- to effect funding in any one year at the cheapest cost commensurate with future risk,
- to forecast average future interest rates and borrow accordingly,
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement,
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change, and
- to maximise the use of all capital resources including borrowing, both supported and unsupported, useable capital receipts and grants and contributions.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. With short-term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either borrow short term loans or use internal resources. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates as shown in the Treasury Management Indicators in **Schedule A**.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, however, with long term rates forecast to rise in the coming years, any such short term savings will need to be balanced against the potential longer-term costs. The Council's Treasury Management advisers will assist the Council with this 'cost of carry' and breakeven analysis. No long term borrowing has been taken to date during 2015-16 and it is not expected that there will be a requirement for any new long term borrowing in 2015-16 or 2016-17. Alternatively, the Council may arrange forward starting loans during 2016-17 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term loans (normally for up to one month) to cover unexpected cash flow shortages.

The **approved sources** of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see Investment Strategy)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable joint local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB, but will also investigate other sources of finance, such as Welsh Government and local authority loans and bank loans, that may be available at more favourable rates. The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

5.0 Investment Strategy

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income.

Investment Balances: The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves held. Based on its cash flow forecasts, the Council anticipates its investment balances in 2016-17 to range between £12m to £50m with an average investment rate of 0.45% (based on current rates and investment types) but this will be reviewed at half year and reported to Council. The actual balance varies because of the cash flow during the month and year as to when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The major **objectives** to be followed in 2016-17 are:-

- To maintain capital **security**;
- To maintain **liquidity** so funds are available when expenditure is needed;
- To achieve the **yield** on investments commensurate with the proper levels of security and liquidity.

The Council's investments have historically been placed in short term bank and building society unsecured deposits and local and central government, however, investments may be made with any public or private sector organisations that meet the credit criteria detailed below. The Council is looking to diversify into more secure and/or higher yielding asset classes during 2016-17 but any new instruments used will be in full consultation with the Council's treasury management advisers.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate.

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Approved Counterparties: The Council may invest with any of the counterparty types shown in Table 2 below, subject to the cash limits (per counterparty) and the time limits shown. **These cash limits are per counterparty and relate to principal only and exclude any accrued interest. These must be read in conjunction with the notes immediately below the table and the combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:**

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	N/A	N/A	£ Unlimited	N/A	N/A
			50 Years		
UK Local Authorities *	N/A	N/A	£12,000,000	N/A	N/A
			10 Years		
AAA	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	5 Years	20 Years	50 Years	20 Years	20 Years
AA+	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	5 Years	10 Years	25 Years	10 Years	10 Years
AA	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	4 Years	5 Years	15 Years	5 Years	10 Years
AA-	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	3 Years	4 Years	10 Years	4 Years	10 Years
A+	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	2 Years	3 Years	5 Years	3 Years	5 Years
A	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	13 Months	2 Years	5 Years	2 Years	5 Years
A-	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	6 Months	13 Months	5 Years	13 Months	5 Years
BBB+	£1,000,000	£2,000,000	£1,000,000	£1,000,000	£1,000,000
	100 Days	6 Months	2 Years	6 Months	2 Years
BBB	£1,000,000	£2,000,000	N/A	N/A	N/A
	Next day only	100 Days			
None	£1,000,000	N/A	N/A	N/A	£2,000,000
	6 Months				5 Years
Pooled Funds	£4,000,000				
	Per Fund				

* excluding parish and community councils

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Council's current account bank. Any additional amounts received into our accounts with our own bankers which are received late in the day meaning it is too late to make an investment the same day, then the limit in the above table will not apply as this does not count as an investment.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by, or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Welsh Government and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Money Market Funds (type of pooled fund): These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. To date the Council has not used money market funds.

Other Pooled Funds: The Council may consider using pooled bond, equity and property funds whose value changes with market prices and/or have a notice period will be used for longer investment periods as they offer enhanced returns over the longer term, and are potentially more volatile in the shorter term. To date the Council

has not used any pooled funds but if it did their performance and continued suitability in meeting the Council's investment objectives would be monitored regularly.

Credit Rating Criteria and their Use: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: This is an investment which offers high security and high liquidity. It is a low risk investment where the possibility of loss of principal or investment income is negligible and satisfies the conditions below as defined by *WG Investment Guidance*:-

- denominated in pound sterling,
- contractually committed to be paid within 12 months of arrangement (364 days),
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority,
 - a UK parish or community council or
 - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation.

Non-specified Investments: Any investment that does not fall into the criteria detailed above under the Specified definition. The Council does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement,
- those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled fund, and
- investments with bodies and schemes not meeting the definition on high credit quality.

All investments longer than 364 days will be made with a cautious approach to cash flow requirements and will only be entered into with prior advice from the Council’s Treasury Management Advisers.

The WG Guidance requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £25m. Table 3 below shows the non-specified categories and the relevant limits – the total of the individual limits exceed £25m, however at any one point in time a maximum of **£25m** of investments could be in one of the following non-specified categories with the following category limits:

Table 3: Non-Specified Investment Limits

	Category Total Cash limit
Total long-term investments	£15m
Total Money Market Funds	£10m
Total other pooled funds	£10m
Total investments without credit ratings or rated below the Council’s definition of “high credit quality”	£ 6m
Total investments (except pooled funds)with institutions domiciled in foreign countries with a sovereign rating below AA+	£ 3m

Investment Limits:

The combined values of specified and non-specified investments with any one organisation are subject to the investment limits detailed below in Table 4, the approved counterparties and limits shown in Table 2 above and also the non-specified limits in Table 3 above. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Table 4: Investments Limits

	Cash limit
Any single organisation, except the UK Central and Local Government	£4m
UK Central Government	unlimited
UK Local Authorities (per counterparty)	£12m
Any group of organisations under the same ownership	£4m per group
Any group of pooled funds under the same management	£4m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£4m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£6m in total

Liquidity Management: The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15m (table 3 above) has been set for 2016-17 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast. This represents 30% of the maximum amount of investments that the Council anticipate to have at any one point in time during 2016-17.

6.0 Treasury Management and Prudential Indicators

The 2011 Treasury Management Code and Prudential Code require the Council to set and report on a number of Treasury Management and Prudential Indicators. **Schedule A** revises some of the indicators for 2015-16, 2016-17, 2017-18, and 2018-19 and introduces new indicators for 2019-20 to be consistent with the principles contained in the Medium Term Financial Strategy. The indicators either summarise the expected activity or introduce limits upon the activity, and reflect the underlying capital programme.

7.0 Annual Minimum Revenue Provision Statement 2016-17

Where a Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years. This amount charged to revenue is called the Minimum Revenue Provision (MRP). Under the Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008, an Annual Minimum Revenue Provision (MRP) Statement needs to be produced that details the methodology for the MRP charge. There is not a statutory minimum for the amount set aside. It needs to be considered a prudent provision to ensure that the debt is

repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits or in the case of borrowing supported by Welsh Government's Revenue Support Grant reasonably commensurate with the period implicit in the determination of that grant. This is detailed in **Schedule B**.

8.0 Performance Indicators

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking. One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK Local Authorities. The rate of return on investments can be monitored against the benchmark of the average 7 day London Inter Bank Bid (LIBID) rate and will also be benchmarked against the average Bank Rate.

9.0 Other Items

The Council is required by CIPFA or WG to include the following additional items:

Policy on Use of Financial Derivatives: The Localism Act 2011 includes a general power competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). These instruments are used by organisations to manage exposure to interest rate or exchange rate fluctuations. Although this change does not apply to Wales, the latest CIPFA Code requires authorities to clearly state their policy on the use of derivatives in the annual strategy. In the absence of any legislative power, the Council's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures and options. Embedded derivatives within loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

Investment Advisers: The Council has appointed Arlingclose Limited as treasury management advisers to provide advice and information relating to its borrowing and investment activities. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided.

Investment of Money Borrowed in Advance of Need: The Welsh Government maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The Council has an integrated Treasury Management Strategy and borrowing is not linked to the financing of specific items of expenditure. The Council's Capital Financing Requirement (CFR) as at 1 January 2016 was in excess of the actual debt

of the Council (as detailed in the Prudential Indicators in Schedule A) indicating there was no borrowing in advance of need.

Investment Training: The Treasury Management Team receives training from the Council's Treasury Management advisers. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

TREASURY MANAGEMENT INDICATORS

The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to Treasury Management risks using the following indicators.

The Council needs to set the upper limits to its **Interest Rate Exposure** for the effects of changes in interest rates. There are two treasury management indicators that relate to both fixed interest rates and variable interest rates. These limits have been calculated with reference to the net outstanding principal sums and are set to control the Council's exposure to interest rate risk.

No.	Interest Rate Exposure	2015-16 Proj. £m	2016-17 Est. £m	2017-18 Est. £m	2018-19 Est. £m	2019-20 Est. £m
	Total Projected Principal Outstanding on Borrowing 31 March	96.87	96.87	101.87	106.87	111.87
	Total Projected Principal Outstanding on Investments 31 March	17.00	12.00	10.00	8.00	6.00
	Net Principal Outstanding	79.87	84.87	91.87	98.87	105.87
1.	Upper Limit on fixed interest rates (net principal) exposure	140.00	140.00	140.00	140.00	145.00
2.	Upper Limit on variable interest rates (net principal) exposure	50.00	50.00	50.00	50.00	50.00

The Section 151 Officer will manage interest rate exposures between these limits.

A further indicator for Treasury Management measures the **Maturity Structure of Borrowing** and is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk.

No	Maturity structure of fixed rate borrowing during 2016-17	Upper limit	lower limit
3.	Under 12 months	50%	0%
	12 months and within 24 months	25%	0%
	24 months and within 5 years	50%	0%
	5 years and within 10 years	60%	0%
	10 years and above	100%	40%

The Upper Limit for **Total Principal Sums Invested over 364 days** indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

No.		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
4.	Upper Limit - Total Principal Sum Invested more than 364 day days	15	10	8	6

2.0 PRUDENTIAL INDICATORS

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's *Prudential Code for Capital Finance in Local Authorities*.

Council is required to formally adopt CIPFA's Treasury Management Code and the revised version of the 2011 code was adopted by Council on 22 February 2012.

Prudential Indicators for Prudence

The following Prudential Indicators are based on the Council's capital programme which is subject to change.

The Council's capital expenditure plans are summarised below and this forms the first prudential indicator for Prudence. The total capital expenditure is funded from capital grants and contributions, capital receipts and revenue with the remainder being the **Net Financing Need for the Financial Year** to be met from borrowing.

No.	Prudential indicators For Prudence	2015-16 £'000 Proj. *	2016-17 £'000 Est.	2017-18 £'000 Est.	2018-19 £'000 Est.	2019-20 £'000 Est.
1	Estimates of Capital Expenditure Non – HRA	31,689	43,553	31,697	10,376	8,683
	Total Capital Expenditure	31,689	43,553	31,697	10,376	8,683
	Financed by :-					
	Capital Grants and Contributions	17,150	12,548	12,992	4,659	2,693
	Capital Receipts	5,581	17,203	11,108	380	2,026
	Revenue	870	2,690	0	0	0
	Earmarked Reserves	879	4,771	1,086	100	50
	Net Financing Need for Year	7,209	6,341	6,511	5,237	3,914

The second Prudential Indicator is the **Capital Financing Requirement (CFR)** for the Council. This shows the total outstanding capital expenditure that has not been funded from either revenue or other capital resources. It is derived from the actual Balance Sheet of the Council. It is essentially a measure of the underlying need to finance capital expenditure and forms the basis of the charge to the General Fund under the Prudential Code system.

The process for charging the financing of capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP). The actual MRP charge needs to be prudent – as detailed in the Council's MRP policy in **Schedule B**.

No.	Prudential indicators For Prudence	2015-16 £'000 Proj.	2016-17 £'000 Est.	2017-18 £'000 Est.	2018-19 £'000 Est.	2019-20 £'000 Est.
2	Capital Financing Requirement (CFR)					
	Opening CFR (1 April) excluding PFI	154,979	155,443	155,266	155,216	153,890
	Opening PFI CFR	19,300	18,787	18,235	17,640	17,000
	Opening Innovation Centre	770	719	664	603	537
	Opening HALO	962	845	728	612	495
	Total Opening CFR	176,011	175,794	174,893	174,071	171,922
	Movement in CFR excl. PFI & other liabilities	463	(177)	(50)	(1,326)	(2,609)
	Movement in PFI CFR	(512)	(552)	(595)	(640)	(690)
	Movement in Innovation Centre CFR	(51)	(55)	(60)	(66)	(90)
	Movement in HALO CFR	(117)	(117)	(117)	(117)	(117)
	Total Movement in CFR	(217)	(901)	(822)	(2,149)	(3,506)
	Closing CFR (31 March)	175,794	174,893	174,071	171,922	168,416
	Movement in CFR represented by :-					
	Net Financing Need for Year (above)	7,209	6,341	6,511	5,237	3,914
	Minimum and Voluntary Revenue Provisions*	(7,426)	(7,242)	(7,333)	(7,387)	(7,420)
	Total Movement	(217)	(901)	(822)	(2,150)	(3,506)

*Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) represent the revenue charge for the repayment of debt and includes MRP for the Public Finance Initiative (PFI), Finance Leases, Innovation Centre and HALO

Limits to Borrowing Activity

The Council's long term borrowing at the 31 December 2015 was £96.87m as detailed in section 3 of the Strategy. External Borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. Because the Council has an integrated Treasury Management Strategy there is no association between individual loans and particular types of expenditure. Therefore, the Capital Financing Requirement and actual external borrowing can be very different.

The **Gross Debt** position (Borrowing and Long Term Liabilities) is shown below:

No.	Prudential indicators For Prudence Gross Debt 31 March	2015-16 £'000 Proj.	2016-17 £'000 Est.	2017-18 £'000 Est.	2018-19 £'000 Est.	2019-20 £'000 Est.
3	External Borrowing	96,867	96,867	101,867	106,867	111,867
	Long Term Liabilities (including PFI)	23,261	22,497	21,685	20,822	17,485
	Total Gross Debt	120,128	119,364	123,552	127,689	129,352

Within the Prudential Indicators, there are a number of key indicators to ensure the Council operates its activities within well-defined limits. One key control is to ensure that over the medium term, debt will only be for a capital purpose. The Council needs to ensure that external debt does not, except in the short term, exceed the Capital Financing Requirement for 2015-16 (i.e. the preceding year) plus the estimates of any additional capital financing requirement for the current and next three financial years, however 2019-20 has also been included to be consistent with the Medium Term Financial Strategy.

No.	Prudential indicators For Prudence	2015-16 £'000 Proj.	2016-17 £'000 Est.	2017-18 £'000 Est.	2018-19 £'000 Est.	2019-20 £'000 Est.
4	Gross Debt & the CFR					
	Total Gross Debt	120,128	119,364	123,552	127,689	129,352
	Closing CFR (31 March)	175,794	174,893	174,071	171,922	168,416

As can be seen from the above table, the Council does not have any difficulty meeting this requirement in 2015-16 and does not envisage any difficulties in the current and future years. This view takes into account current commitments, existing plans and the proposals for next year's budget.

A further two Prudential Indicators control the Council's overall level of debt to support Capital Expenditure. These are detailed below:-

- The **Authorised Limit** for External Debt – this represents the limit beyond which borrowing is prohibited. It reflects a level of borrowing that could not be sustained even though it would be affordable in the short term. It needs to be set and approved by Members.
- The **Operational Boundary** for External Debt – this is not an actual limit and actual borrowing could vary around this boundary during the year. It is based on the probable external debt during the course of the year.

No.	Prudential indicators For Prudence	2015-16 Revised £m	2016-17 Est. £m	2017-18 Est. £m	2018-19 Est. £m	2019-20 Est. £m
5	Authorised limit for external debt					
	Borrowing	140	140	140	145	148
	Other long term liabilities	30	30	30	25	20
	Total	170	170	170	170	168
6	Operational Boundary					
	Borrowing	105	105	110	115	120
	Other long term liabilities	25	25	25	25	20
	Total	130	130	135	140	140

Prudential Indicators for Affordability

The Prudential Code Indicators Numbered 1 to 6 above cover the overall controls on borrowing and financing of capital expenditure within the Council. The second suite of indicators detailed below assesses the affordability of capital investment plans and the impact of capital decisions on the Council's overall finances.

The indicator the **Ratio of Financing Costs to Net Revenue Stream** demonstrates the trend in the cost of capital against the Total Revenue amount to be met from local taxpayers and the amount provided by the Assembly in the form of Revenue Support Grant. The estimates of capital financing costs include interest payable and receivable on Treasury Management activities and the Minimum Revenue Provision charged to the Comprehensive Income and Expenditure Statement. The revenue stream is the amount to be met from government grants and local taxpayers. The projection has increased from the TMS 2015-16 estimate of 5.05% to 6.54% as additional premiums have now been repaid in 2015-16 but part of this will be offset by

an earmarked reserve together with the projected under spend on capital financing costs.

No.	Prudential Indicators for Affordability	2015-16 Proj.	2016-17 Est.	2017-18 Est.	2018-19 Est.	2019-20 Est.
7.	Estimate - Ratio of Financing Costs to Net Revenue Stream	6.54%	5.24%	5.38%	5.55%	5.64%

The indicator of the **Incremental Impact of Capital Investment Decisions on Council Tax** identifies the estimate of the incremental impact to the Council Tax from the capital expenditure proposals, particularly changes in borrowing requirements that have occurred since the Capital Programme was approved for the year. This is a purely notional calculation designed to show the effect of changes in capital investment decisions

No.	Incremental Impact of Capital Investment Decisions on Council Tax	2015-16 Proj.	2016-17 Est.	2017-18 Est.	2018-19 Est.	2019-20 Est.
8.	Estimate - Increase in Band D Council Tax as per Capital Programme	£ 3.87	£ 4.75	£ 4.75	£ 4.75	£ 4.75

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2016-17

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2016-17 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure and does not result in a significant asset will be based on the Capital Financing Requirement after accounting adjustments at 4% of the opening balance. This charge was supplemented by voluntary MRP (based on the useful asset life) in respect of those assets which were financed by unsupported borrowing before 1 April 2008.
- ii. all unsupported capital expenditure, exercised under the Prudential Code, and supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over life of asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer;
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year;
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

The MRP Charge 2016-17 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 01-04-16 £'000	2016-17 Estimated MRP £'000
Capital expenditure before 01-04-2008 and any after 01-04-2008 that does not result in a significant asset (Supported) Capital Expenditure before 01-04-2008 (Unsupported)	(i)	124,793 -	4,999 -
Unsupported capital expenditure, exercised under the Prudential Code, and supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported) (Unsupported)	(ii)	3,946 26,704	132 1,387
PFI, Finance Leases and other arrangements PFI School Innovation Centre Halo Leisure	(iii)	18,787 719 845	552 55 117
TOTAL		175,794	7,242

Full Equality Impact Assessment

Name of project, policy, function, service or proposal being assessed:	External consultation on the Medium Term Financial Strategy – 2016/17 to 2019/2020 (MTFS)
Date assessment completed	07 December 2015

At this stage you will need to re-visit your initial screening template to inform your discussions on consultation and refer to [guidance notes on completing a full EIA](#)

The council's Medium Term Financial Strategy (MTFS) is set within the context of UK economic and public expenditure plans, Welsh Government priorities and legislative programme. The MTFS outlines how the council plans to use its resources to support the achievement of corporate priorities and statutory duties, including managing financial pressures and risks over the next four years. It helps the council 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.

The MTFS includes:

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2016/17 and outline proposals for 2017/18 to 2019/20;
- The capital programme for 2016/17 to 2025/26. Linked to priority areas for capital investment and Capital Financing Strategy;
- The Treasury Management Strategy and Corporate Risk Register.

The MTFS links to the following strategies and policies:

- Welsh Government Final Local Government Settlement;
- Grant transfers (in and out) of the 2016/17 Revenue Settlement;
- The Regional Collaboration Fund (RCF);
- Intermediate Care Fund (ICF);

- Council Tax;
- Welsh Government Capital Settlement.

An external consultation reviewing Bridgend County Borough Council's corporate priorities was undertaken between 28 September and 22 November 2015. The consultation survey received a total of 1,819 responses from a combination of the consultation survey, 15 engagement events held across the county borough, social media interactions and by using the authority's Citizens Panel. This Full Equality Impact Assessment outlines the analyses associated with the consultation. The results gathered from the consultation will be used to better understand the potential impact of the change in corporate priorities operating within the current financial limitations prior to commencing the public consultation process. The general public were invited to attend engagement events through website and media promotion. All questions in the online survey were optional and all survey responses offered the option of anonymity. Paper copies of the consultation were also made available at local libraries, the 15 engagement events (including one event held by BAVO) or alternatively could be sent to residents upon request in English or Welsh. In total there were 12 budget reduction questions which required a reply from respondents, all other questions were optional. Promotional tools included:

- Press releases
- Invites to previous consultees sent to this year's events
- A You Tube Video
- Social Media
- Local Press
- Elected Member's budget workshop
- Online Budget Survey
- Community Engagement Workshops
- Community Engagement Stands

The level of interaction per promotional tool is described in the Consultation Report.

1. Consultation

		Action Points
Who do you need to consult with (which equality groups)?	The council is mindful that the full impact of the proposed budget reductions outlined in the Medium Term Financial Strategy will be high level, negative and potentially impacting many customers, citizens, visitors and service users from across most of the protected characteristic groups. The council is also mindful that, in order to maximise its reach into its communities, and the people who use its services, it needed to consider further innovative engagement methods. The council used social media, local newspapers and radio, online consultation methods, distributed hard copies of consultation documents to libraries and public buildings, worked with the citizens' panel and arranged a series of community engagement workshops encouraging citizens to attend and give their views on the consultation. Additionally, the Bridgend Equality Forum comprising representatives from most of the protected characteristic groups, was consulted.	The council's approach to consultation is described above.
How will you ensure your consultation is inclusive?	The council is mindful of the different accessibility needs of people and consultation was carried out inclusively using as wide a range of formats and access opportunities as possible.	The consultation methods comprised of hard copy materials in various font sizes, online methods for customers and citizens who wished to feedback in a digital environment, face to face focus

		groups/community workshops enabling people to feedback verbally to council representatives and the Bridgend Equality Forum who engaged with their individual groups on the council's behalf.
What consultation was carried out? Consider any consultation activity already carried out, which may not have been specifically about equality but may have information you can use	The council's consultation period on its Medium Term Financial Strategy began on 28 September 2015 and ended on 22 November 2014. The Bridgend Equality Forum meets on a bimonthly cycle and various meetings are held with representative groups such as Bridgend Visually Impaired Society, Bridgend Deaf Club and Bridgend Coalition of Disabled People to discuss the council's equality agenda.	Please see Consultation Report.

Record of consultation with people from equality groups

Group or persons consulted	Date, venue and number of people	Feedback, areas of concern raised	Action Points
BCBC Employees	10 August 2015, Civic Offices, 21 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.
BCBC Employees	13 August 2015, Civic Offices, 33 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.

BCBC Employees	14 August 2015, Civic Offices, 46 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.
BCBC Employees	17 August 2015, Civic Offices, 47 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.
BCBC Employees	19 August 2015, Civic Offices, 23 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.
BCBC Employees	28 August 2015, Training Room, Waterton Depot, 26 staff in attendance.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.	Please see appendix A attached for questions asked by employees. The general themes are summarised below.
Please see Consultation Report for detail of engagement, interaction and other contributions to the consultation.			

The Question and Analysis of the consultation survey, including corporate priorities, the Headline Figures, key themes and the proposed budget reductions are outlined in the Consultation Report.

2. Assessment of Impact

Based on the data you have analysed, and the results of consultation or research, consider what the potential impact will be upon people with protected characteristics (negative or positive). If you do identify any adverse impact you **must**:

a) Liaise with the Engagement Team who may seek legal advice as to whether, based on the evidence provided, an adverse impact is or is potentially discriminatory, and

b) Identify steps to mitigate any adverse impact – these actions will need to be included in your action plan.

Include any examples of how the policy helps to promote equality.

Gender	Impact or potential impact	Actions to mitigate
Identify the impact/potential impact on women and men.	This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: "The impact on women and men may differ based on the demographics of Bridgend County Borough not on service delivery/provision. There were 139,740 people living in Bridgend (2011 census) with a gender split of 49.4% male (69,031) and 50.6% female (70,709). On 31.3.15, the gender split of employees of Bridgend County Borough Council was: 1331 Males (21.5%) and 4851 Females (78.5%). Many of the proposals will impact carers, parents and children. As the vast majority of caring and parenting responsibilities are undertaken by women, some proposals regarding children and nursery provision are likely to have a disproportionate impact on women.	The full impact of the proposed budget reductions on men and women will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.
Disability	Impact or potential impact	Actions to mitigate
Identify the impact/potential impact on disabled people (ensure consideration of a range of impairments, e.g. physical, sensory impairments, learning disabilities, long-term illness).	This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: Of the 139,740 people living in Bridgend (2011 census), 18,796 consider they have a physical, sensory or	The full impact of the proposed budget reductions on disabled people will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where

	<p>learning disability or a long term illness. Whilst we are mindful of this potential impact we have identified opportunities for us to work in partnership with other providers and 3rd sector partners to deliver alternative forms of service. The proposed budget reductions include a number of service reviews which could potentially, negatively impact on disabled people. This could include people with physical, learning and/or mental health disabilities and could include council employees facing redundancy and people who use council services including older people and children and young people. On the 31 March 2015, 155 employees of Bridgend County Borough Council had declared a disability.</p>	<p>feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>
Race	Impact or potential impact	Actions to mitigate
<p>Identify the impact/potential impact of the service on Black and minority ethnic (BME) people.</p>	<p>This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: "From the 2011 census there are approximately 2000 BME people living in Bridgend comprising of 1.5 % of our total population. Whilst the full impact of our budget reductions on BME people is currently unknown we will continue to monitor the impact of budget and service</p>	<p>The full impact of the proposed budget reductions on Race will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>

	<p>reductions on BME people and consider mitigating action if necessary. Action already in place covers the provision of information and advice in languages other than Welsh, English and British Sign Language to ensure that access to services and information is readily available. On 31 March 2015, 75 employees of Bridgend County Borough Council had disclosed as BME (Black Minority Ethnic).”</p>	
Religion and belief	Impact or potential impact	Actions to mitigate
<p>Identify the impact/potential impact of the service on people of different religious and faith groups.</p>	<p>This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: “from the 2011 census there are approximately 2000 BME people living in Bridgend comprising of 1.5 % of our total population. In terms of Religion and Belief the census also informs that, in 2011, there were:</p> <ul style="list-style-type: none"> • 350 Buddhists • 270 Hindus • 500 Muslims • 33 Jews 	<p>The full impact of the proposed budget reductions on Religion and Belief will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>

	<ul style="list-style-type: none"> • 50 Sikhs <p>The full impact of our proposed budget reductions on religion and belief is not currently fully understood, however a consultation process will be developed which will help the council better understand this impact.</p>	
Sexual Orientation	Impact or potential impact	Actions to mitigate
Identify the impact/potential impact of the service on gay, lesbian and bisexual people.	<p>This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: “the potential impact of the budget reductions on this protected characteristic is currently unknown as, although consultees are asked to share personal and sensitive data with the council, this is not always disclosed. However, further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding Sexual Orientation. On the 31 March 2015, 60 employees of Bridgend County Borough Council disclosed their sexual orientation as Gay Man, Gay Woman or Bisexual.</p>	<p>The full impact of the proposed budget reductions on Sexual Orientation will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>
Age	Impact or potential impact	Actions to mitigate

Identify the impact/potential impact of the service on older people and younger people.

The impact on age will differ and will depend on the service delivered and service user. The proposed budget reductions include a number of service reviews which could potentially, negatively impact on older and younger people. This could include council employees facing redundancy and people who use council services such as elderly people and children and young people. The demographic of Bridgend County Borough Council's workforce as at 31 March 2015 was:

Age	Number	%
16 – 19	11	0.2
20 – 25	305	4.9
26 – 30	525	8.5
31 – 35	651	10.5
36 – 40	763	12.3
41 – 45	980	15.9
46 – 50	978	15.8
51 – 55	924	15.0
56 – 60	695	11.2

The full impact of the proposed budget reductions on Age will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.

	<p>61 - 65 282 4.6</p> <p>66 + 68 1.1</p> <p>From the 2011 census the age breakdown of people living in Bridgend is:</p> <p>0 – 15 – 18.3% (25,572)</p> <p>16 – 64 – 63.2% (88,316)</p> <p>65+ - 18.5% (25,852)</p> <p>The impact on age will differ and will depend on the service delivered and service user. The proposed budget reductions include a number of service reviews which could potentially, negatively impact on older and younger people. This could include council employees facing redundancy and people who use council services such as elderly people and children and young people. From a childrens perspective (including disabled children), some of the proposals could negatively impact children’s social and educational development, impact household income, and influence child poverty and mortality (as reflected by the Bridgend v’s Maesteg statistics).</p>	
Pregnancy & Maternity	Impact or potential impact	Actions to mitigate

	<p>This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: “the potential impact of the budget reductions on this protected characteristic is currently unknown. The council’s libraries and life (leisure) centres are registered as Breast Feeding Friendly venues.). Some of the proposed budget reductions may influence the decision of women to have children as it may no longer be economically and socially viable. Women would face the decision of either staying at home (which research shows has a negative impact on household income, their career and how much they earn in the long term) or paying private nursery fees until the age of 4-5.</p>	<p>The full impact of the proposed budget reductions on Pregnancy and Maternity will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>
Transgender	Impact or potential impact	Actions to mitigate
	<p>This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: “The potential impact of the budget reductions on this protected characteristic is currently unknown as, although consultees are asked to share personal and sensitive data with the council, this is not always disclosed.</p>	<p>The full impact of the proposed budget reductions on Transgender / Gender Reassignment will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and</p>

	However, further efforts will be made to encourage service users, customers, visitors and staff to disclose information regarding gender reassignment. On the 31 March 2015, 11 employees of Bridgend County Borough Council had disclosed as transgender.	subsequent mitigating actions considered.
Marriage and Civil Partnership	Impact or potential impact	Actions to mitigate
	This Full Equality Impact Assessment reinforces the detail in the Initial Screening Equality Impact Assessment which is that: "The potential impact of the budget reductions on this protected characteristic is currently unknown."	The full impact of the proposed budget reductions on Civil Partnership and Marriage will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups and other stakeholders, where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.

The following Section only applies where there is a potential impact (negative, positive or neutral) on children

United Nations Convention on the Rights of the Child (UNCRC)

The UNCRC is an agreement between countries which sets out the basic rights all children should have. The United Kingdom signed the agreement in 1991. The UNCRC includes 42 rights given to all children and young people under the age of 18. The 4 principles are:

1. Non-discrimination

2. Survival and development
3. Best interests
4. Participation

This section of the Full EIA contains a summary of all 42 articles ([available here](#)) and some will be more relevant than others, depending on the policy being considered however, there is no expectation that the entire convention and its relevance to the policy under review is fully understood. The Engagement Team will review the relevant data included as part of its monitoring process. The EIA process already addresses two of the principle articles which are non-discrimination and participation. This section covers “Best interests” and “Survival and development”.

Some policies will have **no direct impact** on children such as a day centre for older people.

Some policies will **have a direct impact** on children where the policy refers to a childrens’ service such as a new playground or a school.

Some policies will **have an indirect impact** on children such as the closure of a library or a cultural venue, major road / infrastructure projects, a new building for community use or change of use and most planning decisions outside individual home applications.

What do we mean by “best interests”?

The “Best interest” principle does not mean that any negative decision would automatically be overridden but it does require BCBC to examine how a decision has been justified and how the Council would mitigate against the impact (in the same way as any other protected group such as disabled people).

- The living wage initiative could be considered to be in the “Best interests”. The initiative could potentially lift families out of poverty. Poverty can seriously limit the life chances of children.
- The closure of a library or cultural building would not be in the “Best interests” of children as it could limit their access to play, culture and heritage (Article 31.)

Please detail below the assessment / judgement of the impact of this policy on children aged 0 – 18. Where there is an impact on “Best interests” and “Survival and development”, please outline mitigation and any further steps to be considered. The 42 rights are detailed [here](#).

Impact or potential impact on children aged 0 - 18	Actions to mitigate
<p>Article 12: Children have the right to say what they think, when adults are making decisions that affect them, and to have their opinions taken into account.</p>	<p>From a childrens perspective (including disabled children), some of the proposals could negatively impact children’s social and educational development, impact household income, and influence child poverty and mortality (as reflected by the Bridgend v’s Maesteg statistics).</p>
	<p>The full impact of the proposed budget reductions on Age will not be fully understood until a full consultation exercise has been conducted with the general public, protected characteristic groups, other stakeholders and children themselves where feedback and concerns regarding the proposed budget reductions may be gathered and subsequent mitigating actions considered.</p>
<p>Article 20: Children who cannot be looked after by their own family must be looked after properly, by people who respect their religion, culture and language.</p>	<p>As above</p>
<p>Article 21: When children are adopted the first concern must be what is best for them.</p>	<p>As above</p>
<p>Article 23: Children who have any kind of disability should have special care and support so that they can lead full and independent lives.</p>	<p>As above</p>
<p>Article 25: Children who are looked after by their local authority rather than their parents should have their situation reviewed regularly</p>	<p>As above</p>
<p>Article 28: Children have a right to an education. Discipline in</p>	<p>As above</p>

schools should respect children's human dignity.	
Article 29: Education should develop each child's personality and talents to the full.	As above
Article 31: All children have a right to relax and play, and to join in a wide range of activities.	As above
Article 33: We should provide ways of protecting children from dangerous drugs.	As above
Article 34: We should protect children from sexual abuse.	As above
Article 35: We should make sure that children are not abducted or sold.	As above
Article 39: Children who have been neglected or abused should receive special help to restore their self - respect.	As above

It is essential that you now complete the action plan. Once your action plan is complete, please ensure that the actions are mainstreamed into the relevant Service Development Plan.

3. Action Plan

The key reduction proposals within the budget requiring a change in policy will be the subject of separate reports to Cabinet. Significant changes are subject to periodic post implementation monitoring and review by the Council's Cabinet and the relevant Overview & Scrutiny Committee; and in some instances, by the Regulatory bodies. The Business Plans of Directorates are aligned with the Council's Budget and performance against these and the wider performance of the Council's services is monitored in quarterly Comprehensive Performance Assessment meetings. Budget monitoring is subject to quarterly reports to Cabinet and Performance reports are now also being produced for Overview and Scrutiny Committees on a half yearly basis.

Whilst this Full Equality Impact Assessment describes the possibility of high level negative impacts on protected characteristic groups, it is important to note that separate Equality Impact Assessment will be undertaken on each proposed budget reduction in order that

the council may make informed judgements based on consultation, engagement, feedback and a robust evidence base on which to approve (or not) these proposed budget reductions.

Action	Lead Person	Target for completion	Resources needed	Service Development plan for this action
Undertake a consultation and engagement exercise and produce meaningful, robust Equality Impact Assessments	Lead Service with support and advice from Consultation and Engagement Team (including Equalities.)	Prior to council approval (or not) or all Medium Term Financial Strategy Reductions.	Support from Consultation and Engagement Team (including Equalities).	Relevant service area.

Please outline the name of the independent person (someone other the person undertaking the EIA) countersigning this EIA below:

Please outline how and when this EIA will be monitored in future and when a review will take place:

The review will take place annually and will take into account the data available following the implementation of any of the proposed budget reductions.

Signed: Ness Young

Date: 26th January 2016

4. Publication of your results and feedback to consultation groups

It is important that the results of this impact assessment are published in a user friendly accessible format.

It is also important that you feedback to your consultation groups with the actions that you are taking to address their concerns and to mitigate against any potential adverse impact.

Please send completed EIA form to [Paul Williams, Equalities and Engagement Officer](#)

Medium Term Financial Strategy

Internal Staff Consultation

Session 1:

1. How will commercial activity be managed?
2. Will charities be supported to apply for lottery funding?
3. Will the intended merger / reorganisation in 2020 have an impact on the proposed budget reductions?
4. Will BCBC be able to maintain its philosophical approach?
5. Will BCBC need to stop doing some things / delivering some services?
6. How will BCBC be able to reduce dependency of people on its services?
7. Is there a clear solution to collaboration?
8. What will be the cost of this change?
9. Will the political agenda influence the change programme?

Session 2:

10. The detail available is very general, further information is needed.
11. What is the shift from the old priorities to the new priorities?
12. How can the issues around job security be communicated better? Employees may be “cagey” about this which could hinder change.
13. How do we assess where the greatest need is? How do we communicate this?
14. Communication to the public must be clear; we must be direct, open and honest.
15. There needs to be a particular emphasis on Social Enterprises.
16. The local economy needs to be stimulated.

17. BCBC needs to work closer with businesses.
18. There is no easy fix to the problem.
19. The corporate priorities are important.
20. We should focus on what we do well rather than what we can stop doing.
21. Some things that are done well won't be delivered in future if they aren't a priority.
22. Priorities must be resourced.
23. Need clear expectations of BCBC on community asset transfers.

Session 3:

24. Community Asset Transfers need to be considered.
25. What about shorter goals?
26. The change programme can assist.
27. Current services will be delivered differently.
28. Expectations will need to be managed.
29. Will there be a choice with Council Tax?
30. CPR's (Contract Procedural Rules) need to be reviewed.
31. A detailed action plan is needed.
32. Resources staff will need to see the wider impact of the budget reductions before they can understand the impact on them.
33. Recruitment and retention of staff will be an issue.
34. Employees are fearful of redundancy.
35. Uncertainty must be managed properly.
36. Do businesses really want to work with us? How do we get the balance right?
37. Employees need ownership of service reviews.
38. Trade unions need to be consulted.

Session 4:

39. Need to focus on meeting need but also need to support the local economy (keep an eye on the ball).
40. Maintaining externally funded services – grant aided v core funded – is a risk.
41. Is there a history of BCBC responding to change in the past? Is there evidence that this can be achieved?
42. Community groups have taken on management of resources and some have been successful.
43. What about Vale of Glamorgan and Cardiff projects?
44. Credibility will be challenged.
45. Will need to take some risks?
46. Need a PR exercise to make the public aware of the changes that are happening.
47. How will employees be encouraged to contribute to remodelling? Is there a mechanism?
48. A potential change of government could cause a change of direction. What would happen then? Privatisation?
49. Will there be further consultation with term time only staff?
50. Will BCBC become a virtual authority?

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	<u>Budget Research & Evaluation Panel</u>	<u>Cabinet Response</u>
1	The Panel recommend that a whole Authority review be undertaken in relation to transport to ensure that we are running these services as effectively and efficiently as possible. Members requested that a Project Manager be identified from outside of the Education and Transport departments to take this forward.	A high level review was undertaken on the back of a scrutiny committee recommendation a few years ago. It revealed the complexity of integrating transport in order to create meaningful savings and efficiencies. For example many of the mini buses are in school rather than local authority ownership and even where there was seemingly capacity to utilise vehicles more regularly, for example mini buses/ buses used for social care, it would require significant changes to operating hours of services and consequent changes to staff terms and conditions to make it work. However, officers will investigate again whether there is merit in pursuing this matter further.
2	The Panel support the plan to revisit Nursery Education savings in future and expressed concerns over how the shortfall would be met as savings could not be found from Nursery Education. Members requested that this work look into the childcare aspect and the associated cost of childcare provision against Nursery Education. Furthermore, the Panel recommend that future provision be more targeted and based on need rather than a universal provision, to acknowledge and address the differing need across the County Borough.	Cabinet understand the panel's concerns and agree that further work is required in relation to this proposal. Cabinet is mindful of the need to minimise the impact that any potential change might have upon both the education outcomes and economic activity of the county borough.
3	The Panel recommend that BCBC proceed with the proposal to move pay dates for all staff to the middle of the month.	The budget saving was to be derived from moving council staff to the current schools' pay date, later in the month. This would have provided administrative efficiencies in terms of processing. Unfortunately, this proposal was not supported by Unison members so has not been progressed. Moving schools' pay date to earlier in the middle of the month would not result in an increased recurrent cost, but it would not generate any savings either, and therefore has not been implemented.
4	The Panel supports City Deal and recommends that it is explored further to identify links to local initiatives, such as transportation infrastructure and regeneration, and the	This council is pursuing the City Deal as part of the wider South Wales consortium of local authorities and welcomes BREP's support and positive suggestions in this regard.

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	<p>possibility of tapping into University Sectors by utilising colleges within the Authority where people may not wish to travel to e.g. Cardiff or Swansea.</p> <p><i>ADDITIONAL COMMENT BY CRI: Furthermore that the Authority embrace the need for collaboration in City Deal particularly on the subject of Electricity Regeneration in order that Bridgend does not miss out on any potential opportunities and benefits.</i></p>	
5	<p>Members raised concerns that visible services valued by the public are at risk due to continued cuts and that the previous level of cuts is not sustainable in the future without significant impact. The Committee therefore recommend that this is seriously taken into consideration when decisions are made regarding budget cuts for the future.</p>	<p>Cabinet notes members concerns and are mindful of striking a balance when determining savings proposals. Cabinet support the methodology which has been used to allocate budget reductions between directorates, which it believes directly supports the revised corporate priorities that the authority has agreed.</p>
6	<p>The Panel recommend that in order to attract investment to the County Borough greater consideration needs to be given to the need to maintain the appearance and attractiveness of the Borough</p>	<p>Cabinet recognises the importance of the appearance and attractiveness of the Borough both to citizens as well as continued economic prosperity. As a result of a better than expected budget settlement, Cabinet reduced the cuts to these services in 2016-17 that would otherwise have been necessary.</p>
7	<p>The Panel requested that consideration be given to the provision of a full time equivalent Scrutiny Officer post to reinstate the support level at 2.6 to ensure that an effective Scrutiny function is maintained for the Local Authority.</p>	<p>Efficiencies must be found across all areas of the Council and compulsory redundancies in the face of existing vacancies must be justified. The Assistant Chief Executive has agreed to consider the budget requirements to meet the Panel's request.</p>
8	<p>The Panel recommend that the Authority seek to establish a joint regional Payroll function.</p>	<p>Establishing a regional payroll service would require the agreement of other local authorities and a considerable investment in ICT systems. The experience of the South East Wales Shared Services project demonstrated this clearly. A recent CIPFA Administration Survey demonstrated that BCBC is the most efficient payroll function amongst Trent users. As an example we have 5.5 employees to pay 7,000 employees whilst</p>

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

		Newport have 11 employees to pay 7,000 employees. The average cost of producing a payslip in Wales is £6.16, whilst the cost in BCBC is £4.07. In view of this and the prospect of LGR, pursuing this proposal is not a priority.
9	The Panel recommend the Authority pursue attainment of General Power of Competence to enable the Authority to sell skills/ and services to generate income.	The general power of competence is a proposed provision within the Local Government Wales Draft Bill. The Authority has provided its response to the Draft Bill seeking a wide interpretation of the power.
10	The Panel recommend adjusting the proposed increase in Council Tax to bring it more into line with recent changes to savings requirement throughout services.	The level of council tax proposed is lower than previous planning assumptions (4.5%). Cabinet has recommended a proposed increase in council tax of 3.9% taking account of the budget requirement and the level of proposed cuts while balancing the needs of the council to deliver its functions and the inevitable strain any increase puts on household budgets.
11	The Panel recommend that a full options appraisal for future service delivery be carried out in order to identify and consider all available options, including the Teckal approach.	Consideration of new service delivery models involves a wide range of options. The Teckal approach is not a model in itself but part of a wider consideration of controlled companies within a local government setting. The most important consideration is the best service for the least cost with an appropriate governance arrangement.
12	The Panel recommend that the work of the Cultural Trust be monitored closely by the relevant Scrutiny Committee, paying particular attention to activities linked to B Leaf and Wood B.	Arrangements are in place to monitor the activity of the Awen Trust and the council has the right to request additional assurances under the terms of the partnership agreement.
13	The Panel recommend that support should be given to identifying and developing innovative ways of working to help to address the amount of savings required for the future.	Cabinet agree that innovative ways of working should and will continue to be explored. The proposals included within the MTFS already include many of these, as evidenced by 66% of savings categorised as “Smarter Use of Resources” and a further 11% from “Collaboration and Service Transformation”
14	The Panel recommend that ICT within the Authority needs a change of pace and an openness to embrace it, whilst also recognising that in some instances such as the development of online services, an alternative provision still needs to be	ICT is currently supporting the delivery of al Wales Community Care Information System (Bridgend as lead authority in Wales) as well as preparing to deploy agile working capabilities across corporate staff, contingent on securing a tenant for Raven’s

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	maintained for those who cannot access them.	Court. ICT has also delivered significant innovation, with the deployment of the Digital Office and iMail being the most advanced across Welsh and possibly UK Local Authorities.
15	The Panel expressed support for the 1% saving proposal in relation to school budgets and recommend that savings are phased in starting immediately.	This is not possible due to Welsh Governments decision to maintain ongoing protection to schools' budgets.
16	The Panel recommend that teaching trade unions are involved in the work of the Strategic Review of schools at the earliest possible stage and are particularly engaged in any proposed changes to Post-16 education in order to make the process as harmonious as possible.	Any consultations conducted as part of the schools strategic review will include consultation with relevant unions. The Director of Education meets regularly with branch secretaries of all education unions and keeps them up to date with plans and proposals.
17	The Panel further recommend that all staff are engaged throughout the change process to Post-16 Education to ensure they are involved and encouraged to take ownership of the changes.	The schools strategic review project board will have a wide strategic membership to ensure the project has representation from across the sector. The Childrens Change Board has representatives from all parts of the Education and Transformation Directorate and from Safeguarding.
18	<ul style="list-style-type: none"> • The Panel recommend that Cabinet Members are involved in future budget consultation events. • The Panel recommend that suggestions and proposals provided by the Panel to help to improve the consultation and engagement regarding the budget be taken forward to inform the exercise in future years. • future consultation needs to work closely with the Youth Council and Schools to improve upon the limited view from young people • Members recommend that an interview with BridgeFM is arranged to communicate the outcome of the consultation and raise more awareness of the savings going forward. 	<p>Current arrangements are adequate.</p> <p>Members' suggestions regarding increased engagement will continue to be taken forward where possible.</p> <p>Cabinet values the views of young people and agrees with the recommendation to improve this in future</p> <p>Response to the consultation will be through email and publication on the website as these were the most favoured communication methods by consultation respondents</p>
19	The Panel recommend that: <ul style="list-style-type: none"> • Clear information to be provided where any changes or 	The recommendations are noted. With the process effectively compressed for all councils as a result of the Westminster

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	<p>omissions are made to proposals during the BREP process, this to include rationale for changes.</p> <ul style="list-style-type: none"> • Cover reports to be provided by Officers specific to individual Overview and Scrutiny Committees when they consider budget proposals at meetings during the consultation process • All information to be provided to the Panel in an accessible format. • Information is provided to the Panel in timely manner to enable them to have time to read and consider the reports, to identify areas for discussion and to formulate questions. This will make the best use of Member and Officer time and ensure that meetings are effective. 	Comprehensive Spending Review, the timing between different meetings has often been shorter than normal and has meant very quick turnaround time required by officers.
	<u>Communities Environment and Leisure Overview & Scrutiny Committee</u>	
20	The Committee recommend that a review of weed spraying be undertaken to ensure that this is carried out in a timely manner for maximum effect.	This matter will be reviewed to ensure that the timing of weed spraying is carried out in the most effective way.
	<u>Corporate Resources and Improvement</u>	
	No recommendations (amendments/additions made to other recommendations included elsewhere)	
	<u>Partnerships and Governance Overview & Scrutiny Committee</u>	
21	The Committee recommend that information on all BCBC services, projects and activities which involve partnership working is collated and provided to the Committee to enable them to identify areas which fall under the remit of Partnerships and Governance. This will help to inform the Forward Work Programme, increase the effectiveness and impact of the Committee and identify areas which may be suitable for partnership working in future.	The Committee can be provided this report within its forwards work programme.
22	The Committee are concerned that the scrutiny function of the	See response to recommendation 7

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	authority is at risk of being jeopardised due to current staffing levels and would strongly recommend that the staffing levels are maintained at 2.6 to ensure that the Authority is supported by an effective scrutiny function.	
	<u>Children and Young People Overview & Scrutiny Committee</u>	
23	The Committee expressed concerns over the implementation of the budget cuts for Learner Transport. Members reiterated prior concerns over the apparent lack of co-ordination and co-operation between the Education Directorate who hold the budget for this service and the Transport Department, who are responsible for the direct provision. The Committee supported the notion of the need for proper project management of Learner Transport and recommend that this comes from outside of the two responsible areas in order to provide an objective oversight.	<p>The Education and Transformation Director and the Communities Director do not recognise this analysis and are satisfied that there is no need to change the arrangements between the two teams responsible for learner transport.</p> <p>The budget cuts have been implemented for learner travel, but it will not be clear until the Autumn term 2016 how many parents will want to buy a paying place or how many will want their children to walk to school.</p>
24	Members expressed concern over the suggestion that there was a significant reduction in the amount of pupils utilising the school transport service at the beginning of the school year and those remaining half way through and at the end of the school year. The Committee recommend that Learner Transport contracts be continually reassessed throughout the year in order that should there be any significant decrease in the numbers utilising this service, any unviable buses can be combined.	The reduction is due to the changes in the policy that Cabinet agreed. Contracts cannot be adjusted mid-year however all contracts are tendered in line with procurement rules.
25	The Committee questioned the use of the Authorities own minibuses and the fact that they sit idle at various times throughout the day. The Committee recommend that Transport for the Authority be reviewed to consider whether changing the times of various services such as day centres, marginally, would assist in being able to utilise the Authority's own minibuses in a more effective and efficient way and achieve	See the response to recommendation 1 above.

CABINET RESPONSE TO CRI OVERVIEW AND SCRUTINY COMMITTEE

	further savings. Furthermore Members added that the Authority needs to look at what technology can be introduced and used to monitor where the buses are throughout the day, what they are doing and who they are picking up in order to run the service more efficiently.	
26	The Committee raised concerns over Nursery Education provision in that funding is being used from the schools budget for provision that exceeds the statutory requirement and encompasses children as young as 3 years of age. Members recalled the reduction proposal to go to the statutory requirement indicated in the previous MTFS, which amounted to a saving of £1.5m. The Committee questioned where this budget reduction would come from in the future if not through Nursery Education and expressed concerns over the fact that this could further impact on schools if their budget is not protected. The Committee recommend that this subject area be revisited both by the Directorate and the Scrutiny Committee to examine the options for future Nursery Education provision and its associated implications for schools.	See response to recommendation 2
27	The Committee referred to SCH1 - Agreement in principle: Cabinet have agreed that schools should be expected to find 1% efficiency savings'. Given the fact that some schools are already experiencing a deficit and issues regarding classroom sizes, the Committee recommend that the proposal be reworded to state that schools 'could', not 'should', be expected.	Noted, however this proposal has been removed in line with protection afforded by Welsh Government.
	<u>Adult Social Care Overview & Scrutiny Committee</u>	
	No Recommendations	

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
<p>Links to all priority themes</p>	<p>Making the cultural change necessary to deliver the Medium Term Financial Strategy:</p> <p>Whilst better than anticipated, the draft settlement for 2016-17 from Welsh Government (WG) of a reduction in AEF of 1.2% provides significant challenges.</p> <p>The updated MTFS and draft budget report to Cabinet is based on an assumption that AEF will reduce by 3.2% per annum to 2019-20 plus an increase in Council Tax of 3.9% in 2016-17 rising to 4.5% in 2019-20. The revised savings targets are:</p> <p>2016-17: £7.495m 2017-18: £10.190m 2018-19: £9.697m 2019-20: £9.167m</p> <p>Budget reduction proposals over the term of the MTFS have been formulated but currently £19.177m have not yet been developed or given consideration.</p>	<p>The Council’s budget for 2016-17 to 2019-20 forecasts a £36.549m budget reduction requirement.</p> <p>More obvious savings have already been made and increasingly difficult spending decisions will have to be made including those which have difficult political implications that may have previously been rejected.</p> <p>In the future the Council will look very different as it becomes a different sort of Local Authority that will do less but be better. The cost of redundancy payments will be a significant item given that around two thirds of expenditure is staff, as will funding a pension deficit that will increase as fewer people contribute and outgoings increase.</p> <p>If there is a shortfall in savings the Council might fail to deliver the MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>There will be an ever increasing focus on the main aims of the Council. The Council has consulted on a revised set of three Corporate Improvement Priorities to replace the previous six.</p> <p>The Improvement Priorities will inform the allocation of resources in the MTFS period 2016-20. Prioritisation may be afforded to specific budget areas which deliver against the new priorities.</p> <p>The Council will continue to manage its resources very carefully and make difficult spending decisions. This will have to carry on for some years as the outlook for the public finances continues to look difficult.</p> <p>An MTFS budget reduction contingency reserve will be created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals.</p> <p>The workforce will reduce over the life of the MTFS. The reduction will be managed through a continuation of the employment freeze, redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p> <p>The way that staff work will change. Raven’s Court will be leased out and staff</p>	<p>Corporate Director Resources</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>The successful delivery of the MTFS is increasingly at risk as it becomes ever harder to make savings from more efficient services and substantial savings are relying on single projects that may not deliver.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council. There is a risk that the Council will not achieve the degree of change required due to increasingly difficult choices having to be made, the length of time it takes to make change or because the Council does not have the necessary skills and experience needed.</p>	<p>services which could put vulnerable people at risk.</p> <p>Citizens may become increasingly dissatisfied with the council, damaging its reputation, as Council Tax bills increase year on year whilst discretionary and preventative services are cut and statutory services come under increasing pressure.</p>		<p>transferred to Civic Offices and Sunnyside House. There will be an increase in agile working as we move to a ratio of three staff to every two desks, which in turn will require more staff to work remotely. The increase in agile working can only be achieved through capital investment in IT infrastructure.</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including Community Asset Transfer. Priority 1 proposals include public toilets, parks pavilions, bus shelters and Community Centres. Playgrounds, playing fields and bowling greens may follow. Up to £200,000 will be set aside in the Change Management ear marked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements.</p> <p>A corporate approach to income generation is being developed which will bring greater consistency.</p>		
<p>Links to all priority themes</p>	<p>Local Government Reorganisation:</p> <p>Geographically Bridgend County Borough straddles both East</p>	<p>Delivering the transformative change required to make MTFS budget reductions, at a time when demand for some services is up, is already challenging.</p>	<p>Likelihood - 6</p> <p>Impact - 4</p>	<p>WG has considered the findings of the Williams Commission report and has now indicated its preferred option for a merger with RCT and Merthyr Tydfil.</p>	<p>Chief Executive</p>	<p>Likelihood - 6</p> <p>Impact - 4</p>

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>and West Wales. The Williams Commission recommended a merger with Neath Port Talbot and perhaps Swansea, but because of economic and other benefits BCBC made an expression of interest for a merger with Vale of Glamorgan but this was rejected.</p> <p>In June 2015 WG announced its preference for the future. This included a reduction in the number of Councils in Wales to eight or nine with Bridgend merging with Rhondda Cynon Taff (RCT) and Merthyr Tydfil. In November 2015 WG published the Local Government (Wales) Bill and this is now in a consultation phase.</p> <p>The costs of Local Government Reorganisation are unknown, but will be high. These costs have not been factored into the MTFs which already requires savings of £36.549m.</p> <p>Any merged authority is likely to receive an overall reduction in WG funding, as the expectation will be for merger efficiencies. There is the risk</p>	<p>Without specific funding Local Government Reorganisation will add to these cost pressures and mean that larger savings will be required to balance the budget. This will make it harder to provide good quality public services.</p> <p>There is uncertainty about the eventual outcome. If senior management are focussed on reorganisation whether it is to the north, west or east they may fail to deliver the required services to the public in conjunction with the budget reductions needed for the MTFs. There is also a danger of inertia as managers feel unable to make decisions required now because of a merger that is due to take place in the future.</p> <p>The precise mechanism for harmonisation of Council Tax and pay and conditions between authorities is unknown. However, this may increase costs which would make it harder to realise benefits from reorganisation.</p>	<p>Total - 24</p>	<p>The Local Government (Wales) Bill has been agreed by the Assembly. This enables the next Welsh Government to proceed with voluntary mergers of authorities after the Assembly election. The Bill does not allow for compulsory mergers and a further Bill has been proposed for these.</p> <p>As part of the Comprehensive Spending Review the UK Government announced “an in principle commitment to contribute to an infrastructure fund for the Cardiff region”. The proposed merger would have the benefit of the County Borough being part of the Cardiff Capital Regional City Deal which, if additional funds are spent on the correct projects, will grow the economy and bring benefit to citizens. If monies are spent unwisely then central government tax take will not increase and some funds would need to be paid back by the Council.</p> <p>Whilst uncertainty remains the Council will continue to collaborate with a range of partners on a pragmatic basis but will not take any action which would make merger more difficult.</p>		<p>Total - 24</p>

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>that expected efficiencies may be based on out of date information and therefore be difficult or impossible to implement.</p> <p>The MTFS is also at risk because greater demands will be placed on senior management as they plan for Local Government Reorganisation, whilst bringing about the transformative change required to deliver services within reduced budgets.</p> <p>In the longer term there are also other risks as two workforces and sets of financial arrangements are brought together necessitating harmonisation of pay and conditions and Council Tax.</p>					
<p>Helping people to be more self sufficient</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable people:</p> <p>If the Council in partnership with Western Bay and other partners do not transform how services are delivered, they will not be able to meet the challenges brought about by high public expectations, a significantly</p>	<p>The population is aging. Between 2014 and 2020, the number of people aged 65 and over is estimated to increase by 12.1% whilst the number of people over 85 is projected to increase by 24.4%. This changing demographic means that there will be more people</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Transformation is being driven forward as the Council works with a range of partners to deliver a broad range of support and services, across adult social care. The Remodelling Adult Social Care (RASC) Board continues to be the foundation of the transformation journey as the Council continues to change the emphasis from a model of “caring” to a more preventative</p>	<p>Corporate Director Social Services & Wellbeing</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>worsening budget and a population that is both older and has more complex physical and mental health needs.</p> <p>Transformation is very significant and includes:</p> <ul style="list-style-type: none"> • Responding to the Social Services and Wellbeing Act 2014 including duties to prisoners • Commencing use of the Community Care Information System (CCIS) which allows professionals across health and social care to share information • Caring for increased numbers of persons with Dementia • Encouraging greater use of direct payments • Managing risks associated with the use of independent providers • The transfer of more homecare to the independent sector. <p>Demand for services is increasing and at the same time resources are decreasing. This makes the MTFs challenging.</p>	<p>with Dementia, It is estimated that need will double between 2001 and 2030.</p> <p>At the same time there are more young people with complex health needs living into adulthood. Whilst this is good, it means that more citizens are living with long term health problems that lead to an increasing need for support. This increasing demand will place additional cost pressure on the service.</p> <p>Failure to remodel services will:</p> <ul style="list-style-type: none"> • Restrict the Council's ability to respond to assessed needs as set out in the Social Services and Wellbeing Act (Wales) 2014. • Mean that the Council will be unable to meet its essential obligations and deliver the MTFs. • Result in longer lengths of stay in acute hospital services. • Result in a greater need for 		<p>approach of working with partners such as the NHS and third sector organisations to assist and support adults as they live independently in their own communities. The Council is exploring ways to include service users and communities within aspects of commissioning especially in the development of new service models for the future. There is an earmarked reserve that has been created to support the remodelling of adult social care that the service can draw on as appropriate.</p> <p>The RASC is aligned to corporate priorities and work is also ongoing to develop a corporate approach to Prevention and Wellbeing. Most of the projects under the Board have progressed to implementation stage and require specific focus and monitoring, Eg the tenders for Extracare and Homecare are due in December 2015.</p> <p>The Social Services and Wellbeing (Wales) Act 2014 and CCIS will be implemented in April 2016. A competent and skilled workforce is required in order to deliver this significant change agenda. The Social Care Workforce Development Programme will provide an extensive programme of training for staff to ensure that all are trained to deliver the Act and at the same time operate the new CCIS.</p> <p>The Council has worked with ABMU to</p>		

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>There is currently a shortfall in the savings identified. It is imperative that the Council continues to identify further savings to meet the MTFS.</p>	<p>expensive hospital treatment.</p> <ul style="list-style-type: none"> • Mean that vulnerable people lead less fulfilled lives. • Mean that the Council does not meet the public's expectations and consequently the reputation of the organisation will suffer. 		<p>develop a joint Dementia Strategy which provides an overarching context in respect of the current service provision, gaps in services, the challenges ahead and priorities. Beneath this is a Dementia Delivery Plan showing milestones, target dates and responsible officers.</p> <p>In appropriate cases the Council is seeking to increase the number of service users receiving direct payments. In the future these may be used to purchase services from the Council as well as external providers.</p> <p>The remodelling homecare implementation plan is ongoing. At this stage, fewer hours have been transferred to the independent sector than was anticipated. The implementation plan is being reviewed and corrective actions have been identified to bring hours back in line with the original target. In addition to this a formal contingency plan is being drawn up with planned actions to take if an external provider goes into administration.</p> <p>The project to change the residential care model will be subject to market conditions. Buildings are old and not future proof. It will become increasingly difficult to keep them at an acceptable standard. The Council is planning to develop two Extracare homes to replace three care homes although the</p>		

CORPORATE RISK ASSESSMENT 2016-17

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>timetable has slipped due to the need to ensure that legal rules are adhered to.</p> <p>Independent residential care providers have been helped by the production of a Regional Quality Framework for their sector. It gives providers knowledge of the level of care expected.</p> <p>Robust monitoring of absence levels continues including scrutiny on a case by case basis.</p>		
<p>Links to all key priority themes</p>	<p>Welfare reform:</p> <p>The UK Government has introduced a number of significant welfare reforms over the last three years and Universal Credit (UC) was implemented in the County Borough in June 2015. Further reforms were introduced in the July 2015 Budget which will mean that more citizens in the County Borough will be impacted.</p>	<p>Changes being made by the UK Government to benefit entitlements mean that some citizens will be in greater poverty including increased child poverty. Demands on services for vulnerable people are likely to increase at the same time as the Council's resource base reduces. This will be exacerbated by the further changes introduced in the July 2015 UK Government budget. These include a freeze on most benefits for 4 years, a further reduction in the benefit cap, no automatic entitlement to Housing Benefit for 18 to 21 year olds and Tax Credits and UC being restricted to a</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will monitor the impact of welfare reforms on citizens in terms of their needs across the range of Council services including housing and is developing proposals for dealing with changes in demand.</p> <p>The Benefits Service works closely with Housing Associations to support the people affected by the caps by identifying those that are exempt from it, providing debt and money management advice and in qualifying cases awarding Discretionary Housing Benefit payments. The grant for payments in 2015-16 was £252,060.</p> <p>The Council's Housing Section has agreed a protocol with registered social landlords for dealing with existing tenants who fall in arrears specifically due to the application of</p>	<p>Corporate Director Resources</p>	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>maximum of two children.</p> <p>Since 15 July 2013 there has been a limit on the total benefit a working age person can receive. This currently affects 82 households in Bridgend. This number will increase when the benefit cap reduces from £23,000 to £20,000.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,241 households are affected which represents 29% of the total working age Housing Association benefit claimants. The total number of households in Bridgend is about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has renewed the regulations and the scheme will be based on 100% liability. Provision has been made in the Council's annual revenue budget for 2015-16 to fund the projected additional budget requirement of £1m.</p>		<p>the bedroom cap. Bridgend Housing Partnership meets quarterly and discusses the impact as an agenda item.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. Appropriate cases are referred to the Council's debt advice service or Housing Options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their income, or, in conjunction with DWP, assist the family where possible with the transition into employment.</p> <p>Officers are fully apprised of UK Government and WG plans to ensure that the Council understands and can deal with the staff implications of moving from Housing Benefit (etc) to UC.</p> <p>During the rollout of UC the Council is required to provide support services to claimants and DWP UC staff as follows:</p> <ul style="list-style-type: none"> • Helping to prepare landlords for the change • Supporting claimants with online administration • Supporting claimants with complex needs and those that require 		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>UC commenced in October 2013 and was implemented in Bridgend for certain claim categories in June 2015. The potential number of persons who may claim UC is estimated at 180 per month, with around 40 of these receiving support with housing costs.</p> <p>The UC caseload will build from 2016 onwards until the benefit is established for all claimants by the end of 2019.</p> <p>It is too early to say what the impact will be on the number of households affected by the latest welfare reform proposals.</p>		<p>personal budgeting</p> <ul style="list-style-type: none"> • Provide expertise to UC service centre staff on housing issues • Process CTR for UC claimants <p>The Benefits Service has been discussing UC changes with landlords since its announcement and has procured budgeting support and advice via Caer Las.</p> <p>The Council has developed other support services</p> <ul style="list-style-type: none"> • an on-line resource (the moodle) which provides links to a wide range of support, including job search sessions, financial inclusion advice, credit unions, fuel poverty advice, foodbanks and DWP information sheets • Secured funding to provide support in libraries and community venues with digital applications, eg Universal Jobmatch and UC • Developed a draft directory of training, employment and other support <p>As part of the MTFS, the Council has an earmarked reserve specifically for welfare reform.</p> <p>As part of the July 2015 budget it is proposed that the compulsory living wage will increase from £7.20 to £9.00 by 2020.</p>		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
<p>Helping people to be more self sufficient</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable children, young people and their families:</p> <p>If the Council in conjunction with partner organisations does not transform services it will not be able to meet the challenges of:</p> <ul style="list-style-type: none"> providing high quality care to vulnerable children and their families, the implementation of the Social Services and Wellbeing (Wales) Act the implementation of CCIS <p>at a time when budgets are stretched.</p>	<p>Between 2007-08 and 2012-13 the number of Looked After Children increased by 40%, from 292 to 412. As at December 2015 the number has now safely reduced to 370 and is on a downward trend. Likewise the number of Children In Need is also reducing.</p> <p>If services are not transformed the wellbeing and safety of children might be compromised. They may be unable to:</p> <ul style="list-style-type: none"> Thrive and make the best use of their talents Live healthy and safe lives Be confident and caring throughout their lives Know and receive their rights <p>Patterns of behaviour, such as poor parenting will be repeated in subsequent generations.</p> <p>A potential increase in the proportion of young people identified as not in education, employment or training (NEET).</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Part 6 of the Social Services and Wellbeing Act concerns children who are looked after by the Council. The Act will be implemented on 6 April 2016 and stipulates that:</p> <ul style="list-style-type: none"> The child should have a care and support plan The Council should make it easy for the child to stay in touch with parents, family and friends where it is safe to do so Each child should have an independent reviewing officer The Council should provide support and advice for young people coming out of care <p>Significant training is being put in place to ensure that the Council meets its duties under the Act.</p> <p>The Council is taking a lead role in the development of a national approach to statutory advocacy for Looked After Children and Children In Need.</p> <p>There is an earmarked reserve for Looked After Children that will support the service area and help cushion any sudden increases in Looked After Children numbers,</p>	<p>Corporate Director Social Services and Wellbeing</p> <p>Corporate Director of Education and Transformation</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>A less skilled and flexible workforce.</p> <p>Increased social and economic costs.</p> <p>A loss of reputation to the Council.</p> <p>An increase in the need to commission expensive placements with independent fostering and adoption providers.</p> <p>Increased demands on social work teams, reviewing officers and support teams.</p>		<p>The CCIS will allow professionals across different organisations to access and share information. Training is being undertaken to ensure that staff are able to use this system.</p> <p>Childrens Safeguarding and Early Help and Prevention teams will work closely together to deliver both the Early Help and Intervention Strategy and the Placement and Permanency Strategy to vulnerable groups. The re-structure of Family Intervention Services which was completed in March 2015 is working well. Three Early Help locality hubs (North, East and West) have been created to work with families in a more joined-up way. Family Support Workers, Education Welfare Officers, Family Engagement Officers, Counsellors and Youth Workers have been co-located in each of the hubs as well as Safeguarding Social Work Teams to support a whole system approach to ensuring that the needs of all our children and young people will be met at the earliest opportunity. In addition, the Council has created a central hub of specialist Family Support Services (e.g. Connecting Families) who provide a range of services across the whole County Borough.</p> <p>These initiatives will help the Council to continue to safely reduce both the numbers of Looked After Children and children on</p>		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>the Child Protection Register.</p> <p>The Council will strive for stability and permanence for Looked After Children. This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family. The Western Bay Regional Adoption Service has been established and will help make the best use of resources so that improvements can be made to ensure that children requiring adoptive placements are speedily and appropriately matched with adopters who can meet their needs for their entire childhood. The development of a new local parent and child fostering service will also improve use of resources.</p> <p>The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). Practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge. The Council is part of a focused multi-agency "CSE Task Force" including Police and ABMU Health.</p> <p>The current respite arrangements for disabled children will be reviewed. An options appraisal is being undertaken.</p>		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
<p>Supporting a successful economy</p>	<p>The economic climate and austerity:</p> <p>If the economy continues to perform badly the quality of life for residents will suffer. There will be no positive long lasting economic, environmental and social change as our towns, local businesses and deprived areas suffer decline.</p> <p>Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary and suitable jobs are not available in the economy.</p> <p>Severe cuts in Welsh Local Government spending will happen over the MTFS period 2016-17 to 2019-20. These cuts will impact on the local economy disproportionately because the Council is one of the key local employers.</p>	<p>There will be cuts in the public sector and these will disproportionately affect regeneration activities as spending on other services are protected.</p> <p>Reductions in regeneration funding have a disproportionate affect because each £1 of Council funding leverages between £8 and £13 from other sources.</p> <p>There could be further job losses and business failures in the local economy if the UK and European economies don't get stronger. The quality of life within the County Borough may decline.</p> <p>Pressure will be placed on diminishing Council services which support local businesses and employment.</p> <p>Town centres continue to suffer, predominantly the retail sector. Without regeneration they will not be attractive places to visit or able to compete with retail developments in neighbouring</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Three Communities First teams are in place until at least April 2016. It is expected that these will continue after the Assembly election. Communities for Work will operate as a separate but complementary programme providing intensive employment skills support and mentoring to those furthest from the labour market.</p> <p>The Council supports the business community via the Business Forum, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager, BID Partnership (Bridgend) and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres.</p> <p>The Council has an apprenticeship programme in operation.</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.</p> <p>The Bridgend local development strategy under the Rural Development Plan for Wales has been approved with a funding allocation of £1.886m.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>centres such as Talbot Green and Neath. Even with regeneration, competition and resilience will be difficult, as the nature of town centres is changing.</p> <p>The proposed regeneration programme assumes £2.6m of capital receipts. This includes an anticipated receipt from Porthcawl Regeneration Phase 1.</p> <p>Existing capital schemes will be affected if there are cost over-runs on regeneration projects. There is no provision to fund unforeseen works.</p> <p>At a time when regeneration is being asked for more solutions and more input, budgets are being reduced.</p>		<p>Implement the Youth Engagement And Progression Framework.</p> <p>Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2016-17. However, following the announcement of the WG's Structural Funding Programme 2014-20, and the additional funding that can be secured using the SRF as matched funding, it has been agreed that the period of matched funding in the capital programme up to and including the 2020-21 financial year has been extended.</p> <p>A cross directorate working group will continue to co-ordinate the development and delivery of European funded projects. A package of employment support projects are being taken forward for European Social Fund grant aid. Bridges into Work 2 having been approved and Inspire 2 Achieve and Inspire 2 Work projects being close to approval.</p> <p>Bridgend The Rhiw is being regenerated in partnership with Coastal Housing to bring footfall and vitality to the town centre. There will be a combination of residential development and car parking. The project,</p>		

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				<p>funded by WG via a Vibrant and Viable Places grant, is on track.</p> <p>Maesteg/Llynfi Valley</p> <p>The first stage of desktop feasibility work on the Llynfi Valley sites has been completed. The town centre action plan is being implemented and is funding a range of activities in partnership with local stakeholders. The final evaluation of Maesteg THI has been issued, and confirms the success of the scheme in bringing historic buildings back into economic use in the town. A project submission has been made for Maesteg Town Hall under WG's Building for the Future programme.</p> <p>Porthcawl</p> <p>Considerable progress has been made on regeneration in Porthcawl, including the sale of the Jennings building, completion of refurbishment of key buildings in the harbour quarter through THI and further development of the Maritime Centre project. The Partnership Action Plan for the town centre is being implemented.</p> <p>The Council has been successful in its bid for £4.5m of Attractor Wales money. This will fund a maritime and water sports centre and an extension of the coastal pathway. A</p>		

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				<p>bid is also being made to the Coastal Community fund.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>The council with others is at an early stage of negotiating a Cardiff Capital Region City Deal. A £1.28bn City Deal submission has been made to the UK Government, which indicated support during the Autumn Statement. The proposal outlines that economic growth will be generated through increased connectivity, digital technology, innovation, a skilled workforce and support to business.</p>		
<p>Supporting a successful economy</p> <p>Smarter use of resources</p>	<p>Disposing of waste:</p> <p>The EU Waste Framework Directive promotes waste prevention and increased recycling.</p> <p>WG's waste strategy 'Towards Zero Waste' sets challenging targets. Since 2012-13 there has been an obligation to recycle / compost 52% of waste and this will rise to 70% by 2025. A new service will commence in two years time. This will deliver improved performance, but in the</p>	<p>Failure to achieve recycling/composting targets could result in:</p> <ul style="list-style-type: none"> Inefficient use of resources as waste goes to landfill sites Penalties of £200 per tonne if the Council fails to achieve landfill allowance targets <p>Increased recycling has a knock on effect to the contract requirements of MREC.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Kier contract has delivered a stable recycling performance and this is likely to continue until the end of the current contract term in March 2017.</p> <p>Any extension to the Kier contract or alternative delivery model will need to build in the requirement to meet the targets set by WG in their policy document "Towards Zero Waste". WRAP Cymru have assisted the Council to consider the future by modelling various options. Those being assessed include working with neighbouring authorities, pursuing a procurement strategy and also a negotiated extension to the existing contract which would take into account revised recycling</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>meantime maintaining momentum behind the existing scheme and hitting the target is a challenge.</p>			<p>targets.</p> <p>BCBC and Swansea CBC, under the South West Wales hub have procured an Anaerobic Digestion facility provided by Biogen. An interim contract of two years has been let which commenced on 1 August 2015. A business case for a longer term contract is being prepared for WG.</p> <p>A tender was let to allow an operator to provide residual waste handling facilities at MREC. The results and their implications are being considered.</p> <p>In the short term, maintaining recycling rates can only be achieved by educating citizens so that they maintain their participation with the existing scheme.</p>		
<p>Corporate Governance</p>	<p>Equal Pay Claims:</p> <p>The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.</p> <p>The courts are reviewing rulings on male dominated claims which have been listed. To date the Council has refused to settle these as they are outside the</p>	<p>The ruling has created the possibility that employees who left the Council up to six years ago might claim under equal pay legislation. Previously, to make a claim, the person had to be either employed by the Council or have left its employment within the last six months.</p> <p>Claims for compensation can now be made through the Civil Courts rather than via an Employment Tribunal. This will</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is aware of the issues and is monitoring developments.</p> <p>Following the equal pay exercise, the Council is in a good position to be able to respond to any further claims in an appropriate manner.</p>	<p>Corporate Director Resources</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	scope of the Memorandum of Understanding. The court decision remains outstanding.	increase Legal Costs.				
Helping people to be more self-reliant	<p>Healthy Life Styles:</p> <p>There are significant health inequalities within the County Borough and national statistics show that some parts are amongst the least healthy in Wales. Many people in the County Borough live unhealthy lifestyles and this might deteriorate as welfare reform continues and some people become poorer.</p> <p>The Council must continue to find innovative ways of working to maximise the impact of reduced resources. This includes Community Asset Transfer (CAT) of assets including parks pavilions, playgrounds and playing fields. If the Council does not find ways to promote healthy living the emotional and physical wellbeing of citizens will suffer.</p>	<p>Unhealthy lifestyles have many affects. These include:</p> <ul style="list-style-type: none"> • Shortened life expectancy. Life expectancy in the County Borough is below the Welsh average. • Shortened healthy life expectancy. Some areas of the County Borough have a healthy life expectancy which is 20 years longer than others. • Higher rates of obesity. Over half the County Borough population is overweight or obese. This results in significant costs to the economy and health and social services. • Worse emotional health. • Less fulfilled lives as people lose their independence due to ill health. <p>These result in greater demand</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council aims to support a wide range of people, at all stages of life, to achieve health gains by encouraging them to be more active, more often.</p> <p>The Welsh NHS confederation identifies that the all-cause mortality risk is reduced by 30% amongst those who are physically active and that physically active people will spend on average 38% fewer days in hospital. The Sport, Play and Active Wellbeing service targets collaborative working to increase physical activity rates. In addition the service has responded to the challenge of the Social Services and Wellbeing (Wales) Act by focussing on prevention and wellbeing based interventions that can reduce the need for higher cost provision or support in the future.</p> <p>The Council develops services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups by working in partnership with HALO Leisure and a range of community partners. This includes delivering the National Exercise Referral Programme in partnership with HALO Leisure to help reduce obesity levels</p>	Corporate Director Social Services & Wellbeing	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>on expensive medical and care services provided by ABMU and the Council.</p>		<p>and encourage better weight management across the County Borough.</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. Visits to HALO facilities have also increased. The total for 2014-15 of 1,148,616 is 5.6% higher than in 2011-12.</p> <p>Children and young people are encouraged to be physically active. The Sport, Play and Active Wellbeing Service have formal partnerships with many schools. In addition the National School Sport programme is being implemented as is the “Every Child a Swimmer” initiative. The wellbeing of Looked After Children is promoted because they receive additional support through free access to local facilities.</p> <p>The secondary schools programme achieved 71,352 participants and supported 5,448 physical activity sessions.</p> <p>Other examples of how the community is being encouraged to exercise are:</p> <ul style="list-style-type: none"> • Developing community based sporting opportunities with Disability Sport Wales for children and adults with disabilities. There are 923 junior and 623 senior participants. 		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<ul style="list-style-type: none"> • Increasing the activity levels of women and girls through initiatives such as “Us Girls”. • The “Move More Often” programme is being developed to support users of day care and residential services. • The Love to Walk programme. <p>The Council is pursuing CAT with priority given to assets that are linked to proposals within the MTFS. Up to £200k had been set aside in the Change Management earmarked reserve to fund a fixed term dedicated CAT Officer post for 3 years and to meet additional legal and property requirements. Priority 1 proposals include parks pavilions and priority 2 playgrounds and playing fields. The success of the proposals depends on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset. Different assets will generate different levels of interest. There is a £100,000 per annum ring fenced for capital investment as well as potentially £1m prudential borrowing for pavilions to ensure that they are in a good condition, to encourage take up of assets.</p>	<p>Corporate Director Communities</p>	

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The Council works with LSB partners and other parties to further develop targeted projects that tackle health issues such as weight management, harmful drinking and smoking.</p> <p>There are ongoing Responsible Authority meetings to review any emerging issues around the licence trade and the sale of alcohol.</p> <p>There is support for initiatives via Neighbourhood Networks and local partnership working that target evidence of alcohol related anti-social behaviour, with a review of data and evidence.</p> <p>The Council is seeking to reduce levels of tobacco consumption within the County Borough. The multi-agency Tobacco Control Steering Group developed an action plan for partnership working across the County Borough. There are various awareness raising initiatives across the County Borough and Trading Standards, as part of the newly formed regulatory service, inspects premises and enforces legislation concerning sales to those who are underage.</p>		
Supporting a successful	<p>Maintaining infrastructure: If there is further harsh weather</p>	Failure to maintain infrastructure will result in the Council not meeting its statutory obligations	Likelihood - 5	Additional maintenance has been undertaken in the past 5 years as a result of increased revenue budget and grants from	Corporate Director Commun-	Likelihood - 4

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
<p>l economy</p>	<p>there may be an increase in the number of roads in poor condition, more repairs being required in the future and the Council might fail to meet its statutory obligations. The risk is exacerbated because the Local Government Borrowing Initiative (LGBI) has ended and reductions must be found in the Highways budget.</p>	<p>and the % of roads that are in overall poor condition increasing.</p> <p>A poor quality highway network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on economic activity and reduced quality of life for citizens.</p> <p>Further budgetary pressures could occur due to unpredictable weather patterns and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.</p>	<p>Impact - 4</p> <p>Total - 20</p>	<p>WG. Funds have been targeted at Principal (A) roads. The Highways maintenance budget has increased by £800,000 since 2009 and further growth of £100,000 in 2013-14 resulted in investment in street furniture (lighting, traffic signals etc).</p> <p>The LGBI provided funding of around £6.8m over the period 2012-15 for highway infrastructure improvements. The principal adopted for the programme of works was to provide good quality resurfacing which will be sustainable in the long term rather than quick overlay which requires higher maintenance in future years. 2014-15 was the last year of the LGBI and there will now be reductions in maintenance budgets. Consideration is being given to how much would have to be spent to maintain the highway network in its existing condition. A business case for additional investment will be made. Unless there is further investment there will now inevitably be deterioration in the proportion of roads that are in a satisfactory condition.</p> <p>The Council's Highways Asset Management Plan provides information to assist the Council in considering the highway asset risk and apportion funding from the Council's budget strategy.</p> <p>The risk around the condition of the highway will be managed by a proactive</p>	<p>ities</p>	<p>Impact - 4</p> <p>Total - 16</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				system of highway inspections and by responding positively to highways complaints.		
<p>Helping people to be more self-reliant</p>	<p>The impact of homelessness:</p> <p>Homelessness may increase because of the current economic climate and ongoing austerity measures and welfare reform. This may result in a greater dependence on the Council to provide temporary accommodation for residents.</p> <p>The Housing (Wales) Act 2014 has been enacted and places a duty on the Council to 'take all reasonable steps' for a period of 56 days to prevent homelessness. There will be uncertainty about what this means until WG Guidance is issued and cases come before the courts.</p> <p>In addition the duty to 'take all reasonable steps' for any former prisoner who is potentially homeless from Parc Prison, regardless of local connection,</p>	<p>Homelessness is often a culmination of several problems, such as debt, relationship difficulties, mental health issues and substance misuse. For many, homelessness leads to increased stress, depression, and isolation. It can lead to a need for other costly service interventions.</p> <p>The impact is greater on some groups e.g. 16/17 year olds and people with a chaotic housing history.</p> <p>The use of bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.</p> <p>Properties are standing empty and deteriorating because they cannot be sold.</p> <p>Changes to Housing Benefits</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act gives the Council a strategic role in the functioning of the local housing market. The Council is consulting on a draft strategy for the period 2016-18. It contains five proposed priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness • Make the best use of existing homes • Work with partners to deliver the right type of new housing • Help vulnerable people to stay independent, safe and secure in accommodation that best meets their needs • Create sustainable town centres through housing led regeneration <p>WG advise that grants will be available to support the implementation of the Housing (Wales) Act. However, the money is only guaranteed for one year. This means that it is difficult to find staff of the correct calibre to manage the project because there is no security of employment.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>may increase the use of temporary accommodation until a solution is found or a homeless investigation is instigated.</p>	<p>might result in increased rent arrears and evictions leading to an increase in the number of homelessness cases. This would impact on the welfare of citizens, the Council’s Housing Options Team, the homelessness budget and other welfare services.</p> <p>Unless resources can be reallocated within the Supporting People Programme there might be increased repeat homelessness.</p> <p>Fewer properties are being improved because the Housing Renewal Area programme is reducing. There will be no WG grant in 2016-17; however, the 2015-16 allocation of £417,000 can be extended and used up to September 2016. The result will be fewer properties being improved.</p>		<p>The Council is taking a proactive prevention approach to the issue of homelessness by helping residents find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project aims to develop good practice in assisting those who are homeless or vulnerably housed and have co-occurring mental health and substance misuse issues.</p> <p>The Council, in conjunction with Registered Social Landlords, have implemented a Common Housing Register and Social Housing Allocations Policy. This is working well and is helping ensure the best use of available social rented property.</p> <p>A Supporting People review is currently underway and work has commenced on commissioning the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p> <p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been set up to support greater collaborative working.</p> <p>The impact of welfare reform has been</p>		

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				<p>reduced as far as possible. Three Communities First teams are delivering advice on financial inclusion.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use. This will be done via the Houses into Homes Scheme, Empty Homes Grants and the implementation of Phase 7 of the Caerau Housing Renewal Area.</p> <p>The location of Parc Prison means that there is an increased risk of homeless presentations with their associated costs. Additional resources have been made available by WG to facilitate the operational changes required by the Housing Act.</p> <p>The Council will continue to apply the "intentionality test" to all groups of homeless households.</p> <p>A one stop shop for domestic abuse has been set up in Civic Offices. The aim is to provide a holistic service to victims of domestic abuse and prevent unnecessary homelessness.</p>		
Smarter use of resources	<p>Collaboration with partners:</p> <p>If the Council does not undertake collaboration projects</p>	<p>In a period of reducing budgets, successful collaborative working is even more essential for the efficient and effective delivery of</p>	<p>Likelihood - 6</p> <p>Impact - 4</p>	<p>The Council works in partnership with other councils, public sector and third sector bodies based upon different geographical and service footprints. There is evidence that partnership working and good</p>	<p>Assistant Chief Executive, Legal &</p>	<p>Likelihood - 3</p> <p>Impact - 4</p>

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	<p>where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services.</p> <p>Budget reductions have the potential to affect collaboration where they result in restrictions of spend to single-agency priorities.</p> <p>There are potential risks associated with collaborative projects such as the Regulatory Services initiative, the Western Bay Adoption Service, Youth Offending Service and other areas such as the roll out of Universal Credit for new single claimants commencing in June 2015, the closure of 20+ work club and the end of funding to "Get Bridgend On Line".</p>	<p>quality public services. If the Council fails to collaborate successfully some of the most vulnerable people in the community will not have their needs met. This would lead to a loss of reputation with the public and WG and the potential for a drop in performance as measured against established KPI's.</p> <p>As the Council moves towards multi-agency working, there is potential for service instability whilst transformation takes place.</p> <p>Reduction in other public sector partners' budgets may have an impact on their capacity for partnership working.</p> <p>If the collaborative Regulatory Services project is not supported the Service may not be as effective as the proposals would suggest.</p> <p>There needs to be a period of change where performance may dip or will be affected as the Council moves towards the new operating model and the staff and model start to function.</p>	<p>Total - 24</p>	<p>collaborative arrangements permeate all the main risk areas. Corporate Directors understand the challenges of collaborative working and the importance of recognising different organisational cultures and approaches (e.g. towards data sharing).</p> <p>The Bridgend Local Service Board (LSB) is led by the Council and has a strong and positive record of facilitating collaborative working.</p> <p>The LSB "Bridgend County Together" partnership plan was published in April 2013 and sets out the priorities aimed at improving the lives of people in the County Borough focussing on issues such as health, education, employment, the local economy, tourism, crime and the environment. Those priorities are being reviewed, along with the implications of the Well-being and Future Generations Act, which will move Local Service Boards to Public Service Boards (PSB's)</p> <p>The LSB also reviewed its structure, reducing the number of its delivering boards from 11 to 5. A refreshed Neighbourhood Network steering group was established to take forward citizen engagement and to plan and deliver 'place' based projects.</p> <p>The review resulted in a renewed focus for LSB, clearer priorities and the development</p>	<p>Regulatory Service</p>	<p>Total - 12</p>

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		<p>Regulatory Services staff have now all transferred to the Vale of Glamorgan as host employers with the new structure having been populated during November and December 2015.</p>		<p>of flagship projects which clearly demonstrate how they contribute to achieving the outcomes. Outcome of the review and new priorities have also been taken to scrutiny committee.</p> <p>BCBC partners with ABMU, Swansea and NPT Councils to deliver a model of integrated care across a range of services including care for older people, adults with disabilities and mental health provision.</p> <p>The Memorandum of Understanding with Vale of Glamorgan Council facilitates collaboration in many areas. There is also the joint working agreement with the Vale of Glamorgan and Cardiff in relation to Regulatory Services.</p> <p>The Central South Consortium will drive school improvement.</p> <p>The Data Centre collaboration project with RCT increases the resilience of service provision.</p> <p>Collaboration in the provision of Leisure Services reduces cost and has improved quality.</p> <p>The motor fleet maintenance depot, jointly run with South Wales Police, will increase efficiency.</p>		

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				There are partnership agreements to support the management of these collaborative projects.		
Links to all priority themes	<p>Educational provision</p> <p>If the Council does not adopt a strategic approach for sustainable educational provision in Bridgend then there is a risk that it may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough and with partners.</p> <p>Neither will the Council be providing 'fit for purpose schools' capable of delivering high quality educational experiences for all pupils.</p>	<p>An inability to offer a broad range of educational opportunities will ultimately result in poorer outcomes for children and young people.</p> <p>Outcomes for groups of vulnerable learners may not improve quick enough or not at all.</p> <p>Continued falling school rolls and a large number of surplus places.</p> <p>Challenges in the replacement of a number of Headteachers reaching retirement age in the near future.</p> <p>Financial constraints leading to a growing number of schools in a deficit budget situation.</p> <p>School improvement schemes continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium provision to meet demand,</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>A strategic review into the development and rationalisation of the curriculum and estate provision of Primary, Secondary and Post 16 Education will be undertaken. This will provide an evidence based rationale for change and will help the council reach informed conclusions about the nature of future provision.</p> <p>The work of the school task group has provided a useful foundation to build on and will support the development of a specification for the strategic review.</p> <p>An increase in the pace of school improvement.</p> <p>Succession planning for Headteachers.</p> <p>Band B of the school modernisation programme will provide the mechanism to deliver the developed strategy.</p> <p>Promotion of the Welsh language in particular through the Welsh in Education strategic plan.</p> <p>Growth in the provision of Welsh medium education in Bridgend.</p>	Corporate Director Education & Transformation	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

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		<p>especially in the centre of Bridgend.</p> <p>The strategic future of whole life learning across the County Borough will not be fully integrated into our strategy e.g., Bridgend College.</p> <p>The organisation of school places in Bridgend County Bough will not be supported by a clear strategy.</p>		<p>Strong collaboration with communities and strategic partners, in particular Bridgend College.</p> <p>Monitoring of the impact of the agreed changes to the Council's Learner Travel Policy from September 2016.</p> <p>Greater join up at both a strategic and operational level via the Safe Dry and Warm project.</p> <p>Close monitoring of surplus places and the development of opportunities to utilise surplus places with secondary schools in particular.</p>		
Supporting a successful economy	<p>Educational attainment:</p> <p>If school standards and pupil attainment do not continue to</p>	<p>A possible increase in the number of young people not in education, employment and training (NEET).</p>	<p>Likelihood - 4</p> <p>Impact - 4</p>	<p>There has been a significant narrowing of the gap, with an improvement in the average point score for Looked After Children from 247 to 274 during 2014-15.</p>	<p>Corporate Director Education &</p>	<p>Likelihood - 3</p> <p>Impact - 4</p>

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<p>Helping people to be more self-reliant</p>	<p>improve, including a narrowing of the gap between vulnerable pupils and others, there are significant risks to the emotional wellbeing of young people and their future employment prospects, the local economy and a range of Council services as young people leave education ill-equipped for employment.</p>	<p>Greater deprivation as young people are unable to sustain a livelihood in the future.</p> <p>More young people with worse emotional health.</p> <p>More schools identified as requiring monitoring and intervention through inspection, with concern and eventual special status.</p> <p>Potential for a decline in Key Stage attainment results, PISA scores and other accreditation.</p> <p>Less capacity for provision for pupils with learning difficulties.</p> <p>Potential for parents to complain and/or take cases to SEN Tribunal.</p> <p>Possible intervention by WG.</p> <p>Continued Estyn monitoring in schools.</p> <p>A gap in achievement between pupils from vulnerable groups such as Free School Meals, Looked After Children, Children</p>	<p>Total - 16</p>	<p>The Central South Consortium (CSC) is recruiting Consultant Governors to help governing bodies which are in need of support.</p> <p>“Team Around The School” continues to support schools which are under performing. BCBC has recently appointed an Interim Headteacher at Coleg Cymunedol Y Dderwen and is working with the consortium to develop a strong senior management team and Governing body.</p> <p>A Consultant Governor has also recently been appointed at Coleg Cymunedol Y Dderwen and will support the interim Headteacher and governing body in responding to necessary change after the recent Estyn inspection.</p> <p>The Council is working with CSC and other partners to ensure that governing bodies are effective in providing challenge to schools. This includes working with the Bridgend Governors Association (BGA) which will relaunch in January 2016 following an election. The focus of the BGA will be to develop a strategy to roll out Governor Improvement Groups (GIGs) for the County Borough, the first of their kind in Wales.</p> <p>Poor attendance leads to a serious loss of</p>	<p>Transformation</p>	<p>Total - 12</p>

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		<p>In Need and Special Educational Needs and other pupils.</p>		<p>learning which is likely to affect achievement and life chances. An attendance strategy is in place and fixed penalty notices are available for Headteachers to use as a sanction. This is supported by the CSC absence management toolkit, Callio. Approximately 17 Fixed Penalty Notices have already been issued for persistent unauthorised absences.</p> <p>To raise standards, the Council continues to implement the concept of self-evaluation across all its services in particular within Education. This includes the development of a self-evaluation action plan. A number of officer events have taken place throughout 2015 with the Children's Directorate's extended senior management team to focus on improving outcome focused self-evaluation.</p> <p>The new School Improvement Strategy will define outcomes for learners.</p> <p>The implementation of the Youth Engagement and Progression Framework is ensuring that an increasing number of 16 year olds remain in education.</p> <p>Implement an improvement plan with Band 4 Comprehensive Schools and the development of a 'good to great' programme as an integral part of the CSC</p>		

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				<p>School Improvement Strategy.</p> <p>There is a strong focus on raising standards of literacy and numeracy through structured and strategic programmes including:-</p> <ul style="list-style-type: none"> • Identifying underperforming English and Maths Departments and support action to improve • Provide training for staff • Develop a whole school approach to basic skills • CSC literacy and numeracy plans <p>The new senior management structure for the Access and Inclusion service has demonstrated positive improvements in how Additional Learning Need (ALN) is supported across the Council's schools. The new Bryncethin Campus bring ALN support together on one site including the Bridge Alternative Provision, Ysgol Bryn Castell (YBC) and ALN support e.g., Educational Psychology, Looked After Children Education, etc.</p> <p>A specification for a strategic review of education in Bridgend is being developed for delivery following on from the work of the School's Task Group to be delivered by a strategic partner in 2016.</p> <p>A number of hard and soft federations are actively being considered with some</p>		

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				<p>schools.</p> <p>School Improvement Groups (SIGs) have been set up across the 5 Local Authorities in the CSC so that schools can share best practice and learn from each other.</p> <p>National categorisation of schools helps to identify which schools require support.</p>		
<p>Corporate Govern- ance</p>	<p>Health and Safety</p> <p>The council has a duty to protect the health, safety and welfare of their employees and other people who might be affected by its activities. Areas for improvement in some health and safety arrangements have been identified.</p>	<p>Failure to manage health and safety could result in:</p> <ul style="list-style-type: none"> • Injury, ill-health or loss of life to employees or members of the public. • Total or partial loss of services or buildings used to deliver services to vulnerable people. • Criminal prosecution by enforcement bodies such as South Wales Police, the Health and Safety Executive or South Wales Fire and Rescue Service. Sanctions include fines, imprisonment and disqualification from office. • Employers and Public Liability Claims. 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The newly developed Directorate Risk Registers will be used to methodically review the hazards on a priority basis to develop:</p> <ul style="list-style-type: none"> • Business plans and health and safety objectives • Risk assessment planned programmes • Health and safety competencies and training plans <p>Cascade health and safety objectives within staff appraisals.</p> <p>Monitor health and safety performance through Corporate Performance Assessment and Corporate Management Board.</p> <p>Continue to assess the health and safety impacts of the budget reductions required by the MTFs and relevant change programme projects.</p>	<p>Chief Executive</p>	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>

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		<ul style="list-style-type: none"> Increased insurance premiums. Reputational damage. 		<p>Establish an awareness raising campaign of regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p>		
<p>Links to all key priority themes</p>	<p>School modernisation:</p> <p>Budget pressures may reduce or delay the 21st Century school programme.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme. To receive this funding the council has to provide match funding of £22.474m. Whilst £5m is from core funding allocations the Council is also relying on raising £4m from S106 agreements and £13.475m from the sale of school and other sites.</p> <p>It continues to be a challenge to</p>	<ul style="list-style-type: none"> Insufficient progress may have a negative impact on pupils' learning and wellbeing. There is a link between attendance, attainment and the school environment. It may affect the range of educational opportunity for pupils. There may be inefficient use of resources, due to a mismatch in the supply and demand for places in different schools. Deterioration in the state of school buildings will result in increased running costs and the need for 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council continues to implement a phased schools modernisation programme but within a revised timetable.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme through a combination of Capital Grant and LGFI. To receive this funding the Council needs to submit detailed business cases for each project including how its match funding will be provided.</p> <p>It is essential that the planned capital receipts already committed and ring fenced from the sale of school sites are retained for school modernisation. Any change to this commitment would require Council approval.</p>	<p>Corporate Director Education & Transformation</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

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	<p>release sufficient land for sale to support the programme, If the Council is unable to do so, there may be a delay in new builds which may prejudice the Council's ability to provide for sufficient school places.</p> <p>Demand for disabled adaptations and repairs and maintenance are outstripping the budget. Failure to provide for disabled learners may result in litigation or tribunals.</p>	<p>emergency repairs. This could result in potential health and safety issues. Resources that could be better spent on direct support to children (BCBC schools are relatively poorly funded) will be diverted to less productive use.</p> <ul style="list-style-type: none"> New schools are designed as community facilities and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub. <p>Inadequacies in buildings maintenance have been identified, including fire safety within schools.</p>		<p>Maintain strong programme and project management arrangements. There is a track record of delivering projects to time, cost and quality.</p> <p>Procurement through the South East Wales Schools & Capital Programme Contractor Framework will continue via the new framework SEWSCAP2.</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>Review catchment area boundaries to ensure supply meets demand.</p> <p>Provide temporary accommodation.</p> <p>Regular health and safety audits and condition surveys will enable the Council to prioritise improvement works and respond to emerging issues.</p> <p>The Safe, Dry and Warm project has commenced including the development of condition surveys of all school buildings. The Council has appointed a Fire Safety Officer.</p> <p>Demand for Welsh medium education is up and the council is proposing to move YGG Cwm Garw to the Betws school site where it will be more accessible from other areas</p>		

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				of the County Borough. In addition, it is proposed that a Welsh medium starter class in the centre of Bridgend be explored, along with other ideas to increase the number of Welsh medium primary places in the centre of the County Borough.		