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THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND

Dydd Mawrth, 25 Chwefror 2020 Dydd Mawrth, 25 Chwefror 2020

Dear Sir/Madam

PWYLLGOR CRAFFU TROSOLWG CORFFORAETHOL

A meeting of the Pwyllgor Craffu Trosolwg Corfforaethol will be held in Siambur y Cyngor, Y Ganolfan Ddinesig, Glyn Ebwy on Dydd Mawrth, 3ydd Mawrth, 2020 at 3.00 pm.

Please note that a pre and post meeting will be held 30 minutes prior to the start and following the conclusion of the meeting for members of the committee.

Yours faithfully

Michelle Morris
Managing Director

AGENDA

Pages

1. CYFIEITHU AR Y PRYD

Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o hysbysiad ymlaen llaw os dymunwch wneud hynny. Darperir gwasanaeth

We welcome correspondence in the medium of Welsh or English. / Croesawn ohebiaith trwy gyfrwng y Gymraeg neu'r Saesneg.

cyfieithu ar y pryd os gwneir cais.

2. YMDDIHEURIADAU

Derbyn ymddiheuriadau.

3. DATGANIADAU BUDDIANT A GODDEFEBAU

Ystyried unrhyw ddatganiadau buddiant a goddefebau a wnaed.

4. COFNODION Y PWYLLGOR CRAFFU TROSOLWG CORFFORAETHOL 5 - 16

Derbyn cofnodion y cyfarfod arbennig o'r Pwyllgor Craffu Trosolwg Corfforaethol a gynhaliwyd ar 5 Rhagfyr 2019.

(Dylid nodi y cyflwynir cofnodion er pwyntiau cywirdeb yn unig).

5. STRATEGAETH CYFALAF 2020/2021 17 - 32

Ystyried adroddiad y Prif Swyddog Adnoddau.

6. ADOLYGIAD PONTIO'R BWLCH – DIWEDDARU DEFNYDD STRATEGOL O GRANTIAU – GRANT PLANT A CHYMUNEDAU 33 - 42

Ystyried adroddiad y Pennaeth Llywodraethiant a Phartneriaethau a'r Pennaeth Gwasanaethau Plant.

7. RHEOLAETH TRYSORLYS – DATGANIAD STRATEGAETH TRYSORLYS, STRATEGAETH BUDDSODDI A DATGANIAD POLISI MRP 2020/21 43 - 80

Ystyried adroddiad y Prif Swyddog Adnoddau.

8. CYNLLUN CYDRADDOLDEB STRATEGOL 2020 I 2024 81 - 160

Ystyried adroddiad y Pennaeth Llywodraethiant a Phartneriaethau.

9. PERFFORMIAD ABSENOLDEB SALWCH GWEITHLU GWASANAETHAU CORFFORAETHOL 161 - 170

Ystyried adroddiad y Rheolwr Gyfarwyddwr a'r Pennaeth Datblygu Sefydliadol.

To: S. Healy (Cadeirydd)
G. Paulsen (Is-gadeirydd)
P. Baldwin
M. Cook
M. Cross
G. L. Davies
P. Edwards
J. Hill
H. McCarthy
C. Meredith
M. Moore
J. P. Morgan
L. Parsons
J. Wilkins
D. Wilkshire

All other Members (for information)
Manager Director
Chief Officers

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COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE CORPORATE OVERVIEW SCRUTINY COMMITTEE

SUBJECT: SPECIAL CORPORATE OVERVIEW SCRUTINY COMMITTEE – 5TH DECEMBER, 2019

REPORT OF: LEADERSHIP AND DEMOCRATIC SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors G. Paulsen
 P. Baldwin
 M. Cook
 G.L. Davies
 P. Edwards
 J. Wilkins
 D. Wilkshire

AND: Managing Director
 Corporate Director Social Services
 Corporate Director Education
 Corporate Director Regeneration and Community Services
 Chief Officer Commercial
 Chief Officer Resources
 Service Manager - Accountancy
 Head of Community Services
 Head of Partnerships and Governance
 Service Manager: Policy and Partnerships
 Communications, Marketing and Customer Access Manager

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| No. 1 | <p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| No. 2 | <p><u>APOLOGIES</u></p> <p>Apologies for absence were received from Councillors C. Meredith, L. Parsons and J. Hill.</p> | |
| No. 3 | <p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>There were no declarations of interest or dispensations reported.</p> | |
| No. 4 | <p><u>ACTION SHEET – 19TH NOVEMBER, 2019</u></p> <p>The action sheet arising from the meeting of the Corporate Overview Scrutiny Committee held on 19th November, 2019 was submitted, whereupon:-</p> <p><u>CCTV</u></p> <p>A request was made for Members to view the quality of the images produced by the new CCTV system. The Head of Partnerships and Governance advised that this could be arranged as long as the relevant legal and data protection processes had been followed.</p> <p>Another Member referred to a visit arranged for Members to the call centre in Newport who at that time operated CCTV for the Authority. The visit allowed Members to have sight of the quality and images from all areas of the Borough. The Member recognised the need for legal and data protection check, however he advised that Elected Members are subject to confidentiality pledges when they are elected and therefore felt that Members could be trusted to view images.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| | <p>The Chief Officer Resources stated that there was not an issue with trust, however due to data protection laws individuals were permitted to have their information protected. The Chief Officer added that the images were not 'live streaming' and could no longer be viewed at a call centre, therefore the recording would need to be downloaded to a DVD and any individuals in the footage would need to be pixilated out by IT officers before it was viewed. The Chief Officer agreed to give consideration to the request to ascertain what could be provided to Members.</p> <p>This course of action was AGREED.</p> <p>The Committee AGREED, subject to the foregoing, that the action sheet be noted.</p> | R Hayden |
| No. 5 | <p><u>MEDIUM TERM FINANCIAL STRATEGY AND BRIDGING THE GAP</u></p> <p>Consideration was given to the report of the Chief Officer Resources and the Chief Officer Commercial.</p> <p>The Chief Officer Resources spoke to the report which outlined the Medium Term Financial Strategy (MTFS) and provided the proposed approach the Council would undertake to address financial challenges over the next 5 years. The Chief Officer added that the MTFS was a key element in the Council's strategic planning work which supported the Council's financial resilience and sustainability. The MTFS together with the Bridging the Gap Programme proposed the approach the Council would take to address financial challenges over the next 5 years.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| | <p>The Chief Officer Resources informed that there had been a delay in the announcement of the Local Government Settlement due to the General Election on 12th December, 2019. It had originally been expected at the end of November, however the final settlement was now due on 16th December, 2019. This delay had caused implications for the budget setting process and planning the actual budget reductions to set a balanced budget for 2020/2021, however the MTFS would be revised following the announcement.</p> <p>The Chief Officer referred Members to the information detailed in the report and appendices which outlined the budget gap of £16.2m over the next 5 years. Also, the progress against the Strategic Business Reviews was noted with the overall financial achievement towards the budget gap currently assessed between £5.4m and £7.9m over the period of the MTFS. The Chief Officer further noted the estimated financial achievement of the Strategic Business Reviews would result in a residual funding gap at between £8m to £10m over the next five years. However, for 2020/2021 proposals had been developed across all portfolios to mitigate funding gaps.</p> <p>A Member raised concerns around the continued reduction in the budgets and felt that the Council services and frontline staff could not be reduced any further. The Member noted the Council's commitment to prioritise Education and Social Services and had hoped that the monies provided to schools could be increased or at least maintained. The Member further reiterated his concerns around the reductions in staff and advised that the reduced budget settlements would be a concern to staff as in some cases jobs had been lost.</p> <p>The Chief Officer Resources advised that job losses were a concern to everyone, however it was paramount the Authority lived within its means and spend prioritised accordingly.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|---|----------------------|
| | <p>The Committee AGREED the report be accepted and Option 1; namely that the Corporate Overview Scrutiny Committee:-</p> <ul style="list-style-type: none"> • considered and agreed the MTFS; • noted the forecast funding gap for the period of the MTFS; and • agreed the proposals within the Strategic Business Reviews attached at Appendix 1 of the MTFS. | |
| No. 6 | <p><u>STAFF SURVEY 2019 – SUMMARY RESULTS</u></p> <p>Consideration was given to the report of the Managing Director.</p> <p>The Chief Officer Commercial advised that the report outlined the high level findings of the 2019 Staff Survey along with management actions related to the results. The Chief Officer added that the Authority had undertaken staff surveys every two years since 2014 in order to ascertain levels of staff engagement with the priorities of the Council. It also provides an opportunity to monitor their levels of well-being. During 2019 the survey was carried out between January and March and it was noted that participation this year has increased. The Chief Officer Commercial further outlined the activities which had been undertaken following an analysis of the data from the results.</p> <p>The Chief Officer Commercial further noted the headline findings from the survey as detailed in the report which included an improved response rate, improvement in staff satisfaction with staff feeling more motivated in their role and more informed. There was an increase in communication across the Authority, staff felt they were more able to strike a work/life balance and staff felt more inclined to speak positively about the Council to others outside work.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| | <p>The Chair asked the reason there were some signs of a reduction in frequency of staff 1-2-1s and team meetings.</p> <p>The Chief Officer Commercial advised that the 1-2-1s should be recorded and therefore there was a need for managers to be aware that when performance conversations are carried out that they are recorded. Part of the employment deal with employees is that they are entitled to have those discussions.</p> <p>A Member referred to the high number of staff within the Regeneration & Community Services and Social Services Departments who would not have access to email to participate in the survey and asked how these employees were encouraged to complete the survey.</p> <p>The Corporate Director Regeneration and Community Services advised that the Department had a number of the workforce on split work patterns and discussions had been undertaken on how these employees could be engaged. The Corporate Director Social Services added that it was difficult to reach some staff that were not office based and a number of ways in which both Departments could engage with these employees were being considered.</p> <p>The Chief Officer Commercial added that although the survey suits some staff there was a need to look at how it could be offered in different ways to accommodate all staff.</p> <p>The Vice-Chair welcomed the positive report and was encouraged to see that staff were happy and empowered. He asked if the Authority engaged with school based staff.</p> <p>The Chief Officer Commercial advised that school based staff were not included at the moment, however there was no reason they could not participate and added that discussions could be undertaken with schools to ascertain best way to circulate the survey for completion.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|---------------------|---|----------------------|
| | <p>The Committee AGREED, that the report be accepted and endorse Option 1; namely the Committee endorsed the report prior to the report being presented to the Executive.</p> | |
| <p>No. 7</p> | <p><u>QUARTER 1 AND 2 (APRIL TO SEPTEMBER) JOINT FINANCE AND PERFORMANCE REPORT</u></p> <p>Consideration was given to the report of the Head of Governance and Partnerships.</p> <p>The Head of Partnerships and Governance advised that the Joint Finance and Performance report outlined quarters 1 and 2 which covered April to September 2019. The Officer advised that the report had been enhanced to provide a more user friendly format and it would continue to be a 'live' document to take into account feedback received.</p> <p>At this juncture the Chair went through and the following questions/points were raised accordingly.</p> <p>A Member referred to the alignment of the Public Service Board and Regional Partnership Board and asked if the Public Services Scrutiny Committee had been aligned appropriately to give the appropriate timelines for matters being considered.</p> <p>The Head of Partnerships and Governance advised that the cycle of meetings had been developed to align the Scrutiny Committee with scheduled Public Service Board meetings which were held on a quarterly basis this gave a coherent reporting path. The alignment of Public Service Boards and the Regional Partnership Boards were around how their work streams being aligned to the Integrated Well-Being Programme. This was a good example of where two boards could come together and discussions would progress via the Public Service Board and once approved be presented to the Scrutiny Committee.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| | <p>The Member further noted the collaborative work in the report which referred the joint working arrangements of the SRS and advised that this was not the only collaborative work being undertaken across the Council.</p> <p>The Managing Director advised that the report captured work for quarters 1 and 2 and did not document all partnership work only areas where work had been carried out in the specific quarters. The Managing Director added that there was a great deal of collaborative work across the Council and in all services including City Deal, Tech Valleys and the Valleys Task Force. It was felt that it would be beneficial to report all collaborative and partnership working, however it was noted that progress reports on the City Deal were regularly presented to Scrutiny a report was scheduled to be presented to the next Council meeting on 12th December, 2019.</p> <p>Further to a request made for a Members Briefing on collaborative and partnership work arrangements across the Council, it was advised that a regeneration member briefing session could be arranged, to discuss collaborative work undertaken by the Directorate. A further request was made for late morning start and the Head of Partnerships and Governance agreed to accommodate this request.</p> <p>A Member noted the capital bid achieved for Social Services and asked if a report would be presented to inform Members on the project being pursued.</p> <p>The Corporate Director Social Services advised that the capital bid had been around the childcare offer and schools had been identified to work with in their existing settings. The Corporate Director confirmed that a report would be presented to the Social Services Scrutiny Committee at the appropriate time.</p> <p>The Member recognised the amount of good work undertaken in Social Services. The Chair concurred with these comments and expressed thanks to the Corporate Director and staff on the work undertaken.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|-------------|---|---------------|
| | <p>The Corporate Director Education referred to the persistent absenteeism in schools and noted the primary school levels of 1.6% was below the Wales average which was positive and in terms of secondary schools of 4.1% this equated to all Wales average. The Corporate Director also noted the increase in green schools within Blaenau Gwent.</p> <p>In response to a question raised in relation to the amount of red schools, the Corporate Director advised that there were two red schools, however the Authority was working intensively with these schools. The Member added that work on these schools had been ongoing for 2 years and there had been a number of head teachers in post over this period.</p> <p>The Corporate Director advised that the current head teacher was focussed and would continue the work put in place. The Corporate Director advised that a good discussion had ensued as part of the Improving Schools report presented to the Education and Learning Scrutiny Committee.</p> <p>A Member wished to compliment the Corporate Director Education on the work she had achieved. The Member noted that he had worked closely with the Corporate Director and was aware of her commitment for change in Education in Blaenau Gwent.</p> <p>The Member further asked how Blaenau Gwent compared to the family of schools within our area.</p> <p>The Corporate Director Education advised that the Education system in Wales was going through a significant system of reform around the curriculum and qualifications. The family of schools were developed to compare data with similar schools, however this was no longer being used and although performance information could be compared it no longer identified schools. However, the Corporate Director advised that schools in Blaenau Gwent were performing similarly to schools across the region.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|---|----------------------|
| | <p>The Corporate Director Regeneration and Community Services advised that there was a number of community groups who worked in specific areas which supported the delivery of the Authority's strong and environmentally smart communities. There was also work ongoing around the biodiversity and low carbon agenda which also linked to the active travel initiative.</p> <p>In response to a question raised around the use of solar panels, the Corporate Director Regeneration and Community Services advised that there was currently a £4.1m refit programme to install solar panels in new builds and existing buildings if the appropriate space was available.</p> <p>The Corporate Director Regeneration and Community Services also referred to the increased number of start-up businesses coming to Blaenau Gwent which placed Blaenau Gwent in the top quarter in terms of performance for this area.</p> <p>A Member referred to the Regulatory Proposals section and asked for the reason eight updates/reports had not been received.</p> <p>The Head of Partnerships and Governance noted that the information related to external regulatory work and advised that there could be a number of reasons. If the matter had been closed or incorporated into normal business planning and activity. However she noted the point and would make sure it was updated for the next quarter.</p> <p>Another Member referred to the Corporate Risk Register presented and noted the 2 schools currently in receipt of Council Intervention which had failed to make progress for 2 years.</p> | |

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|--------------------|--|----------------------|
| | <p>The Corporate Director Education advised that this had been identified as a risk and progress would be identified and reported accordingly.</p> <p>The Committee AGREED, that the report be accepted and Option 2; namely the information be accepted as presented.</p> | |
| No. 8 | <p><u>FORWARD WORK PROGRAMME – 8TH JANUARY, 2020</u></p> <p>Consideration was given to the report of the Chair of the Corporate Overview Scrutiny Committee.</p> <p>The Chair reported that the meeting scheduled in January 2020 would be cancelled, therefore the items presented on the Forward Work Programme would be presented to the February Committee with the exception of Organisational Development Policies which was scheduled to be presented to the March meeting.</p> <p>The Committee AGREED, subject to the foregoing, that the report be accepted.</p> | |

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Agenda Item 5

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **3rd March 2020**

Report Subject: **Capital Strategy 2020/2021**

Portfolio Holder: **Cllr N Daniels – Leader / Executive Member
Corporate Services**

Report Submitted by: **Rhian Hayden – Chief Officer Resources**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|-----------------|-------------------------------|--------------------|---------------------|-----------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | 21.1.2020 | 20.02.20 | | | 03.03.20 | | 26.3.2020 | |

1. **Purpose of the Report**

- 1.1 The purpose of this report is to give members the opportunity to scrutinise the Capital Strategy (attached at Appendix 1) following the annual review to be adopted for the financial year 2020/2021, prior to formal recommendation to Council.

2. **Scope and Background**

- 2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities, revised in 2017, introduced the concept of a Capital Strategy with effect from April 2019. Appendix 1 to this report is the proposed Capital Strategy for this Council.
- 2.2 The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a Capital Strategy allows flexibility to engage with full Council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.

The Strategy is reviewed and updated annually to ensure that the Council's Corporate Plan priorities continue to be delivered.

3. **Options for Recommendation (Refer to Appendix 4)**

3.1 Option 1 (Preferred Option)

Members consider the updated Capital Strategy for the 2020/21 financial year and provide comments and recommend the Strategy for approval to Council.

3.2 Option 2)

Members consider the updated Capital Strategy for 2020/2021 financial year and do not recommend it to Council for approval.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
 - 4.1 The Capital Strategy is linked to the Corporate Plan and Well-being Plan and will inform the way in which long term service objectives are delivered.
 - 4.2 **The capital Strategy is intended to take a long term view which reflects the requirements of the Wellbeing of Future Generations Act.**
5. **Implications Against Each Option**
 - 5.1 **Impact on Budget (short and long term impact)**
 - 5.1.1 The detailed financial implications of the Capital Strategy are contained within the Capital Programme, Treasury Management Strategy and Medium Term Financial Strategy.
 - 5.2 **Risk including Mitigating Actions**
 - 5.2.1 The identification and mitigation of risk is contained within the Capital Strategy document.
 - 5.3 **Legal**
There are a number of statutory requirements relating to capital expenditure, capital financing and treasury management activity that the Council must adhere to.
 - 5.4 **Human Resources**
N/A
6. **Supporting Evidence**
 - 6.1 **Performance Information and Data**
 - 6.1.1 The Performance information is contained within Appendix 1 – Capital Strategy.
 - 6.2 **Expected outcome for the public**
 - 6.2.1 The Capital Strategy will detail the financial implications for the Council in providing capital investment for the communities of Blaenau Gwent.
 - 6.3 **Involvement (consultation, engagement, participation)**

Corporate Leadership Team will consider the long term implications of capital investment and how the governance arrangements in place through full Council, enable decisions to be made by elected members.
 - 6.4 **Thinking for the Long term (forward planning)**

The Capital Strategy summarises the capital expenditure, capital financing and treasury management arrangements of the Authority, for the long term.

6.5 **Preventative focus**

The Capital Strategy will assist in the prevention of projects outside of the Council's service objectives and priorities proceeding.

6.6 **Collaboration / partnership working**

The future development of the Capital Strategy, particularly in relation to commercial investments, will require a collaborative / partnership approach.

6.7 **Integration (across service areas)**

The future development of the Capital Strategy will require an integrated approach across all services.

6.8 **EqlA (screening and identifying if full impact assessment is needed)**

N/A

7. **Monitoring Arrangements**

7.1 The Capital Strategy will be reviewed and updated on an annual basis and reported to full Council.

However, monitoring reports are submitted to Corporate Overview / Joint Budget Scrutiny during the financial year as follows:

- Capital Programme – quarterly
- Treasury Management report – 6 monthly

Background documents /electronic links
corporate plan

Medium Term Financial Strategy

<http://democracy.blaenau-gwent.gov.uk/documents/s4314/CO1912D8%20MTFS%20-%20Report%20Final%20-%20125%20December%202019.pdf?LLL=0>

Treasury Management Strategy

<G:\Corporate Accountancy\New Structure\Capital Strategy\2020-21\Treasury Strategy Statement 2020-Appendix A v8.doc>

Capital Programme

http://democracy.blaenau-gwent.gov.uk/documents/s1538/CO1910D13%20Capital%20Programme%20v11_Final.pdf?LL

2018/2019 Statement of Accounts

Strategic Asset Management Plan

Constitution

Local Well-being Plan 2018-2023

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BLAENAU GWENT COUNTY BOROUGH COUNCIL – CAPITAL STRATEGY

1.1 INTRODUCTION

- 1.2 Part 1, Section 3 of the Local Government Finance Act 2003 requires that the Authority shall determine and keep under review how much it can afford to borrow. The Act is supported by the Prudential Framework for local authority capital investment and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code).
- 1.3 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities, revised in 2017, introduced the concept of a Capital Strategy with effect from April 2019.
- 1.4 The Capital Strategy will be the mechanism through which the priorities in the Council's Corporate Plan are delivered.

2. DETERMINING A CAPITAL STRATEGY

- 2.1 In order to demonstrate that authorities take capital expenditure and investment decisions, in line with service objectives and properly takes account of:-
- Stewardship
 - Value for money
 - Prudence and
 - Sustainability and affordability
- Authorities should have in place a capital strategy that sets out the *long-term context* in which capital expenditure and investment decisions are made, primarily to deliver the priorities in the Council's Corporate Plan. This will enable due consideration *to both risk and reward and impact* on the achievement of priority outcomes. The capital strategy should form a part of the authority's integrated revenue, capital and balance sheet planning.
- 2.2 As local authorities become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. For example, when local authorities have increasingly wide powers around commercialisation, more authorities being subject to group arrangements and the increase in combined authority arrangements, it is no longer sufficient to consider only the individual local authority but also the residual risks and liabilities to which it is subject.
- 2.3 The capital strategy is intended to give a high level overview of how:-
- capital expenditure
 - capital financing
 - treasury management activity

contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full Council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.

- 2.4 The capital strategy should be tailored to the authority's individual circumstances but should include capital expenditure, investments and liabilities and treasury management. The capital strategy should include sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured and to meet legislative requirements on reporting.
- 2.5 In considering how stewardship, value for money, prudence, sustainability and affordability can be demonstrated, local authorities should have regard to the following key areas where material.

3. LINKS TO THE CAPITAL STRATEGY

- 3.1 The report has links to the strategic themes of the Authority, taking into account cross-cutting issues where relevant. It has specific links to the following documents:

a) The Council's Corporate Plan 2018/2022

The Corporate Plan is the prime document which outlines what the Council aims to achieve. The current Plan covers the period 2018/ 2019 to 2021/2022. The core vision, core values and priorities in the Council Plan are:-

Our Core Vision

Proud Heritage, Strong Communities, Brighter Future

Our Core Values



Our Council Priorities



7

- 3.2 The key objective of this Capital Strategy is to ensure that the capital funding available to the Council is spent on projects that assist the Council to deliver the priorities in the Corporate plan, including maintaining, replacing or / and upgrading existing assets. This is why the Corporate Plan features strongly in the allocation of resources in the capital programme.
- There are several other key strategic documents which align with the Council Plan. These guide how the Council works on specific aspects affecting the Council.

b) Medium Term Financial Strategy

The Capital Strategy is closely linked to the Medium Term Financial Strategy (MTFS), primarily with respect to the affordability of the capital programme. The MTFS is agreed by Council on an annual basis and forms part of the annual budget setting report.

c) Treasury Management Strategy

The Treasury Management Strategy links to the Capital Strategy in determining the Council's approach to borrowing and investments, including borrowing to fund capital expenditure. The Treasury Management Strategy is closely related to the Prudential Code and Prudential Indicators. The Council has an integrated Treasury Management Strategy and has adopted the CIPFA Code of Practice for Treasury Management in Public Services. The Treasury Management Strategy deals with borrowing and investment arising as a consequence of all the financial transactions of the Council, not exclusively those arising from capital spending.

d) Statement of Accounts

Capital expenditure incurred during the year is reflected in the Balance Sheet within the Statement of Accounts, ensuring that stewardship of assets is demonstrated. The accurate monitoring and recording of capital expenditure ensures that this document is free from material error. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council.

e) Strategic Asset Management Plan 2017/2022

The Strategic Asset Management Plan sets out how the Council manages and treats its property and land, ensuring that it is well placed to manage expectations, budgets and services going forward.

f) Regulatory Framework of Capital Spend

The Procurement Strategy, along with the Contract Standing Orders and Financial Regulations (part of the Council's Constitution), looks at who can supply goods and services to the Council and how these goods and services should best be obtained to secure value for money.

More generally, prudent financial management contributes to the following Well-being Goals within the Wellbeing of Future Generations Act (Wales) 2015:-

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.

- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

4 **CAPITAL EXPENDITURE**

4.1 Capital expenditure is defined as costs incurred by the Council in acquiring new property, plant and equipment (PPE); or costs incurred by enhancing existing PPE asset base. Capital expenditure can also be incurred in instances where the asset is owned by a third party but the Council has provided the third party with a grant. In such instances the expenditure is recorded as if incurred directly by the Council.

4.2 In accordance accounting definitions, expenditure can be capitalised when it relates to:

- *The acquisition or creation of a new fixed asset* - capitalisation will depend on the creation of rights to future economic benefits controlled by the Authority;
- *The enhancement of an existing fixed asset* - capitalisation will depend on the works substantially increasing the value of the asset, extending its useful life or increasing its use in service provision.

4.3 The Council's current asset base could be classed into two distinct areas:-

- *operational assets* i.e. those assets relating to day to day activities that will ensure the Council meets (primarily) its statutory requirements and
- *development assets* i.e. those assets which will help the Council achieve strategic aims and generate income

4.4 The Authority has a de-minimus limit for capital expenditure of £50,000. Previously, the de-minimus level was set much lower at £10,000, but was revised upwards, following the 2012/2013 external audit of accounts. The Policy will be reviewed in 2020/21

Capital expenditure that is below this de-minimus limit, is charged to a revenue budget. There are however, some exceptions including Highways capital expenditure, and Health & Safety capital expenditure. In these cases items that individually fall below this de-minimus level are allowable as capital expenditure because they are aggregated together and treated as one single item of expenditure in the year.

4.5 The Authority's core capital programme is considered by Council annually on a rolling basis and is funded from a variety of sources including capital receipts, Prudential Borrowing, General Capital Grant and Supported Borrowing Approvals. Both of the two latter funding streams are confirmed annually by Welsh Government as part of the Local Government Finance Settlement.

4.6 Changes to the programme from one year to the next include:-

- New policy directives
- New proposed schemes

- Revised scheme profiling
- Slippage and
- Changes in expenditure projections

4.7 The Authority's forecast of capital expenditure for the next three financial years, as laid out in the 2019/2020 Treasury Management Strategy is as follows:-

| Capital Expenditure £000's | | | | | |
|-----------------------------------|---------------------------|---|-------------------------------|-------------------------------|-------------------------------|
| | 2018/19 Actual | 2019/2020 Revised Estimate | 2020/2021 Estimate | 2021/2022 Estimate | 2022/2023 Estimate |
| Total | 13,896 | 19,950 | 22,500 | 18,550 | 13,600 |

The capital programme usually covers a three year period. However, the current capital programme covers the financial years 2019/20 to 2025/2026, primarily to incorporate Band B of the 21st Century Schools Programme.

Governance arrangements are as follows:-

4.8 The capital programme is considered annually by full Council as part of the revenue budget setting process.

4.9 The capital programme is monitored in-year through:-

- Regular forecast expenditure reports to budget holders
- Quarterly forecast expenditure reports to the Joint Budget Monitoring Scrutiny Committee and Executive Committee.
- Actual outturn expenditure is incorporated into the Council's annual Statement of Accounts, which is reported to the Audit Committee and subject to external audit.

4.10 If additional resources are identified, a revised capital programme will be reported to full Council for consideration. If the value of bids exceed the amount of available resources, a prioritisation methodology is followed, in order to match bids to available resources. Currently that methodology incorporates the following key elements:-

- Links to the Council's Corporate Plan
- Links to national priorities
- Statutory scheme or non-statutory scheme
- An existing legal or contractual commitment
- The availability of external grant funding
- The likelihood of revenue saving generation / cost avoidance
- National Wellbeing Goals/ Sustainability Principles

4.11 The bidding process is underpinned by a number of check and challenge stages, prior to the drafting of a report for Council's consideration.

5. CAPITAL EXPENDITURE FINANCING

5.1 All capital expenditure must be financed, either from external sources - government grants and other contributions; the Council's own resources - revenue contributions, reserves and capital receipts; or debt - borrowing supported and unsupported; leasing.

5.2 A detailed explanation of each of the main sources of funding is shown below:-

- **General Capital Grant** – This is a sum of money which is provided by the Welsh Government as part of the annual settlement. The Council is free to use the capital grant on any capital project it wishes.
- **Supported Borrowing** – The Council will borrow internally / externally to fund the expenditure. The revenue costs arising from the borrowing (Interest Costs and Minimum Revenue Provision) are funded by the Welsh Government through the annual revenue settlement, hence the term "Supported Borrowing".
- **Unsupported Borrowing** – the Council borrows internally / externally but is required to finance the revenue costs from its own resources. Projects funded by means of unsupported borrowing tend to be projects which deliver revenue savings or generate additional income and these savings are used to meet the additional revenue costs arising from the borrowing.
- **Specific Capital Grants** – The Council will be awarded capital grants which partly or fully fund the cost of a project. Capital grants usually come with restrictions surrounding the expenditure which can be funded and by when the expenditure must be incurred.
- **Revenue Contribution** – Services can make a contribution from their revenue budgets to fund projects and should deliver revenue savings/avoid future costs or generate additional income. These contributions tend to be as a match funding to a project which is mainly funded from a specific capital grant.
- **Capital Receipts** – The funds generated from the sale of assets can be used to contribute to the funding of the capital programme. These are usually generated from the sale of surplus assets (normally land or buildings).
The Council's long standing policy on usable capital receipts is that they are immediately invested internally. This helps to improve the Council's cash flow position and reduces the level of external loans that need to be raised,

which in turn reduces external interest charges from the money market. This approach is consistent with what is regarded as good practice in terms of strategic level treasury management and overall, produces savings in debt servicing costs for the Council.

However, as approved sums of usable capital receipts are subsequently used to finance part of the annual capital programme each year, appropriate allowance then needs to be made for the use of these receipts in determining the estimated level of external borrowing required for that year. Hence usable capital receipts are released on a controlled basis and the annual estimates for external interest charges are adjusted accordingly. Any request to earmark a capital receipt for a different purpose will require a report to full Council.

- **Reserves** – Funding held in reserve, e.g. unapplied capital receipts, can be used to support the capital programme.

5.3 The financing of the forecast capital expenditure shown in paragraph 4.7 above, is detailed below

| Capital Expenditure £000's | 2018/19 Revised Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| Total | 13,896 | 19,950 | 22,500 | 18,550 | 13,600 |
| Financed by: | | | | | |
| Grants, Capital Receipts, revenue and other sources | 9,207 | 14,977 | 19,627 | 16,077 | 11,127 |
| Net financing need for the year from Un-hypothecated Supported Borrowing and Prudential Borrowing | 4,689 | 4,973 | 2,873 | 2,473 | 2,473 |

5.4 Debt (including leases) is a source of finance that is used to fund a capital scheme and is repayable over time. The Council sets aside a Minimum Revenue Provision (MRP) every year for the repayment of existing debt. MRP forms part of the debt management budget and is monitored by Corporate Finance. As part of the annual Treasury Management Strategy, which is approved by full Council before the start of the new financial year), a MRP statement is presented as an appendix to the Strategy annually. This sets out the MRP Policy that is to be adopted by the Council at the start of the next financial year. The full MRP statement is set out in Appendix A of the Treasury Management Annual Strategy. The Council agreed to a significantly revised policy in December 2017.

5.5 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace

debt. The Council's estimated CFR is set out in Appendix A of Treasury Management Annual Strategy and is illustrated below.

| Capital Financing Requirement | | | | | |
|---------------------------------------|--|---|---|---|---|
| | <u>2018/19</u> <u>Revised</u> <u>Estimate</u> <u>£000</u> | <u>2019/20</u> <u>Estimate</u> <u>£000</u> | <u>2020/21</u> <u>Estimate</u> <u>£000</u> | <u>2021/22</u> <u>Estimate</u> <u>£000</u> | <u>2022/23</u> <u>Estimate</u> <u>£000</u> |
| CFR at start of financial year | 160,950 | 165,028 | 169,311 | 173,557 | 175,422 |
| CFR at end of financial year | 165,028 | 169,311 | 173,557 | 175,422 | 173,887 |
| Movement in CFR | 4,078 | 4,284 | 4,246 | 1,865 | -1,535 |

6. **TREASURY MANAGEMENT**

- 6.1 The Chartered Institute of Public Finance & Accountancy defines treasury management as “The management of the organisation’s borrowing; investments and cash flows; its banking; money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- 6.2 Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Investment balances tend to be high at the start of the financial year as revenue income is received before it is spent, but reduce in the long-term as capital expenditure is incurred before being financed.
- 6.3 Due to decisions taken in the past, the Council currently has £157m debt outstanding as at 31 March 2019, at an average interest rate of 2.85%. In addition, £43,000 was earned on investments at an average rate of 0.62%.
- 6.4 The Annual Treasury Management Strategy is approved by Full Council prior to the start of the new financial year and sets out the Council’s Borrowing Strategy; Investment Strategy and respective prudential indicators.
- 6.5 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

The Treasury Strategy - the first, and most important report covers:

- The capital plans (including prudential indicators)
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and an assessment of whether the treasury strategy is being met or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Pre-scrutiny of the Strategy and monitoring of the Strategy throughout the year is carried out by the Corporate Overview Scrutiny Committee.

7. COMMERCIAL ACTIVITIES

- 7.1 A number of local authorities are investing in non-treasury management investment, for example commercial property, either via a fund manager or direct purchase of property in order to generate enhanced treasury returns above the rate of inflation. The returns generated from this type of investments can support revenue budgets in an environment when Welsh Government revenue support funding has declined year on year.
- 7.2 At present the Council does not invest in commercial property either directly (through property acquisitions) or indirectly (through a fund manager). However, the Council is seeking to develop an investment strategy in line with a more commercial approach and so this type of investment will be considered in the future.
- 7.3 With a financial rate of return being the main objective, the Council would need to fully identify the Local Authority powers underpinning any investments i.e. economic regeneration activity. In addition, the Council would need to understand that there is a degree of higher risk on commercial investment than with treasury investments. The principal risk exposures include a decline in the property market and capital being tied up in the medium/ long-term. In order to balance the three basic principles of security, liquidity and yield, consideration would need to be given to the proportion of commercial investments made.
- 7.4 Any potential commercial investment would need due diligence and expert independent external advice. Legal advice would also be required from within the Council and where necessary, externally.

8. POTENTIAL OPPORTUNITIES AND RISKS ARISING FROM THE CAPITAL STRATEGY

- 8.1. The Capital Strategy will enable the Council to focus its energy and resources to the priorities in the Corporate Plan. In addition, transparent governance

arrangements will enable improved decision making processes and financial planning into the longer term.

- 8.2. By adopting a more commercial approach, the Council will be able to secure additional revenue streams to mitigate future enforced budget reductions.
- 8.3. The level of annual savings required over the period of the medium term financial strategy will continue to be challenging with the potential to impact on the capital programme. If the funding gap is difficult to achieve, this risk could be mitigated by a further review of the capital programme to assess the feasibility of reducing capital financing costs affecting revenue. This would involve reducing capital expenditure and the associated borrowing requirement, therefore reducing interest and loan repayment costs.
- 8.4. The Council's Capital Strategy is based on an assumed level of funding from Welsh Government and from external grants and capital receipts. Given the continued uncertainty over budgets and the changes to grant funding, currently received from the European Union, there is a risk that this assumed level of grant funding may not be received. This risk can be mitigated through regular reviews of the current capital programme.
- 8.5. The Council has used internal borrowing (as opposed to external borrowing) for a number of years to fund a proportion of capital expenditure. If interest rates increase sharply in the medium term there is a risk that long term capital financing costs will impact on the affordability of new capital schemes and the revenue budget. This risk can be mitigated by regular reviews of interest rate forecasts and engagement with the Council's external treasury management advisor.
- 8.6. The strategy acknowledges the importance of maintaining existing Council assets. There is a risk that a replacement programme is not sufficient and that the standard of the assets falls to such a point that a greater level of investment is required in order to maintain services. This risk can be mitigated by ensuring that the capital programme delivers a balanced programme of enhancing current assets and developing new assets.
- 8.7. External borrowing results in a significant interest cost each year. The majority of the Council's loans are fixed and are not affected by any interest rate rises. However, any sharp rise in interest rates may impact on the affordability of future projects which are funded from new borrowing. This risk is mitigated to some extent through the Treasury Management Strategy which illustrates a mix of short term, medium term and long term loans.

9. **KNOWLEDGE AND SKILLS**

- 9.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 9.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council tests the market through regular competitive tendering. This ensures that performance management arrangements are in place, as laid out in the contract specification. The Council currently employs Link Asset Services as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite. Performance
- 9.3 Key relevant staff will undertake training as and when opportunities arise or whenever there are changes in regulations. Treasury management training for members has and will continue to be provided by officers and treasury management advisors on an annual basis in the future.

Agenda Item 6

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Overview Scrutiny Committee**

Date of meeting: **3rd March 2020**

Report Subject: **Bridging the Gap Review - Update Strategic use of Grants - Children and Communities Grant**

Portfolio Holder: **Councillor Nigel Daniels, Leader / Executive Member Corporate Services
Councillor John Mason, Executive Member Social Services**

Report Submitted by: **Bernadette Elias, Head of Governance and Partnerships
Tanya Evans, Head of Children's Services**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|-----------------|-------------------------------|--------------------|---------------------|----------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | 28.02.20 | 20.02.20 | | | 03.03.20 | | 26.03.20 | |

1. Purpose of the Report

The purpose of the report is to provide an update in relation to the Bridging the Gap review on the Strategic Use of Grants with a focus in phase one on the Children and Communities Grant (CCG).

2. Scope and Background

2.1 Bridging the Gap - Strategic Use of Grants review

2.1.1 In 2018 the Wales Audit Office (WAO) undertook a Financial Resilience review which included a focus on how effectively the Council maximises funding opportunities. As part of findings the WAO reported that there was a lack of corporate coordination of grant applications and central records of grants and concluded that a more strategic use of grants was needed.

2.1.2 A review on the Strategic use of Grants has been included in the Bridging the Gap programme and the WAO proposals for improvement informed the scope of the review. The Head of Governance and Partnerships is the review sponsor.

2.1.3 The aim of the review is to facilitate improved organisational sight and greater understanding of the impact of grants for Blaenau Gwent. The review considers how to maximise the benefits of the grants through closer working across all services including a better understanding of the impact of the removal of grants and the potential risk and/or opportunity in relation to core funding.

2.2 Phase 1 - Children and Communities Grant

2.2.1 The Children and Communities grant sits under the Flexible Funding Programme which came into being April 2019. CCG is an integral element of the Use of Grants review and has been the main focus of the initial phase of the project.

2.2.2 The Flexible Funding programme is the latest approach from Welsh Government to ensure different grants work together with the aim of providing greater local authority autonomy in service delivery, particularly around joint planning and commissioning of services to support better outcomes. This extra freedom aims to allow for a more strategic approach in delivering early intervention, prevention and support.

2.2.3 Ministers have set clear expectations that the Children and Communities Grant (CCG) and the Housing Support Grant (HSG) which sits under the Flexible Funding programme should work in a seamless fashion, providing integrated services where appropriate.

2.2.4 The seven programmes that sit under the Children and Communities Grant are:

1. Families First
2. Flying Start
3. Childcare and Play (formerly called 'Out of School Childcare Grant')
4. Communities for Work Plus (CfW+)
5. Legacy Fund
6. Promoting Positive Engagement for Young People at Risk of Offending
7. St David's Day Fund

2.2.5 Welsh Government issued clear Guidance for 2019/20 for the delivery of each of the 7 programmes listed above. The 2019/20 budget allocation for each of the 7 programmes can be found under section 5.1 of this report.

2.2.6 The Head of Children's Services was asked to lead on bringing together the 7 programmes under the CCG with a key objective of amalgamating these programmes under a single grant to enable the local authority to respond with innovative approaches to improve service delivery.

2.2.7 As a result, a CCG steering group was set up with the following responsibilities:

- Objectively analyse the activities, performance and financials of each programme individually and collectively to identify possible opportunities for efficiencies and service improvement;
- To understand the wider programme of delivery, delivered by the third sector to identify opportunities for collaborative working arrangements;

- To report progress to the Corporate Leadership Team, Members, Executive and the Public Service Board;
- To collate and submit the data monitoring required by Welsh Government in relation to the CCG within the required timescales;
- To collate and submit the financial claim form required by Welsh Government within the required timescales; and
- Agree to set up working groups as required to undertake specific pieces of work bringing other professionals/partners in as required.

The CCG steering group has met regularly throughout 2019 and plan to continue to do so throughout 2020.

2.2.8 In relation to the 7 programmes it is important to note that Communities for Work plus (CfW+) is delivered by GAVO not the Local Authority. This situation is unique to Blaenau Gwent as the other 21 local authorities in Wales deliver this programme in house. That said GAVO has been an active part of the CCG steering group. It is also important to note that despite Welsh Government initially saying the Legacy Fund will cease at the end of March 2020 this is now not the case. Welsh Government has confirmed it will continue to the end of this Assembly term.

2.2.9 One of the first pieces of work the CCG steering group undertook was a logic mapping exercise. This involved all 7 programme leads mapping what inputs, outputs and outcomes each of their programmes had delivered. This information was then analysed which then led onto a number of work streams being set up.

2.2.10 The first work stream examined the services delivered by each of the 7 programmes and established there is little duplication of service delivery. Some of the programmes are delivering the same service i.e. parenting, however, they are targeting different sections of the population in Blaenau Gwent.

2.2.11 The second work stream examined the possibility of making efficiencies in relation to the way in which the grants were administered. It was established there were no efficiencies to be made at this time as a number of grants were being administered by core services and not grant funded services. What will happen from January 2020 is a move for the 6 grants within the Local Authority to be supported by one central grant funded team. Bringing this work under 1 team will allow a more in-depth review to occur during 2020 to establish the support is effective and efficient.

2.2.12 The third work stream focused on the legacy fund due to the message from Welsh Government that it would be ending on the 31st of March 2020. The group undertook a review of all the programmes that are being funded to ensure all the projects under this fund have either established sustainability within their organisations or developed exit strategies. A full report on this

area of work has been presented to Regeneration Scrutiny Committee for information in December 2019. In light of the legacy fund continuing there will need to be a discussion/process for considering where this grant funding will be allocated for 2020/21 which **must** be in line with the guidance from Welsh Government.

2.2.13 Going forward in 2020 the Children and Communities Grant will be responsible for delivering the following 7 programmes:

- 1 Families First
- 2 Flying Start
- 3 Childcare and Play
- 4 Communities for Work Plus (**delivered by GAVO**)
- 5 Legacy Fund
- 6 Promoting Positive Engagement for Young People at Risk of Offending
- 7 St David's Day Fund

2.2.14 Welsh Government is currently revising the guidance for the delivery of each of these programmes however it is unlikely to significantly change. They continue to be clear that there should be a join up of service delivery across the CCG programmes where appropriate, with no duplication of services. There should also be the flexibility of moving funding between the programmes when this is felt to be appropriate.

3. **Options for Recommendation**

3.1 **Option 1**

That the Corporate Overview Scrutiny Committee

- i. Consider the progress made to date and the proposed next phases of the Strategic Use of Grants review
- ii. Consider the progress made to date on the Children and Communities grant
- iii. Receive further updates on the Strategic Use of Grants review and CCG as part of the committee forward work programme; and
- iv. The CCG Steering Group continues to oversee and implement the delivery programme and provides an annual report on progress to Scrutiny, Executive and the PSB. 6 monthly reporting will be made the Corporate Leadership Team

Option 2

- i. Consider and provide specific comment on the progress made to date and the proposed next phases of the strategic use of grants review
- ii. Consider and provide specific comments on the progress made to date the Children and Communities grant
- iii. Receive further updates as part of the committee forward work programme; and
- iv. The CCG Steering Group continues to oversee and implement the delivery programme and provides an annual report on progress to

scrutiny, executive and the PSB. 6 monthly reporting will be made the Corporate Leadership Team

4. **Evidence of how does this topic support the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

Council Priorities

As part of the Strategic use of Grants review the development of the grant register included identifying links of grant funding to Council priorities.

The programmes under the CCG focus on early intervention prevention and support. As such they will support the following priorities outlined under the corporate plan:

- To work with people to make sure they have a say in achieving what matters to them;
- To intervene early to prevent problems from becoming greater;
- To work with our partners including Aneurin Bevan Health Board and neighbouring authorities to deliver integrated responsive care and support;
- To promote and facilitate new ways of delivering health and social care involving key partners and our communities; and
- To develop a partnership approach to reducing and alleviating the impacts of Poverty.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

Figure 1 outlines the grant income for 2019/20

| Portfolio | Number of Grants | Value |
|----------------------|------------------|------------|
| Corporate Services | 7 | 281,301 |
| Economy | 12 | 1,902,871 |
| Education | 14 | 1,552,895 |
| Education Schools | 11 | 5,893,615 |
| Environment | 12 | 824,851 |
| F M & S | 1 | 300,000 |
| Infrastructure | 9 | 209,250 |
| Social Services CS | 15 | 8,159,264 |
| Social Services AS | 3 | 3,453,818 |
| Social Services WDP | 1 | 1,411,315 |
| | | |
| 2019/20 Grant Income | | 23,989,180 |

Figure 2 below outlines the total grant money aligned to each CCG programme for 2019/20.

The budget for 2020/21 has been released. This amounts to £4,069,099. Work will now be done to apportion money to each programme.

Figure 2
2019/20 Budget

| Programme | Budget |
|---|-------------------|
| Flying Start | £2,208,616 |
| Families First | £1,143,183 |
| Communities 4 Work Plus (funding for this goes directly to GAVO) | £856,753 |
| Legacy Fund | £464,463 |
| Promoting Positive Engagement for YP | £148,016 |
| Childcare and Play | £73,391 |
| St David's Day Fund (this will reduce to £29,425 in 20/21) | £58,851 |

5.2 ***Risk including Mitigating Actions***

Improved strategic planning and oversight of grants as a funding stream will support a better understanding of the impact of the removal of grants and the potential risk and/or opportunity in relation to core funding.

As with all grant funded projects there is a risk of the grant stopping and the needs of children and families not being met.

To mitigate against this each of the programmes under the CCG are supporting families to become more self-determining, drawing on their own naturally occurring support networks to reduce the need for statutory services.

A further risk to be highlighted is that the flexibility under the CCG is limited due to the CCG guidance stipulating the 7 programmes still needing to be delivered. This limits the development of new approaches being developed.

5.3 ***Legal***

There are no legal issues relating to this report

5.4 **Human Resources**

The Strategic Use of Grants review has established a core working group of officers from Corporate Services. The involvement of service area representatives for the specific review areas is vital and forms part of the review process.

All staff delivering the programmes under the CCG are on 12 month fixed term contracts. These are renewed each year. However, many staff have been on fixed term contracts for many years and will have accrued employment rights. If the grants were to stop work would need to be done to ensure robust exit strategies.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

Bridging the Gap - Strategic use of Grants review

6.1.1 Work undertaken to date includes the development of an organisational register of revenue grant income including:

- Separating grants by portfolio and establishing the grant income position and spend profile;
- Identification of links of grant monies to Council priorities, key strategies and other Bridging the gap reviews; and
- Enhancing functionality to automate inputted data which keeps the register live, reducing duplication and effort.

6.1.2 Grant income for 2019/20 of 23,989,180 (figure 1 above) has been identified. A number of key issues have been identified to facilitate improved strategic planning of this funding stream:

- How to strategically manage grants more effectively alongside other funding streams, including maintaining a central record of potential and successful grant applications;
- Ensure better integration of applications for grants into the budget setting process including other Bridging the Gap reviews; and
- Consideration of review processes for grants to ensure they deliver outcomes and value for money.

6.1.3 A phased approach to the review for 2020/21 is proposed:

- Phase 1 - CCG review (delivery plan to be in place by April 2020)
- Phase 2 - Adult Social Services, Integrated Care Fund (scoping February/March 2020)
- Phase 3 - Economy (scoping April/ May 2020)

6.1.4 **Children and Communities Grant**

Welsh Government require Quarterly reporting on the work undertaken under the CCG. Quarters 1 and 2 have been completed which mainly comprises of a narrative outlining the progress which has been made in relation to bringing the grant under one umbrella. In addition, some of the programmes, Flying

Start, Families First and the St David's Day fund have to provide Quarterly updates on their activity.

- 6.1.5 Welsh Government is in the process of finalising an outcomes framework. It is anticipated this will replace the existing reporting frameworks from April 2020

Governance arrangements

6.1.6 **Strategic use of Grants review**

It is proposed that the governance of the Use of Grants and monitoring of the Grants Register is incorporated within the terms of reference for the Strategic Commissioning Group which is being established following the Bridging the Gap review on Third Party Spend.

This would provide the opportunity for the grants register to be reviewed and updated on a regular basis and provide a forum for appropriate check and challenge.

It is proposed that the Strategic Commissioning Group would report into CLT on the organisational grants register on a quarterly basis. Updates on the Bridging the Gap review - Strategic use of Grants would form part of the Corporate Overview Scrutiny Forward Work Programme.

Children and Communities Grant

The CCG Steering Group continue to meet and take responsibility for the smooth programme delivery, the future shaping of programmes and continued reporting to Welsh Government; and
Provide an annual report on progress to Scrutiny, Executive and the PSB on an annual basis. 6 monthly reports will be provided to the Corporate Leadership Team

6.2 ***Expected outcome for the public***

The aim of the strategic use of grants review is to facilitate improved organisational sight and greater understanding of the impact of grants for Blaenau Gwent.

The public can expect the programmes delivered under the CCG to meet the requirements as laid out from Welsh Government. All of the programmes focus on early intervention, prevention and support.

6.3 ***Involvement (consultation, engagement, participation)***

The CCG guidance requires local authorities to set out how they intend to engage with and involve local communities and use their responses to inform their long term vision and delivery plans. All of the programmes under the CCG have systems in place to gather feedback on services being delivered. Some programmes are also using social media to support with this for example Flying Start has a Facebook page to promote the service and receive feedback.

6.4 ***Thinking for the Long term (forward planning)***

The CCG Steering group will ensure the delivery plan for 2020/21 encompasses the five ways of working under the Future Generation Act which includes planning for the long term.

6.5 ***Preventative focus***

One of the primary aims of the programmes delivered under the CCG is to prevent needs from escalating. This not only relates to preventing families requiring the interventions from Statutory Services but also working with families to support them out of poverty via routes to employment.

6.6 ***Collaboration / partnership working***

As part of the work going forward the Local Authority will need to demonstrate how it ensures the programmes under the CCG grant is aligning with the well-being objectives of the Public Services Board and the aims of other key partners and how evidence from the well-being plans and needs assessments have been incorporated. It is important to demonstrate that this grant is providing additional support for the most disadvantaged.

6.7 ***Integration(across service areas)***

The strategic use of grants review includes all service areas and the work undertaken to date aims to bring improved organisational sight of grant funding to maximise this funding stream.

7. **Monitoring Arrangements**

7.1 **Strategic use of Grants**

It is proposed that the Strategic Commissioning Group being established, report into CLT on the organisational grants register on a quarterly basis. Updates on the Bridging the Gap review – Strategic use of Grants would form part of the Corporate Overview Scrutiny Forward Work Programme.

CCG

Welsh Government requires quarterly reporting on progress. This will include reporting on outcomes from April 2020 under the new framework being developed by Welsh Government.

In addition, the CCG steering group will oversee the delivery of the programmes and provide an annual report to, Scrutiny, Executive and the PSB and 6 monthly reports to CLT

Background Documents / Electronic Links

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Agenda Item 7

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **3rd March 2020**

Report Subject: **Treasury Management – Treasury Strategy Statement, Investment Strategy & MRP Policy Statement 2020/2021 (including Prudential Indicators)**

Portfolio Holder: **Cllr N Daniels, Leader / Executive Member Corporate Services**

Report Submitted by: **Rhian Hayden, Chief Officer Resources**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|-----------------|-------------------------------|--------------------|---------------------|----------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | 21.1.20 | 20.02.20 | | | 03.03.20 | | 26.03.20 | |

1. Purpose of the Report

- 1.1 The purpose of the report is to give Members the opportunity to scrutinise the Treasury Strategy, Investment Strategy and Minimum Revenue Provision Policy (including prudential indicators) to be adopted for the 2020/2021 financial year, prior to formal recommendation to Council.

2. Scope and Background

- 2.1 The report is prepared in accordance with the CIPFA Code of Practice on Treasury Management that requires an annual Treasury Strategy Statement (TSS) to be approved in advance of the relevant financial year. Prior to recommendation for formal approval by Council the TSS is required to be adequately scrutinised by the Corporate Overview Scutiny Committee.
- 2.2 The 2017 Treasury Management Code of Practice recommends that the Council will receive an annual Treasury Strategy Statement (TSS) in advance of the relevant financial year.
- 2.3 The Code also recommends that Council creates and maintains a Treasury Management Policy Statement (TMPS), stating the policies and objectives of its treasury management activities. Although the Code does not require authorities to seek approval of the TMPS, it is attached as Appendix B for information.
- 2.4 In accordance with the Code, the Treasury Strategy Statement includes the Annual Investment Strategy. It is important to note that although it is called the Annual Investment Strategy, it is kept under review throughout the year and any changes required are reported to Council at that time.
- 2.5

Local Authorities are required to prepare, before the start of each financial year, a statement of their policy on making revenue provision to cover debt repayments (known as MRP or Minimum Revenue Provision) in respect of that financial year and submit it to full Council for approval. The MRP statement for 2020/21 is therefore also included as part of the Treasury Strategy Statement (last page of Appendix A). The Treasury Management Policy Statement is also attached for information as Appendix B.

2.6

From 2019/20 onwards the revised codes of practice introduced a requirement for all local authorities to prepare a Capital Strategy report, which is intended to provide: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

2.7

The Capital Strategy for Blaenau Gwent CBC is subject to a separate report.

3. **Options for Recommendation**

3.1 Option 1

Members consider the Annual Treasury Strategy Statement & Annual Investment Strategy & MRP Policy Statement for 2020/2021 financial year and the Treasury Management Prudential Indicators contained therein (APPENDIX A) and consider any amendments, prior to submission to Council for formal approval.

3.2 Option 2 (preferred option)

Members consider the Annual Treasury Strategy Statement & Annual Investment Strategy & MRP Policy Statement for 2020/2021 financial year and the Treasury Management Prudential Indicators contained therein (APPENDIX A) and do not consider any amendments, prior to submission to Council for formal approval.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The report is written under legislation (the Local Government Act 2003) Welsh Government guidance and CIPFA codes of practice.

4.2 This report also supports the Corporate Plan Priority of being an Efficient Council.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

5.1.1

5.1.2 The Authority will comply with the CIPFA Treasury Management in the Public Services: Code of Practice 2017 and in doing so will strive for effective risk management and control, whilst at the same time pursuing best value.

5.1.3 The Treasury Strategy Statement & Annual Investment Strategy and MRP Policy Statement for 2020/2021 financial year will be adhered to at all times with the prime objectives being firstly the security and secondly the liquidity of investments. It will seek to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

The revenue cost of debt arises through the Minimum Revenue Provision (or MRP) set aside for debt repayment. The revised MRP Policy agreed by Council in December 2017, enabled lower levels of MRP to apply for the period 2017/2018 to 2021/2022. Budget forecasts for MRP from 2022/2023 will subsequently increase and will be factored into the Council's Medium Term Financial Strategy.

5.2 ***Risk including Mitigating Actions***

5.2.1 The main risk in relation to Treasury Management is that of credit risk and protecting the Authority's cash. This is effectively managed through the Authority's risk averse Treasury Management policy that seeks to protect the capital sum rather than maximise investment returns.

5.3 ***Legal***
N/A

5.4 ***Human Resources***

5.4.1 There are no direct staffing implications to report. Staff directly involved with Treasury Management activities will continue to receive consultancy advice, training and professional/technical updates during the year.

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

6.1.1 This report sets out the Authority's prudential indicators for the 2020/2021 financial year, against which performance can be monitored throughout the year. It also sets out the borrowing and investment strategy and MRP policy that will be adhered to for the year.

6.1.2 The Prudential Code was developed by CIPFA, as a professional Code of Practice to support local authorities in taking their decisions on capital investment.

6.1.3 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good

professional practice and in a manner that supports prudence, affordability and sustainability.

- 6.1.4 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios.
- 6.1.5 The Treasury Strategy Statement attached as Appendix A includes the prudential indicators that are required to be calculated for Blaenau Gwent County Borough Council and that are recommended for approval by Council.
- 6.1.6 The Treasury Management Code requires that the Council nominate a Committee to be responsible for the effective scrutiny of Treasury Management Strategy and policies. For Blaenau Gwent CBC this role is undertaken by the Corporate Overview Scrutiny Committee.
- 6.1.7 The documents contained within this report are required to be adequately scrutinised before being recommended to Council.

6.2 ***Expected outcome for the public***

The Council's Treasury Management activities support delivery of services to the public.

6.3 ***Involvement (consultation, engagement, participation)***

Members of the Corporate Overview Scrutiny Committee and Council are involved in the development and monitoring compliance with the Council's Treasury Management Strategy.

6.4 ***Thinking for the Long term (forward planning)***

n/a

6.5 ***Preventative focus***

The Authority's Treasury Management policy prioritises protecting the capital sum rather than achieving higher rates of interest.

6.6 ***Collaboration / partnership working***

n/a

6.7 ***Integration (across service areas)***

n/a

6.8 ***EqIA (screening and identifying if full impact assessment is needed)***

n/a

7. **Monitoring Arrangements**

- 7.1 As the nominated scrutiny Committee, Corporate Overview will receive three reports in every annual cycle:

- A Treasury Management Policy report prior to the start of every financial year
- A mid-year progress report on Treasury Management activity
- An end of year out turn report on Treasury Management activity.

Background Documents /Electronic Links

- *Appendix A*
- *Appendix B*

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BLAENAU GWENT COUNTY BOROUGH COUNCIL

Treasury Management Strategy Statement Annual Investment Strategy and Minimum Revenue Provision Policy Statement

2020/2021

INDEX

| | | |
|----------|--|-----------|
| 1 | INTRODUCTION | 3 |
| 1.1 | Background | 3 |
| 1.2 | Statutory Requirements | 3 |
| 1.3 | CIPFA requirements | 4 |
| 1.4 | Reporting Arrangements | 5 |
| 1.5 | Treasury management consultants | 6 |
| 1.6 | The role of the S151 Officer | 7 |
| 2 | THE CAPITAL PRUDENTIAL INDICATORS 2020/2021-2022/2023 | 8 |
| 2.1 | CAPITAL EXPENDITURE | 8 |
| 2.2 | The Council's Borrowing Need (CAPITAL FINANCING REQUIREMENT) | 9 |
| 2.3 | Affordability prudential indicators | 10 |
| 2.4 | Ratio of financing costs to net revenue stream | 10 |
| 3 | TREASURY MANAGEMENT STRATEGY FOR 2020/21 | 11 |
| 3.1 | Current portfolio position | 11 |
| 3.2 | Treasury Management Prudential Indicators | 12 |
| 3.3 | Prospects for interest rates | 14 |
| 3.4 | Borrowing strategy | 16 |
| 3.5 | Policy on borrowing in advance of need | 18 |
| 3.6 | Debt rescheduling | 18 |
| 3.7 | Strategy on the use of useable capital receipts | 20 |
| 4 | ANNUAL INVESTMENT STRATEGY | 20 |
| 4.1 | Background | 20 |
| 4.2 | Definition of Investments | 21 |
| 4.3 | Creditworthiness Policy | 22 |
| 4.4 | Arrangements for Corporate Bank | 26 |
| 4.5 | Monitoring of credit Arrangements | 26 |
| 4.6 | Liquidity of Investments | 27 |
| 4.7 | Investment Monitoring Reports | 27 |
| 5 | ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT | 27 |

1.0 Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

The Authority has not engaged in any commercial investments and has no non treasury investments

1.2 Statutory requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy. The Treasury Strategy details the expected activities of the Treasury function in the forthcoming financial year (2020/21). The Investment Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

Statutory Instrument WSI 2008 no. 588 section 3 lays down that:

“A local authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent.”

Along with the above duty, the Welsh Assembly Government issued guidance in March 2008 (and further updated in November 2018) which requires that a Statement on the Authority’s policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. The Annual MRP Policy Statement is therefore included at section 5.

1.3 CIPFA requirements

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/2020, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, long term policy objectives, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

The primary requirements of the Treasury Management Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report covering activities during the previous year.

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions, which in this Council is the Chief Officer Resources.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Corporate Overview Scrutiny Committee.

1.4 Reporting Arrangements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

The Treasury Strategy (this report) - The first, and most important report covers:

- The capital plans (including prudential indicators)
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and an assessment of whether the treasury strategy is being met or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Corporate Overview Scrutiny Committee.

The table below sets out these reporting requirements:

| |
|--|
| APPENDIX A |
| Treasury Strategy Statement, Annual Investment Strategy & MRP Statement |
| 2020/21 |

| Area of Responsibility | Council/ Committee | Frequency |
|---|---------------------------------------|---|
| Treasury Management Strategy / Investment Strategy / MRP policy | Full council | Annually before the start of the financial year |
| Treasury Management Strategy / Investment Strategy / MRP policy – mid year outturn report | Full Council | Mid year |
| Treasury Management Strategy / Investment Strategy / MRP policy – updates or revisions at other times | Full Council | Ad hoc |
| Annual Treasury Outturn Report | Full Council | Annually by 30 September after the year end. |
| Scrutiny of Treasury Management Strategy | Corporate Overview Scrutiny Committee | Annually before the start of the financial year. |
| Scrutiny of Treasury Management performance | Corporate Overview Scrutiny Committee | Mid year & annually by 30 September after the year end. |

1.5 Treasury Consultants

The Council currently uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for Treasury Management decisions remains with the Authority at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The contract with Link Assets Services expires on 30th April 2021.

1.6 The role of the S151 Officer

The role of the S151 Officer in relation to Treasury management has been embodied in the CIPFA Code of Practice for many years. The 2017 revised Code, further enhanced this role in relation to the following areas:-

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed,

2. The Capital Prudential Indicators 2020/2021 – 2022/2023

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The actual capital expenditure that was incurred in 2019/2020 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

| Capital Expenditure £000's | | | | | |
|----------------------------|---------------------|----------------------------------|-----------------------|-----------------------|-----------------------|
| | 2018/2019 Actual | 2019/2020 Revised Estimate | 2020/2021 Estimate | 2021/2022 Estimate | 2022/2023 Estimate |
| Total | 13,896 | 19,950 | 22,500 | 18,550 | 13,600 |

Note

Actual figures for 2018/19 & estimated figures for 2019/2020 represent total gross capital expenditure

(i.e. include all expenditure financed from grant).

Estimated figures for 2020/21, 2021/22 & 2022/23 are based on the Authority's approved capital programme plus external funding approvals received at this stage and estimated spend

The table below shows how the above capital expenditure plans are planned to be financed.

| Capital Expenditure £000's | 2018/2019 Actual | 2019/2020 Revised Estimate | 2020/2021 Estimate | 2021/2022 Estimate | 2022/2023 Estimate |
|--|---------------------|----------------------------------|-----------------------|-----------------------|-----------------------|
| Total | 13,896 | 19,950 | 22,500 | 18,550 | 13,600 |
| Financed by: | | | | | |
| Grants, Capital Receipts, revenue and other sources | 9,207 | 14,977 | 19,627 | 16,077 | 11,127 |
| Net financing need for the year from USB and PB | 4,689 | 4,973 | 2,873 | 2,473 | 2,473 |

APPENDIX A

Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21

** USB – Unhypothecated Supported Borrowing – borrowing that is supported through the Revenue Support Grant.

PB – Prudential Borrowing – borrowing that is not supported through the Revenue Support Grant.

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for (i.e. is borrowed for), will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.414m of such schemes within the CFR.

The CFR projections recommended for approval are shown in the table below:

| Capital Financing Requirement | | | | | |
|---|--|--|--|--|--|
| | <u>2018/19</u> <u>Revised</u> <u>Estimate</u> <u>£000</u> | <u>2019/20</u> <u>Estimate</u> <u>£000</u> | <u>2020/21</u> <u>Estimate</u> <u>£000</u> | <u>2021/22</u> <u>Estimate</u> <u>£000</u> | <u>2022/23</u> <u>Estimate</u> <u>£001</u> |
| CFR at start of financial year | 160,950 | 165,028 | 169,311 | 173,557 | 175,422 |
| CFR at end of financial year | 165,028 | 169,311 | 173,557 | 175,422 | 173,887 |
| Movement in CFR | 4,078 | 4,284 | 4,246 | 1,865 | -1,535 |
| <i>Movement in CFR represented by:</i> | | | | | |
| Net Financing need for the year (above) | 4,689 | 4,973 | 2,873 | 2,473 | 2,473 |
| New Finance Leases | 85 | 150 | 2,049 | 150 | 150 |
| less MRP | -696 | -839 | -676 | -758 | -4,158 |
| | 4,078 | 4,284 | 4,246 | 1,865 | -1,535 |

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

2.3 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicators:

2.4 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

| Ratio of financing costs to net revenue stream | | | | | |
|---|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|
| | 2018/19 Actual | 2019/20 Revised Estimate | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
| | % | % | % | % | % |
| General Fund | 3.33% | 3.49% | 3.22% | 3.04% | 5.25% |

Note:

The estimates of financing costs for 2020/2021 include current commitments and the proposals in the budget report to be presented to Council in February

The net revenue stream for 2021/2022 & 2022/2023 are based on the following assumptions, which have been used as the basis for the Authority’s medium term financial strategy (MTFS).

- *RSG & NNDR – per MTFS assumption to remain static for 2021/2022 & 2022/2023*
- *Council Tax -assumes 4% increase for 2020/21, 2021/22 and 2022/23 (per MTFS).*
- *Council Tax Base – remains at 2019/2020 level*

3.0 Treasury Management Strategy for 2020/2021

The capital expenditure plans set out in Section 2 provide details of the capital activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this capital activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

The suggested strategy for 2020/2021 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, Link Asset Services.

The Strategy covers:

- 3.1 *the current treasury portfolio position;*
- 3.2 *Treasury management prudential Indicators for 2020/2021 to 2022/2023*
- 3.3 *prospects for interest rates;*
- 3.4 *the borrowing strategy;*
- 3.5 *policy on borrowing in advance of need;*
- 3.6 *debt rescheduling;*
- 3.7 *strategy on the use of usable capital receipts;*

3.1 Current Treasury Portfolio Position

The Council's treasury portfolio position at 31 March 2019, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| Treasury Portfolio Position | | | | | |
|------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2018/19 actual £000 | 2019/20 estimate £000 | 2020/21 estimate £000 | 2021/22 estimate £000 | 2022/23 estimate £001 |
| <i>External Debt:</i> | | | | | |
| Debt | 157,199 | 157,430 | 155,934 | 160,649 | 158,742 |
| Other Long Term Liabilities | 225 | 193 | 1,773 | 1,550 | 1,339 |
| Gross Debt as at 31 March | 157,424 | 157,623 | 157,707 | 162,199 | 160,081 |
| The Capital Financing Requirement | 165,028 | 169,311 | 173,557 | 175,422 | 173,887 |
| Under / (Over) Borrowing | 7,604 | 11,688 | 15,850 | 13,223 | 13,806 |

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and it minimises counterparty risk.

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/2020 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Officer Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.2 Treasury Management Prudential Indicators for 2020/21 – 2022/23

The following section sets out the Treasury Management Prudential Indicators that are recommended for approval.

3.2.1 Adoption of CIPFA Code of Practice for Treasury Management

In December 2017, CIPFA issued revised CIPFA Code of Practice for Treasury Management in the Public Services

3.2.2 Treasury management limits on activity

There are four debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- **Upper Limit on Fixed Interest exposure**

Blaenau Gwent County Borough Council has always adopted a risk averse strategy in relation to variable rate debt, and should interest rates rise the Authority would wish to continue with its strategy of maintaining a stable long term portfolio by drawing longer term fixed rate funding. In order to be consistent with this strategy, the upper limit on fixed rate exposures for 2020/2021, 2021/2022 & 2022/2023 should be set at 100% of its net outstanding sums.

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

- **Upper Limit on Variable Interest Exposure**

In order to give the flexibility to enable debt rescheduling opportunities to be undertaken, the upper limit on variable rate exposures for 2020/21, 2021/2022 & 2022/2023 should be set at 30% of its net outstanding sums.

- **Range of Exposures**

This means that the Chief Officer Resources will manage fixed interest exposures within the range 70% to 100% and variable rate exposures within the range 0% to 30%. This is a continuation of current practice.

- **Maturity Structure of Fixed Rate Borrowing**

It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

The amount of projected borrowing that is fixed rate and maturing in each period, as a percentage of total projected borrowing that is fixed rate, is illustrated in the table below. This is a continuation of the current practice.

| | Upper Limit | Lower Limit |
|------------------------------|-------------|-------------|
| Under 12 months | 20% | 0% |
| 12 months & within 24 months | 20% | 0% |
| 24 months and within 5 years | 50% | 0% |
| 5 years and within 10 years | 75% | 0% |
| 10 years and above | 95% | 5% |

3.2.3 **Authorised Limit**

This is a key Prudential Indicator that represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited and reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

It is recommended that the Council approves the following Authorised Limits for its Total External Debt Gross of Investments for the next three financial years.

| Authorised limit for external debt | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|
| | 2019/2020 £000 | 2020/2021 £000 | 2021/2022 £000 | 2022/23 £000 |
| Borrowing | 170,435 | 181,060 | 182,982 | 181,128 |
| Other long term liabilities | 173 | 2,182 | 1,950 | 1,705 |
| Total | 170,608 | 183,242 | 184,932 | 182,833 |

3.2.4 **Operational Boundary**

The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the Chief Officer Resources' prudent estimate of the most likely but not worst case scenario. It excludes the contingency included within the Authorised Limit (to allow for example for unusual cash movements), and equates to the maximum of external debt projected by this estimate. The Operational Boundary represents a key management tool for in year monitoring by the Chief Officer Resources.

It is recommended that the Council approves the following Operational Boundary Limits for the next three financial years.

| Operational Boundary for external debt | | | | |
|---|------------------|------------------|------------------|----------------|
| | 2019/2020 | 2020/2021 | 2021/2022 | 2022/23 |
| | £0 | £0 | £0 | £0 |
| Borrowing | 154,941 | 164,600 | 166,347 | 164,662 |
| Other long term liabilities | 157 | 1,984 | 1,773 | 1,550 |
| Total | 155,098 | 166,584 | 168,120 | 166,212 |

3.2.5 **Actual External Debt**

The Council's actual external debt as at 31 March 2019 was £157.2 million (including temporary borrowing), comprising 99.8% borrowing and 0.2% other long term liabilities. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual debt reflects the position at one point in time.

3.3 **Prospects for Interest Rates**

As part of their service, the Council's treasury advisor for 2020/2021, Link Asset Services assist the Council to formulate a view on interest rates. The following table illustrates this :

| Link Asset Services Interest Rate View | | | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
| Bank Rate View | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| 3 Month LIBID | 0.70 | 0.70 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.30 | 1.30 |
| 6 Month LIBID | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.10 | 1.10 | 1.20 | 1.30 | 1.40 | 1.50 | 1.50 | 1.50 | 1.50 |
| 12 Month LIBID | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.40 | 1.50 | 1.60 | 1.70 | 1.70 | 1.70 | 1.70 |
| 5yr PWLB Rate | 2.30 | 2.40 | 2.40 | 2.50 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 |
| 10yr PWLB Rate | 2.60 | 2.70 | 2.70 | 2.70 | 2.80 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 |
| 25yr PWLB Rate | 3.20 | 3.30 | 3.40 | 3.40 | 3.50 | 3.60 | 3.70 | 3.70 | 3.80 | 3.90 | 4.00 | 4.00 | 4.10 | 4.10 |
| 50yr PWLB Rate | 3.10 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 | 3.60 | 3.60 | 3.70 | 3.80 | 3.90 | 3.90 | 4.00 | 4.00 |

Treasury Strategy Statement, Annual Investment Strategy & MRP Statement**2020/21**

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate.

Bond yields / PWLB rates.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts..

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will not undertake any further longer term borrowing until such time as the extra 100 bps margin is removed

While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 The Borrowings Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and it minimises counterparty risk.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. 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 use internal resources, or to borrow short term loans instead.

By doing so, the Authority is able to reduce borrowing costs and reduce overall treasury risk. The benefits of short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long term borrowing rates are forecast to rise. Link Asset Services will assist the Authority with this cost of carry and breakeven analysis.

The Authority may also consider arranging forward starting loans during 2019/2020, 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 Authority will borrow short term loans to cover cash flow shortages.

The borrowing strategy to be adopted will therefore be:

(Each strand of the strategy will be considered together and decisions made based on the most advantageous position for the Authority at that time).

To utilise the Authority's overdraft facility:

to fund unexpected daily cash deficits;
to fund temporary cash shortfalls where there are no other sources of funding available within the marketplace.

To borrow over the short term:

to fund temporary cash shortfalls;
to maintain a suitably balanced maturity profile;
to make short term savings required in order to meet budgetary constraints;
in anticipation of securing longer term loans at more attractive rates.

To borrow over the long term:

to reduce the Authority's average cost of borrowing;
to maintain a stable, longer term portfolio;
to maximise the potential for future debt rescheduling.

If appropriate to avoid all new external borrowing:

to maximise savings in the short term;
to run down temporary investment levels;
to minimise exposure to interest rate and credit risk.

Sensitivity of the forecast – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/2021 treasury operations. The Chief Officer Resources will monitor interest rates in the financial markets and adopt a pragmatic approach to changing circumstances reporting any changes to the above strategy to Council at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement Estimates, and will be carefully considered to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term rates, there may be potential for some residual opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the size of premiums incurred, their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

The reasons for any rescheduling to take place will include: -

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the strategy outlined in paragraph 3.4 above
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Variations in risk will be considered when evaluating such opportunities, in order to ensure that the Authority's risk averse strategy is maintained.

All rescheduling will be reported to Council as part of the mid-year and Annual Treasury Outturn reports.

3.7 Strategy on the use of Usable Capital Receipts

The long standing policy on usable capital receipts is that they are immediately invested internally, thereby helping to improve the Authority's cashflow position and reducing the level of external loans that need to be raised. This in turn reduces external interest charges from the money market. This approach is consistent with what is regarded as good practice in terms of strategic level treasury management and overall produces savings in debt servicing costs for the Authority. However, as approved sums of usable capital receipts are subsequently used to finance part of the annual capital programme each year, appropriate allowance then needs to be made for the use of these receipts in determining the estimated level of external borrowing required for that year. Hence usable capital receipts are released on a controlled basis and the annual estimates for external interest charges are adjusted accordingly.

4.0 Investment Strategy

4.1 Background

CIPFA has extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

In setting its investment strategy the Council has to comply with various legislation and Codes of practice, being:

- Part 1 of the Local Government Act 2003
- Welsh Assembly guidance on investments
- 2017 revised CIPFA Treasury Management in Public Services Code of Practice
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities are:

1. The security of the capital sum –ensuring that our investments are safe and not at risk of being lost;
2. The liquidity of its investments – ensuring that our investments are easily accessible i.e. not tied up for long periods of time;
3. Return on investment – once security and liquidity have been satisfied then and only then will the Council seek the maximum return on its investment.

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.

The Council maintains only temporary, short term investments (i.e. for periods of less than a year, although it very rarely invest for periods of longer than a few months) and investments will accordingly only normally be made with reference to the cash flow requirements, including the investing of sums borrowed at prevailing low interest rates in anticipation of capital spending.

This is because the Council does not have large cash balances to invest over a longer period of time. It needs its cash on a short term basis in order to be able to manage its daily cash flow requirements.

4.2 Definition of Investments – Specified and non-specified

The Local Government Act 2003 refers to specified and non-specified investments. The Welsh Assembly Government's Guidance on Local Government Investments, effective from 1st April 2010, defines the following:-

Specified Investments:

An investment is a **specified** one if **all** of the following apply:-

- (a) it is denominated in sterling and any payments or repayments in respect of it are payable only in sterling
- (b) the investment is not a long-term one i.e. one which is due to be repaid within 12 months of the date on which the investment was made or one which may require to be repaid within that period
- (c) the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]
- (d) the investment is made with a body or in an investment scheme of * high credit quality or with one of the following public sector bodies:
 - i. the UK Government
 - ii. a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland
 - iii. a parish or community council.

* High credit quality is defined in the creditworthiness policy in 3.0

Non-specified Investments:

- (i) An investment is non-specified if it does not meet the above definition.

As this Council maintains only short term investments (i.e. less than 365 days) then by definition it will only invest in specified investments.

4.3 Creditworthiness policy

In accordance with the guidance from the Welsh Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoid a concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings derived from the three credit rating agencies, Fitch, Moody's and Standard & Poor's (S&P).

Counterparties for investment purposes are selected using specific criteria, as follows:

Banks - high credit quality – the Council will only use banks which:

- are UK banks; and/or
- are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AAA (any non UK transactions would be undertaken in Sterling).
- and have, as a **minimum**, the following Fitch, Moody’s and Standard and Poor’s credit ratings (where rated):

Table 1:

| | Fitch | Moody’s | S&P |
|------------|--------------|----------------|----------------|
| Long Term | A- | A3 | A- |
| Short Term | F1 | P-1 | A-1 |

***Long term rating** – covers maturities of up to five years. It provides an assessment of the ongoing stability of the institutions prospective financial condition. A indicates high credit quality and low expectation of credit risk. The + or – suffixes are appended to a rating to denote the relative status within the long term rating category. The Moody’s and S&P definitions are similar to Fitch. The Moody’s numerical suffix indicates a rating at the higher end of the scale (1) to the lower end of the scale (3), with 1 having higher credit quality than 3.*

***Short term rating** – covers obligations which have a maturity of less than one year. This rating places greater emphasis on the liquidity necessary to meet financial commitments. Rating **F1 (Fitch)** is the highest short term credit quality rating. It indicates the strongest capacity for timely payment of financial commitments. The Moody’s and S&P definitions are similar to Fitch.*

- **Part nationalised UK bank** – Royal Bank of Scotland Group (NatWest, Royal Bank of Scotland, Ulster Bank). This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks above.
- **The Council’s own banker (Barclays)** – Since under existing arrangements excess surplus funds can be held overnight with the Council’s Bank, unexpected credit rating downgrades to the Bank could result in these short-term investments technically being placed with a counterparty that does not meet the minimum approved credit criteria specified above. The S&P short term rating for Barclays is A-2, and has been since 2012. A-2 means that S&P consider Barclays capacity to meet its financial commitment on its obligations as satisfactory. Fitch and Moody’s both consider this to be strong. The minimum credit rating for Barclays will therefore be A-2 (S&P) with F1

for Fitch and P-1 for Moody’s. Whilst this will mean that Barclay’s S&P credit ratings will be slightly lower than those required for other institutions (as detailed above), investments with Barclays will be restricted to the overnight (or over weekend) sweep facility (where surplus balances are “swept” into an interest bearing account) up to a maximum of £6 million.

Should Barclays’ credit ratings improve and meet the credit criteria required for other institutions (above), then the investment periods for meeting the minimum criteria will once again be applied. See below for contingency arrangements in relation to the Authority’s bank.

Table 2:

| | Fitch | Moody’s | S&P |
|------------|--------------|----------------|----------------|
| Long Term | A- | A3 | A- |
| Short Term | F1 | P-1 | A-2 |

- **Building societies** - The Council will *use only* the Nationwide Building Society, unless their short term credit ratings fall below the minimum specified in table 1 above for banks.
- **AAA rated Money market funds (MMFs)** – Triple A rated MMFs are considered to be highly credit rated.
- **UK Government** - The Debt Management Account Deposit Facility DMADF of the Debt Management Office (DMO). The DMO is legally and constitutionally part of HM Treasury and as an Executive Agency of Her Majesty’s Treasury it operates at arm’s length from Ministers. The DMO is considered to be highly credit rated.
- **UK Local authorities**, Police Authorities, parish councils etc

Use of additional information other than credit ratings

Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information must be applied before making any specific investment decision from the agreed pool of counterparties. Ratings will therefore not be the sole determinant of the quality of an institution and the assessment will therefore also take account of information that reflects the opinion of the markets, as follows:

**Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21**

Credit default swaps (CDS)

The Council will engage with its Treasury advisors, Link Asset Services, to maintain a monitor on market pricing such as “credit default swaps (CDS)” and overlay that information on top of the credit ratings.

CDS spreads offer a timely market perception of the risk attached to the relevant institution. These can, on occasion, pre-empt actions by the credit rating agencies whose ratings can lag behind market reaction to changes in the credit institutions situation. Since they are traded instruments, they carry in them market perception related to that entity’s credit quality. In order to “measure” the CDS data, Link use a benchmark system which allows the CDS spread of an institution to be compared against a predetermined benchmark rate. This data is then used to assess whether the market is indicating that an institution’s credit quality is a cause for concern. Where there is a cause for concern then the counterparty will be either downgraded in terms of investment period or removed from the approved list.

Credit Rating Agency Comments

➤ **Rating Watch negative (or on review for possible downgrade)**

Where the credit rating agencies have placed counterparties on “rating watch negative” or “on review for possible downgrade”, then this indicates that there is a reasonable probability of a rating change in a relatively short period (a few weeks). If the counterparty is on negative rating watch, then it will be downgraded in terms of the investment period or removed from the list.

➤ **Negative Outlook**

This indicates the direction a rating is likely to move over a one to two year period. As the maximum fixed investment period for the Council is 6 months, then this will have no impact on the approved list.

Time and monetary limits applying to investments.

The table below shows the time and monetary limits for institutions on the Council’s counterparty list are as follows:

| | Long term Rating (Fitch, Moody’s, S&P) | Short term rating (Fitch, Moody’s, S&P) | Money Limit | Time Limit |
|---|---|--|-------------|------------|
| Banks - higher quality | AA, Aa2, AA | F1+, P-1, A-1+ | £6m | 6 months |
| Banks - medium quality (including Nationwide BS) | A-, A3, A- | F1, P-1, A-1 | £4m | 3 months |
| Banks – part nationalised | N/A | N/A | £4m | 3 months |
| Council’s banker (not meeting Banks - medium) | A-, A3, A- | F1, P-1, A-2 | £6m | overnight |
| DMADF | AAA | N/A | unlimited | 6 months |

APPENDIX A

Treasury Strategy Statement, Annual Investment Strategy & MRP Statement
2020/21

| | | | | |
|-----------------------------------|--------------------|-----|--------------------|-------------------|
| Local authorities – per Authority | N/A | N/A | £6m | 3 months |
| | Fund rating | | Money Limit | Time Limit |
| Money market funds – per MMF | AAA | | £6m | liquid |

Country and Group Limits

The Council has determined that it will only use approved counterparties from non UK countries with a minimum sovereign rating of AAA from Fitch (Aa2 Moody's, AAA S&P).

In addition, no more than £6m will be placed with any non-UK country at any time.

For financial institutions included within the same banking group, the counterparty limit will apply to the group.

Lloyds Banking Group

- Halifax Lloyds Bank Bank of Scotland

RBS Group

- National Westminster Royal Bank of Scotland Ulster Bank

4.4 Contingency Arrangements for the Authority's Corporate Bank

If credit agency ratings change and the Authority's Corporate Bank fails to comply with the approved Investment Policy criteria specified above, then delegated authority, to agree appropriate and reasonable interim contingency arrangements prior to approval by Full Council, is granted to the Members and Officers listed below:

- a. Nominated Members: Leader of the Council, Deputy Leader of the Council, Chair of Corporate Overview Scrutiny.
- b. Nominated Officer: Statutory Section 151 Officer (Chief Officer Resources)

The Statutory Section 151 Officer and at least two of the three nominated Members, must approve unanimously the appropriate and reasonable interim contingency arrangements.

4.5 Monitoring of credit ratings

Welsh Assembly guidance states that the Annual Investment Strategy must state how credit ratings are to be monitored and what action is to be taken when ratings change.

The responsibility for constructing and amending the Council's approved counterparty investment list is delegated to the Chief Officer Resources and is contained within the Treasury Management Practice Schedules. All investments will be made in accordance with this list and the limits therein.

Credit ratings for individual counterparties can change at any time. The Chief Officer Resources is responsible for applying the stated credit rating criteria above, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures. The Authority is alerted to changes in credit ratings through its Treasury Advisors, Link Asset Services.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- If a body is placed on negative rating watch (i.e. there is a reasonable probability of a rating change and the likelihood of that change being negative) and it is currently near at the minimum acceptable rating for

placing investments with that body, then no further investments will be made with that body.

The only exception permitted to these criteria will be the contingency arrangement for the Authority's bank described in section 4.4

4.6 Liquidity of Investments

Welsh Assembly guidance states that the Annual Investment Strategy is to specify the maximum periods for which funds may be committed and the minimum amount to be held in investments during the financial year.

The maximum period for which funds may be committed is 365 days but the actual period of investment will depend upon future cash flow requirements and will comply with the maximum period permitted in the table above.

As the Authority only maintains temporary, short term investments with reference to its cash flow requirements, then the minimum amount of investment to be held during the financial year will be nil.

4.7 Investment monitoring reports

The Council will report on its investment activity as part of its mid-year and Annual Treasury Outturn Report.

5. Annual Minimum Revenue Provision (MRP) Statement

The Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to full Council.

Under regulation 21 of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, local authorities are required to charge to their revenue account for each financial year MRP to account for the principal cost of their debt in that financial year.

For 2007/8 and subsequent financial years, the detailed calculation has been replaced with a requirement that local authorities calculate an amount of MRP which they consider to be prudent. Local Authorities are legally obliged to "have regard" to such guidance (i.e. set a prudent MRP) – which is exactly the same duty as applies to other statutory guidance including the Prudential Code and CIPFA Treasury Management Code.

The broad aim of prudent provision is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Revenue Support Grant (RSG), reasonably commensurate with the period implicit in the determination of that grant.

The legislation does not define what constitutes a “prudent provision”. However the MRP guidance issued by the Secretary of State (WG) interprets the term and provides some ready-made examples of acceptable methods for calculating a prudent level of MRP.

In December 2017, Council approved an amended MRP policy to be applied from 2017/18 and beyond, as follows:

MRP on Supported Borrowing – this will be based on a 2% straight line approach and will be applied retrospectively back to 1st April 2007.

MRP on Unsupported Borrowing – this will be based on Option 3 of the statutory guidance that allows for MRP provision using the asset life methodology on an annuity basis. This will be applied retrospectively back to 1st April 2007. It is applied to particular items of capital expenditure and spreads the expenditure over the useful life of the asset. MRP is chargeable in the first financial year after the relevant asset becomes operational. The annuity method MRP will be the amount presumed to be the principal element of the equal amounts that would be payable each year in respect of a loan at a specified rate of interest that would reduce the outstanding principal amount to zero at the end of the estimated useful life. The annuity method can be argued as providing a fairer charge than equal instalments as it takes into account the time value of money. The interest rate to be used in the annuity calculation is the average PWLB annuity rate for a loan with a term equivalent to the estimated life of the asset. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

MRP on Finance Leases - Option 3 will apply in a modified form, to ensure that the MRP for Finance Leases is equal to the rental payable each year, with the following exception.

Capital Receipts – In circumstances where it is prudent to do so and to protect Council Tax payers from unnecessary MRP charges, capital receipts received under finance lease arrangements (where there is a head and sub lease agreement) will be used to reduce the Council’s overall borrowing requirement, rather than making a conventional MRP charge to revenue.

Loans to other bodies – where loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

Application of retrospective sum – the retrospective application of the supported and unsupported borrowing option back to 1st April 2007 results in a sum of £15.5 million that is to be applied for a 5 year period from 2017/18 to 2021/22 in order to reduce the MRP charge for those years.

In November 2018, Welsh Government issued further guidance, to apply from April 2019. In summary, the changes are as follows:-

- Changing the method of calculation of MRP cannot lead to retrospective application
- MRP cannot be a negative amount
- MRP can only be nil under certain circumstances

Last Updated: 14/1/2020

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APPENDIX B Treasury Management Policy Statement

1. This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.”

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Agenda Item 8

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **Tuesday 3rd March 2020**

Report Subject: **Strategic Equality Plan 2020 to 2024**

Portfolio Holder: **Councillor Nigel Daniels, Leader / Executive Member Corporate Services**

Report Submitted by: **Bernadette Elias (Head of Governance and Partnerships); Andrew Parker (Service Manager: Policy and Partnerships) ; Emma Scherptong (Professional Lead for Engagement, Equality & Welsh Language)**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|-----------------|-------------------------------|--------------------|---------------------|----------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | 18.02.20 | 20.02.20 | | | 03.03.20 | 11.03.20 | 26.03.20 | |

1. Purpose of the Report

1.1 To present the Council's proposed Strategic Equality Plan for 2020-24.

2. Scope and Background

2.1 The Equality Act 2010 (the 'Act' from here on in) came into operation on the 6th April 2011. The Council, as a public body in Wales, has a requirement under the Act to meet a set of general and specific duties.

2.2 The general duties are that in exercising its functions the Council must have due regard to:

- i) eliminate unlawful discrimination, harassment, victimisation and other inappropriate conduct;
- ii) advance equality of opportunity; and
- iii) foster good relations.

2.3 There are nine 'protected characteristics' covered by the Act which are: Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion and Belief; Age; Sex; Sexual Orientation; and Marriage and Civil Partnership.

2.4 In Wales there are also specific duties which were set by the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. These include:

- i) Equality objectives set within an equality plan
- ii) Engaging the community
- iii) Assessing impact
- iv) Providing accessible information
- v) Collecting employment and pay information
- vi) Public procurement

- 2.5 Additionally, the Welsh Government is looking to commence a new Public Sector Equality Duty named the 'socio-economic duty' from April 2020. This will place a statutory duty on relevant public bodies to give consideration to the need to reduce the inequality that result from socio-economic disadvantage when making strategic decisions.
- 2.6 To ensure the Council was prepared to meet these duties, a project plan was put in place as part of the Policy and Partnership Team's Business Plan for 2019/20. This contained all the key elements necessary to develop an effective equality plan such as engagement, drafting strategic objectives, formal consultation, adoption, and monitoring and review.
- 2.7 Corporate Overview Scrutiny Committee set up a 'Member's Working Group' made up of five committee members (including the Chair and Council's Equality Champion) as part of their Forward Work Programme for 2019/20. This enabled effective elected member involvement in the development of the equality objectives and plan.
- 2.8 Research and engagement has been instrumental in developing this plan to ensure it is based on a good understanding of the equality issues in Blaenau Gwent. Key phases have included a public engagement programme called 'Let's Talk about Fairness and Equalities' (Aug to Sept 2019) and a formal consultation process from Dec 2019 to Jan 2020.
- 2.8 Following formal consultation, the Strategic Equality Plan 2020 to 2024 has been developed. The plan contains Our Equality Objectives which are:
- We will be an organisation who ensures fairness and equality is in everything that we do;
 - We will be an equal opportunity employer with a workforce that values equality and diversity;
 - We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions;
 - We will promote and support safe, friendly and cohesive communities;
 - We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests;
 - We will strive to tackle inequality caused by poverty for people who have protected characteristics;

The plan and supporting documents can be found at Appendix 1.

3. **Options for Recommendation**

CLT considered the proposed plan and recommended for approval on 18 February 2020.

Option 1 - That Corporate Overview Scrutiny Committee considers the proposed Strategic Equality Plan and supports prior to approval by Executive and Council.

Option 2 - That Corporate Overview Scrutiny Committee considers the proposed Strategic Equality Plan and make specific recommendations to prior to approval by Executive and Council.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

The report relates to the Council meeting the specific duties identified under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 in relation to setting equality objectives within a plan.

This duty aligns with both the Corporate Plan and Well-being Plan, and also the Well-being of Future Generations (Wales) Act 2015 which set a National well-being objective to create “a more equal Wales”.

The proposed equality objective relating to strive to tackle inequality caused by poverty for people who have protected characteristics will also put the Council in a strong position to be able to meet the new Public Sector Equality Duty named the ‘socio-economic duty’ from April 2020.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

There are no direct financial implications as a consequence of this report. The publication and translation of the report, on behalf of the Council, is met within existing budget of the Governance and Partnerships.

5.2 ***Risk including Mitigating Actions***

Failure to develop and publish a new Strategic Equality Plan and Equality Objectives by 31st March 2020 would result in the Council failing to comply with its statutory requirements and specific duties of the Equality Act 2010.

This risk has been mitigated by effective project planning to develop equality objectives and the supporting plan, and by ensuring timely professional and political approval.

5.3 ***Legal***

The Council has a legal requirement to develop and publish a Strategic Equality Plan & Equality Objectives by 31st March 2020.

5.4 ***Human Resources***

There is a duty across the organisation to comply with the Act and proactively support the implementation of the Strategic Equality Plan. The Policy and Partnerships Team will oversee this responsibility via the Professional Lead for Engagement, Equality & Welsh Language.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

Underpinning the development of the Strategic Equality Plan and Equality Objectives is intelligence and research including:

- Understanding each of the protected characteristic and gathering local statistical information - where available;
- Information, data and statistics considered at a local, regional and national level;
- National Research undertaken by the Equality and Human Rights Commission: *Is Wales Fairer?* (2015) and *Is Wales Fairer?* (2018);
- Feedback received from interested parties through our formal consultation and engagement work.

The plan (Appendix 1) summarises this information via the supporting documents, which includes data and statistics aligned to the nine protected characteristics including an overview of the Blaenau Gwent area (see page 31) and a profile of the Council (see page 24)

6.2 **Expected outcome for the public**

A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

6.3 **Involvement (consultation, engagement, participation)**

An initial phase of engagement work called 'Talk to us about Fairness and Equalities' was carried out during July to the end of September 2019 to give people the opportunity to share their views. The phase saw 120 people participate.

A second phase of engagement called 'Tell us what you think about equalities' was carried out as part of the formal consultation period delivered during December 2019 and January 2020. It gave interested parties the opportunity to comment on the draft Strategic Equality Plan and Objectives. The phase provided 96 survey responses.

During both engagement phases the Children's Grand Council, Youth Forum, 50+ Forum, and Blaenau Gwent People First Group were engaged and shoppers were surveyed across each of our town centres.

There was effective elected member involvement via the Corporate Overview Working Group, which met in September and November 2019 as part of the project plan. Additionally, a special Members Session, led by the Chair of Corporate Overview Scrutiny Committee, was held in January 2020 to give all elected members the opportunity to consult on the draft equality objectives.

Corporate Leadership Team have signed off both the draft equality objectives for consultation and this proposed plan. Furthermore, the draft plan and proposed equality objectives were discussed at the Wider Corporate Leadership Team in January 2020.

- 6.4 ***Thinking for the Long term (forward planning)***
The objectives will be in operation until 2024 and will be monitored annually to ensure that it remains fit for purpose and considers future trends and needs.
- 6.5 ***Preventative focus***
The plan works to ensure that no person is discriminated against now or in the future.
- 6.6 ***Collaboration / partnership working***
The plan has been developed with the involvement of key stakeholders and partners and this activity will continue, as part of the delivery of the plan.
- 6.7 ***Integration(across service areas)***
The plan is to be linked to the implementation of the Well-being of Future Generations Act to ensure alignments and avoid duplication. The plan will be integrated into the Business Planning process of the Council to ensure all service areas are effectively taking into consideration the requirements of the Act and our identified equality objectives.
- 6.8 ***EqIA (screening and identifying if full impact assessment is needed)***
A part of the development of the proposed plan an on-going Equality Impact Assessment process has been carried out which has taken into consideration key issues. The EQIA is summarised in Appendix 1 (see page 58). It is considered that the approval of this plan will have positive impacts to those covered by the Protected Characteristics.
7. **Monitoring Arrangements**
- 7.1 The Council is obliged to carry out an annual reporting process to outlined how progress has been made against the plan. The report is published on the Council's website and sent to the Equality and Human Rights Commission. Additionally, the annual report is taken through democratic processes via the Corporate Overview Scrutiny and Executive Committees.

Background Documents /Electronic Links

- *Appendix 1 – Blaenau Gwent Strategic Equality Plan 2020 to 2024*

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Blaenau Gwent Strategic Equality Plan

2020 - 2024

“A more equal Wales”



Blaenau Gwent Strategic Equality Plan

2020-24

This document (including Easy Read version) is available electronically at the Council's website:

<https://www.blaenau-gwent.gov.uk/en/council/equalities-welsh-language/equality-information-advice/>

Hard copies are available at each of Blaenau Gwent's local libraries.

If you require this document in a different format, e.g. large print, Braille, audio version, etc. please contact:

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*Mae'r ddogfen hon ar gael yn Gymraeg
This document is available in Welsh*



Contents

| | Page |
|---|------------------------------|
| A Welcome | <u>1</u> |
| Summary of our Equality Objectives | <u>2</u> |
| Introduction | <u>3-7</u> |
| Equality Objective: We will be an organisation who ensures fairness and equality is in everything that we do | <u>8-9</u> |
| Equality Objective: We will be an equal opportunity employer with a workforce that values equality and diversity | <u>10-12</u> |
| Equality Objective: We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions | <u>13-15</u> |
| Equality Objective: We will promote and support safe, friendly and cohesive communities. | <u>16-17</u> |
| Equality Objective: We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests. | <u>18-19</u> |
| Equality Objective: We will strive to tackle inequality caused by poverty for people who have protected characteristics. | <u>20-21</u> |
| Monitoring and reviewing our plan | <u>22</u> |
| <u>Supporting Documents</u> | |
| Blaenau Gwent County Borough Council | <u>24-26</u> |
| Understanding our Equality Act 2010 specific duties | <u>27-30</u> |
| An Overview of Blaenau Gwent | <u>31-39</u> |
| Meeting the Well-being of Future Generations Act | <u>40-41</u> |
| Meeting our new socio-economic duty | <u>42</u> |
| Developing our equality objectives and plan | <u>43-45</u> |
| Engagement and involvement | <u>46-52</u> |
| Equality Impact Assessment | <u>53-68</u> |

A Welcome

We are pleased to present Blaenau Gwent County Borough Council's third **Strategic Equality Plan 2020-24**. A plan which sets out how we will meet our duties under the Equality (Wales) Act 2010.

Putting fairness and equality at the heart of everything we do is central to maximising well-being outcomes for our residents, local communities, staff and visitors, now and in the future.

We recognise as public service providers we have a key role to play in making a real difference to people's lives. Therefore, we will continue to strive to be a 'fair and equitable' organisation as outlined in our **Corporate Plan 2018-22**.

To achieve this, our plan sets out the key steps we will take over the next four years to strengthen and advance equality across Blaenau Gwent. The steps build on the progress we have already made and will continue to support in order to enable meaningful change.

We wish to thank everyone who has been actively involved in the engagement processes to develop this plan and look forward to working together with you to make it a success.



Councillor Nigel Daniels
Leader of the Council



Michelle Morris
Managing Director

Summary of Our Equality Objectives

We will be an organisation who ensures fairness and equality is in everything that we do.

We will be an equal opportunity employer with a workforce that values equality and diversity.

We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions.

We will promote and support safe, friendly and cohesive communities.

We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests.

We will strive to tackle inequality caused by poverty for people who have protected characteristics.

Introduction

Meeting the Equality Act 2010

Under the Equality Act 2010 (the Act) the Council has a statutory duty to prepare and publish a Strategic Equality Plan and equality objectives every four years. During the plans development we also have a duty to involve people, including those protected by the Act, who have an interest in Council functions.

The Act aims to put fairness at the heart of society and is a law which protects people because of:

Age - A person belonging to a particular age (e.g. 32 year olds) or range of ages (e.g. 18 - 30 year olds).

Disability – For example, a physical, or mental impairment which has a substantial and long-term adverse effect on that person’s ability to carry out normal day-to-day activities.

Gender reassignment - For example, transgender. People who were born into their body and feel it is not right for them. This might mean that they want to change from being a woman to a man, or a man to a woman.

Marriage and civil partnerships - Marriage is defined as a 'union between a man and a woman'. Civil partnerships are legally recognising 'same-sex couples' relationships. Civil partners must be treated the same as married couples on a wide range of legal matters. The Act applies to this characteristic, but only in respect of the requirement to have due regard to the need to eliminate discrimination.

Pregnancy and maternity – The condition of being pregnant, or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity, or paternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks' after giving birth, and includes treating a woman unfavourably because she is breastfeeding.

Race - This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.

Religion or belief (including non-belief) - Religion and belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices, or the way you live, for it to be included in the definition.

Sex - A man or a woman.

Sexual orientation - Being heterosexual, gay, lesbian, or bisexual.

Our third Strategic Equality Plan

This is the Council's third Strategic Equality Plan which sets out our [equality objectives](#). It aims to strengthen and advance equality across all of our service areas and achieve meaningful outcomes for local residents, communities, staff and visitors.

It also outlines our intended steps for meetings our general **Public Sector Equality Duties** which are to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good relations.

Further information on our specific duties can be found within our [Supporting Documents](#) on page 27.

We recognise as a Council that the successfully delivery of this plan will require us to have an effective framework in place that has:

- Strong political and professional leadership;
- A 'One Council' approach for delivering equality across the organisation;
- Clear aims, objectives and actions;
- A meaningful involvement and engagement programme; and
- Effective monitoring and performance arrangements.

Further information on how we developed our plan can be found in our [Supporting Documents](#) from page 43.

Introducing our equality objectives

Outlined below are our equality objectives which are all of equal status and are to be delivered across the four years of the plan:

- We will be an organisation who ensures fairness and equality is in everything that we do.
- We will be an equal opportunity employer with a workforce that values equality and diversity.
- We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions.
- We will promote and support safe, friendly and cohesive communities.
- We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests.
- We will strive to tackle inequality caused by poverty for people who have protected characteristics.

Framing our equality objectives

Our equality objectives are ‘themed’ as we recognise that many of the key equality issues we have identified are not isolated to one specific ‘protected characteristic’. The steps we take to deliver the objectives will also deliver positive equality outcomes for people covered by one, or more of the protected characteristics.

Further information on how we intend to meet the requirements of the Well-being of Future Generation (Wales) Act can be found within our [Supporting Documents](#) on page 40.

Monitoring our plan

Monitoring the plan through our corporate business planning arrangements will be an important step to ensure equality is mainstreamed and embedded across our working practices and service delivery. Through this process we will give careful consideration to how effective progress is made, and as part of our annual review arrangements will consider whether our objectives remain appropriate.

How we intend to [monitor and review our plan](#) can be found on page 22.

Section Overview

Information about each of our six equality objectives can be found from pages 8 to 21. Each objective includes the following sub-sections:

- Overview
- What people have told us?
- Why is this equality objective important?
- What good work are we building on?
- Some of the key steps we will take to meet this equality objective
- What difference do we want to make?

EQUALITY OBJECTIVE: We will be an organisation who ensures fairness and equality is in everything that we do

Overview

We recognise the important role of the Council as a public service provider to strengthen and advance equality across Blaenau Gwent.

In order to deliver meaningful outcomes for our staff, citizens, local communities, and stakeholders we must put fairness and equality at the heart of everything we do. Therefore, delivering on our equality duties must be 'business as usual'. We emphasise this in our Corporate Plan 2018-22 through our core value of being fair and equitable.

Achieving this will require good political and professional leadership, as well as an effective framework for delivery, alongside a 'One Council' approach.

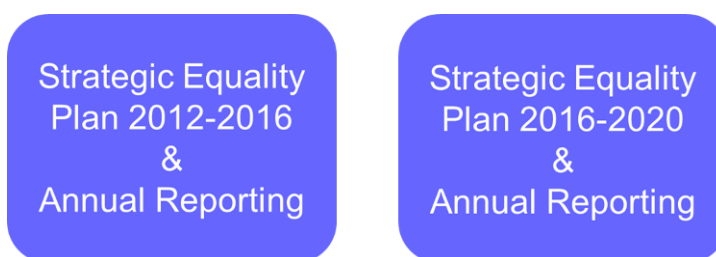
What people have told us?

During our '**Tell us what you think about equalities**', our formal involvement and engagement programme, respondents generally agreed that this objective is important. For example, they recognised this objective as being vital in supporting the delivery of our plan as a whole, over the next four years. Respondents also told us that this objective needs to be more than just words and that the '**Council needs to clearly demonstrate**' its delivery through meaningful action which leads to positive equality outcomes being achieved. Furthermore, respondents felt that this objective would assist the Council in getting to know and understand its residents better and also suggested that more work needs to be done to promote examples of the good work already happening across Blaenau Gwent to support the equality agenda.

Why is this equality objective important?

Strengthening our existing internal and external practices is vital to make sure equality is embedded in everything we do and delivered as 'business as usual'.

What good work are we building on?



Some of the key steps we will take to meet this equality objective...

- Political and professional leadership teams accountable for owning and supporting the effective delivery of the plan;
- Effectively integrate equality and diversity within our corporate and strategic decision-making, through an updated Equality Impact Assessment process;
- Progress against the delivery of our equality objectives undertaken via the Council's business planning arrangements;
- Undertake research to identify appropriate data and intelligence in relation to equality and diversity to support service delivery and decision-making;
- Publish our equality information using an open source format.

What difference do we want to make?

We want to raise the profile of the equality agenda and ensure it is effectively mainstreamed across the organisation in order to maximise the equality outcomes we achieve.

EQUALITY OBJECTIVE: We will be an equal opportunity employer with a workforce that values equality and diversity

Overview

We recognise the value of being an equal opportunity employer and being identified as an employer of choice. We want to take the necessary steps to create and maintain a diverse workforce as we acknowledge the real benefits this can bring to the organisation as well as the local people and communities we serve.

We recognise that having a '*workforce that values equality and diversity*' is vital if we want to embed equality as 'business as usual', across all of our working practices. It is also central in supporting the delivery of our core organisational value of being a '*fair and equitable*' organisation.

Achieving this objective will require us to review the current diversity of our workforce and working together with our staff we will look to identify how and where improvements can be made.

In delivering this objective, we aim to ensure that new and existing staff are provided with the appropriate training, guidance and support and that the key principles of the Strategic Equality Plan is integrated with other key strategies such as the Workforce Development Strategy.

The engagement and involvement of staff will be key in supporting the delivery of this well-being objective. Therefore, we will look to use our established communication methods, such as staff engagement sessions, management briefing events and conferences. We will also look to re-establish an equality and diversity working group to sit alongside our staff well-being group.

What people have told us?

During our ‘**Tell us what you think about equalities**’, our formal involvement and engagement programme, respondents generally agreed that this objective is important. Respondents told us that equality, diversity and inclusion training for staff is ‘**very important**’ and that staff should at least receive basic awareness training in order to support a positive workplace environment, and also to ensure equality sits at the heart of how we deliver our services. Furthermore, respondents highlighted that specialised training should be ‘**appropriate to need**’, and also include access to ‘**support and advice**’ to ensure staff are equipped to deal with equality issues competently, efficiently and effectively.

Why is this equality objective important?

This equality objective will help us in our journey towards becoming an equality opportunity employer, who is representative of the local people and communities we serve and therefore better able to support local need and deliver meaningful outcomes.

Furthermore, having a workforce which ‘values equality and diversity’ will be key in supporting the creation of positive working environments which promote a good working culture whereby all staff feel valued and supported.

What good work are we building on?

Blaenau Gwent &
Caerphilly
Workforce
Development
Programme

Provide bespoke
training such as
mental health
awareness

Supporting
National equalities
campaigns such
as International
Women’s Day

Some of the key steps we will take to meet this equality objective...

- Assess what our current position is an 'equal opportunity employer' by reviewing the diversity of our workforce and identify key steps to support improvement;
- Test to what degree our workforce values equality and diversity through staff engagement and involvement and identify key steps to support improvement;
- Identify staff who require equality, diversity and inclusion training (including induction, general and specialised) and ensure training opportunities are accessible;
- Operate a Staff Well-being Network, with representation from across the whole organisation.

What difference do we want to make?

We want to celebrate and recognise the value of being a diverse organisation and have a workforce who recognises the importance of the equality agenda for the local people and communities it serves.

EQUALITY OBJECTIVE: We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions

Overview

Education is identified as a key priority within our [Corporate Plan 2018-22](#) and we are committed to *'improving pupil outcomes, progress and well-being, particularly for our most able and vulnerable pupils'*.

We believe that everyone should have appropriate access to learning opportunities and the support required to enable them to achieve their learning ambitions. Recognising that learning provides the foundation for better life prospects. However, the specific focus of this objective will be to ensure we are maximising the learning outcomes of pupils who are covered by one, or more of the protected characteristics as identified within the Act, particularly where gaps in educational attainment are identified.

To help us achieve this we will consider findings from the Equality and Human Rights Commission's *'Is Wales Fairer?'* National Report regarding gaps in learning outcomes for learners protected by the Act and will undertake research to determine whether these findings apply to Blaenau Gwent learners and if so, what steps need to be taken to support improvements.

Another key aim of our Corporate Plan 2018-22 is to provide *'access to skills development'*. Working together with our partners we also aim to support the learning of parents and carers. Our holistic approach seeks to maximise opportunities for prosperity for all as part of our Cardiff City Regional deal commitments.

What people have told us?

During our **'Tell us what you think about equalities'**, our formal involvement and engagement programme, respondents agreed that this objective is very important.

Respondents told us that equality, diversity and inclusion training for school-based staff is **'important'** and also having adequate educational provision to **'support learners with learning difficulties'** as being key to supporting pupils through all stages of development. Furthermore, respondents emphasised the importance of continuing to raise awareness and understanding about equality within educational provision, alongside the importance of **'integration'** in that **'children and young people shouldn't be singled out'** because they have one, or more protected characteristic.

Why is this equality objective important?

This equality objective is important because it focuses on ensuring that children and young people are fully supported to fulfil their learning ambitions. We recognise the impact learning can have on a child, or young person in terms of their life prospects and well-being, now and into the future.

Focusing on improving the educational attainment of **'vulnerable learners'** and those covered by the Act is key to ensuring children and young people are not disadvantaged, and that opportunities to fulfill their learning ambitions are created.

This equality objective is important as providing quality learning opportunities for children and young people needs is key in creating the right learning environments which enables everyone to achieve well, enjoy learning and feel safe.

What good work are we building on?

Schools
Strategic
Equalities
Plans

Safer Schools
Partnership

Additional
Learning Needs –
Provision
Improvement Plan

How will we deliver?

- Provide advice and guidance to support the development and delivery of School's Strategic Equality Plans and annually review progress;
- Undertake local research to determine if children and young people covered by the Act are successfully achieving their learning ambitions and scope appropriate steps where areas for improvement have been identified;
- Advise and guide School based staff on equality issues as required.

What difference do we want to make?

We want to create safe learning environments which enable children and young people, particularly those with protected characteristics, to successfully achieve their learning ambitions.

EQUALITY OBJECTIVE: We will promote and support safe, friendly and cohesive communities

Overview

As a member of Blaenau Gwent's Public Services Board we are committed to supporting 'fair and safe communities'. Working with our partners, through the local Community Safety Hub we actively support the development of cohesive communities.

As part of Welsh Government's commitment towards Community Cohesion we are members of West Gwent's Cohesion Steering Group and will continue to support the delivery of this important programme.

Working with our partners we will deliver key activities and projects which look to strengthen community spirits, bring communities together and supports resilience across Blaenau Gwent.

What people have told us?

During our '**Tell us what you think about equalities**', our formal involvement and engagement programme, respondents agreed that this objective is very important.

Respondents told us that creating safe and friendly communities '**is important for everyone**' and more work to '**promote respect and help improve community spirit**' was viewed as positive. Furthermore, respondents told us that we should continue to build on the work already happening in schools and promote events such as the 'Voices of Valleys' which brings people from different communities from Blaenau Gwent together.

Why is this equality objective important?

Creating a safe and friendly Blaenau Gwent is vital if we want to create a place where everyone feels they belong and can play an active role in society. Undertaking work to develop strong and vibrant communities is vital if we want to create good places to live where everyone gets on together. This equality objective is important for developing mutual respect and understanding between people which supports increased community spirit and togetherness.

What good work are we building on?

Community Safety
Partnership
Hub

Hate Crime
Awareness
Campaign

EU Settlement
Scheme and
Citizen Rights
Programme

How will we deliver?

- Work with partners to support the delivery of the West Gwent Community Cohesion programme in Blaenau Gwent;
- Support projects which promotes increased awareness and understanding and encourage people to get on together;
- Delivery of effective social media campaigns to mitigates community tensions and dispels myths.

What difference do we want to make?

We want to create attractive, viable, safe and well-connected communities.

EQUALITY OBJECTIVE: We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests

Overview

Our approach for undertaking meaningful involvement is set out within the Council's Engagement Strategy 2018-23. We recognise the importance of meaningful involvement which enables people, communities and stakeholders to have a voice, and have genuine opportunities to work together with us to help improve the delivery of our services.

In-line with the National Principles for Public Engagement and the National Principles for Children and Young People's Participation we will ensure that people covered by one, or more of the protected characteristics are given meaningful opportunities to influence key decisions which affect them.

What people have told us?

During our '**Tell us what you think about equalities**', our formal involvement and engagement programme, respondents agreed that this objective is very important. Respondents told us that ensuring people's voices are heard and listened to will help the Council better understand need which will lead to better decision-making. Respondents told us that the Council should engage and involve local people and communities in ways which encourage greater participation, with examples given such as '*visit groups*' across Blaenau Gwent. Respondents also felt more could be done to understand people's '*lived experiences*'.

Why is this equality objective important?

People's viewpoints, stories and insights are powerful and can help lead to positive change. This objective is important as it seeks to ensure we proactively involve local people and communities in the work that we do and ensure people with protected characteristics get to influence the decisions we make which can have the greatest impact on them.

What good work are we building on?

Council's
'Let's Talk'
Engagement
Programme

Blaenau Gwent
We Want
Engagement
Programme

Working together
with our
established
networks & forums
(e.g. Youth Forum)

How will we deliver?

- Establish a 'Voices of the Valleys' Equality Forum;
- Strengthen Blaenau Gwent Council's Citizen Panel;
- Demonstrate our commitment towards Children & Young People's Participation by working in partnership with Children in Wales;
- Actively promote engagement opportunities aimed at members of the public who share protected characteristics.

What difference do we want to make?

We want to deliver the best possible services for our customers and by creating meaningful opportunities to work together with local people and communities we will be able to better respond to need.

EQUALITY OBJECTIVE: We will strive to tackle inequality caused by poverty for people who have protected characteristics

Overview

Welsh Government is set to launch a new Public Sector Equality Duty, called the 'socio-economic duty' which will be placed on named public bodies, such as Local Authorities, in-line with the requirements of the Act.

Following its commencement, which is planned to be in April 2020, the Council will be required to demonstrate how it will look to tackle inequality caused by poverty, specifically when the Council makes big decisions about the way it plans and delivers its services, particularly in areas such as education, health and housing.

Further information about the new duty can be found in '[Meeting Welsh Government's New Public Sector Equality Duty – The Socio-economic duty](#)' on page 42.

What people have told us?

During our '**Tell us what you think about equalities**', our formal involvement and engagement programme, respondents agreed that this objective was a very important topic. However, respondents felt that our proposed draft objective, which was 'We will strive to reduce poverty', was too broad and needed to have a greater focus on tackling inequality caused by poverty. There was a concern that the objective would not be achievable and so in response to feedback we amended the wording of this objective accordingly to make it more specific. Respondents also feedback the term '**poverty**' is unclear and is difficult to measure, but suggested '**looking at the causes of poverty**' as being key to taking this work forward.

Why is this equality objective important?

As a public service provider it is vital that the big decisions we make are fair and that we provide local people and communities with life chances and opportunities regardless of their socio-economic background. This objective will enable us to take steps towards developing a greater understanding of inequality caused by poverty and to be able to better support those most at risk of disadvantage.

What good work are we building on?

Blaenau Gwent
Well-being
Assessment

Anti-poverty
programmes
such as
Families First,
Flying Start

How will we deliver?

- Work alongside Welsh Government in preparing to meet the requirements of the new 'socio-economic duty';
- Undertake research and analysis to understand Blaenau Gwent's socio-economic position;
- Work with regional partners on key programmes to reduce inequality caused by poverty;
- Work with partners on key projects to support those most vulnerable in our communities.

What difference do we want to make?

We want to ensure that decisions we take are fair and are based on quality evidence to ensure local people and communities have life chances and opportunities regardless of their socio-economic background.

Monitoring and reviewing our plan

Throughout the life cycle of the plan we will monitor and review our progress against the intended steps, or areas for delivery we have identified, which will enable us to achieve our equality objectives.

To enable us to embed and mainstream our equality work across all our service delivery, our progress will be reported in-line with our corporate performance management arrangements and effectiveness and equality outcomes will be measured through our business planning arrangements.

The Strategic Equality Plan 2020-24 will also be subject to regular reporting and monitoring through the Council's democratic processes, with the annual report submitted for oversight through the Council's Corporate Overview Scrutiny Committee and Executive Committee.

Throughout this process, we will also consider how progress is being achieved for each of the protected characteristics. Furthermore, as part of our annual review arrangements, which will be supported by the Council's Political and Profession Leadership Team, we will consider whether our objectives remain appropriate.

In-line with our equality duties we will also publish an annual report on the Council's Website, but also make it available to appropriate key partners, stakeholders and citizens.

Blaenau Gwent

Strategic Equality Plan

Supporting Documents

“A more equal Wales”



Blaenau Gwent County Borough Council

Blaenau Gwent County Borough Council is one of 22 unitary authorities in Wales, which were formed in 1996 following the Local Government (Wales) Act 1994. The area was formerly part of Gwent County Council.

Blaenau Gwent is made up of 16 electoral wards which are represented by 42 members (councillors) who are elected every four years by the people of Blaenau Gwent. The Council operates a Cabinet system, which is led by the Leader of the Council. The cabinet is made up of five executive portfolios and five main scrutiny committees, and three joint scrutiny committees.

A Corporate Leadership Team, consisting of the Managing Director; three Corporate Directors covering Social Services, Education, and Regeneration and Community Services; and two Chief Officers covering Finance, and Commercial services. The Team are responsible for the strategic management of the Council's business.

As of February 2020, there were 2,887 paid employees of the Council. Of these, 683 (23.6%) were male and 2,204 (76.3%) were female. This makes the Council the largest employer in Blaenau Gwent.

The latest Staff Opinion Survey carried out in 2019, which was completed by 726 staff, showed that of those completing the question, 20% were male and 72% were female; 2% were 16 to 24; 16% were 25 to 34; 51% were 35 to 54; 20% were 55 and over and 11% preferred not to say.

Out of the total number of respondents 34 (5%) told us that they have a disability according to the Equality Act 2010's definition and 625 (87%) said they did not, and 59 (8%) preferred not to say.

The Council's Corporate Plan 2018-22 sets out the organisations vision, core values and priorities and is reviewed and adapted on an annual basis. It also refers to a 'One Council' approach which emphasises the important role the whole organisation has on working towards the commitments set out within this plan.

Our Core Vision

Proud Heritage, Strong Communities, Brighter Future

Our Core Values



- Proud & Ambitious
- Trust & Integrity
- Working Together
- Raising Aspirations
- Fair & Equitable

Our Council Priorities



Strong & Environmentally Smart Communities

Economic Development & Regeneration

Education

Social Services

Efficient Council

Our Strategic Equality Plan is not a standalone plan, it links closely to a number of key Council and Partnership strategies, plans, policies and frameworks, such as the:

- Blaenau Gwent's local well-being plan 'The Blaenau Gwent We Want, 2018-2023';
- Age Friendly Blaenau Gwent;
- Welsh Language Promotion Strategy;
- Corporate Performance Framework;
- Human Resource Policies, Procedures and Protocols.

Understanding our Equality Act 2010 specific duties

As well as our general duties, the Council has a number of specific duties which it must take account of. In Wales, the specific duties are set by the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 as follows:

- Equality Objectives and Strategic Equality Plans
- Engagement
- Assessment of impact
- Equality information
- Employment information, pay differences and staff training
- Procurement
- Reporting and Publishing

Equality Objectives and Strategic Equality Plans

The purpose of the objectives and plans is to enable the delivery of measurable equality outcomes which improve the lives of individuals and communities. The Council is required to review, develop and publish Equality Objectives and a Strategic Equality Plan every four years.

Engagement

Understanding the diversity of the Blaenau Gwent population will allow the Council to shape service provision in the best way. The Council must carry out meaningful engagement, gathering relevant information when engaging people, and involve people who represent the interests of those who share one or more of the protected characteristics and have an interest in the way that the Council carries out its functions.

Assessment of impact

An Equality Impact Assessment (EQIA) is carried out when a policy or practice is proposed or being reviewed, and looks for evidence of adverse impact against people or groups from the nine protected characteristics. The Council must carry out Equality Impact Assessments on policies, procedures, functions, service delivery and financial savings proposals.

A copy of this plans EQIA can be found in the [Support Documents](#) from page 53.

Equality information

Strategic Equality Plans, Equality Objectives and Equality Impact Assessment, as prescribed by the Equality Act 2010, must be based on robust evidence. This would include use of research, information, data and statistics at a local, regional and national level. Alongside qualitative data through meaningful and timely engagement, particularly engagement with people covered by the protected characteristics so that decision making can be influenced.

Employment information, pay differences and staff training

The Council must collect extensive employment information which includes data on recruitment and retention, promotion, training opportunities, and grievance and disciplinary actions on an annual basis. This information must be collected for each of the protected characteristics. Data is also required with regard to male and female employees on job roles, pay and grading, contract type and working pattern. It is important to note that the Council cannot require an employee to disclose information in relation to the protected characteristics and should provide an 'unknown' or 'prefer not to say' category.

Equal pay

Following the completion of the Equal Pay project (associated to the Strategic Equality Plan 2012 to 2016), a new pay and grading structure was developed, using a country wide consistent job evaluation and pay modelling criteria. This also aligned the salaries of male and female dominated roles in order to remove any historical discrimination that may have been. New and amended roles continue to be Job Evaluated to maintain fairness.

Gender Pay

The gender pay gap is an equality measure that shows the difference in average earnings between women and men. The UK gender pay gap is just over 18% (2018). At Blaenau Gwent County Borough Council, we are confident that men and women are paid equally for doing equivalent jobs across the business. The gender pay gap at Blaenau Gwent County Borough Council shows that the workforce is predominantly female with women occupying a high percentage of jobs across all four pay quartiles. The pay gap in Blaenau Gwent is significantly lower than the national average and has further improved reducing from 7.06% at the lower (mean). The Gender Pay Gap information required under the statutory requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 is presented and published through the Council's Pay Policy Statement 2019/20.

Procurement

This specific duty applies when Councils are procuring works, goods or services from other organisations on the basis of a 'relevant agreement'. Relevant agreements include the award of a 'public contract' or the conclusion of a 'framework agreement' which are regulated by Public Sector Directive (Directive 2004/18/EC) / Public Contracts Regulations (2006).

The specific duty requires Council's to consider whether it would be appropriate to include specific stipulations relating to the general duty, in the award criteria and / or in conditions relating to the performance of a contract of this type.

Reporting and Publishing

Every year the Council must publish an Annual Report outlining how it met the three aims of the general duty. The report will outline the progress the Council has made in achieving its equality objectives and High-level Action Plan.

The report will also include a statement on the effectiveness of the authority's arrangements for identifying and collecting information relating to its workforce and the reasons why any identified information has not been collected.

An Overview of Blaenau Gwent

Blaenau Gwent is located in South-East Wales. It is approximately 20 miles from Newport, and 30 miles from Cardiff, and directly south of the Brecon Beacons National Park.

The area is relatively small geographically, being at most 15 miles long, and 8 miles wide, and is the smallest of the Welsh local authorities in terms of land area, at about 10,900 hectares. The area is physically defined by high hillsides dividing the three main valleys. These valleys are home to towns and villages which seem to merge together into one. However, each community proudly maintains its own character and traditions. The five main towns and settlements are seen as Abertillery, Brynmawr, Ebbw Vale, Nantyglo & Blaina, and Tredegar.

Providing an accurate statistical picture

It is widely recognised that there are significant challenges when it comes to collecting accurate information relating to equality and diversity, particularly for some protected characteristics e.g. Sexual Orientation and Gender Reassignment. The remainder of this section will present some relevant statistics to help establish an overall picture of equality and diversity in Blaenau Gwent. The information will be presented in such a way that it links closely to the **Protected Characteristics** defined by the Equality Act 2010.

People¹

Blaenau Gwent is estimated to be home to around 69,700 people in 2019, making it the second smallest Welsh local authority in terms of population numbers. Even so, due to its relatively small geographical size, it has the 6th highest population density behind Cardiff, Newport, Torfaen, Caerphilly and Swansea.

¹ Stats Wales <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Density/populationdensity-by-localauthority-year>

Population projections from the Office of National Statistics (mid-2014 based) suggest that compared to 2019 the population of Blaenau Gwent is projected to decrease by 1.4% over 10 years (by 1,000 residents) and 4.5% over 20 years, although projections become less reliable over more extensive time periods. The projected population decrease in Blaenau Gwent along with three other local authorities is in contrast to a picture of projected increases in general across other regions of Wales. The population of Wales as a whole is projected to increase in population by 2.6% over the next 10 years and 4.0% over 20 years².

Although life expectancy is increasing in Blaenau Gwent, reduced birth rates and increased mortality rates contribute to the projected downward trend over the next 20 years.

Gender³

As is the case across Wales and the rest of the UK, the 2018 mid-year estimates show that there are slightly more females (51%) than males (49%) in Blaenau Gwent. There is also little difference from the Welsh average when considering gender split across each of the key age bands, varying by no more than 2%.

² Stats Wales <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Projections/Local-Authority/2014-based/populationprojectioncomponentsofchange-by-localauthority-year>

³ Stats Wales: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Distributions/agedistributionofpopulation-by-gender-year>

Age⁴

Table 1 shows the population of Blaenau Gwent and Wales broken down into key age bands. Analysis of the population by age band shows no significant differences from that of the Welsh average.

**Table 1: Blaenau Gwent and Wales Mid-Year 2018 population
Estimates by key bands**

| | Blaenau Gwent | | | Wales | | |
|--------------------|---------------|---------|--------|-----------|-----------|-----------|
| | Males | Females | Total | Males | Females | Total |
| 0 to 15 | 6,245 | 5,944 | 12,189 | 288,218 | 274,491 | 562,709 |
| 16 to 24 | 3,454 | 3,503 | 6,957 | 181,268 | 165,369 | 346,637 |
| 25 to 44 | 8,585 | 8,764 | 17,349 | 373,211 | 374,359 | 747,570 |
| 45 to 54 | 9,540 | 9,746 | 19,286 | 404,347 | 425,375 | 829,722 |
| 55 to 64 | 3,889 | 3,921 | 7,810 | 174,528 | 185,007 | 359,535 |
| 65 to 84 | 2,084 | 2,508 | 4,592 | 95,735 | 114,305 | 210,040 |
| 85 and over | 570 | 960 | 1,530 | 30,002 | 52,416 | 82,418 |
| Total | 34,367 | 35,346 | 69,713 | 1,547,309 | 1,591,322 | 3,138,631 |

Disability⁵

The 2011, Census showed that 27% of all people who live within Blaenau Gwent stated they had a limiting long-term health problem or illnesses, where day-to-day activities were limited. This was higher than the Wales average (23%), and was the 2nd highest level (behind Neath Port Talbot with 28%) in Wales.

⁴ Stats Wales: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Distributions/agedistributionofpopulation-by-gender-localauthority>

Stats Wales: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-age>

⁵ Stats Wales: <https://statswales.gov.wales/Catalogue/Census/2011/LimitingLongTermIllnessDisability-by-LocalAuthority>

Nomis: <https://www.nomisweb.co.uk/query/construct/submit.asp?forward=yes&menuopt=201&subcomp=>

In 2011, the Annual Population Survey showed that of Blaenau Gwent's population of working age (males aged 16-64 and females aged 16-59) an estimate of 3,100 people had a Physical Disability, 2,600 with Respiratory or Heart Problems and 1,400 with Long Standing or Progressive Illness. As well as this, 4,000 people had 'other' health problems such as Sensory Impairments and Learning Difficulties.

More recent statistics from the Annual Population Survey year ending 30 June 2016 showed that Blaenau Gwent continues to have above average levels of disability with a total of 25.8% of working age people being defined as disabled compared to 24.4% for Wales overall.

The latest available disability-related figures from Blaenau Gwent County Borough Council show the following⁶:

- Just over 100 children known to have a disability;
- Just over 100 people known to have a sensory impairment; (this includes visual impairment) (2018/19)
- Just over 350 people known to have a learning disability;
- Almost 5,000 people were registered for Blue Badges

These comparably high levels of disability in Blaenau Gwent means there are a high proportion of people claiming disability-related benefits, as shown below:

- 12.0% of working aged people in Blaenau Gwent claimed EAS or Incapacity Benefit, compared to 8.4% across Wales (Nov 2016).

⁶ Stats Wales: <https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Disability-Registers/physicallysensorydisabledpersons-by-localauthority-disability-agerange>
<https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Disability-Registers/personswithlearningdisabilities-by-localauthority-service-agerange>

Nomis <http://www.nomisweb.co.uk/>

Nomis (Labour Market Profile November 2019) file:///C:/Users/Jones_P5/Downloads/report.pdf

- 8.0% of all people in Blaenau Gwent claimed Disability Living Allowance, compared to 6.1% across Wales (Nov 2018).

Race⁷

The 2011 Census statistics showed Blaenau Gwent's Black and Ethnic Minority population to be just under 1,900. This equates to 2.6% of the total population and well below the Welsh average of 6.7%. In 2001 the percentage of people in Blaenau Gwent from minority ethnic groups was 1.8%, approximately 1,300 people, therefore, a notable increase from 2001 to 2011. Even so, Blaenau Gwent still has one of the lowest levels of people from minority ethnic groups in Wales, being one of the least ethnic diverse local authorities in England and Wales with only 4 other areas having a smaller percentage of ethnic minority population.

Long term international migration statistics provide estimates of the number of usual residents moving in or out of the UK. This set of statistics is probably the one most quoted when discussing international migration. They include only those intending to change their place of usual residence for 12 months or more.

Figures from ONS reveal a relatively modest level of net International migration per 1,000 resident population in Blaenau Gwent since 2010. Small increments had been experienced with a 0.8 per 1,000 residents' inflow in 2010 up to 1.8 for the same period in 2015. However, this upward trend has since reversed, down to 1.5 per 1,000 residents' inflow in 2018. This equates to an annual average international inflow of 1.4 per 1,000 residents locally compared to 5.0 per 1,000 residents across Wales. This

⁷ Stats Wales: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Components-of-Change/componentsofpopulationchange-by-timeperiod-component>

Source: DWP <https://stat-xplore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml#>

inflow has been offset by a local average annual international outflow of 1.0 per 1,000 residents.

Over a longer term period of 10 years Blaenau Gwent has experienced an international inflow of 1,013 people and outflow 702 people. This is a net international inflow of 311, or an average of 31 people each year.

Over the same 10-year period there were 1,302 National Insurance Number (NINo) Registrations in Blaenau Gwent from adult overseas nationals aged 16-64

This relates to adult overseas nationals entering the UK and allocated a National Insurance Number (NINo). A NINo is generally required by any overseas national looking to work or claim benefits / tax credits in the UK, including the self-employed or students working part time.

Figures are based on recorded registration date on the HMRC National Insurance Recording and Pay as you Earn System, i.e. after the NINo application process has been completed. This may be a number of weeks or months (or in some cases years) after arriving in the UK.

All Adult overseas nationals allocated a NINo are included regardless of their length of stay in the UK.

According to the Gypsy and Traveller Caravan Count conducted by local authorities in Wales, as of July 2019 there were three authorised gypsy traveller site in Blaenau Gwent and 16 residential occupied pitches.

However, Census 2011 figures suggest a wider spread of occupancy throughout the borough in varying accommodation types as there were 72 Gypsy or Irish Travellers living throughout the borough in 27 different output areas within 11 wards.

Religion and Belief⁸

The 2011 Census showed that half of people in Blaenau Gwent stated their religion to be Christian (50%), below the Welsh average of 59%. This has shown a notable decrease since the 2001 Census, with respective levels of 64.0% and 71.0%

Just over 1% of people in Blaenau Gwent stated that they were of another religion such as Buddhist, Hindu, Muslim, Jewish and Sikh.

Just over 41% of the Blaenau Gwent population stated they have no religion, above the Welsh average of 37%. This is a notable increase compared to 2001, with respective levels of 25% and 19%. A further 8% of people in Blaenau Gwent did not state their religion. Table 2 provides details.

Table 2: Religion in Blaenau Gwent, Census 2011

| | People | Percentage |
|---------------------|---------------|----------------------------------|
| Christian | 34,805 | 49.9% |
| Buddhist | 112 | 0.2% |
| Hindu | 72 | 0.1% |
| Jewish | 8 | 0.0% (<i>less than 0.049%</i>) |
| Muslim | 179 | 0.3% |
| Sikh | 39 | 0.1% |
| Any other religion | 253 | 0.4% |
| No religion | 28,676 | 41.1% |
| Religion not stated | 5,670 | 8.1% |
| All People | 69,814 | |

Further analysis showed that people under 24 (56%) and people aged 25 to 49 (51%), were more likely to state they had 'no religion' than people aged 50 and over (20%).

⁸ Nomis <https://www.nomisweb.co.uk/query/construct/submit.asp?forward=yes&menuopt=201&subcomp=>

Sexual Orientation⁹

Statistics on sexual orientation for Blaenau Gwent are not available with any level of accuracy. However, the Annual Population Survey includes data on sexual identity for Wales on a calendar year basis. In 2017, this survey shows that in Wales 95.0% of people identified as heterosexual, 1.3% as gay/lesbian, 0.7% as bisexual, and 0.5% as 'other' while 2.5% of people did not answer this question.

Marriage and Civil Partnership¹⁰

In Wales, in 2018 there were 34 civil partnerships. The highest levels in Wales were in 2006 - the year following the law changes, when there were 560 civil partnerships.

In Blaenau Gwent in 2016 there were 173 marriages. There have been no civil partnerships in Blaenau Gwent between 2013 and 2018.

Gender Reassignment¹¹

As was the case in 2012, statistics on gender reassignment for Blaenau Gwent are not available. However, the Gender Identity Research and Education Society (GIRES) does suggest estimates for gender dysphoria, which is the medical term for the condition with which a person who has been assigned one gender (usually at birth on the basis of their sex), identifies as belonging to another gender, or does not conform with the

⁹ Stats Wales <https://statswales.gov.wales/Catalogue/Equality-and-Diversity/Sexual-Orientation/sexualidentity-by-year-identitystatus>

¹⁰ ONS: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/marriagecohabitationandcivilpartnerships/datasets/marriagesinenglandandwales2013>

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/marriagecohabitationandcivilpartnerships/datasets/civilpartnershipstatisticsunitedkingdomcivilpartnershipformations>

¹¹ <https://www.gires.org.uk/>

gender role their respective society prescribes to them.

GIRES outline that a low estimate for the UK would be 8 people per 100,000, and a high estimate would be 21 people per 100,000. Taking this into account Blaenau Gwent would expect to have between **5 to 14 people** with Gender Dysphoria.

Other Relevant Statistics

As well as the above equality specific statistics, compared to an all Wales level Blaenau Gwent also experiences:

- Higher levels of unemployment and economic inactivity;
- Higher percentage workless households
- Lower levels of new businesses starting up;
- Higher levels of people depending on benefits;
- Lower levels of qualifications;
- Lower than average life expectancy; and
- Higher levels of poor health (economically inactive long term sick).

Nomis Labour Market Profile

ONS

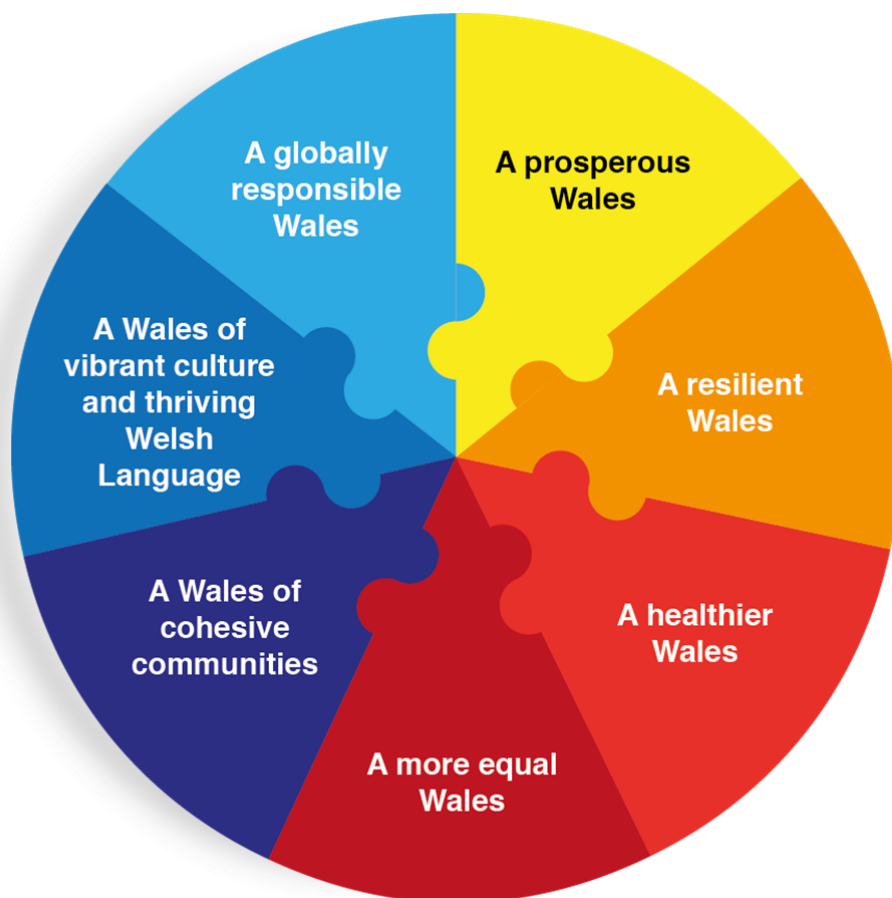
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/businessdemographyreferencetable>

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/lifeexpectancyatbirthandage65bylocalareasinenglandandwalesreferencetable1>

Meeting the Well-being of Future Generations Act

We are aware of the strong links between strengthening equality and improving the well-being of our area. Recognising delivery of our Strategic Equality Plan will be key in contributing towards achieving Blaenau Gwent's local Well-being Plan, [‘The Blaenau Gwent We Want, 2018-23’](#) and meeting our duties under the Well-being of Future Generations (Wales) Act 2015.

For example, our strategic equality plan will be key in contributing towards achieving the National Well-being Goals—specifically ‘*A more equal Wales*’, ‘*A Wales of cohesive communities*’, ‘*A Wales of vibrant culture and thriving Welsh language*’ and ‘*A more prosperous Wales*’.



Furthermore, throughout our delivery we will ensure to apply the five ways of working, as well as give consideration to the current and future needs of the area:



1. **Long-term** – The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
2. **Prevention** – How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
3. **Integration** – Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
4. **Collaboration** – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
5. **Involvement** – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Meeting the new socio-economic duty

Welsh Government is planning to commence a new Public Sector Equality Duty in April 2020 called the 'socio-economic duty'. The duty looks to make sure that public bodies, such as Local Authorities, think about how to reduce poverty and inequality when they make big decisions.

Poverty is defined as not having enough money to live well, or not being able to get services easily like health care and education. Research suggests that people with protected characteristics are likely to face greater levels of inequality because they are living in poverty and therefore the duty looks to ensure that those people are treated equally and fairly.

During November 2019 and January 2020 Welsh Government consulted on the proposed public sector equality duty – the socio-economic duty. As a Council we took the opportunity to share our views as we will be subject to the duty.

In general, we fully support the aims of the duty and have included this as part of our plan. Further information can be found in the section '[Equality Objective Six](#)' on page 20.

During the first two years of this plan, we will work closely with Welsh Government who are offering all public bodies, subject to the new duty, interim support, until the launch of statutory guidance.

Developing our equality objectives and plan

To ensure the Council was prepared to meet its general and specific duties relating to equality objectives and a strategic equality plan, a time-aligned project plan was created. The project plan outlined all the key elements necessary for supporting the development of our equality objectives and plan from inception, through to publication.

June 2019 – March 2020

- Gathering intelligence and undertaking research;
- Involvement and engagement of key stakeholders, including all Council Elected Members to identify key equality issues and priorities;
- Drafting our Strategic Equality Plan 2020-24 approach and equality objectives for formal consultation;
- Formal Consultation of our Draft Strategic Equality Plan 2020-24 approach and equality objectives;
- Review of feedback received;
- Final draft of Strategic Equality Plan 2020-24 and equality objectives developed;
- Professional and Political engagement - route for adoption by Council (including Scrutiny and Executive);
- Publication & promotion;
- Implementation;
- Monitoring and review.

Gathering intelligence and undertaken research

Underpinning the development of our plan is intelligence and research such as desktop research into the Equality Act 2010 and each of the protected characteristics, and a review of advice and guidance from relevant regional and national organisations such as the Welsh Local Government Association (WLGA) and Equality and Human Rights Commission (EHRC).

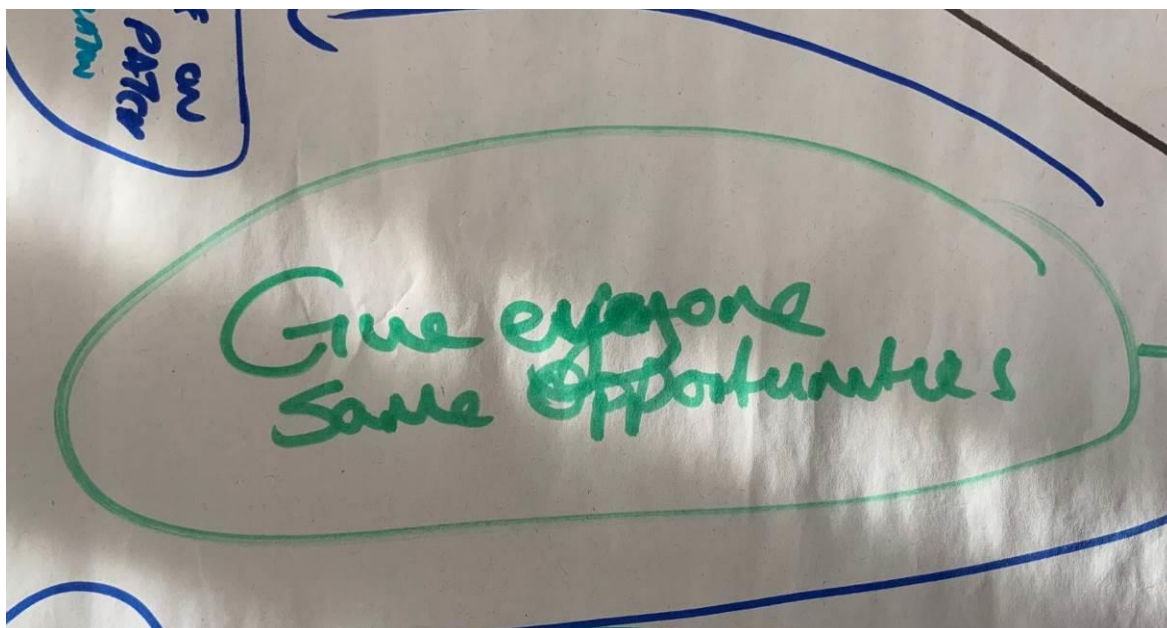
This included:

- Gathering and reviewing guidance on the Equality Act 2010;
- Understanding each of the protected characteristic and gathering local statistical information - where available;
- Information, data and statistics considered at a local, regional and national level;
- National Research undertaken by the Equality and Human Rights Commission: *Is Wales Fairer?* (2015) and *Is Wales Fairer?* (2018);
- Welsh Government's recent consultation on their proposed Equality objectives for 2020 to 2024, specifically the Equality Act 2010: *Commencing the socio-economic duty* (issued in November 2019);
- Consideration of local plans such as Blaenau Gwent Council's Corporate Plan 2018-22 and Blaenau Gwent's local well-being plan *The Blaenau Gwent We Want*, 2018-23 as well as our previous Strategic Equality Plan 2016-20;
- Attendance at the National Equality Conference;

Support from our Professional and Political Leadership Teams

- An elected member working group was set up by the Corporate Overview Scrutiny Committee as part of their forward work programme for 2019/20. The Council's Equality and Diversity Champion is part of the group, which met in September and November to help shape the approach and objectives;
- A special session was held in January 2020 for Members on our Strategic Equality Plan 2020-24 approach and draft equality objectives, led by the Chair of Corporate Overview Scrutiny Committee;
- Sessions were held with each of the Departmental Management Teams and also the Wider Corporate Leadership Team to support the development of an 'effective framework for delivery' and to inform strategic managers of the general and specific duties for public bodies as a consequence of the Equality Act 2010 and to consider the draft Strategic Equality Plan 2020-24 approach and equality objectives.

Engagement and Involvement



To support the development of our plan, in-line with our duty to ‘involve’ people with an interest in Council functions we delivered an engagement programme, over two stages, which gave staff, local people, communities and staff the opportunity to talk with us about equality and to inform us what they felt were the main equality issues in Blaenau Gwent and what suggestions they had for tackling them.

Our engagement and involvement phases:

- **Stage 1 – Let’s Talk about Fairness and Equalities!**
- **Stage 2 – Tell us what you think about equalities!**

Our engagement was guided by both the National Principles for Public Participation in Wales and Children and Young People’s National Participation Standards and was also available in Welsh and English. Further to this, we also made all our engagement materials available in Easy Read to ensure our engagement was as accessible as possible.

Options for requesting the materials in alternative formats was also offered, such as braille.

We encouraged respondents to take part in a variety of different ways such as through our online survey, writing to us, visiting us, chatting to us over the phone, or even by submitting drawings, poems and stories. Recognising that people can often feel more comfortable providing views in their preferred formats.

During both stages we widely promoted the opportunities to engage with us through the Council's website and social media platforms, as well as distributing it through our partnerships networks and sending it to relevant groups, clubs and organisations in the area.

Below is a summary of each stage of the engagement programme:

Stage 1: August to September 2019

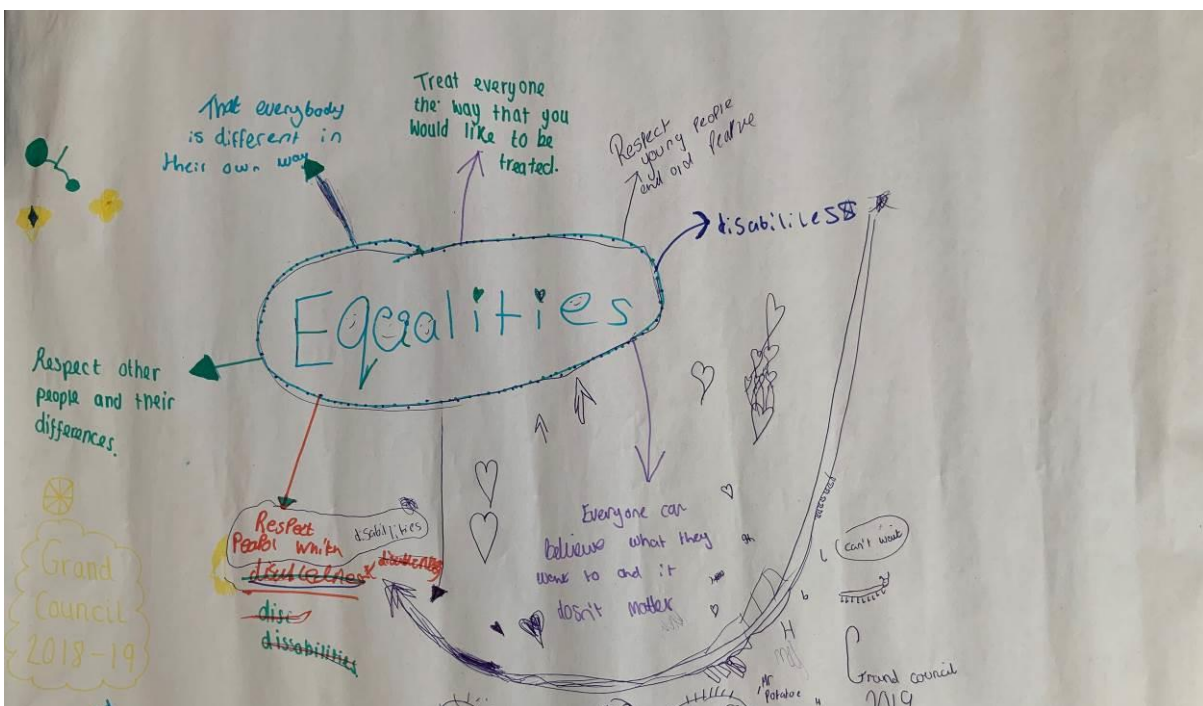
This stage took place before we began to draft the plan. We asked:

- 1. What is the most important thing to you about equalities?**
- 2. What are the key equalities priorities that the Council needs to focus on?**

At this stage, in addition to the methods outlined above, we also held dedicated engagement sessions with our Children's Grand Council, Youth Forum, and also a group of adults with physical and learning disabilities at Vision House Day Centre, Ebbw Vale.



An example of feedback from our session at Vision House



An example of picture feedback from the Children's Grand Council

Some of the key themes that emerged from our first engagement stage were;

- Respecting and celebrating difference and diversity;
- Accessibility within the community;

- Employment opportunities for those with disabilities.

A total of 120 participants took part during stage 1.

Stage 2: December 2019 to January 2020

The feedback from stage 1, combined with key statistics and demographic data, was used to help us draft our Strategic Equality Plan 2020-24 approach and equality objectives.

During stage 2 of our engagement programme we presented our draft Strategic Equality Plan 2020-24 approach and equality objectives and asked:

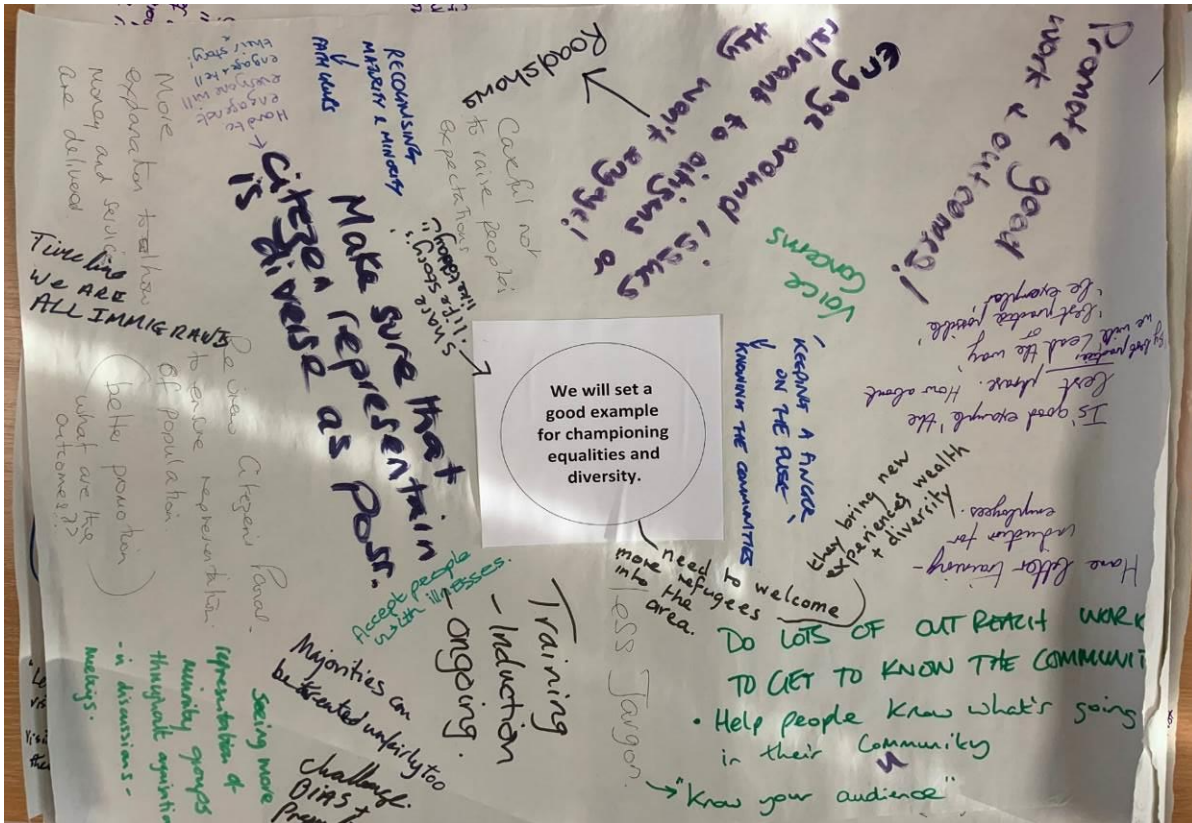
- 1. To what level do you agree or disagree with our proposed approach for equalities?*
- 2. To what level do you agree or disagree with our six equality objectives?*
- 3. Do you have any comments on our plan or equality objectives?*

Reach of our engagement during Stage 2

During stage 2 we used a range of methods and activities to support engagement. This included:

- Workshops held at Vision House Day Centre, a centre for people with disabilities, such as learning disabilities and physical disabilities;
- A special session was held in January 2020 for Members on our Strategic Equality Plan 2020-24 approach and draft equality objectives, led by the Chair of Corporate Overview Scrutiny Committee;

- Surveyed shoppers across our key town centre using iPads with preloaded questionnaires;
- Held a special equality event called 'Voices of our Valleys' which brought different groups of local people and communities together from across Blaenau Gwent, including key organisations with an interest in equality and diversity. With 50 in attendance, the event was successfully launched by Cllr Moore our Equality Champion and Chair of the Council and included a range of talks, such as Blaenau Gwent People's First, Deighton Primary School, Bahá'í Faith Group. The event showcased the positive work already happening within our area to support the equality agenda and allowed attendees to participate in interactive workshops where they were able to share their views and discuss equality matters. This resulted in us being provided with a rich source of information which was used to inform the development of the final draft plan;
- We also extensively shared our survey with key forums and networks such as our Youth Forum, Older People's Forum and PSB Engagement Sub-group and also promoted the opportunity with key organisations which represent people and communities who are covered by one, or more of the protected characteristics.



Example of feedback from the 'Voices of our Valleys' Event

A total of 96 responses were received to the online questionnaire:

- 90% of respondents agreed (65%) or strongly agreed (25%) with our proposed approach. Just 4% disagreed (2%) or strongly disagreed (2%), with the remaining 7% stating that they 'didn't know'.
- 86% of respondents agreed (71%) or strongly agreed (15%) with our six equality objectives. Just 2% disagreed. No respondents strongly disagreed. 12% were unsure.

Drafting the Equality Plan

Feedback from stage 2 of the engagement programme was used to inform the final draft Strategic Equality Plan 2020-24 and equality objectives.

Overall people provided very positive feedback about our approach and objectives and overall there were no significant changes made to the Draft Strategic Equality Plan 2020-24 or draft equality objectives. However, where we received significant feedback and suggestions to change the phrasing, or language of our equality objectives the appropriate amendments were made. For example, our draft objective 'We will strive to tackle poverty' was changed to 'We will strive to tackle inequality caused by poverty for people with protected characteristics' as a significant number of people felt this would be more tangible and realistic to achieve.

Equality Impact Assessment – Strategic Equality Plan 2020-24

Q.1. Please outline the purpose of the policy or practice: (include the aims, objectives, expected outcomes and any key emerging themes from the policy; you may want to outline any key priorities / objectives outlined in the policy or practice)

Under the Equality Act 2010 the Council has a statutory duty to prepare and publish a Strategic Equality Plan and equality objectives every four years. To meet this duty, a project plan was put in place as part of the Governance and Partnerships Business Plan for 2019/20.

Additionally, Corporate Overview Scrutiny Committee agreed to set up a 'member's working group' made up of five committee members (including the Chair and Council's Equality Champion) as part of their Forward Work Programme for 2019/20 to ensure active involvement in developing of equality objectives and supporting plan.

There are six proposed equality objectives. The proposed objectives respond to: Welsh Government's proposed objectives and their current consultation on the **commencement of the socio-economic duty**; the Equality and Human Rights Commission's (EHRC) **Is Wales Fairer? 2018 report**; and local involvement work carried out in Blaenau Gwent between July and September 2019 called 'Let's talk about Fairness and Equalities'

The six proposed Equality Objectives are:

1. We will be an organisation who ensures fairness and equality is in everything that we do.
2. We will be an equal opportunity employer with a workforce that values equality and diversity.
3. We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions.
4. We will promote and support safe, friendly and cohesive communities.
5. We will ensure there is meaningful involvement with people who have protected characteristics and key stakeholders that represent their interests.
6. We will strive to tackle inequality caused by poverty for people who have protected characteristics

Formal consultation on the proposed objectives is being delivered from 16th December 2019 to 22nd January 2020, before being presented through political and democratic processes as an overall plan in February and March 2020 (the strategy must be agreed at Council). There will be support and events to help stimulate response to the consultation.

A summary document is being used to support consultation and provides information on each proposed objective (available in Welsh and English). An easy read version has also been made available.

| <p>Q.2. Is the policy or practice new, existing, or under review:</p> | <p>Q.2.1. Is this policy or practice subject to any of the following processes:</p> <p> <i>1. A Financial Efficiency Saving</i> <i>2. A Policy</i> <i>3. A Report</i> <i>4. Decision Making Process</i> <i>4. Business or service plan</i> </p> |
|---|---|
| <p>The public sector equality duties placed on Local Authorities have been in place for 8 years. Every 4 years we are required to review our existing Strategic Equality Plan and equality objectives.</p> <p>The Council is taking steps to renew its equality objectives in-line with Welsh Government’s and Equality Human Rights Commissioners new approach of setting more specific and tangible objectives in order to maximise and advance the equality agenda.</p> <p>This assessment began from the first stages of policy development and reflects on its development through to publication. It takes account of key equality issues identified during the process.</p> <p>Furthermore, Welsh Government intends on commencing a new socio-economic duty on Local Authorities from April 2020, under the Equality (Wales) Act 2010. The new duty will require Local Authorities to reflect how it will approach and deliver its statutory requirements within the Strategic Equality Plan 2020-24.</p> | <p>A Policy, the Strategic Equality Plan will be subject to professional and political reporting and decision making processes throughout its life cycle.</p> <p>This assessment includes all relevant professional and political processes undertaken prior to publishing.</p> |

Q.3. Potential Positive, Adverse or Neutral effects on Protected Characteristics:

| <u>Protected Characteristic</u> | <u>Positive, Negative, Neutral</u> | <u>Relevance of the Policy or Practice</u> |
|---------------------------------|------------------------------------|---|
| Age | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to age. For example, different age groups, such as children and young people and older people have been able to contribute towards the development of the plan and will be able to be involved in any future development relating to the delivery of this plan and its objectives.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress • Advise and guide School based staff on equality issues as required |

| | | |
|--------------------------|-----------------|--|
| <p><i>Disability</i></p> | <p>Positive</p> | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to disability. For example, people with disabilities have been able to contribute towards the development of the plan and will be able to be involved in any future development relating to the delivery of this plan and its objectives.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress • Advise and guide School based staff on equality issues as required |
|--------------------------|-----------------|--|

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|---|----------|--|
| <i>Gender Reassignment</i> | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to gender reassignment. The Strategic Equality Plan and objectives will be shared with key partners and organisations who represent the needs of people covered by this protected characteristic.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress • Advise and guide School based staff on equality issues as required |
| <i>Marriage & Civil Partnership</i> | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to marriage and civil partnership.</p> |

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|---|-----------------|--|
| <p><i>Pregnancy & Maternity</i></p> | <p>Positive</p> | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to pregnancy and maternity.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics. |
|---|-----------------|--|

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| Race | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to race. For example, we have actively engaged people covered by this protected characteristic to contribute towards the development of the plan and we will continue to support any future involvement in any future development relating to the delivery of this plan and its objectives.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress; • Advise and guide School based staff on equality issues as required. |
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| <i>Religion & Belief</i> | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to religion & belief. For example, we have actively engaged people covered by this protected characteristic to contribute towards the development of the plan and we will continue to support any future involvement in any future development relating to the delivery of this plan and its objectives.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress; • Advise and guide School based staff on equality issues as required. |
|------------------------------|----------|---|

| | | |
|---------------------------|----------|--|
| Sex | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to sex.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Actively promote engagement opportunities aimed at members of public who share protected characteristics. |
| <i>Sexual Orientation</i> | Positive | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics relating to sexual orientation.</p> <p>Furthermore, this plans sets out intended steps which has the potential to support positive effects:</p> <ul style="list-style-type: none"> • Assess what our current position is an ‘equal opportunity employer’ by reviewing the diversity of our workforce and identify key steps to support improvement; • Ensure there is alignment between the Council’s Strategic Equality Plan and Workforce Development Strategy; • Actively promote engagement opportunities aimed at members of public who share protected characteristics; • Work with partners on key projects to support those most vulnerable in our communities • Provide advice and guidance to support the development and delivery of Schools Strategic Equality Plans and annually review progress; • Participate in National Campaigns such as ‘Proud Council’s’ which promotes and celebrates LGBTQ+ |

| | | |
|------------------------------|-----------------|--|
| <p><i>Welsh Language</i></p> | <p>Positive</p> | <p>The Strategic Equality Plan and objectives intends to deliver a positive impact on those covering protected characteristics. However, whilst the Welsh Language is not a specific protected characteristic identified within the Equality (Wales) 2010 Act the Council still has a duty to meet its requirements under the Welsh Language Standards requirements as well as demonstrate its commitments towards the Well-being of Future Generations (Wales) Act's National Goal 'A Wales of vibrant culture and thriving Welsh language'. Therefore, the Council has a duty not to treat the Welsh Language less favourably.</p> <p>Welsh speakers have been able to contribute to the development of the plan and will be able to be involved in any future development relating to the delivery of this plan and its objectives.</p> |
|------------------------------|-----------------|--|

Q.3.1. Overall evaluation on the potential impact on each protected characteristic:

Blaenau Gwent's Strategic Equality plan intends to benefit a range of stakeholders including residents, staff, community groups, people who work or visit the area.

Consideration of the potential impacts on protected groups has been embedded in the planning and consultation process, and although improvements have been identified as a result of this engagement and planning process, the overall process has allowed the policy to demonstrate the positive impacts on each protected characteristic. The development of the Strategic Equality Plan has been developed using qualitative and quantitative research methods such as good stakeholder engagement, alongside use of National, Regional and Local data.

These are initial observations which will require further regular assessment and monitoring during its implementation phase as it only provides an overview of our current understanding of potential impacts and benefits for protected groups. One significant factor to emerge from the above initial assessment process highlights potential issues around the lack of information available relating to people and groups with protected characteristics, how they access services and what are their support needs.

Q.4. Please outline the key stakeholders of this policy and identify who the policy is intended to benefit:

The key stakeholders included in the Strategic Equality Plan are: -

- Residents (children & young people; older people)
- BG Council Staff
- People who work in Blaenau Gwent
- People who visit Blaenau Gwent

In relation to the above categories it is intended to benefit all, but particularly those covered by one, or more of the protected characteristics.

Further information on any identified positive, neutral or adverse effects that the plan will have on people with protected characteristics can be found in the initial assessment (screening) section of this assessment.

Q.5. Please outline any evidence and / or research you have collected which supports this policy or practice (*please consider both primary and secondary data sources such as quantitative data [Census] and qualitative data [journals and research reports]*):

- Strategic Equality Plan, 2016-20
- Strategic Equality Plan, Annual Report 2017-18
- Blaenau Gwent Public Services Boards, Well-being Assessment;
- Equality and Human Rights Commission: Is Wales Fairer? Report 2018
- Welsh Index of Multiple Deprivation;
- Census information
- BG Council Staff Survey Results

Q.6. Please outline the consultation / engagement process: (*to include method of consultation, objectives and target audience*)

Initial engagement:

- Corporate Overview Scrutiny Working Group (June 2019)
- Let's Talk about Fairness & Equality Involvement Programme (August – September 2019) (120 participants engaged)

Target: All stakeholders

Objective: To find out why equality is important, identify any issues and what is really important.

Method: A mix of events/workshops and formal survey. With materials provided in Welsh\English and Easy Read

Formal consultation:

- Tell us what you think about Equalities! – (December – January 2020)

Target: All stakeholders

Objectives: To receive views on our draft equality objectives and approach for delivery

Method: A mix of events/workshops/public engagement sessions/mail outs to key organisations and formal survey. With materials provided in Welsh\English and Easy Read. For example, Voices of our Valleys event (22 Jan 2020) which promoted the positive work being delivered to support the equality agenda and gave people to provide feedback on our six draft objectives.

Q.7. Please outline any key responses and significant outcomes as a result of the consultation and engagement process:

A summary of significant changes to be added after the consultation period closes (22 Jan, 2020).

Q.8. Please outline how this policy or practice will be communicated to the wider community and / or it's intended target group:

The policy has been communicated with stakeholders through a variety of engagement\involvement mechanisms:

- Stakeholder engagement workshops;
- Partnership meetings;
- Formal consultation (6 weeks' consultation process);
- Via Corporate Communications – social media\staff messages\BG Council web pages
- Learning Action Centres
- Libraries
- Wider partnership forums and networks (older people's forum, youth forum; children's grand council; PSB Engagement sub-group)

Q.9. What are your standard methods of communicating with service users (information must be available in a range of formats including Easy Read, Braille, Audio / Video Tape, BSL, Different Languages):

| <u>Communication Methods</u> | <u>Yes</u> | <u>No</u> |
|--|--|-----------|
| Face-to-Face Verbal Communication | * | |
| Telephone | * | |
| Printed Information (e.g., posters, leaflets, flyers etc.) | * | |
| Written Correspondence | * | |
| Email | * | |
| Other (Please specify): | We have also provided the options for people to participate using any methods they choose. E.g. stories, photographs, poems. | |

Q.10. Please list the possible positive impacts this policy is expected to have on people with protected characteristics (*initial descriptions of the expected impact on protected groups can be found in the initial assessment (screening) section – see guidance notes for examples of positive impacts*):

A number of positive impacts are expected:

- Promoting equal opportunities and equality through implementing each objective
- Improving relations between different targeted groups
- Increased opportunities to engage with local services to inform decision making processes
- Providing targeted services to highlighted groups

Q.11 Please detail the expected adverse impact of this policy on people with protected characteristics (*initial descriptions of the expected impact on protected groups can be found in the initial assessment ‘screening’ section*):

There are no anticipated adverse impacts, nor have there been any adverse impacts throughout the development of the strategic equality plan. However, the next phase of the Plan is ‘implementation’, which will be monitored to ensure any potential adverse impacts are managed appropriately and mitigating actions are embedded within the process. There is confidence that the consultation and engagement process has aimed to collect the views of the community as a whole and this information has been used to inform the development of the strategic equality plan.

Q.12. If any adverse impact has been identified, please outline any mitigation actions:

There are no adverse impacts at this point and the plan inherently looks to mitigate any negative impacts on people, or groups covered by one or more of the protected characteristics.

Delivery of the strategic equality plan will include the development of a new EQIA process which also considers socio-economic impact and looks to strengthen existing mechanisms to identify adverse impacts and appropriate mitigations.

| Q. 13. Does the policy or practice support the Council in achieving its statutory duty to: | <u>Yes</u> | <u>No</u> | <u>Please explain:</u> |
|--|------------|-----------|---|
| Foster good relations between people who share a protected characteristic and those who do not | * | | The process of development, particularly through the consultation and engagement process, has maintained an inclusive approach and has taken the views of a diverse range of stakeholders and has allowed groups to come together to share their experiences, thoughts and ideas in the development of the strategic equality plan. |
| Advance quality of opportunity between those who share a protected characteristic and those who do not | * | | This development process has encouraged all people, regardless of their background and status, to input their ideas and thoughts for the strategic equality plan. |
| Eliminate unlawful discrimination and other conduct prohibited by the act | * | | This development process has encouraged all people, regardless of their background and status, to input their ideas and thoughts for the strategic equality plan. |

Q.14. Are there any specific resource implications linked to this policy:

Yes, BG Council has a duty to effectively resource the development and implementation of the Strategic Equality Plan. Certain areas of the plan will be delivered collectively in collaboration with key partners.

Q.15. Have any changes to the policy been implemented as a result of the assessment process, please detail (*take in to consideration the results of the consultation process, trends in primary and secondary data, as well as other themes identified within the policy assessment process*):

To be included following closure of the formal consultation process.

| | |
|--|---|
| Q.16. Having taken in to consideration all elements of the above Equality Impact Assessment, please indicate your decision in relation to the policy implementation: | |
| Reject the Proposed Changes (you must have an objective justification to do this) | |
| Accept the Proposed Changes and Make Relevant Changes | |
| Continue the policy with minimal Changes | |
| No Changes needed; the policy has no potential for discrimination | * |
| Stop the policy as it has potential for unlawful discrimination | |
| Q.16.1. Please provide any relevant details on your decision: | |
| <p>The policy was subject to a thorough consultation and engagement process, and has used a range of research and data to inform the development of the plan. The development of the Strategic Equality Plan takes in to account the views of relevant stakeholders and the implementation of the plan looks to advance and promote the equality agenda. Delivery of the plan looks to have a positive impact on people, or groups covered by one, or more of the protected characteristics.</p> <p>We are satisfied that no further changes are required to contribute to the reduction of discrimination as there is no possibility that its publishing and implementation will cause unlawful discrimination.</p> | |

| |
|--|
| Q.17. Overall evaluation / summary of the assessment (include significant findings and actions taken as part of the process) |
| <p>The development of the strategic equality plan satisfies the requirements of the Equality (Wales) Act to prepare a strategic equality plan and objectives every four years, and for the development of the plan to be informed by consultation feedback provided by stakeholders who have an interest in the delivery of BG Council’s services and functions.</p> <p>This can be seen through the comprehensive engagement and involvement programme which has supported its development.</p> <p>By default, the strategic equality plan looks to positively advance and promote the equality agenda. Furthermore, its delivery will be used good mechanisms for monitoring and review and includes plans to develop a strengthened EQIA process which looks to identifying any potential positive/negative adverse impact on people, or groups covered by one or more of the protected characteristics as well as the new socio-economic duty being placed on Local Authorities with effect from April 2020.</p> |

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Agenda Item 9

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **3rd March 2020**

Report Subject: **Corporate Services Workforce Sickness Absence Performance**

Portfolio Holder: **Councillor Daniels, Leader / Executive Member**

Report Submitted by: **Michelle Morris, Managing Director
Andrea J Prosser, Head of Organisational Development**

| Reporting Pathway | | | | | | | | |
|-------------------|---------------------------|--------------------------|-----------------|-------------------------------|--------------------|---------------------|---------|----------------------|
| DMT | Corporate Leadership Team | Portfolio Holder / Chair | Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | Feb 2020 | 20.02.20 | | | 12/02/20 | 03/03/20 | | |

1. Purpose of the Report

- 1.1 The purpose of this report is to provide Elected Members of specific scrutiny committees the opportunity to scrutinise and challenge relevant Portfolio sickness absence performance and the proposed actions for improvement.

2. Scope and Background

- 2.1 Staff attendance is critical in delivering services and the Council's priorities and is a key performance indicator reflected in the quarterly Finance and Performance report. Improving attendance remains a key priority for the Council and is linked to the need to create efficiencies and improve service delivery.

- 2.2 Sickness absence within the Authority is identified as a key risk and it is acknowledged that high levels of sickness absence will have a detrimental impact on the ability of the Council to deliver services effectively. Therefore, the need to reduce the impact and cost of sickness absence has been identified as a corporate priority.

2.3 Performance Information

- 2.3.1 The overall year end outturn figure for 2018/19 for the Council was 12.66 days per full time equivalent (FTE) employee. An increase from the previous year's outturn of 11.2 days and exceeds the target set of 8.5 days.

- 2.3.4 Whilst sickness levels remain high it is important to note that the majority of employees have little or no sickness absence and attend work regularly. The vast majority of Council employees have excellent attendance levels as data indicates that 2463 employees attended work every day during the period from April 2018 to March 2019 with the Council having an attendance level of 94.3%.

2.3.5 A report reviewing workforce Sickness Absence Performance for the Council went to the Corporate Overview Scrutiny Committee on the 19th November 2019. The Scrutiny Committee supported the recommendations for improvement and also recommended the following; that processes be put in place for individual Directorates to report quarterly to their specific scrutiny committees for challenge and scrutiny on Directorate's sickness absence performance; and that the Executive Committee also have the opportunity to review this report.

2.3.6 **Appendix 1** outlines the sickness performance information for the Corporate Services Directorate for quarter 1 and 2 of 2019/20 as well as summarising the position in 2018/19.

3. Directorate Comments/Actions for Improvement

3.1 Management Actions for Absence management 2019

Staff are reminded of the policy in team meetings (recent one as result of Managers brief). Absence is discussed at Commercial Services Management Team Meeting and through regular meetings with OD Team and Senior Business Partner. Managers are reminded of the process for using ITrent.

Communications and Marketing

- Low levels of sickness in so normal absence management processes applied including return to work interviews.

Customer Service and Benefits

- Low levels of sickness in general so normal absence management processes applied including return to work interviews. An incident of longer term absence due to back pain. This was managed through a phased return and ongoing monitoring through weekly meetings.

STT

- Low levels of sickness in so normal absence management processes applied including return to work interviews.
- Pro-active support for member of staff experiencing anxiety included a temporary
- Reduction in workload
- Increased home-working for a number of weeks
- Short working days (time reimbursed)
- Occupational health referral
- Identification of a counselling service (time reimbursed to allow attendance)
- Identification of Mindfulness course (time reimbursed to allow attendance)

Procurement

- Low levels of sickness in so normal absence management processes applied including return to work interviews.

Business Support

- Business Support identified as a 'hotspot' with 643 days of sickness
- A full managerial audit of sickness absence carried out to include managerial compliance and a review of long term sickness cases – Managing Attendance policy applied in full with return to work and absence review meetings completed
- Main reason for long term sickness was mental health issues as a result of personal stress. All cases now resolved with either a return to work or exit from the Council. One case was significant/complex and elongated because of the nature of the case
- Target set at 5.5 days
- Sickness absence is an agenda item at management and team meetings as well as 121 meetings with all supervisory management
- Staff encouraged to take preventative approach to avoid sickness absence e.g. Workplace assessments, signposting to support for mental health issues

Organisational Development

- 60.9 days reported sick
- Target set at 5.5 days
- 2 people long term sick – mental health issues as a result of personal stress – both returned to work
- Managing Attendance policy applied in full with return to work and absence review meetings completed
- Sickness absence is an agenda item at management and team meetings as well as 121 meetings with all supervisory management
- Staff encouraged to take preventative approach to avoid sickness absence e.g. Workplace assessments, signposting to support for mental health issues

Social Care Workforce Development Service

- 96 days reported sick
- 2 people long term sick during period, 1 with mental health issues as a result of personal stress and 1 was a broken collar bones – both returned to work
- Managing Attendance policy applied in full with return to work and absence review meetings completed
- Target set at 5.5 days
- Sickness absence is an agenda item at management and team meetings as well as 121 meetings with all supervisory management
- Staff encouraged to take preventative approach to avoid sickness absence e.g. Workplace assessments, signposting to support for mental health issues

Senior Management

- Period of Post-surgery recovered managed through a phased return to work

Resources - General

- Overall attendance positive with absence to Q2 at 3.46 days per person, within the target of 5.5 days.

- Managing Attendance policy applied with return to work and absence review meetings completed.
- Sickness absence is an agenda item at management and team meetings as well as 121 meetings.

There have been 20 absences in total 7 of which exceeded 10 days. Of these:

Accountancy

- 5 long term absences (exceeding 10 days), 2 of which were related to Anxiety (of which 1 work related) and 3 minor operations and recovery periods.
- Referrals made to occupational health
- Identification of a counselling service & mindfulness course (time reimbursed to allow attendance)
- Phased return agreed including extended working from home

Internal Audit, Risk & Insurance

- Low levels of sickness, absence management processes applied including return to work interviews.

Revenues

- 2 long term absences (exceeding 10 days), relating to Anxiety (personal) and operation and recovery period.
- Referral made to occupational health
- Phased return to work agreed

Legal & Corporate Compliance

- Low levels of sickness; normal absence management processes applied including return to work interviews.
- Proactive approach to prevention, particularly in terms of early identification of workplace issues.

Governance and Partnerships

- Quarter 2 performance is below the target of 5.5
- Absence management is a standing item on the Managers team meeting agenda,
- 121 meetings also cover any specific issues with head of service.
- Managing Attendance policy applied with, return to work and absence review meetings completed.
- Referrals to occupational health are made where required
- Phased return to work plans established where required
- Preventative and proactive measures discussed including workplace assessments.

4. Options for Recommendation

4.1 Option 1

That the Scrutiny Committee having scrutinised the sickness absence performance information and proposed arrangements to improve attendance rates within the Corporate Services Directorate identify any further areas for improvement in order to drive forward performance improvement.

4.2 Option 2

That the Scrutiny Committee endorse the report and proposed arrangements to support the improvement in attendance.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 Impact on Budget (short and long term impact)

There are direct and indirect costs of sickness absence which are a key driver in the Council's approach to effectively improve attendance at work.

4.2 Risk including Mitigating Actions

The underperformance in relation to the high levels of sickness absence does present a significant risk in terms of the impact on front line service delivery and continuity through lost time and staffing changes. In addition, the financial implications associated with sickness absence directly impact on the Council's financial efficiency targets and the level of financial savings that the Council needs to achieve. Mitigating actions are detailed within the report.

4.3 Legal

There are no legal implications arising from this report.

4.4 Human Resources

The staffing implications are detailed within the content of the report.

5. Supporting Evidence

5.1 Performance Information and Data

The detailed performance evidence is detailed in appendix 1 as well as the actions taken to address the level of underperformance.

5.2 Expected outcome for the public

Information included within the report will provide opportunity for the public to scrutinise the Council's performance and provide accountability across the Council.

5.3 Involvement (consultation, engagement, participation)

Trade Union have been consulted on the sickness absence performance and are committed to working with the Council to improve attendance.

- 5.4 ***Thinking for the Long term*** (forward planning)
Options detailed in this report contribute directly to enabling the workforce for the future.
- 5.5 **Preventative focus**
The review of the Organisational Development Strategy will focus on prevention.
- 5.6 ***Collaboration / partnership working***
There are regular discussions with the national Human Resources Directors Network and regionally in terms of good practice or emerging practice in reducing sickness absence. There are early discussions with the WLGA to launch a project to learn from England any initiatives in relation to wellbeing.
- 5.7 ***Integration*** (across service areas)
NA
- 5.8 **EqlA** (screening and identifying if full impact assessment is needed)
The review of sickness absence performance was carried out and included all employees of the Council.

6. Monitoring Arrangements

- 6.1 Sickness absence statistics are reported to the Corporate Leadership Team (CLT) and Scrutiny Committee on a quarterly basis and an annual performance report is presented to Corporate Overview Scrutiny Committee. Directorate positions and actions for improvement will be reported to specific scrutiny committees. Biannual workforce profiles are discussed with Managers and Head teachers.

Background Documents /Electronic Links

Appendix 1 – Sickness Analysis Corporate Services

Sickness Absence 2019/20 (Quarter 1 & 2) – Corporate Services

Managing Director - Michelle Morris
 Chief Officer Commercial – Anne Louise Clarke
 Head of Organisational Development – Andrea Prosser
 Head of Governance and Partnerships - Bernadette Elias
 Head of Legal & Corporate Compliance - Andrea Jones
 Chief Officer Resources - Rhian Hayden

Total Days lost per FTE Employee (Annual Council Target 11 days per FTE Employee)

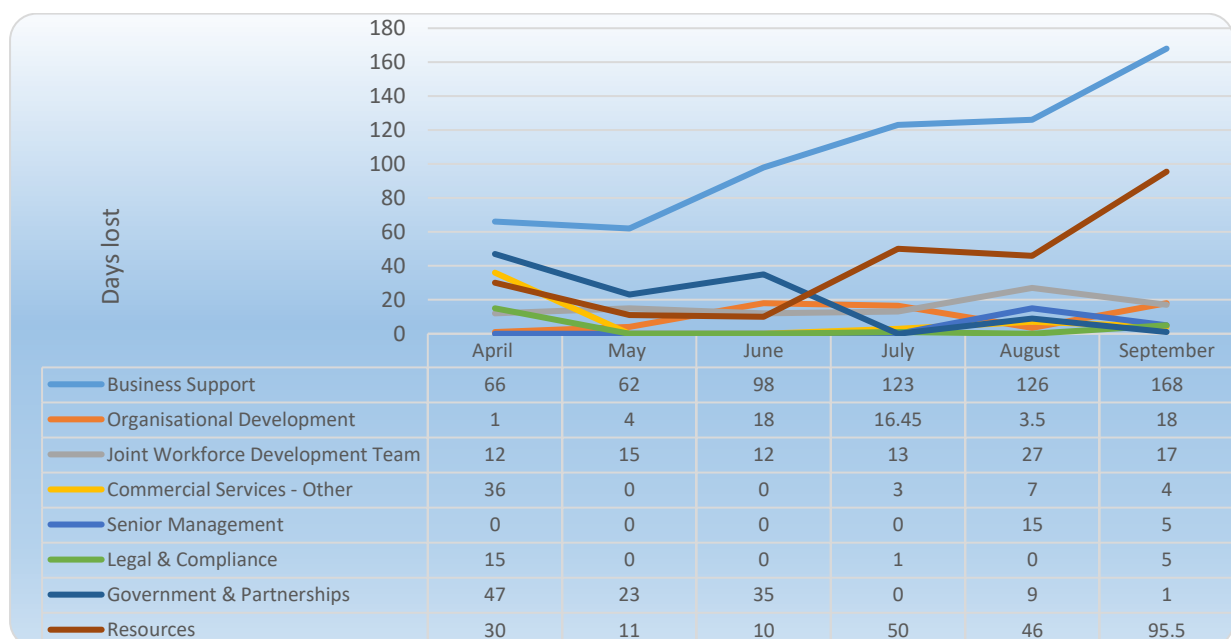
| 2019/20 | Qtr1 (Target 2.75) | Qtr2 (Target 5.50) |
|-----------------------------------|--------------------|--------------------|
| Council | 3.06 | 5.93 |
| Education | 2.84 | 5.09 |
| Social Services | 3.62 | 7.45 |
| Regeneration & Community Services | 3.78 | 7.09 |

| 2019/20 | Qtr1 (Target 2.75) | Qtr2 (Target 5.50) |
|-----------------------------------|--------------------|--------------------|
| Corporate Services Total | 1.71 | 4.34 |
| Resources | 0.76 | 3.46 |
| Governance & Partnerships | 3.73 | 4.01 |
| Legal & Corporate Compliance | 1.46 | 2.00 |
| Senior Management | 0.00 | 3.33 |
| Commercial Services (OD /SCW/ BS) | 2.25 | 6.29 |
| Commercial Services (Other) | 0.71 | 1.21 |
| Commercial Services Total | 1.83 | 4.92 |

- 2018/19 – Annual Review Corporate Services
- 8.29 FTE days lost (Quarter 1 2.19, Quarter 2 – 3.86)
 - 61.35% of absences were long term
 - 35 employees with one or more absences - mental health
 - 1,698 working days lost - mental health
 - 4 employees with more than 6 calendar months sickness
 - 1 employee disciplined for sickness absence

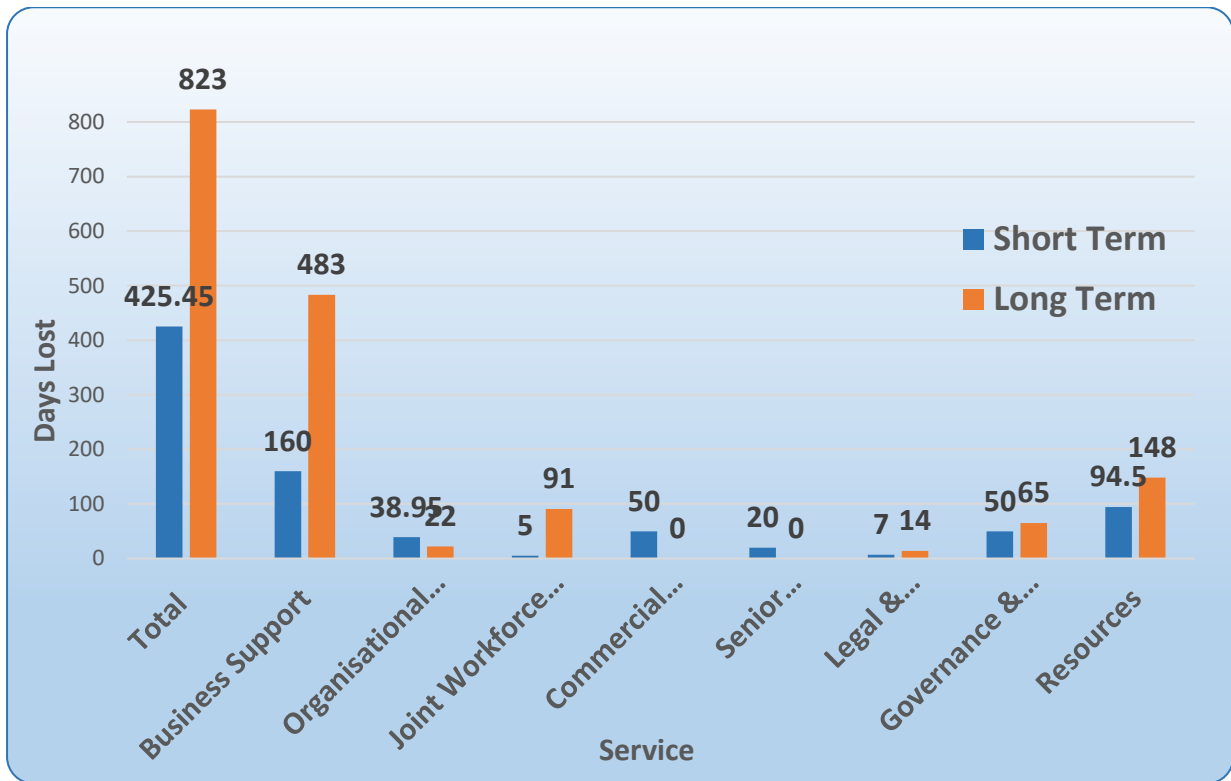
Total Working Days Lost - 01.04.19 – 30.09.19

- **1,248.45** working days lost to sickness absence (8,464.98 hours)



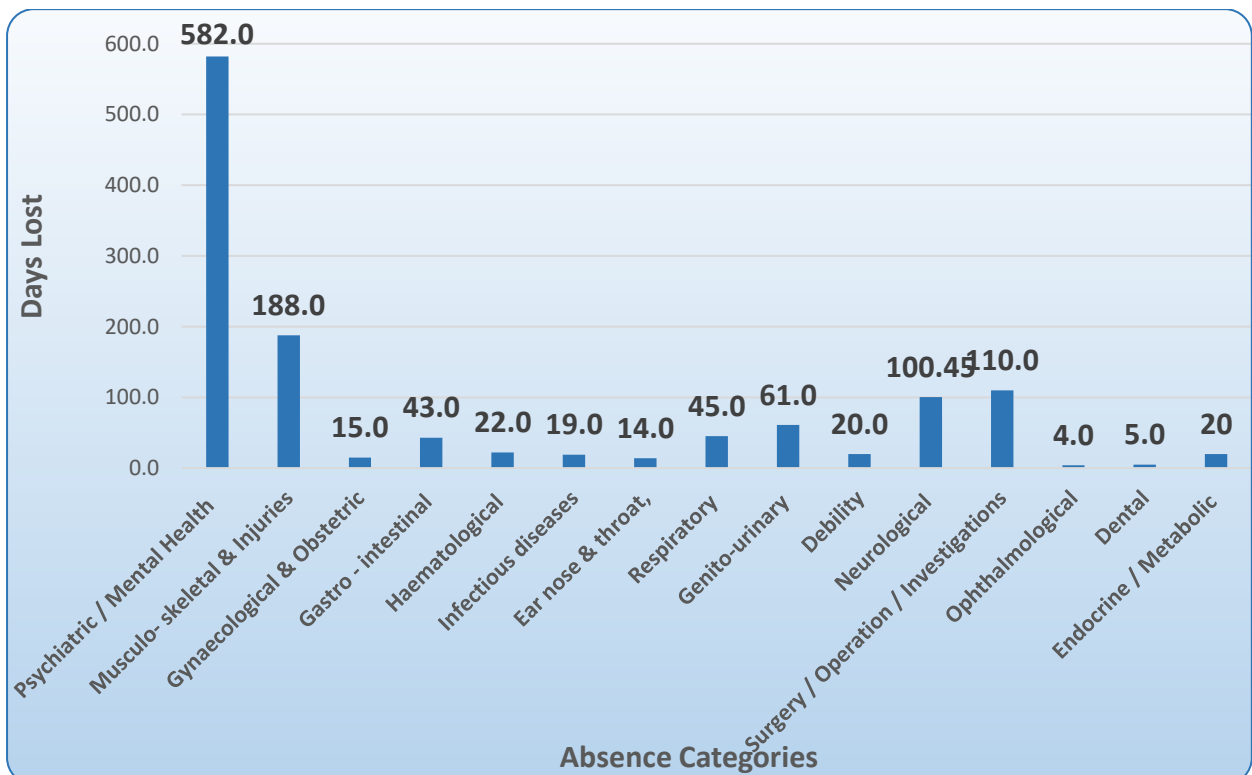
Total Working Days Lost - Short Term / Long Term

- 65.9% of absence is long term.



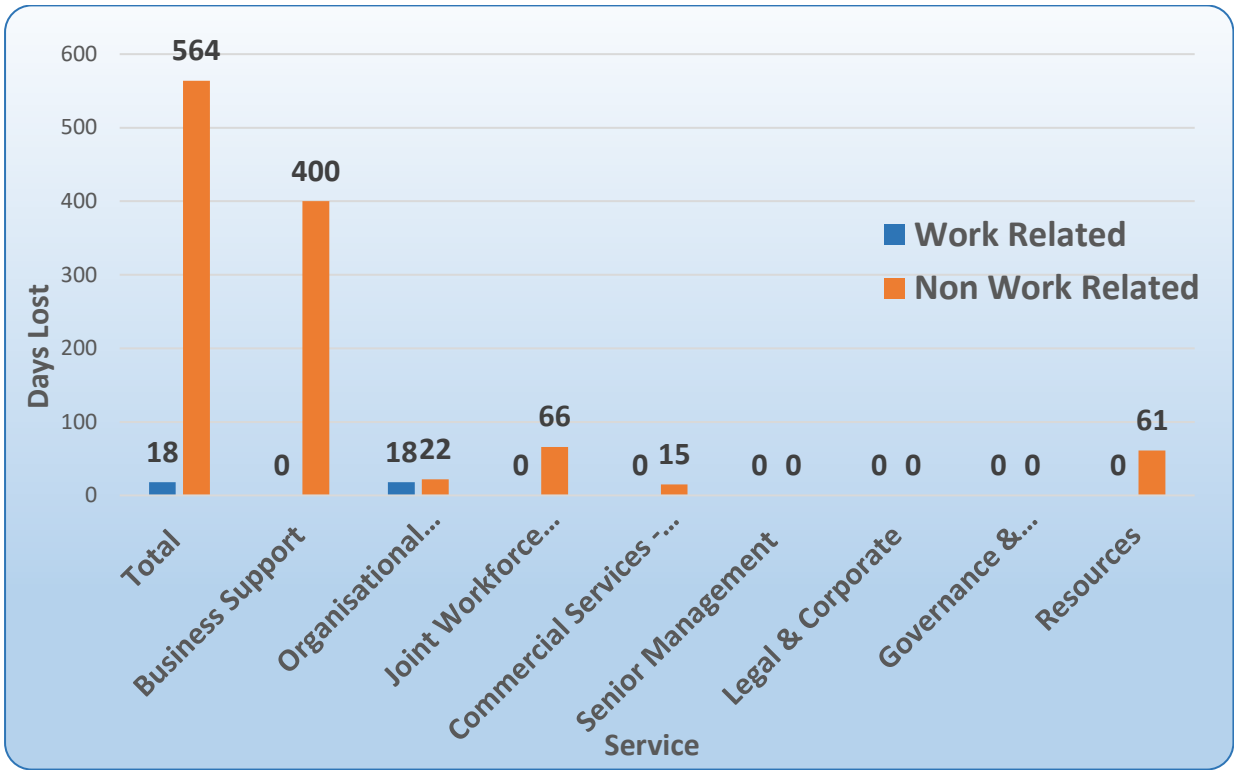
Total Working Days Lost by Reason

- Top 3 reasons – Psychiatric/Mental Health, Musculo-skeletal & Injuries and Surgery/Operation
- 582 working days lost to Psychiatric / Mental Health



Total Working Days lost Psychiatric / Mental Health (Work / Non Work Related)

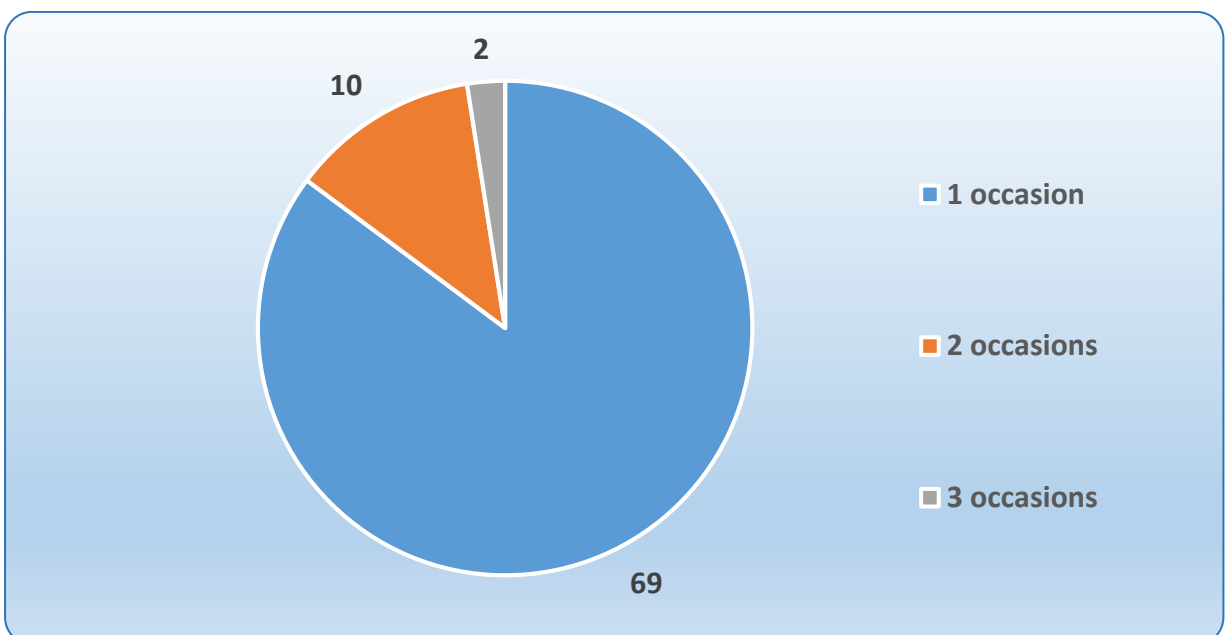
- 3% of days lost to Psychiatric / Mental Health identified as work related
- 22 employees with one or more absences - Mental Health
- 23 occasions of absence - Mental Health



Number reporting sickness

- Number of staff reporting sick – 82
- Number of occasions of sickness absence - 95

Number of occasions of absence per employee



Impact - Financial / Staff Resources

- The cost of lost time for the six-month period is estimated at **£101,410.46** based on an average salary of **£23,107.11 – £11.98** per hour (Average Salary - Pay Policy calculation excluding staff on the Teachers pay and conditions). These costs do not include on-costs, cover arrangements or management time to manage the sickness.
- This equates to **8.80 FTE** employees being absent for the full 6 months.

Management of Sickness Absence

- **16** Open sickness cases as at 30.09.19
- **20** Occupational health referrals made during the period
- Number of Trigger Breaks based on the most recent absence in the period for each employee (however they have broken more than one trigger in the rolling year)
 - **4 employees - 3 or more occasions**
 - **33 employees - 10 or more days absence**
 - **12 employees - 3 or more occasions & 10 or more days**
 - **33 employees - Did not hit a trigger**
- **31.58%** Return to works recorded on iTrent
- **No** Written Warnings issued