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**THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND**

16th February 2022

Dear Sir/Madam

**CORPORATE OVERVIEW SCRUTINY COMMITTEE**

A meeting of the Corporate Overview Scrutiny Committee will be held as a Hybrid Meeting: Via MS Teams/Abraham Derby Room at the General Offices, Ebbw Vale - if you would like to attend please contact [committee.services@blaenau-gwent.gov.uk](mailto:committee.services@blaenau-gwent.gov.uk) on Wednesday, 23rd February, 2022 at 10.00 am.

***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. SIMULTANEOUS TRANSLATION**

You are welcome to use Welsh at the meeting, a

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

minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided if requested.

2. **APOLOGIES**

To receive.

3. **DECLARATIONS OF INTERESTS AND DISPENSATIONS**

To consider any declarations of interests and dispensations made.

4. **CORPORATE OVERVIEW SCRUTINY COMMITTEE MINUTES** 5 - 14

To receive the Minutes of the Corporate Overview Scrutiny Committee held on 10<sup>th</sup> December, 2021.

(Please note that the Minutes are submitted for points of accuracy only)

5. **ACTION SHEET - 10TH DECEMBER 2021** 15 - 16

To receive the action sheet.

6. **BLAENAU GWENT COVID 19 RECOVERY PLAN** 17 - 50

To consider the report of the Corporate Director Regeneration and Community Services.

7. **FINANCE AND PERFORMANCE REPORT QUARTERS 1 AND 2 (APRIL 2021 TO SEPTEMBER 2021)** 51 - 112

To consider the report of the Service Manager Performance and Democratic.

8. **TREASURY MANAGEMENT – TREASURY STRATEGY STATEMENT, INVESTMENT STRATEGY & MRP POLICY STATEMENT 2022/2023 (INCLUDING PRUDENTIAL INDICATORS)** 113 - 152

To consider the report of the Chief Officer Resources.

To consider the report of the Chief Officer Resources.

To: Councillor S. Healy (Chair)  
Councillor M. Cook (Vice-Chair)  
Councillor P. Baldwin  
Councillor G. Collier  
Councillor M. Cross  
Councillor G. A. Davies  
Councillor L. Elias  
Councillor J. Hill  
Councillor J. Holt  
Councillor H. McCarthy  
Councillor C. Meredith  
Councillor J. P. Morgan  
Councillor G. Paulsen  
Councillor T. Smith  
Councillor S. Thomas

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: CORPORATE OVERVIEW SCRUTINY COMMITTEE – 10<sup>TH</sup> DECEMBER, 2021**

**REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER**

**PRESENT: COUNCILLOR S. HEALY (CHAIR)**

Councillors: M. Cook  
 P. Baldwin  
 M. Cross  
 G.A. Davies  
 J. Hill  
 J. Holt  
 J.P. Morgan  
 G. Paulsen  
 K. Rowson (substitute for Cllr Meredith)  
 T. Smith  
 B. Summers (substitute for Cllr G. Collier)  
 H. Trollope (substitute for Cllr S. Thomas)

**AND:** Corporate Director of Social Services  
 Corporate Director of Education  
 Chief Officer – Commercial & Customer  
 Chief Officer - Resources  
 Head of Community Services  
 Scrutiny & Democratic Officer / Advisor

<b>ITEM</b>	<b>SUBJECT</b>	<b>ACTION</b>
	<p><b><u>BEREAVEMENT</u></b></p> <p>Members and Officers held a one minute silence for Helen Wiltshire, wife of Councillor David Wiltshire who had sadly passed away.</p>	

No. 1	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>Apologies for absence were received from Councillors G. Collier, L. Elias, C. Meredith, and S. Thomas.</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>There were no declarations of interest or dispensations reported.</p>	
No. 4	<p><b><u>CORPORATE OVERVIEW SCRUTINY COMMITTEE</u></b></p> <p>The Minutes of the Corporate Overview Scrutiny Committee Meeting held on 22<sup>nd</sup> October, 2021 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><b><u>SPECIAL CORPORATE OVERVIEW SCRUTINY COMMITTEE</u></b></p> <p>The Minutes of the Corporate Overview Scrutiny Committee Meeting held on 19<sup>th</sup> November, 2021 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 6	<p><b><u>COMMUNICATIONS STRATEGY QUARTERLY PERFORMANCE MONITORING (JULY - SEPTEMBER 2021)</u></b></p> <p>Consideration was given to the report of the Chief Officer Commercial and Customer which was presented to provide the quarter 2 update (July to September 2021) against the Corporate Communications Strategy.</p> <p>The Chief Officer Commercial and Customer spoke to the report and highlighted the main points contained therein.</p>	

	<p>The Committee AGREED to recommend that the report be accepted and endorse Option 1; namely that Members considered the quarter 2 progress update against the Communication Strategy, prior to the report being presented to Executive Committee.</p>	
<p><b>No. 7</b></p>	<p><b><u>COMMERCIAL STRATEGY QUARTERLY PERFORMANCE MONITORING (JULY – SEPTEMBER 2021)</u></b></p> <p>Consideration was given to the report of the Chief Officer Commercial and Customer which was presented to provide the quarter 2 (July to September 2021) progress update against the Commercial Strategy.</p> <p>The Chief Officer Commercial and Customer spoke to the report and highlighted the main points contained therein.</p> <p>In response to a Member’s question regarding private discussion rooms within hubs, the Chief Officer Commercial and Customer said this had been addressed and there was an area within the libraries that was removed from general space for the public to use for private discussions if they wished.</p> <p>A Member referred to the 924 residents who had been unable to self-serve at the hubs, the Chief Officer Commercial and Customer explained that there was a significant proportion of residents who were unable to self-serve and these were supported by Community Hub staff. There was also the need to ensure that delivery of digital services was clear and easy for residents to use. The Officer agreed to feedback to Committee details of the support provided for those residents who were unable to self serve.</p> <p>A Member referred to residents who lived outside town centres and were unable to travel to the hubs and enquired regarding the possibility of introducing a system whereby Community Hub staff could contact those residents when necessary. The Chief Officer Commercial and Customer said they were looking at ways to develop the hub approach and agreed to explore this option with the team, whilst also taking into account confidentiality issues.</p>	<p>Chief Officer Commercial</p> <p>Chief Officer Commercial</p>

In response to a Member's question regarding funding and expanding the number of days some hubs operated, the Chief Officer Commercial and Customer clarified that the funding was in relation to the locality response teams which operated during the first phase of the pandemic and this funding may end in March 2022 but would not affect the Community Hubs. In relation to the expansion of operating days for hubs in Blaina, Cwm and Llanhilleth Institute, they were monitoring footfall and reviewing demand in the areas to look at how to manage this within existing staff resources. The Officer said she would ensure that the operating days of Community Hubs was clearly communicated to residents.

A Member felt that good practice should be shared amongst Community Hubs within Blaenau Gwent. The Chief Officer Commercial and Customer advised Members that staff had been extremely proactive and had created a strong network where they share information to develop a level of consistency throughout the hubs.

The Member felt that it would be beneficial for a member of the team to attend the scrutiny Committee to give more detail. The Chief Officer Commercial and Customer said that a Members briefing session could be arranged sometime in the future for Members to gain a better insight of some of the issues being addressed.

The Chief Officer Commercial and Customer responded to questions raised by a Member. She advised that in relation to the increasing footfall numbers the team were comfortably able to support the number of residents visiting the hubs. The Officer was looking at locality teams to ensure there was appropriate coverage across the hubs, this included officers who could step in for periods of sickness absence or annual leave.

The Officer said she was not aware of any complaints regarding interaction with the hubs, however, feedback from residents had been received regarding how the interaction had helped them with issues and questions. Feedback from Members had included scheduling and marketing.

With regard to improved contact between the public and the Council, the Officer felt that the hubs covered a wide range



	<p>of face to face discussion to support residents to interact with the Council and navigate through specific issues.</p> <p>A Member commented that she had referred residents to the Community hub in her area and had received feedback that it was a fantastic service with knowledgeable staff and felt it was important to pass these comments on to the whole team who had helped develop the service.</p> <p>The Committee AGREED to recommend that the report be accepted and endorse Option 1; namely that Members considered and provided comment on the quarter 2 progress update against the Commercial Strategy, prior to the report being presented to Executive Committee.</p>	
<p><b>No. 8</b></p>	<p><b><u>TREASURY MANAGEMENT MID-YEAR REVIEW REPORT - 1ST APRIL 2021 TO 30TH SEPTEMBER 2021</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources which was presented to give Members the opportunity to scrutinise the Treasury Management activities carried out by the Authority during the first half of the 2021/22 financial year.</p> <p>The Chief Officer Resources spoke to the report and highlighted the main points contained therein.</p> <p>In response to a Member's question regarding the short term investments made, the Chief Officer Resources explained that all the individual loans would have totalled £692,000,000, however the Council would not have had that amount of investment at any one time but may have had 20 loans at £5 million each for short periods of time. She explained it was more beneficial to borrow short term than to borrow long term because of the level of interest rates currently operating in the market.</p> <p>A Member referred to the treasury position as at 30 September 2021, the Chief Officer Resources explained that the table showed a decrease as borrowing levels had reduced as the Council borrowed less on 30<sup>th</sup> September, 2021 compared to 31<sup>st</sup> March 2021.</p>	

	<p>The Committee AGREED to recommend that the report be accepted and endorse Option 2; namely that Members scrutinised the treasury management activity undertaken during the 2021/22 financial year and did not provide comment prior to its submission to full Council.</p>	
<b>No. 9</b>	<p><b><u>PROGRESS REPORT CONTRACTS OVER £500K</u></b></p> <p>Consideration was given to the report of the Head of Community Services which was presented to provide Members with updated information on the progress of capital projects over £500,000 in cost, undertaken within the Authority and, where appropriate, seek the necessary approval required under the Contract Procedural Rules to additional expenditure incurred on a particular project.</p> <p>The Head of Community Services spoke to the report and highlighted the main points contained therein.</p> <p>A Member enquired regarding work at the Big Arch, Steelworks Road, Ebbw Vale. The Head of Community Services advised that work was due to start shortly and would then become a live scheme over £500,000 for reporting into Scrutiny Committee.</p> <p>A Member enquired regarding progress on the allocation of funding to redesign the junction at Bedwellty Pits. The Head of Community Services advised this was not yet a contracted scheme to report on. Feasibility money had been received from the Welsh Government to look at what could be done at the junction and currently the Council were seeking approval to extend that funding into next year to move forward on that scheme.</p> <p>The Committee AGREED to recommend that the report be accepted and endorse Option 1; namely that the information included within the report be accepted as presented.</p>	
<b>No. 10</b>	<p><b><u>FORWARD WORK PROGRAMME – 4<sup>TH</sup> FEBRUARY, 2022</u></b></p> <p>Consideration was given to the report of the Chair of the Corporate Overview Scrutiny Committee.</p>	

The Chair advised that the Corporate Overview Scrutiny Committee scheduled for 4<sup>th</sup> February, 2022 had been rescheduled and would now be held on 23<sup>rd</sup> February, 2022.

Members were also advised that the Counter Terrorism – Chanel Duties and Contest report and the Welsh Language Promotion Strategy had been moved to the next Committee cycle and would be replaced with the Treasury Management Strategy Statement 2022/23 and the Capital Strategy Review as the Corporate Overview Scrutiny Committee meeting scheduled in March 2022 had been cancelled.

The Committee AGREED, subject to the foregoing, that the report be accepted and endorse Option 1; namely that the Corporate Overview Scrutiny Committee Forward Work Programme for the meeting on 23<sup>rd</sup> February, 2022 consider the following reports:-

- Joint Finance and Performance Report
- Welsh Audit of Commemoration
- Treasury Management Strategy Statement 2022/23
- Capital Strategy Review

**No. 11 CCTV DELIVERY MODEL PROPOSALS**

Having regard to the views expressed by the Proper Officer regarding the public interest test, that on balance the public interest in maintaining the exemption outweighed the public interest in disclosing the information and that the report should be exempt.

RESOLVED that the public be excluded whilst this item of business is transacted as it is likely there would be a disclosure of exempt information as defined in Paragraph 14, Schedule 12A of the Local Government Act 1972 (as amended).

Consideration was given to the report of the Chief Officer Commercial and Customer which presented an update on the review of the CCTV function and the proposals for an improved service delivery model.

The Chief Officer Commercial and Customer spoke to the report and highlighted the main points contained therein.

A Member referred to connectivity issues in his area and the need for more cameras. The Chief Officer Commercial and Customer said that this report covered the current infrastructure, there would be an on-going review of placement of cameras. She advised that covert cameras would be part of a wider discussion around CCTV.

A Member raised concerns with public safety, he felt this proposal was not a full package and did not provide live monitoring of cameras, there was a need for more cameras in all Wards as anti-social behaviour was an issue within Blaenau Gwent and felt that CCTV provision should be brought back in-house.

The Chief Officer Commercial and Customer said that live monitoring of cameras was not included, however the model did offer an enhanced position on access to, and provision of footage. She advised that Gwent Police were supportive of the proposed improvements as the current CCTV service provision fell short of expectations and the review exercise had focussed on what was needed to deliver an enhanced service model bespoke for Blaenau Gwent.

The Chair advised that the proposed model would offer clear improvements on the current level of service provision.

A Member commented that the current system was not fit for purpose and felt that the move to develop a partner service delivery model and SLA would be beneficial and the first step to improve the system.

In response to a Member's question regarding progress updates, the Chief Officer Commercial and Customer advised that regular reviews on progress would be reported into this Committee.

The Committee AGREED to recommend that the report which contained information relation to the financial/business affairs of persons other than the Authority

<p>be accepted and endorse Option 1; namely that the Corporate Overview Scrutiny Committee;</p>	
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| <ul style="list-style-type: none"><li>i. noted the progress made as part of the review exercise, provided comment; and</li><li>ii. supports the proposed improvements and the move to develop a partner service delivery model and SLA for the CCTV function prior to being presented to Executive Committee for approval.</li></ul> |  |
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**Blaenau Gwent County Borough Council**

**Action Sheet**

**Corporate Overview Scrutiny Committee – 10<sup>th</sup> December 2021**

Item	Action to be Taken	By Whom	Action Taken
	<b>Welsh Audit of Commemoration</b>	Policy Team	<ul style="list-style-type: none"> <li>• Awaiting Welsh Government to issue guidance to Local Authorities on how to appropriately address matters identified through the National Audit of Commemoration. Welsh Government are due to hold stakeholder workshops (with LAs, CADW) in March, followed by a public consultation on the guidance.</li> <li>• Following receipt of the guidance BG Council will consider appropriate action.</li> </ul>
7	<p><b><u>Commercial Strategy Quarterly Performance Monitoring</u></b></p> <p>Information to be provided on how those residents are supported who are unable to use self-serve.</p> <p>Options to be explored how the team can support those residents at home, who are unable to attend the Community Hubs settings.</p>	<p>Bernadette Elias</p> <p>Bernadette Elias</p>	<ul style="list-style-type: none"> <li>• Ensure adequate communications are pushed out to all areas of the Borough not only via social media but using posters and leaflets in local areas to alert residents of hub locations and opening times.</li> <li>• Ensure Members are aware of locations and opening times in order to direct constituents to appropriate hubs.</li> <li>• Ensure 3<sup>rd</sup> sector organisations are aware of locations and opening hours in order to direct clients to the hubs. Ensure internal departments are aware of locations and opening times to direct residents to the hubs.</li> <li>• Residents can be referred to the Community Hub Officers</li> <li>• Telephoning 01495 311556</li> <li>• Emailing – <a href="mailto:communityhubs@blaenau-gwent.gov.uk">communityhubs@blaenau-gwent.gov.uk</a></li> <li>• The team will operate a call back system should they receive a referral for a resident who is unable to attend a hub to obtain the support that they need.</li> </ul>

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# Agenda Item 6

*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: **23<sup>rd</sup> February 2020**  
Report Subject: **Blaenau Gwent Covid 19 Recovery Plan**  
Portfolio Holder: **Nigel Daniels, Leader of the Council, Executive Member Corporate Services**  
Report Submitted by: **Richard Crook, Corporate Director Regeneration and Community 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)
	Gold Recovery Group	14.02.22			23/02/22	02/03/22		Officer Recovery Group

1. **Purpose of the Report**  
To set out and seek the views of the Scrutiny committee on the approach to be adopted to monitor the Recovery from the Covid 19 Pandemic across Council Services and the wider community.
2. **Scope and Background**
  - 2.1 Members will be aware that the approach to Emergency Planning adopted by the Council and across the Public Sector is via two stages.
  - 2.2 The first stage is response which the Council has been actively working within throughout the Covid 19 pandemic.
  - 2.3 The second stage is recovery. This approach is predicated on there being a clear point in a given situation where the emergency is effectively over and the recovery phase can be identified.
  - 2.4 We are all aware that, in relation to Covid 19, the Council has had to operate using a twin track approach with recovery running, at times, in parallel with response.
  - 2.5 This report sets out the approach that has been adopted and the high level measures which will be used to assess when services and the wider community have recovered to the position they were prior to the lockdown in 2020.
  - 2.6 The intention is not to prepare a specific recovery plan, but to ensure that the recovery actions are embedded into the Councils governance arrangements using the Business Planning and Performance Management processes, whilst providing a set of measures which can be used to measure recovery at a strategic level.

- 2.7 At the outset of the pandemic, the Council undertook a Community assessment which identified the parts of the Community most likely to be impacted by the pandemic and this has provided the context to the recovery themes covering:
- Economy;
  - Learners;
  - Social Services; and
  - Workforce.
- 2.8 The contribution of each of the recovery themes to the Community assessment is set out in Appendix 1.
- 2.9 The recovery themes have been reported to their respective Scrutiny Committees and through to the Executive and this reports pulls the reports and the measures contained in the reports into a single report to give a one council perspective for members.
- 2.10 In terms of the themes the following key measures have been identified which will provide a strategic overview to progress through scrutiny to the Executive on a bi annual basis. These measures have been included in a series of infographics which can be found at appendix 2:

#### **Economy**

- Unemployment count as a percentage of the economically active population aged 16+
- Town centre Footfall
- Gross Weekly Pay – All full time Workers

#### **Workforce (please note, the infographic only contains information up to quarter 2)**

- Absence – average days lost including COVID

#### **Social Services**

- Workforce Recruitment and Retention – numbers of staff leaving and starting within the Department
- Carers support and provision - total number of contacts to statutory services by adult carers or professionals contacting the service on their behalf received during the year and the number of adults receiving respite care
- Developing, piloting or scaling up/out of new models of service that improve good outcomes for people – qualitative information to be provided
- Market sustainability – number of Adults in residential and nursing placements
- Accessing the community – number of people who access Day Services and number of people whose needs have been met through the provision of Information, Advice and Assistance

- Improving Health and Wellbeing – number of referrals received by Adult Social Services
- Number of referrals received by Children’s Services both prevention and statutory
- Number of Children on Child Protection register
- Number of Children on Care and Support Plan
- Number of Children Looked After
- Staff: % vacant positions

### **Learners**

- Applications
  - Nursery
  - Primary
  - Secondary
- Attendance
  - Primary
  - Secondary

### **3. Options for Recommendation**

- 3.1 Option 1 (preferred Option) – To recommend to Executive Committee that the approach set out to manage recovery from the Covid 19 Pandemic across Council Services and the wider community is taken forward.
- 3.2 Option 2 – For Corporate Overview Scrutiny Committee to suggest amendment to the approach, including other measures to be included, before recommending to the Executive Committee.

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

- 4.1 The recovery plans, as set out by the Council, will play a key role in supporting the objectives of the Corporate Plan and the Blaenau Gwent Well-Being Plan whilst ensuring the Council continues to meet statutory responsibilities.

### **5. Implications Against Each Option**

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

There are no direct financial implications for either option

#### **5.2 *Risk including Mitigating Actions***

The report sets out measures to monitor the recovery process and the risk is that the Council is not sighted on the process of recovery and is unable to take corrective action if required to support effective recovery. This will be mitigated by monitoring through the Business Planning process and in bi annual reporting through the democratic process.

### 5.3 **Legal**

There are no legal implications associated with the report

### 5.4 **Human Resources**

There are no direct implications associated with this report, however, implications for the workforce is set out as part of the workforce recovery theme.

## 6. **Supporting Evidence**

### 6.1 **Performance Information and Data**

The range of measures to be monitored across each of the themes is set out in appendix 1

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

The outcome for the public will be the positive impact on the Community as set out in the community assessment.

The infographics provide a visual representation of the recovery information in an easy read format.

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

A Community Impact Assessment has been undertaken to understand the key impacts of COVID-19 and consider the opportunities to build resilience and mitigate inequalities. Information has been obtained from various on internal and external data and reports (for example, Welsh Government's Locked Out Report...), engagement with communities and intelligence from our service delivery.

Community impact assessments were undertaken for the following population groups:

- Young people aged 14-25 years;
- Young families with children aged 8 years and under;
- People with learning disabilities
- Armed forces community;
- Older people – 'New vulnerable' people aged 65+ years (20% of Blaenau Gwent population), including those deemed as being financially stretched;
- Older people – Those aged 50+ in need of social care support

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

The recovery process will have a range of timescales with certain measures achieving a pre pandemic level quickly whilst others will have a longer timescale, however, the long term implications of the impacts on the community will be tracked over time.

### 6.5 **Preventative focus**

The tracking of the progress in recovering to pre pandemic levels will allow early corrective actions which will allow preventative measures to be implemented.

6.6 ***Collaboration / partnership working***

The report covers actions delivered by the Council but will be undertaken in conjunction with a range of partners and collaborations across the themes.

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

The Council has identified lead officers for each of the recovery themes and all have been involved in the development of the recovery plans.

6.8 ***Decarbonisation and Reducing Carbon Emissions***

The recovery process has produced a different way of working across the Council services and the way the council operates as well as the community with a reduction of travel contributing to carbon reductions.

6.9a ***Socio Economic Duty Impact Assessment***

As this is not a strategic decision for the Council, there is no requirement to complete a Socio Economic Duty Impact Assessment.

6.9b. ***Equality Impact Assessment***

The recovery themes should have no negative impacts on the protected characteristics. The community assessment, used to establish the response for the community considered the equalities agenda and any potential negative impacts.

7. **Monitoring Arrangements**

7.1 The recovery themes will be monitored via the Council's business planning processes and reported bi-annually to Corporate Overview Scrutiny Committee and the Executive Committee.

Progress updates with regards to specific service areas will be provided to the relevant Scrutiny Committee.

**Background Documents /Electronic Links**

- *Appendix 1 – Recovery Plans*
- *Appendix 2 - Infographics*

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## Recovery – Community

***‘Research and intelligence identifying community need or inequality of outcome for key population groups impacted by COVID-19 is used to inform strategic recovery and shapes service delivery’***

Community Theme	Links to the Recovery Planning
<b>Mental health</b>	<ul style="list-style-type: none"> <li>• Actions to support the mental health and wellbeing of pupils, staff and families are identified with the Education Recovery and Renewal Plan.</li> <li>• Continuing to build workforce resilience forms a key part of our Recovery Action Plan through the delivery of initiatives such as a new operating model, staff survey, Care First and well-being initiatives as well as Mental Health Training for Managers.</li> <li>• Economy theme is working closely with JCP and Employment Support programmes as well as the Entrepreneurship programmes.</li> <li>• Work being undertaken at community resources, Community Hubs and Blaina ICC including programmes under the CCG (Flying start, Families First, Child care and Play, Promoting Positive Engagement for YP, Legacy, Communities for work, St David’s Day Fund)</li> </ul>
<b>Digital divide</b>	<ul style="list-style-type: none"> <li>• Schools continue to be supported with digital devices to ensure all learners can access blended learning</li> <li>• An Agile Working Policy and Digital Roadmap has been designed to support and navigate the organisation through a successful digitalisation programme.</li> <li>• Working with businesses including those in town centres to maximise opportunities to embrace digital skills – this could run alongside work to support residents in improving their digital skills.</li> <li>• In Social Services Hybrid meeting structures will be established in practice.</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>• Education continues to meet with key stakeholders monthly to share relevant information re Covid and the Education Recovery and Renewal Plan. Meetings are also held more frequently when there is a need, i.e., when there has been a change to School’s Operational Guidance.</li> <li>• Staff Communications include regular MD message, Staff Facebook Group and Well-being Wednesday.</li> </ul>
<b>Holistic view of support (customers falling through service gaps)</b>	<ul style="list-style-type: none"> <li>• Education to work closely with social services, the early years’ team, health, and Public Health Wales to ensure the needs of all learners are met</li> <li>• Social Services is currently developing an Implementation Plan for the Impact Assessment in collaboration with partners including ABUHB, Care Providers, people who use our services and the Third Sector.</li> <li>• A strategic approach will be taken in relation to recovery and this work will be overseen by the Happy Healthy Blaenau Gwent Integrated Partnership Board</li> <li>• Preventative services in place in Social Services.</li> </ul>
<b>Greater emphasis on community risk factors and vulnerabilities</b>	<ul style="list-style-type: none"> <li>• Education works with schools to provide messages for families, and with categories of learners e.g. those that are electively home educated.</li> <li>• Period Equity Project continues to off period products to pupils, families and the wider community.</li> <li>• Community Hubs have been established as a model for providing accessible in-person and digital services locally across the Borough.</li> <li>• Local businesses play a key role in sustaining the local economy and wider community through employment and income to support the economy.</li> <li>• Care Management process in place for: assessments; achieving outcomes; and safeguarding the most vulnerable</li> </ul>
<b>Sustainability of volunteering and community services critical to recovery</b>	<ul style="list-style-type: none"> <li>• Community Hubs as a central place where people can access Council as well as wider community services at the right time.</li> <li>• During lockdown periods schools, and different community members, were instrumental in delivering food packages to learners. If schools were to enter a further period of lockdown, direct payments have been set up to be able to transfer money for food to families directly.</li> <li>• Restarting community groups in response to need</li> <li>• Respite services</li> </ul>


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# Community Recovery

*'Research and intelligence identifying community need or inequality of outcome for key population groups impacted by COVID-19 is used to inform strategic recovery and shapes service delivery'*

## Social Services

*To reach a position whereby capacity is at pre pandemic levels and staff are able undertake our preferred method of contact and engagement with adults, young people, families, wider communities and fellow professionals with unrestricted access to support services*




Merged Adult and Children SS Recover

## Education

*All schools, education providers and support services are fully operational, with children and young people able to access a full range of provision and services both school and community based, in order to meet their: Educational; Social; Emotional; Behavioural; and Other relevant needs.*


*Blaenau Gwent children and young people are able to effectively transition from one stage of their education to another, with wellbeing as a primary focus, supporting them to achieve their potential.*



Education Recovery Plan One Page Over

## Economy


*To provide a framework for the Council and its partners to work collaboratively, to deliver and support activities and interventions that help create the conditions for Blaenau Gwent to recover, prosper and develop sustainably in a post-pandemic economy. As a minimum, this will include reducing the unemployment rate to the Wales national average, returning footfall levels in each of our towns to pre-pandemic levels and increasing the gross weekly pay to that of the Welsh national average.*



Economy Recovery Plan One Page Over

## Workforce

*The Council experiences a reduced absence rate, including absence from COVID and self-isolation, and agile working hubs are fully operational*



Workforce Recovery Plan One Page Over



## Social Services Recovery Plan – Overview

*To reach a position whereby capacity is at pre pandemic levels and staff are able undertake our preferred method of contact and engagement with adults, young people, families, wider communities and fellow professionals with unrestricted access to support services*

**Recovery and Renewal Focus** – An evaluation of Social Services has been undertaken and a detailed Impact Assessment developed in collaboration with key partners including ABUHB to identify the key priorities for recovery and renewal.

The priority areas are as follows:

- **Stability in the Workforce including Recruitment and Retention**
- **Developing, piloting or scaling up/out of new models of service that improve good outcomes for people**
- **Carer Support and Provision including care and support for children and families**
- **Market sustainability (domiciliary care and care home provision)**
- **Accessing the community**
- **Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities**
- **Children Looked After (CLA) by the Local Authority**

**Present Position** – Teams across Social Services have seen a dramatic decline in staff numbers, with staff leaving to work in other Authorities.

Welsh Government has recently announced an additional £1m funding for Blaenau Gwent through the Social Care Recovery Fund. Adult Social Services is currently in the process of submitting bids for the funding which will be based on the priority areas detailed in the Impact Assessment which are aligned to the strategic priorities of Welsh Government's Improving Health and Social Care (COVID 19 Looking Forward) Social Care Recovery Framework and the Gwent Regional Partnership Board Recovery Plan. We are currently in the process of developing baseline data for each priority area.

Welsh Government have made available extra funding through CCG to reduce the effects of impact of COVID in children and young people 0-25. This funding has been used by Flying Start and Families First to create more family support worker roles and a responsive team to support vulnerable families and to prevent needs escalating.

**Implementation Plan** – Social Services is currently developing an Implementation Plan for the Impact Assessment in collaboration with partners including ABUHB, Care Providers, people who use our services and the Third Sector. The Implementation Plan will provide details on the Actions and the organisation(s) responsible for them and the timeframes set against them. A strategic approach will be taken in relation to recovery and this work will be overseen by the Happy Healthy Blaenau Gwent Integrated Partnership Board

**Key Measures to Determine Progress** - The following data sets, both qualitative and quantitative, will be used to monitor and measure progress against each impact area:

Priority Area	PI	19/20	20/21	21/22	Target (when will we know we have recovered)?
<b>Children Looked After (CLA) by the Local Authority</b>	Number of Children Looked After	208	200	190	<b>Demand for statutory services has reduced to levels as per prior to COVID</b>
<b>Developing, piloting or scaling up/out of new models of service that improve good outcomes for people</b>	Qualitative information to be provided e.g. case studies	N/A	N/A	N/A	
<b>Carers Support and Provision</b>	CA/001 The total number of contacts to statutory social services by adult carers or professionals contacting the service on their behalf received during the year	221	300	81	
	AS.0070 number of adults receiving respite care	88	88	42	
<b>Market sustainability (domiciliary care and care home provision)</b>	AS.0061 number of clients in residential placements aged 18+	171	144	152	
	AS.0062 number of clients in nursing placements aged 18+	66	55	57	
<b>Accessing the community</b>	Numbers accessing Day Services	200	39	51	
	AS.0026 needs met through the provision of Information, Advice and Assistance	251	280	97	
<b>Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities</b>	AS.0014 number of referrals received by Adult Services	3941	4572	2956	

Priority Area	PI	19/20	20/21	21/22	Target (when will we know we have recovered)?
<b>Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities continued...</b>	Number of referrals into Families First	547	358	227	<b>Demand for statutory services has reduced to levels as per prior to COVID</b>
	Number of Flying Start families under categories:				
	• Intensive	116	108	125	
	• Enhanced	117	124	152	
	• Universal	618	564	676	
	Number of children on Child Protection register	61	52	68	
	Number of Children on a Care and Support Plan	838 CIN Cases	695 CIN Cases 556 with a CASP	850 Cases	
<b>Stability in the Workforce including Recruitment and Retention</b>	<ul style="list-style-type: none"> <li>• Leavers</li> <li>• Starters</li> <li>• Total staff (Adults and Children's) *</li> </ul> <p>*Please note this is for internal staff only and the impact on the external providers is being monitored by the Regional Partnership Board.</p>	103 67 781	77 49 761	66 36 745	<b>Resilient workforce in place to meet demand</b>

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## Education Recovery Plan – Overview

*All schools, education providers and support services are fully operational, with children and young people able to access a full range of provision and services both school and community based, in order to meet their: Educational; Social; Emotional; Behavioural; and Other relevant needs.*

*Blaenau Gwent children and young people are able to effectively transition from one stage of their education to another, with wellbeing as a primary focus, supporting them to achieve their potential.*

**Recovery and Renewal Focus** - Education has developed a detailed impact assessment in collaboration with key partners including schools, in order to determine the key priorities for recovery and renewal. The 4 overarching priority areas of focus are as follows:

- **Learner Wellbeing**
- **Vulnerable Learners**
- **Academic Progress**
- **School Operations**

**Present Position** - Over the last academic session school operations have been negatively affected by the pandemic. The latest Welsh Government operational guidance seeks to resume normal school operations from the autumn-term 2021. During the 2020/21 academic session, data collection and school's data management was reconfigured and/or suspended, therefore, we are currently working to establish the baseline for the above priorities as at September 2021. However, current levels of COVID within the community are affecting the school's ability to resume normal practice. Therefore, the target for the autumn-term is to establish the baseline.

**Implementation Plan** - Education has worked to establish a detailed action plan for each impact area. The action plan details the work required with Council services, schools/headteachers, wider partners such as the Education Achievement Service, pupils and parents. In addition, stakeholder engagement and communication plans are in place, with 3 consultative groups having been established as follows:

- Recovery and Renewal Group
- Curriculum Reform Group
- School Operations Management Group

**Key Measures to Determine Progress** -The following data sets – both qualitative and quantitative, will be used to monitor and measure progress against each impact area:

Priority Area	PI	18/19	19/20	20/21	Target (when will we know we have recovered)?
<b>Learner Wellbeing</b>	Applications – Nursery	693	696	714	Applications are the same level or higher than pre-Covid levels. EHE numbers are the same or lower than pre-Covid levels.
	Applications – Primary	739	731	701	
	Applications – Secondary	677	679	696	
		<b>July 2019</b>	<b>July 2020</b>	<b>July 2021</b>	
	Attendance – Primary	94.4	93.5	90.7	Attendance levels are consistently in line with or higher than Wales average.
	Attendance Secondary	93.3	91.7	84.8	
		<b>April 19 - March 20</b>	<b>April 20 - March 21</b>	<b>April 21 - September 2021</b>	
	Exclusions Primary	108	25	17	Exclusions are in line with or lower than pre-Covid levels.
	Exclusions Secondary	459	135	183	
	Average Number of Primary exclusions per month (no. of months in brackets)	9.8	3.6	3.4	
Average Number of Secondary exclusions per month (no. of months in brackets)	41.7	19.3	36.6		
		<b>2019</b>	<b>2020</b>	<b>2021</b>	
<b>Vulnerable Learners</b>	Entitlement to FSM/Transitionally Protected (%)	21.1	24.6	30.4	FSM levels stabilise and support via schools enables learner progress
		<b>April 19 - March 20</b>	<b>April 20 - March 21</b>	<b>April - September 2021</b>	
	Number of referrals to Social Services for children and young people of school age (3-16)	2382	2260	1702	Referrals to social services are in line with or lower than pre-Covid levels.
	Average Number of referrals to Social Services for children and young people of school age (3-16) per month (no. of months in brackets)	198.5 (12)	188.3 (12)	283.7 (6)	

		April 19 - March 20	April 20 - March 21	April - September 2021	
<b>Vulnerable Learners</b>	Digital Disadvantage	0	1,359 pupils with devices 161 pupils with MiFi Dongles	Under review	Need for blended learning is greatly reduced, meaning that schools have very few or no requests for devices of MiFi dongles.

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## Economy Recovery Plan – Overview

*‘To provide a framework for the Council and its partners to work collaboratively, to deliver and support activities and interventions that help create the conditions for Blaenau Gwent to recover, prosper and develop sustainably in a post-pandemic economy. As a minimum, this will include reducing the unemployment rate to the Wales national average, returning footfall levels in each of our towns to pre-pandemic levels and increasing the gross weekly pay to that of the Welsh national average.’*

**Recovery and Renewal Focus** – The Regeneration section has developed a detailed Impact Assessment and Economic Recovery Plan in collaboration with key partners including JCP, GAVO, the BG Enterprise Board and Welsh Government. In addition, it is proposed institutions such as the Bevan Foundation and USW are also engaged to utilise their research and help shape the Actions supporting Economic Recovery.

The priority areas are as follows:

- **Unemployment**
- **Poverty**
- **Town Centres**
- **Business Estates – Council and Non-Council**

Other Themes for Consideration:

- **Robotics and Artificial Intelligence**
- **On-Shoring**
- **Business Space**
- **Homeworking and Agile Working**

**Present Position** – The Impact Assessment has is currently being consulted with partners to agree and endorse. The Impact Assessment contains a number of Actions which have already been endorsed via the Blaenau Gwent Enterprise Board and the Council’s own Scrutiny and Executive committees. Baseline data is currently being finalised and will be used to monitor and evaluate, and alongside qualitative case studies, will be used to drive decision making.

**Implementation Plan – Regeneration** is currently developing an Implementation Plan for the Impact Assessment in collaboration with partners. The Implementation Plan will provide details on the Actions and the organisation(s) responsible for them and the timeframes set against them.

**Key Measures to Determine Progress** -The following data sets – both qualitative and quantitative, will be used to monitor and measure progress against each impact area.

Priority Area	PI linked to the Priority Area	2018/19	20/21	21/22	Target (when will we know we have recovered)?
<b>Unemployment</b>	Unemployment count as a percentage of the economically active population aged 16+ (ONS model based estimates of unemployment)	4.5%	4.2%	N/A	In line with Wales' average
<b>Town Centres*</b>  *No Data available 2020	Town centre Footfall	<b>2018</b> <ul style="list-style-type: none"> <li>• Abertillery- 429,350</li> <li>• Blaina – 187,736</li> <li>• Brynmawr- 563,465</li> <li>• Tredegar- 411,105</li> <li>• Ebbw Vale- N/A</li> </ul>	<b>2019</b> <ul style="list-style-type: none"> <li>• Abertillery- 280,570</li> <li>• Blaina- 126,302</li> <li>• Brynmawr- 336,879</li> <li>• Tredegar- 309,892</li> <li>• Ebbw Vale – N/A</li> </ul>	<b>2021</b> <ul style="list-style-type: none"> <li>• Abertillery- 594,083</li> <li>• Blaina- 197,271</li> <li>• Brynmawr- 332,903</li> <li>• Tredegar- 451,692</li> <li>• Ebbw Vale- 756,266</li> </ul>	When each of the towns' footfall is up to pre-pandemic levels.
Poverty	Gross Weekly Pay – All full time Workers (Source Nomis)  Blaenau Gwent Wales GB	£455.1 £540 £587	£478.3 £574.4 £587.4	£523.3 £570.6 £613	In line with the Wales' average

## **Workforce Recovery Plan – Overview**

***'The Council experiences a reduced absence rate, including absence from COVID and self isolation, and agile working hubs are fully operational'***

**Recovery and Renewal Focus** - The Council's Organisational Development Section has developed a detailed Impact Assessment in collaboration with service areas across the Council to identify the key priorities for recovery and renewal including workforce capacity, responding to the COVID 19 pandemic and to implement the new Council Operating Model.

The priority areas are as follows:

- **Health, Safety, Welfare and Well-being**
- **Lateral Flow testing for the workforce**
- **Homeworking**
- **Capacity in the workforce**
- **Workforce communications**

**Present Position** – Workforce capacity, health, safety and welfare continue to be a priority in delivering Council services. Some areas of service are experiencing recruitment and retention issues and the Council has introduced a new operating model to include; Community Hubs, a Democratic hub and agile working for the workforce.

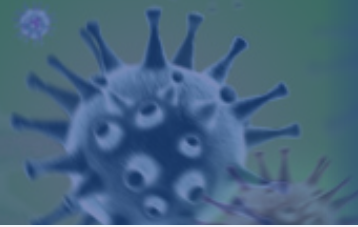
**Implementation Plan – Organisational Development** is currently developing an Implementation Plan for the Impact Assessment in collaboration with service areas across the Council. The Implementation Plan will provide details on the Actions and the areas responsible for them and the timeframes set against them.

**Key Measures to Determine Progress** -The following data sets – both qualitative and quantitative, will be used to monitor and measure progress against each impact area:

Priority Area	PI	19/20	20/21	21/22	Trend	Target
<b>Health, Safety, Welfare and Well-being</b>	Staff survey autumn 2022					
<b>Homeworking</b> <i>New Council Operating Model (as at 31.01.22)</i>	Agile workers			31.39% of total workforce		Workstyle identification complete
	Permanent homeworkers			11.22% of total workforce		
	Service based workers			56.70% of total workforce		
	workforce style incomplete			0.70% of total workforce		
<b>Capacity in the workforce</b>	Absence – average days lost including COVID <ul style="list-style-type: none"> <li>Corporate Services</li> <li>Regeneration and Community Services</li> <li>Social Services</li> <li>Corporate Education</li> <li>Schools</li> <li><b>Council Total</b></li> </ul>			Quarter 3 5.26 days 12.44 days 17.65 days 5.30 days 11.09 days <b>11.72 days</b>		Average days lost per employee 10 days
	Absence – Average days lost excluding COVID <ul style="list-style-type: none"> <li>Corporate Services</li> <li>Regeneration and Community Services</li> <li>Social Services</li> <li>Corporate Education</li> <li>Schools</li> <li><b>Council Total</b></li> </ul>			Quarter 3 4.99 days 11.10 days 16.87 days 4.10 days 9.41 days <b>10.53 days</b>		
	Average Days lost COVID <ul style="list-style-type: none"> <li>Corporate Services</li> <li>Regeneration and Community Services</li> <li>Social Services</li> <li>Corporate Education</li> <li>Schools</li> <li><b>Council Total</b></li> </ul>			Quarter 3 0.27 days 1.34 days 0.78 days 1.20 days 1.68 days <b>1.19 days</b>		

	Detailed piece of work on recruitment and retention being developed and will be added					
	Temporary Workforce responding to COVID			TTP 95 positions Headcount of 83		TTP no longer required
		<b>As at 30<sup>th</sup> Sept 2019</b>		<b>As at 30<sup>th</sup> Sept 2021</b>		
	Labour Turnover: <ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Regeneration and Community Services</li> <li>• Social Services</li> <li>• Corporate Education</li> </ul>	5.21% 6.20% 6.81% 0%		5.35% 8.25% 5.40% 18.33%		
	Percentage Vacant Posts: <ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Regeneration and Community Services</li> <li>• Social Services</li> <li>• Corporate Education</li> </ul>	10% 8% 11% 9%		13% 11% 15% 29%		

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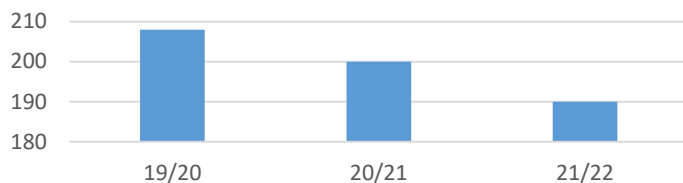


**To reach a position whereby capacity is at pre pandemic levels and staff are able undertake our preferred method of contact and engagement with adults, young people, families, wider communities and fellow professionals with unrestricted access to support services.**

**The priority areas are as follows:**

- 1** Children Looked After (CLA) by the Local Authority
- 2** Developing, piloting or scaling up/out of new models of service that improve good outcomes for people
- 3** Carer Support and Provision including care and support for children and families
- 4** Market sustainability (domiciliary care and care home provision)
- 5** Accessing the community
- 6** Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities
- 7** Stability in the Workforce including Recruitment and Retention

## 1 Children Looked After (CLA) by the Local Authority



**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
Number of Children Looked After	208	200	190

Not full year data.

## 2

**Developing, piloting or scaling up/out of new models of service that improve good outcomes for people**

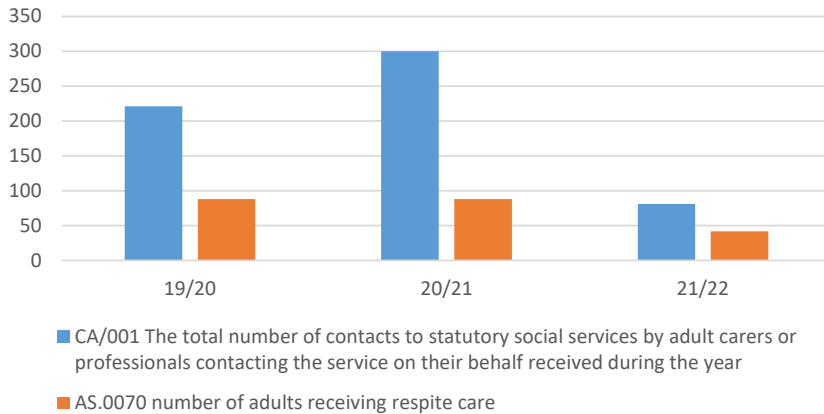
**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

Qualitative information to be provided e.g. case studies

# Social Care Overview

3

## Carers Support and Provision

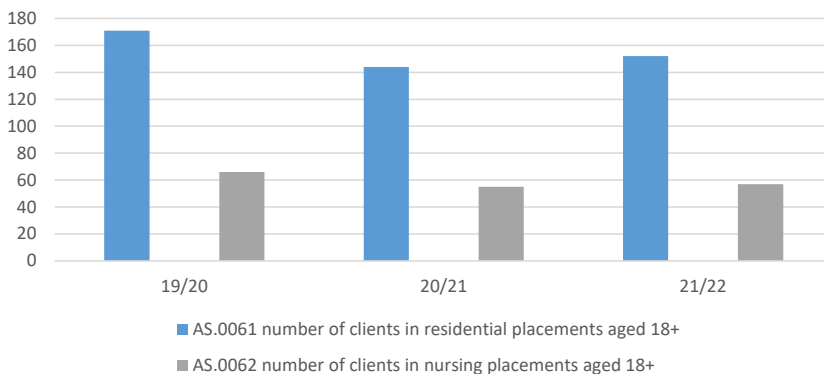


**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
CA/001 The total number of contacts to statutory social services by adult carers or professionals contacting the service on their behalf received during the year	221	300	81
AS.0070 number of adults receiving respite care	88	88	42

4

## Market sustainability (domiciliary care and care home provision)

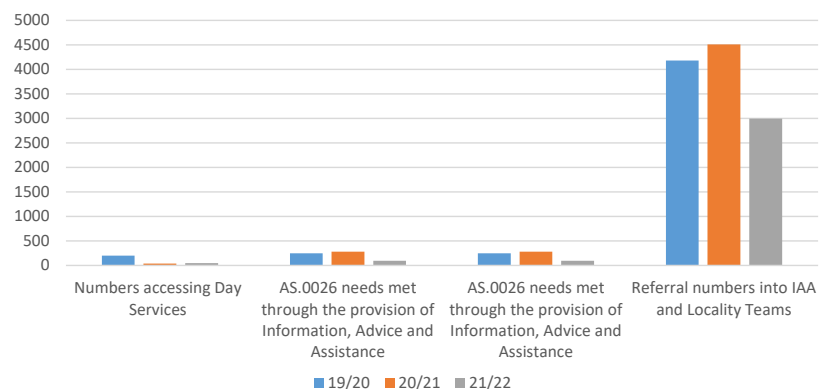


**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
AS.0061 number of clients in residential placements aged 18+	171	144	152
AS.0062 number of clients in nursing placements aged 18+	66	55	57

5

## Accessing the community



**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

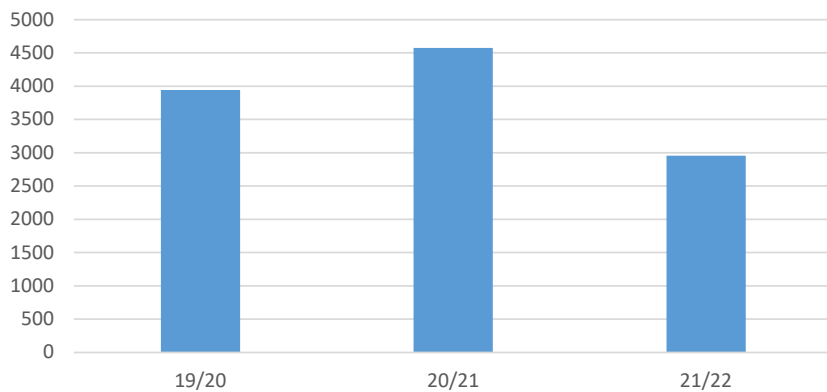
PI	19/20	20/21	21/22
Numbers accessing Day Services	200	39	51
AS.0026 needs met through the provision of Information, Advice and Assistance	251	280	97
AS.0026 needs met through the provision of Information, Advice and Assistance	251	280	97
Referral numbers into IAA and Locality Teams	4183	4512	2997



# Social Care Overview

6

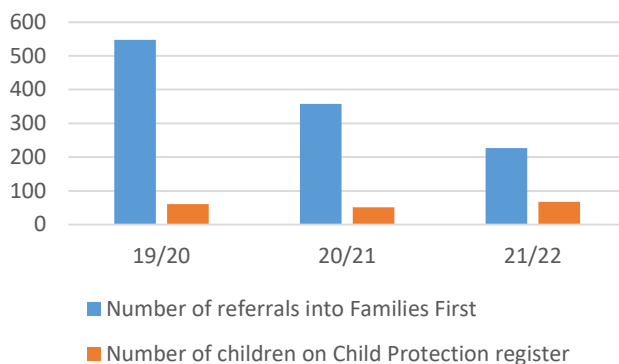
Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities



**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
AS.0014 number of referrals received by Adult Services	3941	4572	2956

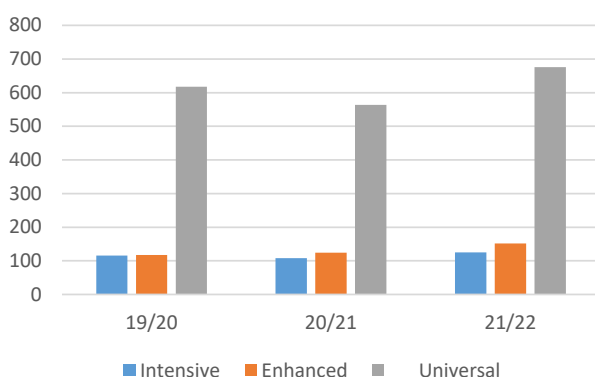
Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities continued...



**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
Number of referrals into Families First	547	358	227
Number of children on Child Protection register	61	52	68

Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities continued...



**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21	21/22
Intensive	116	108	125
Enhanced	117	124	152
Universal	618	564	676

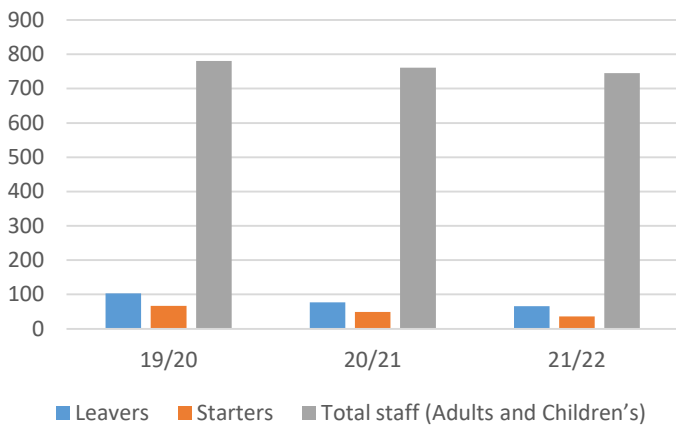
# Social Care Overview

**Improving Health and Wellbeing and promoting /maintain the independence of the vulnerable in our communities continued...**

**Target:** Demand for statutory services has reduced to levels as per prior to COVID.

PI	19/20	20/21		21/22
Number of Children on a Care and Support Plan	838 CIN Cases	695 CIN Cases	556 with a CASP	850 Cases

## 7 Stability in the Workforce including Recruitment and Retention



**Target:** Resilient workforce in place to meet demand.

PI	19/20	20/21	21/22
Leavers	103	77	66
Starters	67	49	36
Total staff (Adults and Children's) *	781	761	745

\*Please note this is for internal staff only and the impact on the external providers is being monitored by the Regional Partnership Board.

# Education and Learners Recovery Plan

## Overview

**All schools, education providers and support services are fully operational.**

**Blaenau Gwent children and young people are able to effectively transition from one stage of their education to another, with wellbeing as a primary focus, supporting them to achieve their potential.**

## Priorities



**Learner and Staff Wellbeing**



**Vulnerable Learners**

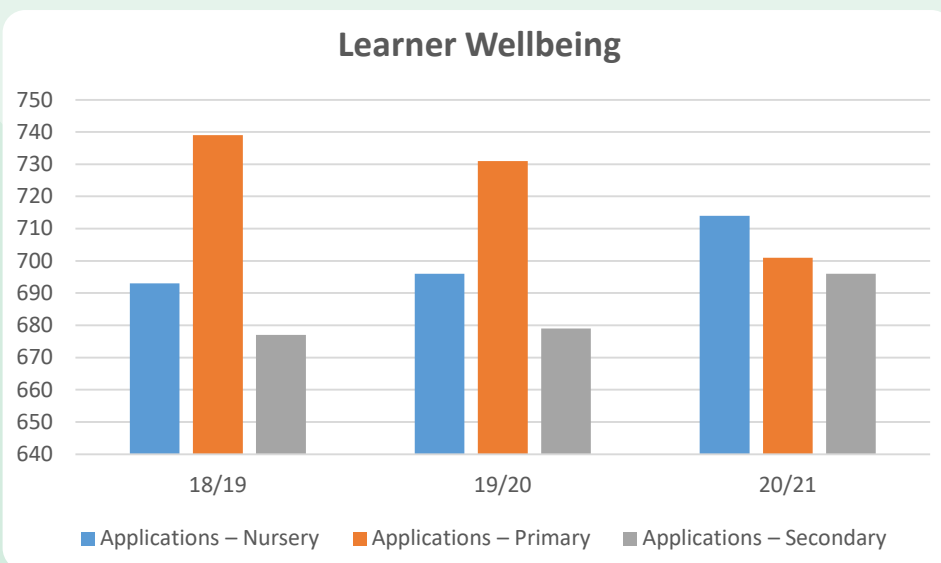


**Academic Progress**



**School Operation**

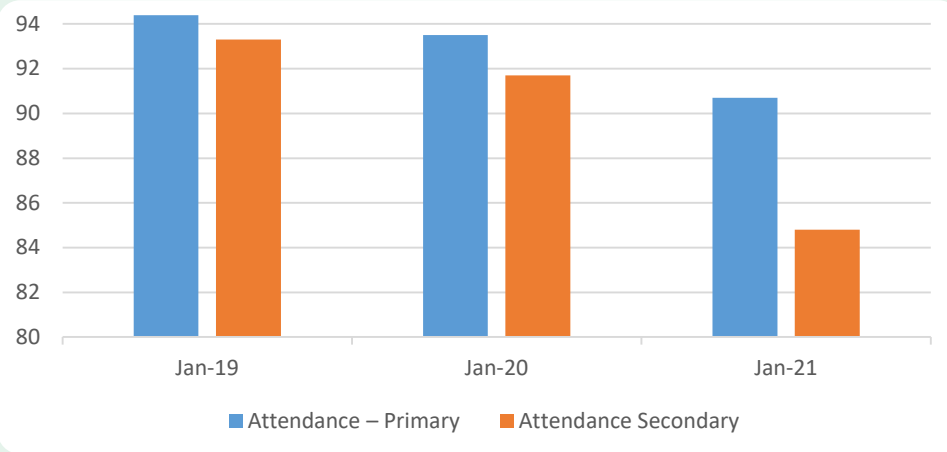
## Learner Wellbeing



**Target:** Applications are the same level or higher than pre-Covid levels. EHE numbers are the same or lower than pre-Covid levels.

PI	18/19	19/20	20/21
Applications – Nursery	693	696	714
Applications – Primary	739	731	701
Applications – Secondary	677	679	696

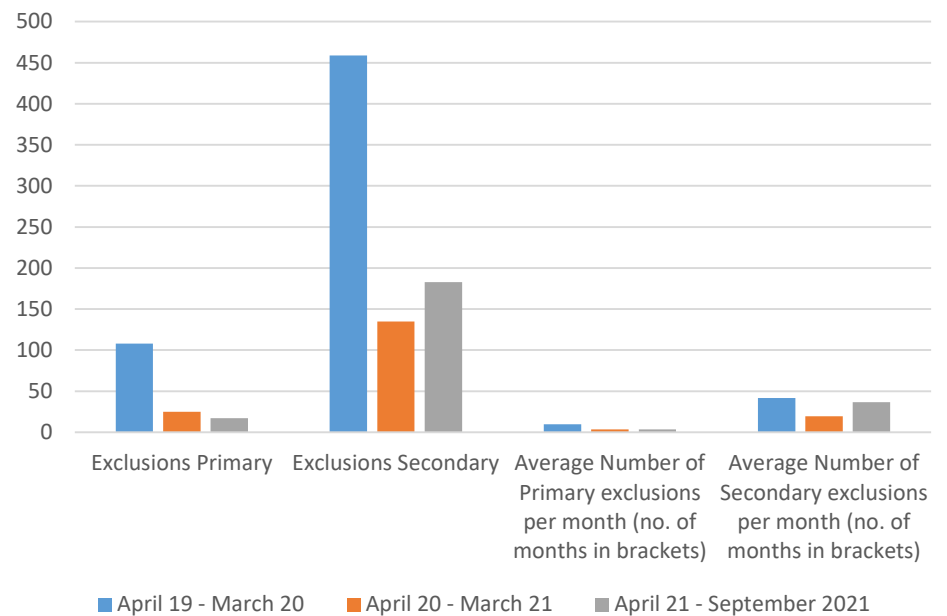
## Learner Wellbeing



**Target:** Attendance levels are consistently in line with or higher than Wales average.

	Jul-19	Jul-20	Jul-21
Attendance – Primary	94.4	93.5	90.7
Attendance Secondary	93.3	91.7	84.8

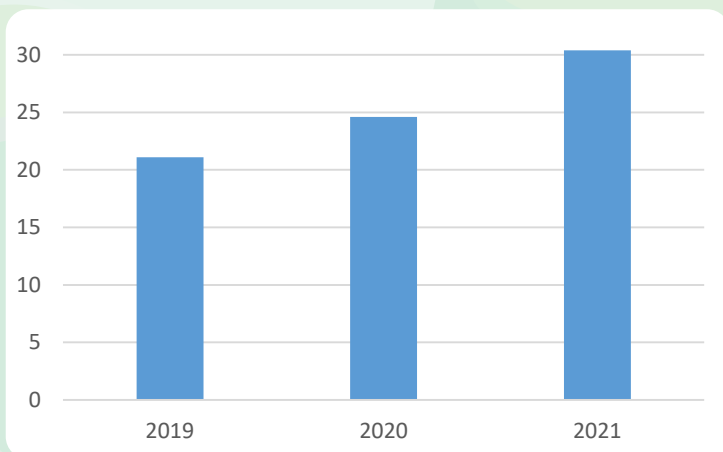
## Learner Wellbeing



**Target:** Exclusions are in line with or lower than pre-Covid levels.

PI	April 19 - March 20	April 20 - March 21	April 21 - September 2021
Exclusions Primary	108	25	17
Exclusions Secondary	459	135	183
Average Number of Primary exclusions per month (no. of months in brackets)	9.8	3.6	3.4
Average Number of Secondary exclusions per month (no. of months in brackets)	41.7	19.3	36.6

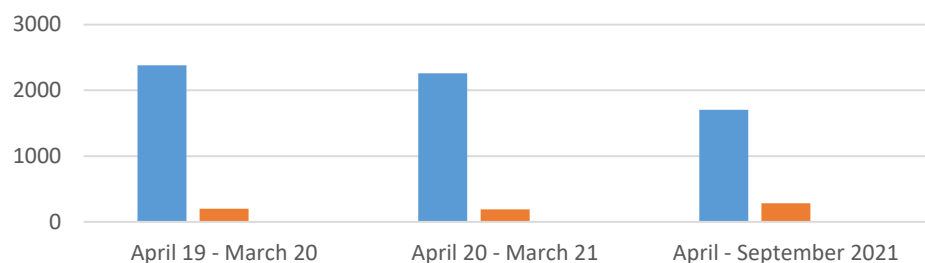
## Vulnerable Learners



**Target:** FSM levels stabilise and support via schools enables learner progress.

	2019	2020	2021
Entitlement to FSM/Transitionally Protected (%)	21.1	24.6	30.4

## Vulnerable Learners



**Target:** In line with or lower than pre-Covid levels.

- Number of referrals to Social Services for children and young people of school age (3-16)
- Average Number of referrals to Social Services for children and young people of school age (3-16) per month (no. of months in brackets)

	April 19 - March 20	April 20 - March 21	April - September 2021
Number of referrals to Social Services for children and young people of school age (3-16)	2382	2260	1702
Average Number of referrals to Social Services for children and young people of school age (3-16) per month (no. of months in brackets)	198.5 (12)	188.3 (12)	283.7 (6)

## Vulnerable Learners

		April 19 - March 20	April 20 - March 21	April - September 2021
Vulnerable Learners	Digital Disadvantage	0	1,359 pupils with devices 161 pupils with Dongles	Under review

**Target:** Need for blended learning is greatly reduced, meaning that schools have very few or no requests for devices or MiFi devices.

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# Economy Recovery Overview

**Create conditions for Blaenau Gwent to recover, prosper and develop sustainably.**

## Priorities



**Unemployment Reduction**



**Reduce Poverty**



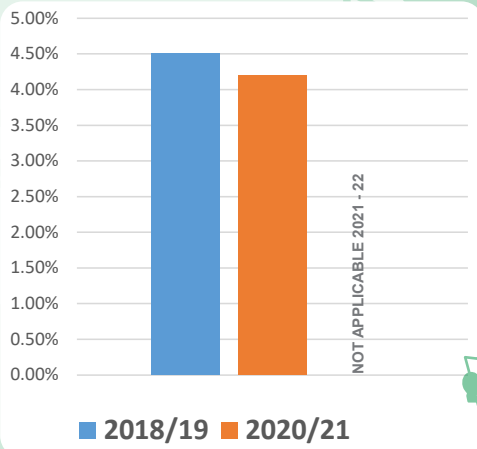
**Increase Footfall In Town Centres**



**Attractive Business Estates**

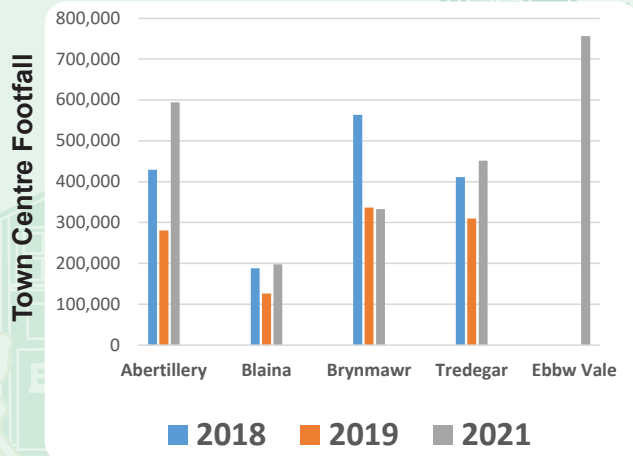
### Unemployment

Unemployment count as a percentage of the economically active population aged 16+ (ONS model based estimates of unemployment)



**Target:** We know we have recovered when in line with Wales' average.

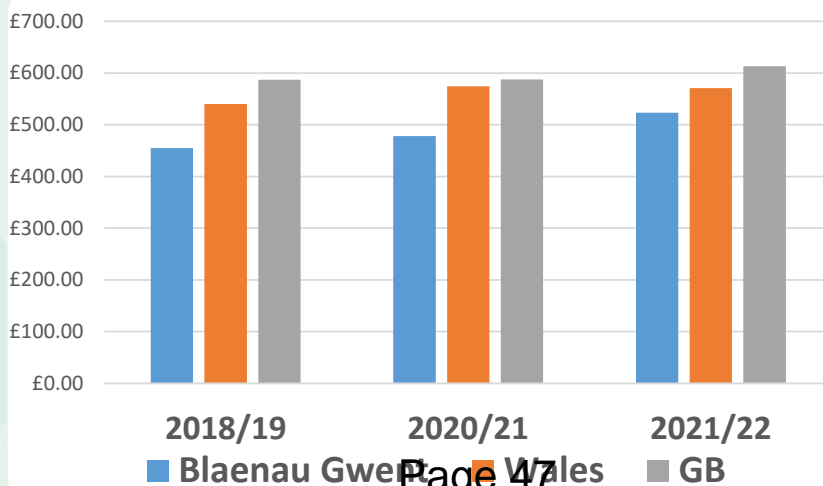
### Town Centres



**Target:** We know we have recovered when each of the towns' footfall is up to pre-pandemic levels.

### Poverty

Gross Weekly Pay - All full time Workers (Source Nomis)



#### Target

We know we have recovered when in line with Wales' average.

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# Workforce Recovery Overview

**The Council experiences a reduced absence rate, including absence from COVID and self-isolation, and agile working hubs are fully operational.**

## Priorities

- Health, Safety, Welfare and Well-being
- Lateral Flow testing for the workforce
- Homeworking
- Capacity in the workforce
- Workforce communications

Priority Area	PI	19/20	20/21	21/22	Target (when will we know we have recovered)?
<b>Health, Safety, Welfare and Well-being</b>	Staff survey autumn 2022				
<b>Homeworking New Council Operating Model (as at 30.09.21)</b>	Agile workers			<b>34% of total workforce</b>	Workstyle identification complete
	Permanent homeworkers			<b>11.5% of total workforce</b>	
	Service based workers			<b>52% of total workforce</b>	
	Workforce style incomplete			<b>2.5% of total workforce</b>	
<b>Capacity in the workforce</b>	<b>Absence – average days lost including COVID</b> <ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Regeneration and Community Services</li> <li>• Social Services</li> <li>• Corporate Education</li> <li>• Schools</li> <li>• <b>Council Total</b></li> </ul>			<b>Quarter 1</b> 0.97 days 3.64 days 5.04 days 0.69 days 3.15 days <b>3.26 days</b>	Average days lost per employee 10 days
	<b>Absence – Average days lost excluding COVID</b> <ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Regeneration and Community Services</li> <li>• Social Services</li> <li>• Corporate Education</li> <li>• Schools</li> <li>• <b>Council Total</b></li> </ul>			<b>Quarter 1</b> 0.97 days 3.62 days 4.85 days 0.69 days 3.11 days <b>3.20 days</b>	
	<b>Average Days lost COVID</b> <ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Regeneration and Community Services</li> <li>• Social Services</li> <li>• Corporate Education</li> <li>• Schools</li> <li>• <b>Council Total</b></li> </ul>			<b>Quarter 1</b> 0 days 0.02 days 0.19 days 0 days 0.04 days <b>0.06 days</b>	

# Workforce Recovery Overview

Priority Area	PI	19/20	20/21	21/22	Target (when will we know we have recovered)?
<b>Capacity in the workforce</b>	Temporary Workforce responding to COVID			TTP 79 positions Headcount of 70	TTP no longer required
		As at 30th Sept 2019		As at 30th Sept 2021	
	<b>Labour Turnover:</b>				
	• Corporate Services	5.21%		5.35%	
	• Regeneration and Community Services	6.20%		8.25%	
• Social Services	6.81%		5.40%		
• Corporate Education	0%		18.33%		
<b>Percentage Vacant Posts:</b>					
• Corporate Services	10%		13%		
• Regeneration and Community Services	8%		11%		
• Social Services	11%		15%		
• Corporate Education	9%		29%		

# Agenda Item 7

*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: **23<sup>rd</sup> February 2022**  
Report Subject: **Finance and Performance Report Quarters 1 and 2  
(April 2021 to September 2021)**  
Portfolio Holder: **Leader / Executive Member Corporate Services**  
Report Submitted by: **Gemma Wasley, Service Manager Performance and  
Democratic**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	03.02.22	14.02.22			23.02.22	02.03.22		

## 1. Purpose of the Report

1.1 The purpose of the report is to present to the Corporate Overview Scrutiny Committee the Finance and Performance Report for Quarters 1 and 2 (April 2021 to September 2021) (attached at Appendix 1).

## 2. Scope and Background

2.1 The Corporate Plan was refreshed and approved by Council in July 2020 following a review of learning so far with implementing the plan, as well as learning from the COVID 19 pandemic.

2.2 The Finance and Performance Report has been written to align to the priorities within the refreshed Corporate Plan.

2.3 The report is presented to the Corporate Overview Scrutiny Committee to provide detail of the work that has been undertaken throughout the Council and where further development is required.

2.4 The Finance and Performance Report includes the following information:

- COVID-19 and Recovery from the Pandemic
- Local Political Leadership, Governance and Accountability
- Departmental Priorities
- Key Performance Indicators
- Budget 2021/22 – Quarters 1 and 2
- Directorate Risk Register

2.5 The Finance and Performance Report is to be used as a key improvement tool for the Authority.

2.6 Information included within the report has been gathered from a number of different sources including updates from business plans and drawing evidence from strategic reports. This has provided a detailed view of the activity and performance of directorates throughout the year.

- 2.8 The report forms part of an on-going process of development within the Council's Performance Management Framework in identifying further areas for improvement and areas of good practice and performance.
- 2.9 The key themes and notable activity across the Council are included in Appendix 1.
3. **Options for Recommendation**
- 3.1 The Finance and Performance Report has been approved by CLT at their meeting on 3<sup>rd</sup> February 2022.
- 3.1.1 **Option 1**  
Provide suggestions to the content of the Finance and Performance Report in order to make it more efficient and effective as a management tool.
- 3.1.2 **Option 2**  
Accept the information as presented.
4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
- 4.1 The Council has a responsibility to provide performance related information to the public in order to scrutinise the Council's performance and to gauge how well the Council is doing. There is also a requirement for Members to scrutinise the Council's performance. Reporting of such information contributes to the Council's Performance Framework.
5. **Implications Against Each Option**
- 5.1 ***Impact on Budget (short and long term impact)***  
Financial information is included within Appendix 1 and is split per directorate.
- 5.2 ***Risk including Mitigating Actions***  
Risk information is included within Appendix 1 and is split per directorate.
- 5.2.1 The Finance and Performance Report acts as a key monitoring tool for the Council and is considered by external regulators which can have an impact on the reputation of the Council.
- 5.3 ***Legal***  
There are no legal implications arising from this report.
- 5.4 ***Human Resources***  
Sickness information is included within Appendix 1 and is split per directorate.

## 6. **Supporting Evidence**

### 6.1 ***Performance Information and Data***

Performance information and data is included within Appendix 1 and is split per directorate.

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

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

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

Services look to involve partners and involve citizens in consultation where possible. This information is included as part of the planning arrangements of the Council.

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

The Finance and Performance Report is reported on regularly and is aligned to the Council's Corporate Plan.

### 6.5 ***Preventative focus***

The Council aims to work using a preventative approach wherever possible so that problems can be tackled before they are escalated. Preventative actions are included in the Council's business plans.

### 6.6 ***Collaboration / partnership working***

There are a number of collaborations that the Council is involved with and, where relevant, information on some of these has been included within the Finance and Performance Report.

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

The Council's business plan includes where an integrated approach to planning and delivery is taking place.

### 6.8 ***EqlA***

The Finance and Performance Report has no negative impact on the protected characteristics.

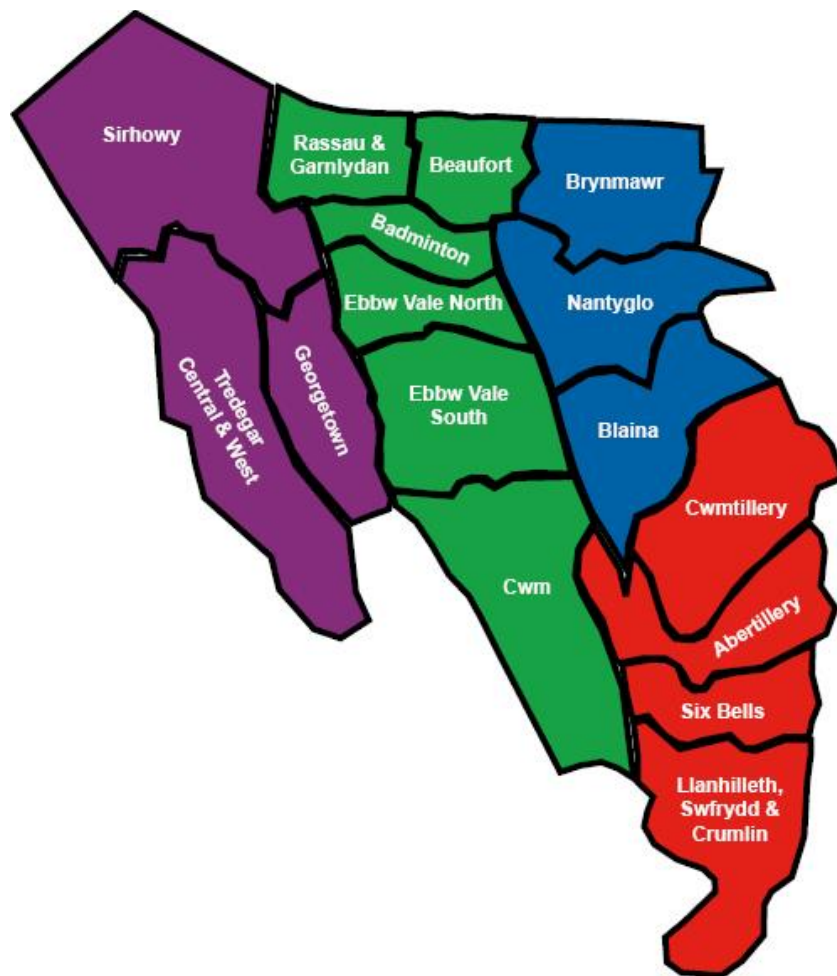
## 7. **Monitoring Arrangements**

7.1 The report will be monitored quarterly through the Corporate Overview Scrutiny Committee and the Executive Committee.

### **Background Documents /Electronic Links**

- Appendix 1 – Finance and Performance Report

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## **Finance and Performance Report Quarter 1 and 2 (April 2021 to September 2021)**

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<b>BRAG</b>	<b>7</b>
<b>Priorities, Progress and Performance Indicators:</b> <ul style="list-style-type: none"><li><i>An ambitious and innovative council delivering the quality services we know matter to our communities</i></li><li><i>To enable people to maximise their independence, develop solutions and take an active role in their communities</i></li><li><i>Support a fairer sustainable economy and community</i></li><li><i>Protect and enhance our environment and infrastructure to benefit our communities</i></li></ul>	<b>8</b>
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# Introduction

Welcome to the Blaenau Gwent County Borough Council Finance and Performance Report. The Report provides a mid-year review of the activity undertaken to date covering the period April to September 2021. The purpose of the report is to present the performance of the Council, setting out the key activities and measures used to monitor performance against achieving the outcome objectives as identified within the Council's Corporate Plan.

All of these objectives have supporting actions which are monitored as part of the Council's business planning process. The Council has fully aligned all of its planning to the Corporate Plan which includes the Well-being Objectives. These are central to the organisation and future work planning and strategies are aligned to these areas.

The Council's performance supports delivery of the core vision of the Council:

## **Blaenau Gwent Vision -**

**Proud Heritage**

**Strong Communities**

**Brighter Future**

# COVID - 19 the Council's Response

In March 2020, a decision was made by the UK Government to put the UK into lockdown in order to try and curb the spread of the global pandemic COVID 19.

In accordance with Emergency Planning arrangements, a GOLD Group was established in Blaenau Gwent which comprised of Corporate Leadership Team, supported by the Civil Contingency Manager and Communications Manager. The strategic aim of GOLD is to delay and mitigate, as far as practicable, the spread and impact of Coronavirus within the community. GOLD was supported by an Emergency Response Team, made up of Heads of Service and Service Managers working alongside partners including the Aneurin Leisure Trust, GAVO, Tai Calon and the Joint Trade Unions.

As part of its response, the Council had to act quickly and had to consider alternative methods of service delivery, ensuring that the most vulnerable in society were supported. This resulted in delivery of critical services only, with other available resources being redeployed to support the response. Particular focus was on:

- Adult Social Services
- Refuse and recycling collection
- Public protection
- Development of school hubs to support key workers with childcare
- Supporting families eligible for free school meals
- The creation of locality hubs, working to support those vulnerable and shielding
- Supporting local businesses to access financial support

## The Council's Response to COVID 19 – Recovery and Renewal

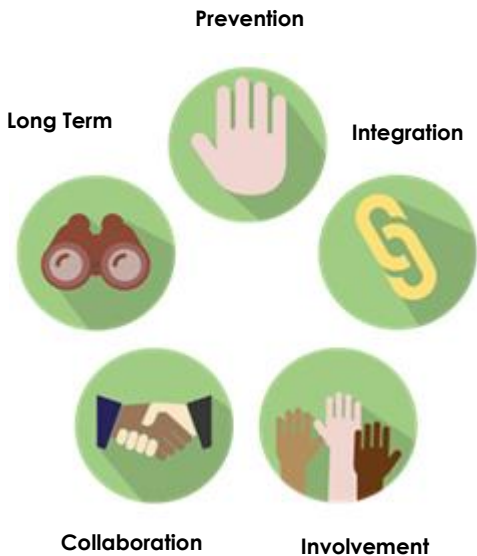
The Council has identified a number of priorities for recovery and renewal, as part of the response to the COVID-19 situation. There are five recovery themes each with an action plan and monitoring methods in place:

- Community (overarching theme);
- Social Services (Children and Adults);
- Economy;
- Education; and
- Workforce.

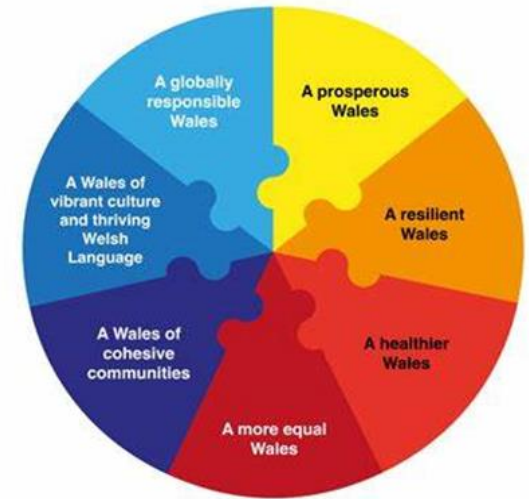
The recovery and renewal plans will act as working documents, outlining how the Council will continue to support schools, the economy, the community, service users and the workforce during, and beyond the pandemic. It is, however, highly likely that there will be a need to continue to move between alert levels and thus working to response and recovery at the same time. Therefore, an effective approach to business continuity at each level is required.

# The Well-being of Future Generations (Wales) Act 2015

This is ground-breaking legislation which aims to improve the social, economic, environmental and cultural well-being of Wales. The vision of this legislation is expressed in the seven national well-being goals.



The Act also puts a duty on public bodies to apply the Sustainable Development Principles which states they 'must meet the needs of the present without compromising the ability of future generations to meet their own needs'. The sustainable development principles are made up of the five ways of working and progress against these areas is evidenced throughout the report.



The next page highlights some examples of how the Council has been implementing the five ways of working throughout the period:

<b>Five Ways of Working</b>	<b>Council Examples of Implementing the Well-being of Future Generations (Wales) Act Five Ways of Working</b>
<b>Long term</b>	<ul style="list-style-type: none"> <li>• The Council actively supports the Asylum Dispersal Scheme to provide future families, who have experienced considerable hardship, with the route to a long-term safe haven. It is recognised that there are long-term implications of participation in the Asylum Dispersal Scheme and considerations on services such as education, mental health provision, housing and homelessness.</li> <li>• Analysis of individual school performance data is a key element in ensuring that schools are known well by the Council so that appropriate support and intervention can be directed towards areas of greatest need.</li> <li>• The energy prospectus has been designed to stimulate interest in energy development within Blaenau Gwent that will facilitate a supply of renewable energy that will meet the changing and future energy needs of Blaenau Gwent. It will also contribute towards our target of achieving net zero carbon emissions by 2030.</li> <li>• The development of the Blaenau Gwent My Support Team (MyST) is aimed at enhancing and improving services for children looked after and young people in the longer term. Bringing children closer to home will enable them to form local support networks in their communities which will no doubt benefit them into the future.</li> </ul>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Contributing to the maintenance and enhancement of biodiversity and ecosystem resilience will help to mitigate and adapt to climate change and provide positive opportunities to maintain and build mental and physical health and well-being.</li> <li>• Engaging with the Asylum Dispersal Scheme helps to prevent vulnerable children and their families from further trauma and suffering in areas of significant conflict and, further, discharging both our moral and humanitarian obligations.</li> <li>• Reduced exclusion rates reduces the likelihood of a pupil becoming NEET and increases the likelihood of a pupil achieving well and supports pupils to reach their potential.</li> <li>• By establishing Town Centre Advisory Boards, we hope to prevent further deterioration of Town Centres. They all face significant challenges to survive but bringing groups of stakeholders together, who want to support and help, could prevent them from facing even bigger challenges in the future.</li> <li>• One of the primary aims of the programmes delivered under the Children and Communities Grant (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.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The work on the Environment Act duty fits with the Blaenau Gwent well-being plan and ways of working could be shared with members of the Blaenau Gwent Public Service Board. Support for the Blaenau Gwent &amp; Torfaen Local Nature Partnership will assist with a strategic approach to environmental and ecological management in both boroughs.</li> <li>• The service delivery of Civil Parking Enforcement is a collaboration between Blaenau Gwent CBC, Caerphilly CBC and Rhondda Cynon Taff CBC (who provide a PCN processing service under the name of the South Wales Parking Group). CPE will look to work with local</li> </ul>

	<p>communities and businesses to maximise economic and regeneration benefits associated with both revenue &amp; capital services and projects.</p> <ul style="list-style-type: none"> <li>• The Council collaborates with neighbouring local authorities through the South East Wales Consortium for the provision of school improvement services from the Education Achievement Service (EAS) and a range of pupil support services for specific groups such as visually and hearing impaired learners.</li> <li>• Continuing to maximise the impact of the Energy Prospectus will be dependent on strong collaboration and partnership working with communities, the public and private sector and businesses. Progressing opportunities from the prospectus would require partnership working across the Council.</li> </ul>
<b>Integration</b>	<ul style="list-style-type: none"> <li>• Powys County Council has worked successfully across the Authority. Most recently, Powys Officers have provided expert advice and support to the new Front Line Service, Estates and Community Safety service areas, in relation to the ongoing problems relating to straying animals/fly-grazing horses.</li> <li>• The Blaenau Gwent My Support Team (MyST) engages with the whole support network around the child. This includes school, youth workers and any community activities/clubs. The work undertaken to date by MyST has evidenced very close working relationships with schools both inside and outside of Blaenau Gwent.</li> <li>• SEWAS continues to form relationships with other councils in the region to improve outcomes for children who are placed for adoption. An example of this is working with communication teams to promote adoption within the region to attract adopters. Training is also provided for local authority social workers on a quarterly basis.</li> </ul>
<b>Involvement</b>	<ul style="list-style-type: none"> <li>• Consultation with Blaenau Gwent Civil Contingencies, Neighbourhood Services, Dwr Cymru Welsh Water and Natural Resources Wales was undertaken when preparing the Section 19 Flood Investigation Report, Llanhilleth.</li> <li>• There has been engagement with the Wider Corporate Leadership Team and Elected Members in development of the Workforce Strategy. There has been a workforce survey and a pulse survey (2020) which has supported the direction of the Strategy. There has been formal consultation with the trade unions and suggestions and amendments have influenced the Strategy.</li> <li>• Extensive engagement is on-going on the development of the 10-year BG Welsh in Education Strategic Plan (WESP) and the formal consultation will conclude early in 2022.</li> <li>• Stakeholders and end-user needs and engagement are of paramount importance to the Education Accessibility Strategy and associated action plan. An Education Accessibility Forum has been developed to secure inter-departmental working across the Council, aligned to effective delivery of both the strategy and plan. In addition, all relevant stakeholders will be consulted in line with the review process.</li> <li>• Blaenau Gwent Council will continue to work with local business parks and carry out further engagement with building owners and tenants. The project will seek to bring together a range of partners to work collaboratively to assist Blaenau Gwent to meet its aspirations of Net Zero Business Parks.</li> </ul>

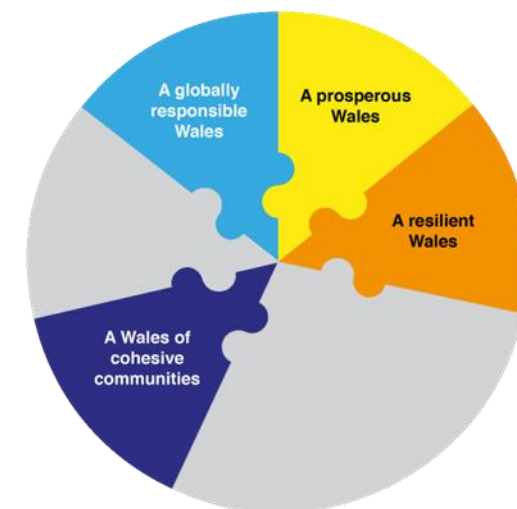
# BRAG

The Council uses a BRAG rating system to assess progress against actions and measures, the definitions are provided in the table below:

Status	Description
Blue	The action/priority has been completed; all performance factors set have been achieved (time, quality, financial aspects).
Green	The action/priority is performing to plan; all performance factors are within the acceptable variance levels set.
Amber	Issues have been identified with the action/priority that will/may negatively impact on performance; the priority owner is able to resolve the problem or make corrective decisions without assistance; action/priority is at risk of failing on one or more of the performance factors set.
Red	Significant issues identified with the action/priority that requires corrective action in order to meet objectives; the priority owner requires assistance to resolve the issue; action/priority is failing on one or more of the performance factors set.

## Why this is important

The Corporate Plan provides the focus for delivering lasting change for the area. It also provides the platform for transforming Blaenau Gwent into a more confident and capable Council. The ambition is to deliver better outcomes for the people of Blaenau Gwent and that ambition is underpinned by solid and sustainable plans, ensuring the Council can be held to account for what it has promised to deliver. Maximising the impact of resources to deliver those outcomes sits at the heart of this priority, including; understanding costs, controlling expenditure, maximising income and aligning resources to the needs of residents, businesses and visitors to build a Blaenau Gwent for the future.



## Progress against actions

A number of high level priorities (shown below) have been identified to support delivery of the corporate objective, '**An ambitious and innovative council delivering the quality services we know matter to our communities**'. These are detailed in the following overview pages along with some associated achievements and challenges.

## Priorities

- To demonstrate clear and visible leadership to deliver a viable and resilient Council;
- To ensure effective forward financial planning arrangements are in place to support the Council's financial resilience;
- To support and develop a workforce that has the capacity and capability to be productive and responsive to future demands;
- We will deliver online services that are simple and convenient, improving the relationship between residents, business and the council;
- COVID 19 – safe working environment for our staff and service users;
- We will work in an agile way, capturing learning and seeking continuous improvement;
- To develop a more commercial organisation to generate income and deliver cost reductions to make local services sustainable and raise money to re-invest in our priorities; and

## To demonstrate clear and visible leadership to deliver a viable and resilient Council

- Gold and Emergency Planning Response Arrangements to respond to the pandemic have continued. With regular communications to the Workforce via the weekly Managing Directors Newsletter or where needed special communications.
- The move to Agile Working has been supported with leadership development sessions on Transitional Leadership and Strategic Leadership of an Agile Workforce.
- Workforce Engagement Plan in place to support the Agile Working policy.
- Well Being Wednesday bulletin to all employees promoting support services, events and tactics to support wellbeing.
- Well Being initiatives implemented to support wellbeing when working from home.
- Regular Wider Leadership Team meetings focussed on priorities and topical issues/development.
- New Workforce Strategy in place with an annual action plan – first year focus on the new Council operating model and the introduction of agile working.
- Strategic HR Headteachers group meeting regularly.
- Introduction of workforce facebook page to include a session with the Managing Director in December 2020.
- Regular monitoring of workforce capacity to include sickness absence and the impact of Covid 19.
- Regular monitoring of critical services in responding to Covid 19 and being able to deliver business as usual.



The Corporate Communications Team remains a key member of the Gwent Local Resilience Forum Warning and Informing Group. This group is responsible for aligning communications and communicating key information to the residents of Gwent during the phases of the Covid-19 pandemic, ensuring a consistent approach between local partners, Public Health Wales (PHW) and Welsh Government. The content has been a mixture of partner material (Welsh Government, Public Health Wales, Health Board) and content created by the team maximising their creative skills.

The health, safety and wellbeing of staff has remained a key priority as we move to more business as usual with the following in place:

- Workplace risk assessments to manage the risk of COVID-19.
- Staff to continue to work from home where possible.
- Encouraging and supporting staff to take up the COVID-19 vaccination
- Asymptomatic Lateral Flow Testing.
- Ongoing wellbeing support for staff impacted by the pandemic.
- Promotion and encouragement for staff to take up the flu jab.

## We will deliver online services that are simple and convenient, improving the relationship between residents, business and the Council

A number of the digital projects have attracted Welsh Government funding and this is being used to support the Council's digital ambitions aligned to the Commercial Strategy, including:

- Working with the Centre for Digital Public Services (CDPS) to deliver better public services for Wales, funding has been secured to explore more user focussed and efficient ways of service delivery.
- Participation in a collaborative Adult Social Care project with Neath Port Talbot and Torfaen local authorities, looking at unavoidable contact at the front door.
- Commencement of a Tech Valleys funded project on exploring the digital interaction with the customer using a service. This project also included the establishment of a Digital apprentice. There was a high level of interest in the role and the successful candidate has joined the digital team in Commercial Services.
- The Digital Democracy Project discovery work involving user research with 16-25 year olds has been completed and findings presented to various groups, including Members. Prioritisation of the findings has taken place and work is being undertaken to include areas within the Diverse Council Action Plan as many of the findings also support this work. The project is being externally supported by Perago, including presenting the findings to Welsh Government to highlight areas that may inform a national focus and approach.

A planned 12-month digital programme has been scoped. This includes (in addition to the externally supported digital projects) corporate activity aligned to the ICT investment roadmap and development of a leadership and training programme for both officers and Members raising awareness and understanding of the scope and opportunities of our digital ambitions and activity.

A review of digital strategies across local authorities is being undertaken with the WLGA, this will inform the development of the Council's digital strategy which it is anticipated will be taken through the Decision making process in 2022.

## To ensure effective forward financial planning arrangements are in place to support the Council's financial resilience

Audit Wales undertook an assessment of the Councils' financial sustainability. A baseline assessment of the initial impact of COVID-19 on local councils' financial position was undertaken. Following this, in October 2020, Audit Wales published a national summary report – Financial Sustainability of Local Government as a result of the COVID-19 Pandemic. In summary, the findings were:

- Improved financial planning and better-than-expected Welsh Government settlements mean the Council is better placed to maintain its financial sustainability over the short term but challenges remain to fully close budget gaps over the medium term.
- The immediate impact of COVID-19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding.
- The Council continues to develop a more sustainable approach to financial planning and recognises the need to understand the ongoing financial impact of the pandemic.
- The Council is increasing its useable reserves and remains committed to doing so over the medium term.
- The Council's overall performance against budget is improving and, whilst some service areas continue to overspend, the Council is taking steps to help address some of these budget pressures.
- The Council has developed a more sustainable approach to savings planning but further challenges remain to identify sufficient savings to fully close the estimated medium-term funding gap.
- The Council's liquidity position remains the lowest in Wales.

During February / March 2021, the Council engaged Treasury Advisors, Link Asset Services, to conduct a review of the current MRP policy. The review identified the opportunity to change two elements of the current policy which would provide positive benefits to the Council by reducing the annual Minimum Revenue Provision (MRP) charge until 2031/32 for unsupported borrowing and 2057/58 for supported borrowing.

The Medium Term Financial Strategy (MTFS), is a key element within the Council's strategic planning framework. It is this financial framework which will support the Council's financial resilience and ensure it operates sustainably. The MTFS proposes the approach that the Council will take to respond to the financial challenges we face over the next five-year period. This will be an iterative process and one that will develop and be refined as our funding position from Wales Government becomes clearer and strategic business reviews are further developed and implemented.

Bridging the Gap remains the Council's medium/long term strategy to address the budget gaps currently identified. Additional proposals will be developed to mitigate the possible residual funding gaps in future years.

## To support and develop a workforce that has the capacity and capability to be productive and responsive to future demands

Improving attendance remains a key priority for the Council and is identified as a key risk for the Council as it is acknowledged that high levels of sickness absence will have a detrimental impact on the ability of the Council to deliver services.

During 2020/21 the Council, like all workplaces, had to rise to the enormous challenge of responding to the coronavirus (COVID-19) pandemic and the dramatic impact it had on the way the Council had to work, prompting a transformation to working practices on an unprecedented scale to safeguard people's health, safety and wellbeing. This resulted in delivery of critical services only, with other available resources being redeployed to support the response.

Workforce is a key theme as part of the Council's Recovery Plan, it is acknowledged that COVID-19 will not disappear and a continuing priority will be to manage the capacity of the workforce to ensure that services are delivered.

It is also anticipated that the Council's workforce will be impacted by the NHS treatment waiting lists which could lead to an increase in sickness levels. Also anticipated is a surge in seasonal illnesses with increased prevalence of influenza, winter bugs etc.

The Workforce Strategy 2021-26 aims to build on existing good practice and to promote the Council as a safe, healthy and supportive environment in which to work and will have a strategic focus on wellbeing which will play a significant role in supporting attendance at work.

## To be a strong and effective partner and collaborate where possible to deliver financial, business and community benefits

The community hubs became fully operational on 26th July 2021. The Community Hubs work closely with the Locality Teams to proactively provide support solutions and options to those experiencing difficulties and those seeking advice. The Locality Response Team has achieved the following throughout the period:

- 65 residents have been supported throughout in quarter 1 with a wide range of assistance given from food shopping to supporting residents to apply for grants
- 20 supported to enable self-isolation
- 40 supported who received financial benefit gains, i.e. Discretionary Assistance Fund applications
- 33 food vouchers allocated to residents

Blaenau Gwent plays an active role in the wider region through the Cardiff City Region (CCR) partnership. The Council is a member of the Regional Cabinet and Investment Panel. There are a number of new projects that have benefitted from CCR funding over the last few years including design and acquisition work at Abertillery in preparation for the rail line extension; funding for Ebbw Vale (EV) charging and EV taxi trials which strongly links to our decarbonisation aims; Housing Catalyst fund to unlock one of our difficult housing sites in the area and funding to roll out our award winning ASPIRE apprenticeship scheme.

Throughout the response to COVID-19, the Council has worked closely with partner organisations to deliver a joined up emergency response for the community. Civil Contingencies multi-agency response structures were established alongside health specific structure to ensure there was a joint understanding of the current situation and risks, make joint decisions and coordinate the partner response. Specific areas of focus included coordinated public communication, health and social care impact, ensuring partners were able to continue with high priority services, requests for support between partner organisations, mitigating impacts of COVID-19 as far as possible and developing a resilient test, trace and protect service.

The Gwent Regional Partnership Board (RPB) is an advisory body, that takes oversight of and provides direction to, any areas of integrated working across health and social care. The Council is an active partner on the Board. Using transformation funding a number of projects are ongoing across Gwent, these include the development of early intervention and prevention services (Integrated Wellbeing Networks); the development of primary and community care services (Compassionate Communities); the redesign of child and adolescent emotional and mental health services (Iceberg model); and the development of an integrated 'Home First' discharge model. All these models have been successfully implemented and been evaluated externally.

The Regional Partnership Board has also been key in overseeing our joint response to the COVID 19 pandemic over the last 20 months, with regular updates provided to reassured the Board that the hospital capacity and support in the community has been able to cope with each wave of the virus locally and regionally, which has been very much due to the success of collaborative working by all partners and more lately due to the vaccination roll out.

## To develop a more commercial organisation to generate income and deliver cost reductions to make local services sustainable and raise money to re-invest in our

The Commercial Strategy approved by Council in September 2020, sets out key themes which support a commercially minded organisation and includes all directorates of the Council. As part of this, a Strategic Commissioning and Commercial Board (SCCB) chaired by the Managing Director has been put in place. The Board has a revised schedule of meetings and a forward work programme which reflects the ambitions set out in the Commercial Strategy. This includes early consideration of potential commercial activity to test ideas, with the Board taking the leading role for the Bridging the Gap review.

A process for 'check and challenge' of third party contracts and commercial opportunities has been established. The Board focus is on contracts above the tender threshold of £75k.

A bespoke baseline financial assessment (profit & loss) to quantify and challenge trading operations has been developed by Resources colleagues for consideration. The aim is to support the Bridging the Gap reviews by providing a clear financial picture of commercial activity.

The Transactional Procurement Group has been established to ensure the same degree of check and challenge is applied to the contracts under the 75k threshold.

## We will work in an agile way, capturing learning and seeking continuous improvement

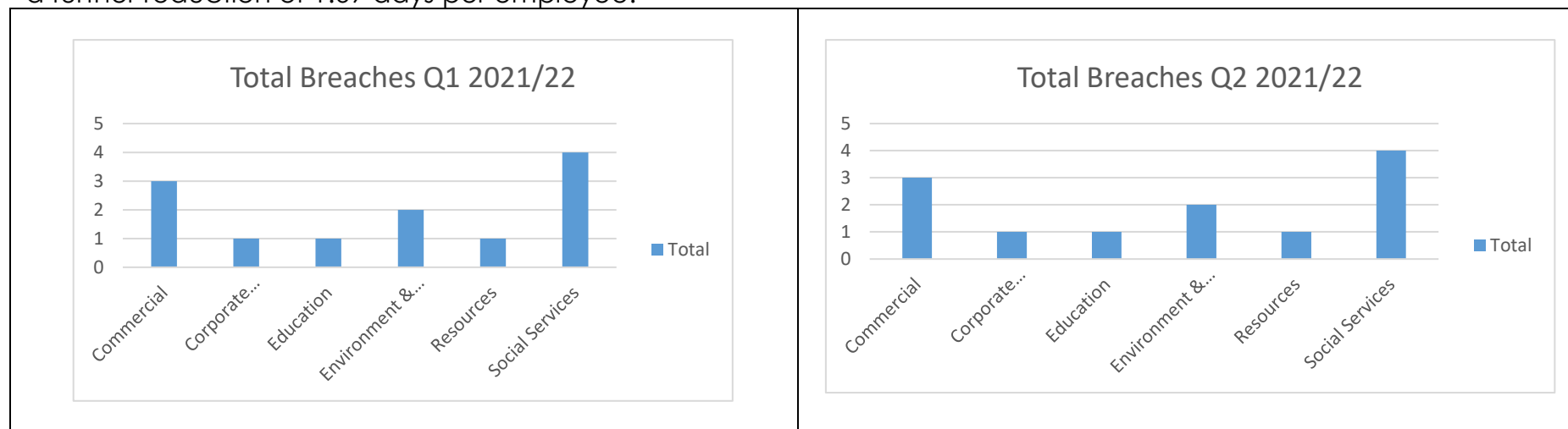
The new Council Operating Model was agreed at Council in March 2021 and included the move to agile working and the development of a supporting policy. The new operating model introduces modern working practices, seeks to enhance employees' working experience, maximise performance and productivity and deliver the greatest value to the organisation, in terms of improving service delivery, as well as realising financial gains. The Operating Model has also introduced new Community Hubs across the Borough, improving customer access to Council Services.

The new Workforce Strategy will be a key enabler in delivering the Council's ambition, the New Council Operating Model and key priorities. It is a five-year strategy focussed on the future, integrating the Council's vision, objectives and financial planning arrangements. It links service outcomes with the workforce required to deliver them and an on-going understanding of how the workforce should look in the future through continual review, re-alignment and measurement of how outcomes are achieved. It will support the workforce to transition from responding to the emergency situation in relation to the pandemic COVID-19 and act as a key lever to facilitate culture change, capacity and skills, continuation of transformational change and performance improvement. The Strategy will aim to ensure we have the right people, with the right skills, in the right place, at the right level, and at the right cost.

The Recovery Plan and the Workforce Strategy will link to the Council's vision for sustainable development including sustainable economic growth, de-carbonisation and the health and well-being of both staff and the community.

## Key Performance Information

For 2020/21 the Council's **sickness** outturn was 11.67 days on average per employee. This is a decrease of 2.24 days per employee in comparison to the year before. If the COVID related absence is removed from the 11.67 days, the sickness outturn reduces to 9.98 - a further reduction of 1.69 days per employee.



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During the period the **Council website** received 84,000 visitors viewing around 5 pages per visit. There were 3,200 **social media posts**. The number of **social media followers** remains steady with Facebook followed by 15,000 residents.

### Community Hub Support

A breakdown of the number of residents supported through the Community Hubs during the period:

	Ebbw Vale	Tredegar	Brynmaur	Abertillery	Cwm	Blaina	Llanhilleth	Overall
June	10	4	7	4	7	4	4	<b>40</b>
July	39	39	17	20	23	19	8	<b>165</b>
August	133	110	54	89	15	13	5	<b>419</b>
September	110	112	55	87	12	14	0	<b>390</b>
<b>Total</b>	<b>292</b>	<b>265</b>	<b>133</b>	<b>200</b>	<b>57</b>	<b>50</b>	<b>17</b>	<b>1014</b>

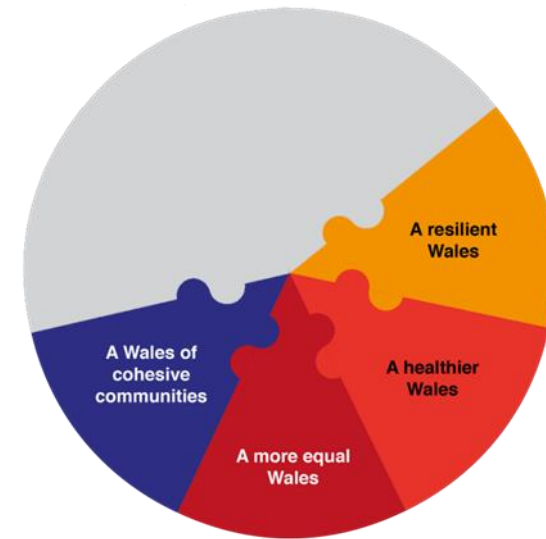


# To enable people to maximise their independence, develop solutions and take an active role in their communities

## Why this is important

The Council wants to encourage and support people to make healthy lifestyle choices to enable children, young people and families to thrive. Research has proven people demonstrating positive health behaviours from birth through their life will lead to greater independence, and people being free from complicated health conditions later in life and reducing costs to public services. This in turn could reduce demand on services and ensure the services that are provided are high quality, efficient and responsive to local people's needs.

With reduced funding and increasing demand on services the Council can no longer do everything it has done in the past. The focus must be on those actions that will have the greatest impact. Safeguarding the most vulnerable people in the community continues to be a top priority for the Council alongside transforming the aspirations of residents and valuing fairness and equality in everything we do.



## Progress against actions

A number of high level priorities (shown below) have been identified to support delivery of the corporate objective, '**enabling people to maximise their independence, develop solutions and take an active role in their communities**'. These are detailed in the following overview pages along with some associated achievements and challenges.

### Priorities

- To improve accessibility, provision of information and advice to enable people to support their own well-being;
- To work with people and families to make sure they have a say in achieving what matters to them;
- To intervene early to prevent problems from becoming greater;
- To promote and facilitate new ways of delivering integrated responsive care and support with partners;
- To continue our programme of public engagement and respond in a timely and effective way to feedback;
- To build a collaborative culture between services, partners and communities working together and with people directly to shape and deliver services. i.e. (Community Asset Transfers);
- To put effective safeguarding arrangements in place to protect people from harm; and
- To develop a partnership approach to maximising income reducing the impacts of Poverty.

## To improve accessibility, provision of information and advice to enable people to support their own well-being

During quarter 1 2021/22 the Information Advice and Assistance (IAA) Team saw a significant increase in the numbers of referrals received across all partners. Analysis of the data over the past two years has been undertaken to understand the increase in the numbers pre and post pandemic. This information has been included within a report identifying the impact that this increase is having on the service. The overarching message was that the number of referrals during the height of the Pandemic was higher than the referral rates the previous year. The total number and average monthly referrals has increased by 7.7%. Despite this overarching message, the report did not include detail of outcomes achieved. Therefore, a more detailed report is in the process of being written and will be completed by the end of November 2021 to consider how best to respond to this demand in the longer term.

Funding for additional resources in the IAA Team has been agreed until March 2022 from the Social Services Sustainability Fund. The long term plan is to make these additional posts permanent using the monies saved by reducing the numbers of children looked after. The rise in workload is presenting a challenge along with securing longer term funding for the additional resources in the team.

Children's Services has received feedback from Children Inspectorate Wales (CIW) who undertook an assurance check in May 2021. The following comments were made in relation to the outcomes culture in Blaenau Gwent and how the voice of the child is heard: 'Senior managers with staff and partners have worked hard to embed strength based outcomes focused practice. The authority's commitment to strength based outcome focused practice was evident in the files reviewed and staff spoke of how this underpinned their work in both adult and children's services. The authority recognises the importance of gaining people's views to inform practice development and support service improvement. We saw evidence of mentoring groups and peer supervision to share and reflect on case issues and identify potential responses to learning. Evidence showed people's views were sought and their voices heard. Information gathering to represent people's circumstances was also informed by intelligence from a number of relevant partner agencies, notably during early stages of intervention'.

The mentors programme continues with regular 6 weekly meetings where live cases are discussed and feedback from families and children is included. In addition, the service as a whole continues to deliver interventions based on an outcomes/strengths based approach which has the voices of children and families at the centre of care planning. To ensure this approach is cemented in practice, each team holds group supervisions to hold reflective discussions on cases. The mentor groups still continue to meet monthly to share good practice across the service.

Assessment and care planning activity continues to promote the active voice, choice and control philosophy of the Social Services and Well-being (Wales) Act 2014. Outcomes focused and strengths based approaches to practice continue to be modelled, and National Youth Advocacy Service (NYAS) remains an active partner in ensuring that children and their families engage in a meaningful way.

In order to raise awareness of advocacy and increase demand into the service via the Gwent Access to Advocacy (GATA) helpline an awareness campaign was undertaken. However, the Covid-19 pandemic halted progress and made it difficult to establish the true need and demand for advocacy across Gwent. Advocacy providers and the GATA helpline have highlighted that referrals are now returning to pre-covid levels with a marked increase in parent advocacy relating to child protection cases. Data is still being collated, but an overall picture of advocacy provision within Gwent is now being developed. This will help to measure the success of the GATA pilot and inform an options paper for future advocacy commissioning, scheduled in early 2022.

In 2023 the Community Health Council will be replaced by a new 'Citizen Voice Body' which should provide the opportunity to co-ordinate the provision of advocacy support across the health board in order to strengthen the citizen's voice in relation to health and social care.

## To intervene early to prevent problems from becoming greater

The 2021/22 Children and Communities Grant (CCG) delivery plan has been developed and signed off by Welsh Government. The CCG steering group meets bimonthly to monitor and oversee the delivery plan. A workshop is planned for late 2021 to develop the plan for 2022/23. Progress of the plan to date includes:

- Families First holding reflective practice sessions and reviewing their paperwork to make it more strengths based;
- A full review for Families First and Flying Starts reporting requirements is scheduled;
- New model for coordinating administrative duties implemented, which includes a streamlined approach to supporting all 6 internal CCG programmes;
- Engagement and Participation has become a standard agenda item for the CCG Board which provides full updates on developments;
- A Locally developed outcomes framework been implemented to measure and monitor progress linked to the programmes intended outcomes (awaiting the WG framework);
- Full review of Legacy commissioned projects has been undertaken;
- Financial management procedure used as the basis for the review of the Legacy Fund, focusing on outcomes; and
- Findings from the Community Impact Assessment (CIA) have been reviewed in order to identify the needs and demands falling out of it and how they link to the Community element of the CCG.

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Consultation has taken place with staff regarding the reconfiguration of preventative services including the Support Worker roles within IAA and Community Resource Team and the Community Connector roles. It is anticipated the new structure will be in place by April 2022. The new structure will be resilient and sustainable and not be reliant on grant funding. Within the new structure, a Senior Practitioner and Senior Therapist will be co-located within the IAA Team to be at the 'front door'.

Capacity at Augusta House has been safely increased to support up to four guests. Work is continuing to develop new Augusta Promoting Independence Pods at the site. This project has been delayed due to complications with increasing development costs, but the project has now secured additional funding from Welsh Government and should be open by Spring 2022. As part of these plans, the respite offer to young adults, as part of the transition planning from Children's to Adult Services will be increased.

The development of the enhanced Day Activities / Community Options Team has progressed well despite the ongoing COVID 19 pressures. Both the Lake View and Bert Denning buildings have safely re-opened but with limited sessional access which will hopefully increase during quarter 3. The outreach service is growing well and is successfully supporting citizens to meet their outcomes both in their own home or in wider community settings.

The numbers of Children Looked After (CLA) continue to slowly but steadily decrease. Welsh Government has recognised the need to safely reduce the number of children coming into care and identified this as a priority area. In light of this, Integrated Care Fund (ICF) grant money was allocated to each local authority in Wales, via the Regional Partnership Boards in April 2019, to invest in and develop services to safely reduce the numbers of children coming into care.

It is important to recognise that the success of the CLA reduction strategy is dependent on a whole service approach. The robust preventative interventions delivered by Families First and Flying Start prevent needs from escalating into statutory services. The Information Advice and Assistance Team provides robust screening and initial assessment of all referrals ensuring the appropriate action is taken to meet needs. All of the Social Work Teams work exceptionally hard to keep families together and work with families using a strengths based approach. One of the key elements of the strategy is to promote workforce stability. However, operational teams are facing staffing shortages. It is accepted that this is a Wales wide position and there is no simple solution. The senior leadership team is addressing how best to respond to the staffing short-fall from multiple standpoints; a separate strategy has been devised to consider short, medium and longer-term solutions (and considering the opportunity to collaborate on a regional basis).

The new Corporate Parenting action plan for 2021/22 has been finalised and updates given in September 2021. The Corporate Parenting Board meets quarterly and each January the Social Services Scrutiny Committee receive a detailed report on progress of the Board, including an action plan and separate report for Education.

As part of the continuous improvement plan, work has been ongoing regarding the pathway for Part 5 investigations. In line with the All Wales Safeguarding Procedures, strategy discussions, in connection with a potential person in a position of trust, will be held by the safeguarding manager. The safeguarding manager will then assess if threshold has been met to proceed to a full strategy meeting. The chairing of these meetings will continue to be the responsibility of the service manager. The new pathway will be in place by 1st November 2021.

A three-year Strategic Plan was published for The South East Wales Safeguarding Children Board (SEWSCB) and the Gwent-wide Adult Safeguarding Board (GwASB) covering the period 2020/21 and 2022/23. The Coronavirus (COVID-19) pandemic has caused significant disruption to all services and communities across the region. Despite this, Gwent Safeguarding Board and Blaenau Gwent Safeguarding team have worked diligently to ensure that essential services have remained operational to provide support to the most vulnerable adults.

We continue to plan for the implementation of the Liberty Protection Safeguards (LPS) legislation as a replacement for Deprivation of Liberty Safeguards (DoLS) and are delivering training as part of the Regional consortium in addition to increasing capacity at a local level.

## To continue our programme of public engagement and respond in a timely and effective way to feedback

The Council has provided support to a number of National equality campaigns, such as preparation for 'Proud Council' and contribution to Welsh Government National consultations such as the LGBTQ+ Action Plan.

The Council has been working in consultation with Gwent Public Service Board partners to develop a draft regional Well-being Assessment for Gwent. BGCBC has led on the Economic well-being chapter and supported NRW in the development of the Environmental well-being chapter.

The Council has developed a Corporate Engagement Calendar in order to map, type and level of activity being delivered across the organisation. This is then used to maximise the use of resources and value of engagements and to promote the 'One Council' approach.

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Analysis of Active Travel Phase 1 Involvement programme has been undertaken which was delivered via the WG digital platform, 'Common Places', as well as through the delivery of online public engagement events. This intelligence was then used to support the statutory consultation on Active Travel Phase 2.

The Council's Engagement Team has provided advice and guidance to a range of service areas over the period to develop and deliver a number of key consultation exercises (including statutory) as well as promote the opportunities via internal and external partnership networks. For example, Pen-y-cwm School capacity consultation, Social Services department survey and Section 19 Flood Investigation Survey.

Owing to the restrictions of the pandemic, the Youth Forum has been delivered online. There is also work being undertaken on the development of a wider Youth Forum network and Children's Grand Council sessions with schools. A review has been undertaken on the Blaenau Gwent Citizen Panel. The Panel will be used to promote BG and partner information as well as specific engagement opportunities. E.g. Social Services, Adult Services user research project.

## To build a collaborative culture between services, partners and communities working together and with people directly to shape and deliver services. i.e. (Community Asset Transfers)

In the last two years only four Community Asset Transfers can be referenced which are:

- Met Theatre
- Tredegar Recreation Ground
- Sirhowy Woodland
- Llanhilleth Playing Field and Changing Rooms

Arrangements are also close to completion for:

- Millennium Gardens Brynmawr – to Growing Spaces from original Trustees.
- Brynmawr Welfare pitch to Brynmawr FC
- Cwm Welfare – fields and pavilion to Cwm Community Sports

Occupation also needs to be regularised on some sites where groups are in occupation but formal / revised paperwork need to be concluded. This has been hampered by lack of legal resources/ issues with groups registrations/ other issues but include:

- Eugene Cross Park – Eugene Cross Park Sports Limited
- Orchard Street former Community Centre
- Blaina Institute
- Brynithel Recreation Ground
- Llanhilleth Institute
- Market Hall Cinema

New CAT's currently being processed include:

- Queen Street school – CAT process complete, applicant has not completed planning
- Trinity Chapel/ Abertillery Library – CAT process complete, legal agreements still to be complete
- Community Growing Space – Cwm – awaiting business plan
- Community Growing Space – Cwmtillery – awaiting EOI/ Business Plan
- RTB RFC – Beer Garden – CAT process (excluding advert under 1972 Local government Act 1972) complete, awaiting outcome of planning application.

## To promote and facilitate new ways of delivering integrated responsive care and support with partners

In July 2021 Foster Wales was launched at the Association of Directors of Social Services (ADSS) Summer Festival supported by the deputy minister Julie Morgan. This is a collaboration across all of the 22 local authorities in Wales working together to increase the number of local authority foster carers with the intention of ensuring all children who need to become looked after can remain within their local communities in high quality foster placements. This will allow children to remain in their schools and have easy access to spend good quality time with their families.

There continues to be ongoing strengthening links between the Community Resource Team (Gwent Frailty) and IAA team. This includes close working with GP colleagues to support pressures across the Health and Social Care sectors. Close work is also ongoing with other professionals such as WAST, Primary and Secondary care colleagues to deliver proportionate assessments at the front door.

We have continued to develop a Hospital Hub at Ysbyty Aneurin Bevan to expedite safe discharge from hospital sites. Working with Gwent local authorities to support unnecessary hospital admissions to the acute sites by enhancing the support provided by the Gwent Home First Service. The hospital hub is focussing on a model of 'Discharge to Recover and Assess' whereby a patient undertakes an assessment at home as opposed to being assessed in hospital when it is deemed appropriate.

Page 80 Meetings are held daily with ABUHB to discuss the escalating crisis across hospital sites. Where possible, to avoid lengthy in patient stays, owing to availability in care homes, assessments at hospital are being prioritised for social work assessments and the availability of domiciliary care packages.

Work is currently ongoing with Age Cymru to consider options for remodelling the service to increase capacity to deliver a 7-day emergency response team, working alongside the Domiciliary Care Brokerage service. This will then assist in responding to the current pressures in the domiciliary care sector by providing low level support to domiciliary care agencies and the in-house emergency care @ home team (DASH). The service will also support hospital discharges and provide low level prevention support post discharge, to help alleviate the current demands facing hospitals and support people to return home with the support they require.

Regular contact is being maintained with all care homes throughout Blaenau Gwent. Information in relation to staff vaccinations and testing is continuing to be collated and provided to ABUHB for analysis. Information on occupancy and bed vacancies is gathered and shared weekly on a regional basis, this includes updates on Homes which may be closed because of a COVID incident. The service is working in partnership with ABUHB to develop an Infection Control Support Team (IPAC) to support care settings with appropriate advice and guidance to prevent outbreaks. Work is being undertaken with commissioned providers to review when care homes are requiring the support of the WAST within care settings and to seek alternative and safe support to avoid conveyancing residents to hospitals.



## To develop a partnership approach to maximising income reducing the impacts of Poverty

Audit Wales is currently undertaking a review on how local authorities ensure they deliver services to minimise or reduce poverty. Blaenau Gwent will be included as part of this review. A series of documents have been provided to Audit Wales for them to consider if the Council is:

- targeting resources to have the most effect, with a focus on poverty from the service user's lived experience.
- how services are geared and structured to help tackle poverty.

Estyn is also considering the poverty agenda and during a recent Link Inspector meeting they considered the following:

Socio-economic inequality: tackling disadvantage –

- What is Blaenau Gwent's strategic vision for addressing educational inequality as a result of poverty?
- How effectively do directorates work together to achieve this vision?

The Council is well placed to evidence the extensive work it has undertaken to tackle poverty. Both the Wellbeing Plan and Corporate Plan identify two key areas to support the poverty agenda:

- Blaenau Gwent wants everyone to have the best start in life – key to the delivery of this objective is looking to tackle childhood poverty (including in work poverty). Evidence shows this can have a positive impact on the quality of overall family life, leading to better educational attainment, better health, increased life expectancy and positive outcomes for the communities in which they live. Blaenau Gwent wants to forge new pathways to prosperity – in Wales, one in four currently live in poverty and Blaenau Gwent is at the sharp end of this. We have the highest child poverty rate in Wales and some of the most deprived communities.

The Corporate Plan also has the following areas:

- To enable people to maximise their independence, develop solutions and take an active role in their communities - To develop a partnership approach to maximising income reducing the impacts of Poverty.
- Support a fairer sustainable economy and community

The Director of Social Services is the Council's strategic lead for tackling poverty. The Council's Community Hub model proactively looks at support options available to those experiencing poverty, most recently those effected by the Universal Credit Uplift and the possibility of increased gas and electric prices. The teams have started to see residents who are struggling financially due to the loss of £20 a week in their Universal Credit Payment. Since Community Hubs launched on the 21st June, 6 people have presented as Homeless to the team. They have all been supported in finding accommodation, a support worker and as much financial support as possible. Alongside Blue Badge applications, the most common queries are related to Benefits and Council Tax, with an increased number of residents requiring help with paying their Council Tax and Housing Costs due to financial difficulty. Residents regularly require 3rd party support from Citizens Advice to manage their debts and finances as well as needing support to claim Universal Credit.

## Key Performance Information

Performance Indicator Description	21/22 (as at 31 <sup>st</sup> March)	Q1 (as at June)	Q2 (as at September)
Number of Children Looked After	200	195	190
Number of Children on the Child Protection	52	61	68
The total number of contacts to statutory social services during the year for children	4512	1603	1394
Number of referrals received by Adult Services	4572	1494	1462
Total number of packages of reablement completed during the year	232	77	175

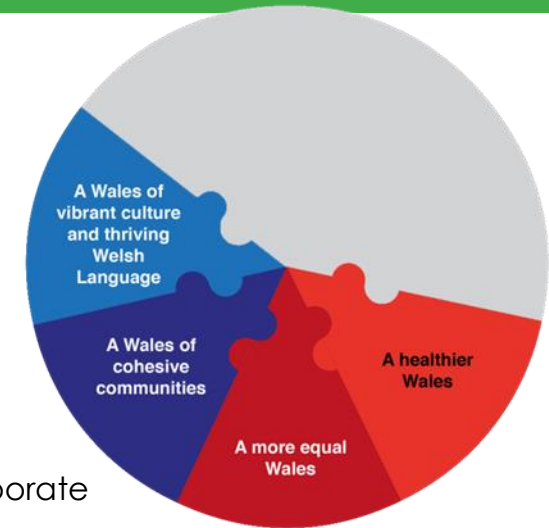
### Why this is important

Improving the quality and provision of teaching and learning is vitally important to ensure the service is achieving ambitious outcomes for all. The Council will continue to invest in services in order to support economic development and regeneration in order to provide opportunities for local people and businesses.

### Progress against actions

A number of high level priorities (shown below) have been identified to support delivery of the corporate objective, '**Support a fairer sustainable economy and community**'.

These are detailed in the following overview pages along with some associated achievements and challenges.



### Priorities

- Support all learners to achieve improved outcomes;
- To improve pupil outcomes, progress and wellbeing;
- Improve skills and promote digital participation;
- To work with partners to provide effective employment support and access to skills development (Apprenticeships);
- To increase the start-up business rate, retention and growth of local businesses and attract new inward investment;
- To actively participate in partnerships such as Tech Valleys and CCRCDC to attract investment; and
- To work with partners to develop a new vision for our town centres ensuring their long term future.

The Education Directorate Leadership team has all positions fully appointed to. This has created capacity and a strong team to take the Education Directorate forward, especially in the way that we support children and young people in both school/college and community settings.

There continues to be robust governance arrangements in place between the Council and the EAS to monitor school performance. The reporting of Council/School level performance data has been relaxed over the last two academic years in Wales by WG. However, Summer 2021 KS4 results demonstrated progress in Capped 9 and L2inc. scores and were in line with the targets set in the 4 secondary settings School Development Plans (SDPs). The KS4 Centre Determined Grades in 2021 generated very few appeals. A Strategic Post 16 Partnership has been established to ensure that BG learner pathways into Further Education are very much strengthened. The Learning Zone's performance at KS5 continues to be good and A Level pass rates for A\*-E were 99,1%, which is in line the Welsh mean average.

There are 4 schools currently identified as a School Causing Concern/ Team Around the School approach, however, it is likely that 2 schools will be removed during the next academic year. There continues to be very good progress made at Aberillery Learning Community (ALC), Brynmawr Foundation School (BFS) and Sofrydd Primary Schools. BFS will be subject to an Estyn Monitoring Visit early in the Autumn term. The River Centre has not responded appropriately to the pre-warning notice letter, therefore, a Statutory Warning Notice was issued on the 14th September. The ALC Corporate Group is working effectively and the revenue financial position is improving with deficit reducing to circa £324,000 when the prediction was in the region of £1m. Sofrydd Primary School appointed a permanent Headteacher early in the new academic year and is highly likely to be removed from the Schools Causing Concern (SCC) category in academic year 2021-22.

Blaenau Gwent is well placed to continue with the transformation of the Education Service and supporting children and young people. The strategic links with key partners such as the EAS, Coleg Gwent, Schools, Work Based Learning providers are effective. The Education Directorate has supported schools through the Centre Determined Grades (CDGs) changes effectively, and learner outcomes met SDP expectations.

The corporate and education response to COVID-19 has been strong, as evidenced in the Estyn Thematic Review findings. The Estyn Summer letter received towards the end on the Summer term, provided additional feedback from the Inspectorate. The Education Directorate has established an 'Education Recovery and Renewal' plan and working group. These have a strong focus on supporting the physical and mental health of pupils. Officers feel that, over the last year, supporting pupils' wellbeing has been a strength in all schools and was recognised in pupil surveys and engagement with parents.

The Vision for Education is embedded i.e. a school-led self-improving system. However, the Education Directorate's key purpose is under review based on a new approach of 'Better Schools, Better Citizens and Better Communities'. There will be consultation/engagement starting in 2021-22.

There is strong progress on the Welsh-medium school consultation which has concluded and implementation is planned from September 2023. The Pen-y-Cwm consultation has now concluded with positive feedback overall. Works were completed over the Summer, but it is recognised that space will remain a focus at the school going forward due to the increase in pupils with profound and complex needs. As a result, within the consultation approach, there is the provision for consideration of additional capacity creation as a Part 2 proposals. The proposal is now in implementation stages and the capacity will increase to 175 in 2021-22.

School to school working has continued throughout the period, but physical attendance on sites has been largely curtailed due the stringent risk assessment measures that are in place to prevent the spread of the virus. As such, schools have become competent at varying their approaches to school to school work, particularly cluster working.

The Council will continue to work with partners across the Council, for example, Children's Services, Regeneration, Legal, Finance and Organisational Development to focus the work on improving pupil outcomes and supporting school leaders. The Council will also continue to work with partners, such as the Education Achievement Service (EAS) to support school leaders to improve pupil outcomes and wellbeing.

The Free School Meal (FSM) eligibility has increased to over 30%+ of the pupil population as a result of the socio-economic impact of COVID. Monitoring systems are working well and a process is in place for providing FSM direct payments to families that have been asked to self-isolate.

The Executive Committee and the Education & Learning Scrutiny Committee supported the Education Directorate's Recovery and Renewal plan is in line with the corporate approach led by the Director of Regeneration and Community Services. The plan sets out how the Directorate will work with schools on the continuing response to Covid-19, but also beyond the Pandemic in order to recover, and importantly, learn lessons to strengthen the work across the Education Directorate. Whilst the emergency response is very much ongoing, we also need to look forward at how learners and school staff can be supported to remain well, access the best opportunities and achieve the best life outcomes.

The 'Recovery and Renewal Plan' is a working document, which will evolve to take into account emerging challenges. Its overarching priority is to: *'Minimise the impact of COVID 19 on learner development and progress, including improving the digital competency of all learners and staff in the wider Blaenau Gwent school community.'*

The Estyn Thematic Review letter had a particular focus on computers and connectivity:

R1 Urgently address barriers to learning at home, particularly where this is due to a lack of access to suitable computers or adequate connectivity

- Weekly assessments were undertaken to assess the need for pupils requiring ICT devices and monthly monitoring also took place to consider the local authority's overall digital support for schools and families.
- The Shared Resource Service (SRS) provided devices within seven days of a need being identified.
- The local authority has planned to continue with these ICT arrangements until at least the end of the summer term 2021.
- As of May 2021, the local authority had loaned 1,359 devices and 161 Mi-Fi units to pupils.
- A review of the 'Digitally Disadvantaged Device' project plan future provision is being undertaken to allow all families continued digital access. Officers reacted responsively at the start of the pandemic but now have time to reflect and look at the digital learner journey more strategically.
- The local authority has recognised that many parents have a lack of pedagogical understanding and it is recognised that there may be a need to provide more learning opportunities for parents on how to support their children's literacy and numeracy at home, should there be a third wave.

## To work with partners to provide effective employment support and access to skills development (Apprenticeships)

Procurement and Economic Regeneration officers are actively engaged in a collaborative procurement project which is sponsored by Welsh Government and facilitated by the Centre for Local Economic Strategies (CLES). The project outcome is to maximise procurement spend in Wales to support local wealth building and to create a more resilient Welsh economy.

Employment and Skills showcases the Aspire shared apprenticeship scheme with success being demonstrated through businesses taking on a second apprentice following a productive first experience.

The Council's industrial portfolio is at 85% occupancy rate, supporting 615.5 jobs and newly developed units coming to market offering an additional 26,000 sq ft.

Start-ups in BG are higher than this time last year by 6.7% and community benefits to a number of communities delivered through physical projects.

Covid-19 related support grants to businesses amounted to £1.9M (894 grants) delivered alongside other priorities.

## To increase the start-up business rate, retention and growth of local businesses and attract new inward investment

As part of the development of the Works site, Ebbw Vale, the Council has sought to provide an attractive range of business units to cater for demand within the County Borough itself and the wider south east Wales region. Within this context, a need was identified for a range of higher quality premises to appeal to a wider range of businesses. To deliver this, the Council entered into a Joint Venture with the Welsh Government to develop Hybrid Units at Lime Avenue, creating high quality business space, comprising 3 separate buildings housing 9 units. Thales has taken occupation of two buildings and the Council is nearing completion on a further lease for a business requiring space in the remaining building. This is an exciting development for Blaenau Gwent, continuing the regeneration of the strategic Works site and provides an excellent opportunity for business to establish, grow and develop within the area creating employment and helping to support local supply chains.

Like the Hybrid Units, the development of the Hwb Bocs provides attractive premises, complemented by on site-business support from the Council's Regeneration staff and access to a range of other sources of support and inspiration. The project was delivered in partnership with Welsh Government and has transformed shipping containers into 21 separate office spaces alongside communal facilities and is located adjacent to the Coleg Gwent building. The Council is working closely to identify suitable tech-based businesses and entrepreneurs as part of its marketing programme with significant interest being expressed.

Department for Work and Pensions approached Blaenau Gwent CBC to act as a Gateway organisation to support applications from local businesses. As a Gateway the Employment and Skills team are required to liaise with partners within their networks to identify Kickstart job placements, submit bids directly online through the Kickstart portal and administer grant funding to companies. A number of expressions of interest were received from a range of sectors including childcare, production/manufacturing, retail, hospitality and construction. To date the Blaenau Gwent Gateway has:

- supported 25 businesses
- created 109 placements
- 63 placements filled
- 48 placements in recruitment stage



## To actively participate in partnerships such as Tech Valleys and CCRCDD to attract investment

The STEM Facilitation Project, created as a result of Tech Valleys, is a co-ordinated programme of support, centred on “industry in schools STEM facilitation” within a cluster of Blaenau Gwent based schools, raising aspiration and preparing children for their journey into the world of work, whilst remaining complementary to the school curriculum. The project is also seeking to support and develop a sustainable relationship between local businesses and schools, via the industry liaison element of the role. In the first six months the project has engaged with thirty-one businesses and twenty-nine have pledged to support where possible. Of the twenty-nine businesses that have engaged there is a wide range of industry sectors covered including manufacturing, a range of aspects of Engineering, Environmental, Renewable Energy and Chemistry within Science.

The Cardiff Capital Region City Deal (CCRCDD) Housing Viability Gap Fund is a targeted funding programme to bring forward new homes on key strategic housing sites across South East Wales. Blaenau Gwent made a successful submission to the fund as it was identified that there is a viability gap which requires a grant input to support the development to go ahead.

The funding for the Civic Crowdfunding project through the Cardiff City Region Challenge Fund submission was unsuccessful. Blaenau Gwent was advised that it didn't fit the criteria for the Challenge Fund although initially the Council was encouraged to submit it as a project. The CCR Team have advised that they will assist the Council in looking at other funds.

The CCR Investment panel received a proposal from Aspire BG to roll out the offer across the Region to provide support for Industries of the Future in 2020. Following a review of the existing apprenticeship landscape across SE Wales, specifically focussing on Shared Apprenticeship Programme aspect in relation to growing and priority sectors, a response has been received: 'The CCR Investment panel approved the paper in October 2021 along with the sum of £500k for two years, this will need to be agreed by CCR Cabinet and they will meet on the 29th November. It is understood that this funding will be for a Shared Apprenticeship pilot delivery model and further research'.

## To work with partners to develop a new vision for our town centres ensuring their long term future

Placemaking plans for all towns are now in place across all Blaenau Gwent Towns. Footfall has been increasing in towns over the last 3 months with a total of 864,612 people. Grants and loans for privately owned property continue to be successful with around £2M in total being approved.

Heritage Lottery Funding (HLF) in Tredegar Town Centre continues with NCB Town Hall and ongoing funding discussions with HLF continue. Rail improvements are gathering pace for both Ebbw Vale and Abertillery as funds from WG have been secured and funds from UK Government are awaited. Key, are complex buildings and structures like Big Arch, Trinity Chapel and Truck Shop have all been progressed during this period.

The Council only has limited financial and human resources in order to deliver projects. Therefore, we need to look at ways we can involve other key stakeholders and partners to achieve our vision. The Tredegar Advisory Board has provided a platform for both discussion, development and delivery of projects. Adopting a similar approach across each of the other towns could help the Council to support projects across each of the Towns supported by a wide range of stakeholders. The Council is looking to form a series of Advisory Boards for the Town Centres of Abertillery, Brynmawr and Ebbw Vale based upon the Tredegar Advisory Board approach. The Advisory Board shall act as a consultative body to oversee development and delivery of Town Centre Strategies and Plans.

It is hoped that by bringing Advisory Boards together we will be able to deliver projects that encourage future use of our Town Centres. Changing the way our Town Centres operate and offering a diverse range of uses would improve the variety of services that residents have access to.

## Key Performance Information

Performance Indicator Description – School Applications	18/19	19/20	20/21
Applications – Nursery	693	696	714
Applications – Primary	739	731	701
Applications – Secondary	677	679	696
Performance Indicator Description - School Attendance	July 19	July 20	July 21
Attendance – Primary	94.4	93.5	90.7
Attendance Secondary	93.3	91.7	84.8
Performance Indicator Description – Schools Exclusions	April 19 to March 20	April 20 to March 21	April 21 to September 21
Exclusions Primary	108	25	17
Exclusions Secondary	459	135	183
Average Number of Primary exclusions per month (no. of months in brackets)	108 (9.8)	25 (3.6)	17 (3.4)
Average Number of Secondary exclusions per month (no. of months in brackets)	459 (41.7)	135 (19.3)	183 (36.6)
Performance Indicator Description – Free School Meals	2019	2020	2021
Entitlement to FSM/Transitionally Protected (%)	21.1	24.6	30.4

Performance Indicator Description – Business Estates Council and Non-Council	20/21	21/22 (to date)
Number of Business Unit Lease Transactions	12	14
Total Floor Space	35000 sq. ft.	16,000 sq. ft.
% Occupied Business Units (Council Portfolio)	85%	88%
% overall floor space occupied (Council Portfolio)	91%	93%
Kick Start Plus Approved	13	5
Total (£)	£10,765.00	£4,142.00
Number FTE Jobs Created	6	5
Number of FTE Jobs Safeguarded	22	7

## Why this is important

Blaenau Gwent has a rich heritage and its buildings and countryside are part of Blaenau Gwent's attractiveness as a place to live, work and visit. The local environment should be used to help improve the health and well-being of families and communities and be enhanced for future generations to continue to enjoy. There is also a real desire to see the communities where people live kept clean, tidy and useable, creating areas that people can be proud of.



## Progress against actions

A number of high level priorities (shown below) have been identified to support delivery of the corporate objective, '**Protect and enhance our environment and infrastructure to benefit our communities**'. These are detailed in the following overview pages along with some associated achievements and challenges.

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### Priorities

- To re-invest in highways maintenance particularly improvements to our residential roads, streets and pavements;
- To increase rates of recycling to enable us to achieve national targets
- To re-invest in environmental services to address the issues created by fly-tipping, dog fouling, littering, grass cutting, street cleansing and pest control
- To improve the access to and quality of open spaces for the benefit of our communities, businesses and visitors
- To work with partners to provide a variety of homes
- To develop an excellent digital infrastructure including internet and mobile network connectivity that can support the needs of the whole community.
- To develop a portfolio of potential energy opportunities to deliver economic, business and community benefits
- To improve the quality of our school buildings to help learners achieve great outcomes
- To be a carbon neutral Council by 2030

## To re-invest in highways maintenance particularly improvements to our residential roads, streets and pavements

Building on the success of a previous Highways Capital Works Programme, which improved the nature and condition of the classified network, a programme targeting unclassified/ residential roads was approved by the Authority in 2017 covering the period up to 2022. A capital sum of £2.115million was generated from a 20 year prudential borrow based on revenue contributions of £130k per year. This Capital Sum has been augmented by Welsh Government Highways Refurbishment grant funding over the period 2017 to 2021 as detailed below:

Funding	Amount
Prudential Borrowing	£2,115,000
WG Grant 2017-2018	£553,000
WG Grant 2018-2019	£380,065
WG Grant 2019-2020	£409,776
WG Grant 2020-2021	£383,000
WG Refurbishment Grant* 21/22 & carry over 20/21 WG Revenue Grant	£602,000
<b>Total</b>	<b>£4,442,841</b>
*Welsh Government Refurbishment Grant is awarded to Authorities on the basis that it will be spent in line with Authority's Highways Asset Management Plan [HAMP].	

In accordance with the HAMP, with its identified priorities & risks to the Blaenau Gwent Highways Network, it is proposed that the 2021/22 programme will continue to pay due attention to high priority works to the Network whilst retaining a focus around improving the residential/ unclassified network. Following on from the previous works programme it is proposed that a priority ranking of residential streets is determined, utilising the assessment matrix criteria that was developed in line with the specific features associated with residential highways.

## To re-invest in environmental services to address the issues created by fly-tipping, dog fouling, littering, grass cutting, street cleansing and pest control

The Litter and Fly Tipping Strategy for the Council is now in place. An LEQ Officer has been appointed who is working on implementing the strategy and supporting action plan. An Engagement Strategy and Litter Bin Protocol is also now in development.

Support to local community groups is continuing with local litter champions being provided with materials, equipment, staff support and the collection of waste following clean up and clearance.

The intention is to further develop the Mobile Worker App so that service requests can be reported quickly and resources applied as required. However, owing to COVID, this work was put on hold. Work will continue when resources allow. Once completed staff will undertake training on the new app features.

In July 2021, Audit Wales published their report 'Review of People, Performance and Financial Resilience in Community Services' following workshops and interviews that took place early 2021. Key findings included:

- Waste Services has achieved substantial progress since 2015 through sound strategic planning supported by the adoption of a learning culture to manage change effectively.
- Waste and recycling performance has improved significantly but the use of performance data is inconsistent across Community Services and some performance reports lack sufficient detail
- Robust corporate budget monitoring arrangements have helped manage
- Community Services' overspends but the scope and focus of financial planning is overly short-term

In both 2018/19 and 2019/20 we exceeded the WG statutory recycling targets of 58% [achieving 59.26%] and 64% [achieving 65.31%] respectively, this year, we have maintained that success and exceeded the target of 64% once again, attaining 64.29%. This has been achieved through the hard work and dedication of the Waste Team as a whole [officers, wardens and the frontline staff], working in partnership with WRAP and with support from the Communications Team, Performance Team, Senior Management, the Elected Leadership and most importantly, the residents of Blaenau Gwent, in what has been one of the most difficult years in recent history. That being said, through careful prioritisation and engagement with our workforce, we have been able to maintain all Waste & Recycling collections throughout the Pandemic.

In 2020/21 we saw a shift in tonnages of different waste streams as a result of the Pandemic. Certainly tonnages have increased at kerbside because of the stay at home orders issued during the pandemic and changing buying habits at home. These trends have created significant operational issues which we needed to overcome, cardboard in particular, was a problem and continues to be so. We saw a 36.66% increase in the amount of cardboard being collected at the kerbside; this was something our collection vehicles were not designed for. Yet, we expect this trend to continue, so will factor this into our collection rounds and future vehicle specifications.

The current Pandemic has thrown up significant challenges throughout, and it is a testament to the Frontline Staff, who have continued to maintain services in such difficult circumstances. It has also meant we have seen a significant change in how many of our residents manage their waste, so a special thanks must go to them also. Through resolve and resilience, we have been able to overcome these challenges together and adapt the way we work to still achieve this success.

## To improve the access to and quality of open spaces for the benefit of our communities, businesses and visitors

The Active Travel (Wales) Act encourages healthy and sustainable travel throughout Wales and is further supported by the Wellbeing of Future Generations Act 2015. All local authorities in Wales must, by law, encourage walking and cycling as a preferred travel mode for purposeful journeys within short distances. Whilst cycling and walking as leisure activities are healthy in their own right, an active travel journey is one that is taken by a person(s) to get to a destination to carry out a specific task without using a car. Blaenau Gwent CBC, successfully applied for funding and received £429,000 for the following schemes to enhance the existing and future Active Travel network:

- Ebbw Vale Town Centre Sustainable Link Feasibility study - to determine a suitable sustainable route between the railway station and town centre for pedestrians and cyclists.
- Glyncoed Footpath Upgrading Works – feasibility and design
- The Dingle, Brynmawr – Existing cycle path extension
- Heathfield, Tredegar – Feasibility / design of a suitable footway link from the near-by residential area (Georgetown, Peacehaven areas) to the Bedwelty active travel route.
- Minor Works - includes small scale schemes of localised improvements such as dropped kerbs & tactile paving, lighting, signage, path widening etc to upgrade existing routes to the required standard set by Active Travel guidance.

Active Travel Network Mapping (ATNM), submission of final draft to Welsh Government and Community and Statutory Consultation

The purpose of the Safe Routes in Communities (SRiC) funding is to support capital schemes that contribute to the Welsh Government's objectives to improve accessibility, safety and encourage walking and cycling in communities (Active Travel). There is particular emphasis on improving routes to and from schools. The aim is to change how people travel for purposeful journeys, resulting in greater social inclusion and improved community safety. Having more families walking or cycle around their neighbourhoods can also help community cohesion, bringing people together and having people look out for one and other (improving overall safety).

The Authority successfully applied for £25,000 of funding under the Safe Routes in the Communities grant scheme for the financial year 2021/22. The funding has been used to commission a feasibility study and design work on footpath improvements between Mafeking Terrace and Georgetown Primary School, Tredegar. In the previous financial year, 2020/21, £19,479 was spent on improving the footpath along Ebenezer Street, Tredegar, providing a safe footpath to help connect Ebenezer Street to Glanhwy School, Tredegar.

The actions identified within the Biodiversity and Ecosystem Resilience Forward Plan (2019-2022) prioritises actions, to maintain and enhance biodiversity and promote the resilience of ecosystems. The three delivery mechanisms, for implementing activities, are Service Area Action Plans; Environment Champions network and advice from the Natural Environment team.



## To work with partners to provide a variety of homes

There continues to be an improvement in the number of affordable and private homes delivered and delivery of new sites for housing, with high numbers of homes accessing funding for making them more energy efficient. Alongside this, the early intervention for homelessness means 73% of potentially homeless households were prevented from becoming homeless.

During the reporting period the announcement that the team has been shortlisted for Council of the Year (UK Housing Awards) was made - awards ceremony will be held in November 2021.

Progress against each housing development is captured below:

- Glanffrwyd, Ebbw Vale (23 units) (social rent); WRW the appointed contractor has gone into administration, Tai Calon have re-tendered the works with a view to recommencing the development during 2021/22
- Greenacres, Tredegar (22 units) (social rent) on site and progressing though completion date is delayed.
- Golwg Y Bryn, Ebbw Vale (100 units) (70 open market) (30 social rent) is nearing completion (October 2021) slightly delayed but all homes the open market homes are sold. The scheme was shortlisted for the Welsh Housing Awards - Building Quality Homes category.
- Ebbw Vale School Site (277 units) (222 open market) (55 social rent); The ground-breaking event was held during this period and development at the site continues, including construction of the show home.
- Glan Yr Afon development phase is progressing, pre application consultation completed, planning application and SAB application submitted, anticipate Tai Calon being in contract this financial year. The other package deals i.e. Crawshay House and Briery Hill are at negotiation stage for acquisition during this financial year.

Progress on Development Sites includes:

- Pithead Baths Land Release Funding has been secured for Year 1 associated development work. Work for the rest of the year will include: Site Investigation Works; land valuations; legal negotiations; and initial site layouts. A public consultation meeting, facilitated by the Executive Member, was also held with residents during this period.
- Civic Centre Site; Initial design layout prepared by the Urbanists for comment. Options appraisal paper for consideration by the commercial board will be prepared and presented late 2021.
- The independent valuation commissioned for Ashvale highlighted the viability of the scheme without grant. During the period, extensive work to engage with the CCRCDC took place and to challenge the findings. Managing partner relations and maintaining positive dialogue have been critical to maintaining momentum.
- Initial design layouts for Abertillery Leisure Centre, with appropriate access, have been developed by the RSL partner.

## To develop an excellent digital infrastructure including internet and mobile network connectivity that can support the needs of the whole community

In Blaenau Gwent, there is a placemaking plan in place for Ebbw Vale Town Centre. Placemaking looks to deliver sustainable development and provide solutions and investment that addresses the needs of an area.

The primary purpose of the Placemaking Plan for Ebbw Vale is to inform and influence future strategic decision making for regeneration activity within the town and act as an evidence base to support the Council with future external funding options and support development of the replacement Local Development Plan (LDP). The overall vision of the Ebbw Vale Placemaking Plan is:

*“We want Ebbw Vale to be a smart, resilient and sustainable town that is a great place to work, have a business, live and visit.”*

Delivery of our vision shall be done by exploiting three opportunity areas for Ebbw Vale Town:

- Connect the town with the locality and destinations
- Build on the area's green legacy
- Exploit tech and digital investment opportunities

The technical and digital measures include developing a digital presence for the town, strengthening the quality of WI-FI coverage, creating a favourable commercial environment for businesses to survive and grow and establishing a regular series of events and initiatives that raise interest in the town as a destination and increase visitors.

The digital interventions of the project include:

- 5G connectivity throughout the town centre with 5G classroom at the Works site.
- Create a digital high street through development of an app that allows interaction with Ebbw Vale and provides access to local businesses.
- Establish a brand and marketing strategy for the town, that consistently promotes the leisure, tourism and retail offer that is available in the town and wider region.
- Create or link to existing digital resources (online maps/council website/app) to aid way-finding for the cycle and walking opportunities through the town

The placemaking plan embraces the digital and technological revolution with trying to establish Ebbw Vale with world-class connectivity. This will support businesses and provides a means for retailers to trade online.

## To develop a portfolio of potential energy opportunities to deliver economic, business and community benefits

Regeneration has a commitment to managing a sustainable future energy delivery programme to allow a choice of affordable energy and to reduce fuel poverty for future generations, with the aim of:

- Improving the choice of supply;
- Developing models that enable community ownership of energy; and
- Meeting the energy needs of vulnerable households.

The Regeneration Opportunities Team has been exploring the potential to develop a range of renewable energy generation opportunities, including small scale hydro (micro-hydro) generation projects across the Borough. In 2017, Carbon Trust reported on Hydro potential in Blaenau Gwent as part of a borough wider study of potential renewable energy generation including wind, solar and hydro schemes. In September 2020 an application was submitted to the Welsh Government Rural Communities – Rural Development Programme under the LEADER scheme for funding to undertake a Community Hydro Study of potential opportunities within the electoral wards of Llanhilleth and Cwm. The funding was awarded in December 2020 and together with funding from within the Council.

The Feasibility Study identified there is potential for a 15 – 25kW hydro scheme at Cwm Cynw with a power output of 17kW and average generation of 55MWh a year. This is the equivalent of powering 14 average homes for a year and that there is potential for a 20 – 30kW hydro scheme at Cwm Big with a power output of 28kW and average generation of 62mWh a year. This is the equivalent of powering 16 average homes for a year.

The Energy Prospectus has been completed 'Energy Generation Opportunities' is now in the market place. Funding for electric charging points in BG has been successful enabling 73 charge points across 35 sites for the community and visitors in addition to workplace, taxi and bus points. Work on the ReFIT program of works continues – 6000 non-LED street lights have been replaced with LEDs and will generate energy savings for the Council. Hydro and wind generation projects are being investigated in detail. The GovTech Catalyst project is in the last stages of development and final reporting will enable BG to assess the suitable tech for us. £20million National Digital Exploitation Centre (NDEC) is running and has started to assist SMEs and micro businesses with cyber security and digital design – the first R&D facility of its kind in Wales.

## To improve the quality of our school buildings to help learners achieve great outcomes

The preparations for the 21st Century Schools Band B Programme are progressing well with WG business case submissions being made and agreed for key projects. The Managing School Places report is demonstrating progress towards meeting the SOP 15% target.

A review of the overall Band B Programme including timeline, cost and challenges have been considered and prioritised which will see some work spanning into the Band C programme.

A meeting has been held to discuss current facilities and use of school buildings. From this, a questionnaire is planned for Autumn term to support the action plans to enhance facilities for community use

- Glyncoed project Pre-planning Consultation April 2021 outturn report has been generated and submitted as part of the planning application.
- Remodelling of the 3-16 River Centre secondary campus - business case preparations are to be undertaken for Autumn Submission.
- Brynmawr 3G Pitch will be for community use and a Community Use agreement has been developed in conjunction with the school for the grant purpose.
- The monitoring form for the existing Welsh in Education Strategic Plan (WESP) 2017/20 has been extended and will continued to be monitored annually until the new 10-year plan in 2022. There have been several workshops and meetings to inform the direction of the new plan.

A new Welsh-medium 210 place Primary School with Co-Located Childcare Provision on Chartist Way has been approved for development.

The Council has a Decarbonisation Plan in place and declared a Climate Emergency on 24 September 2020. The Plan sets out we would deliver our commitment to the ambition of the Welsh Public Sector to achieve net Zero by 2030. It outlined how we could reduce our organisational emissions across nine transitions:

- Transport Direct
- Transport Commissioned
- Sequestration
- Procurement Goods
- Procurement Services
- Procurement Works
- Electricity
- Heat
- Waste

Since the plan was adopted a Decarbonisation Board has been established, chaired by the Managing Director, and consisting of a range of experienced officers from across the Council. The Council is working closely with partners at both a local Blaenau Gwent level, through our newly formed Well-being Partnership Group and the Regional Gwent PSB and Climate Ready Gwent.

Blaenau Gwent has been responsible for the development of the Blaenau Gwent Climate Assembly, the first climate assembly in Wales, which took place online in March 2021. 44 demographically representative Blaenau Gwent residents, heard from over 20 expert speakers and deliberated for 23 hours about the question '*what should we do in Blaenau Gwent to tackle the climate crisis in a way that is fair and improves living standards for everyone?*'. The Assembly produced five official recommendations, drafted by Assembly participants that received 80% support.

The Climate Assembly recommendations will help to inform the development of a plan to address territorial emissions in Blaenau Gwent. Continuing this public engagement is a priority for both the council and the PSB.

Regional projects have included:

- Electrical Vehicle Charging Project where 62 new dual electric vehicle 22kw fast charging units have been installed at 34 sites across Gwent.
- Gwent Green Grid Partnership, where funding has been secured by Gwent partners for a three-year programme of work in support of woodland creation and management, green spaces cycle ways and the enhancements of vital habitats.
- Contributed to the development of Cardiff Capital Region Energy Strategy.

## Key Performance Information

### Recycling Outturn

Quarter	2019/20	2020/21	2021/22
<b>Quarter 1 (April – June)</b>	62.24%	62.17%	66.51%
<b>Quarter 2 (July – Sept)</b>	64.95%	65.94%	37.3%
<b>Quarter 3 (Oct – Dec)</b>	69.69%	63.06%	
<b>Quarter 4 (Jan – March)</b>	63.66%	65.53%	
<b>Annual (as at 31st March following validation).</b>	<b>65.31%</b>	<b>64.29%</b>	

### Annual Recycling Comparisons between 19/20 and 20/21

- Residual waste increased by 1269.832 tonnes (10.69%)
- Food waste increased by 501.07 tonnes (15.53%)
- Kerbside Recycling increased by 1473.766 tonnes (28.95%)
- Garden waste increased by 20.014 tonnes (1.16%)
- HWRC Recycling has decreased by 2628.502 tonnes (46.43%)

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Since **Civil Parking Enforcement** commenced on the 10th September 2019, a total of 3,777 Penalty Charge Notice (PCN's) have been issued.

The number of PCN's issued during this period has been sub-divided into geographical areas as detailed below:

Location	Number of PCN's Issued
Abertillery	218
Blaina and Nantyglo	5
Brynmawr and Beaufort	244
Ebbw Vale*	406
Tredegar	145
<b>Total</b>	<b>1029</b>

- 1,029 PCN's issued between 1st Nov 2020 to 30th Sept 2021.
- 95% collection rate of PCN's (percentage of PCN's paid). This is an improvement on last year's collection rate (88%)
- \* Note - The Ebbw Vale total includes 212 PCNs issued at The Works

## Budget 2021/22 - Quarter 1 & 2 (April 2021 to September 2022)

**Capital Budget** - The overall financial position as forecast at 30th September 2021 indicates an adverse variance of £283,128 against a total in year capital budget of £17.12m.

Portfolio	Total Funding	In Year Budget	Forecast Variance (Adv) / Fav
Corporate Services Portfolio	2,531,799	812,650	0
Social Services Portfolio	5,734,482	1,739,119	(1,761)
Economy Portfolio	13,773,153	3,263,132	(234,710)
Education and Active Living	26,446,098	2,433,361	0
Environment Portfolio	5,863,489	3,928,576	(42,756)
Infrastructure Portfolio	4,676,520	3,187,699	(3,900)
All Portfolios	1,952,775	1,750,860	0
Total Capital Funding	60,978,316	17,115,397	(283,127)

Significant overspends have been identified on the following projects:

- Household Waste recycling Centre - £42,752**  
 The overspend relates to increased costs due to the Covid-19 pandemic & future proofing of the site.
- Lime Avenue Business Park - £234,710**  
 The latest anticipated final account advises of a loss & expenses claim for items in relation to unforeseen issues caused by Covid-19 pandemic.

Discussions with funding bodies are ongoing to determine whether additional funding is available, therefore, at this stage it is not proposed that funding for these schemes be built in from the Capital contingency.

**Revenue Budget** – The forecast includes actual and estimated funding from the Hardship fund for April to September 2021 of £3.555m. Claims have been submitted, in line with the set of principles issues by Welsh Government, for quarter 1 and quarter 2 loss of income and £104,000 is included in the forecast for Social Services. It has been confirmed that Welsh Government Hardship Funding will continue to March 2022. The forecast overall financial position across all portfolios at 30<sup>th</sup> September 2021 (before the inclusion of Covid-19 related expenditure):

Portfolio	2021/2022 Revised Revenue Budget £m	2021/2022 Forecast Outturn 30 Sept 2021 £m	Favourable/ (Adverse) To 31 March 2022 £m
<b>Underspending Portfolios</b>			
Corporate Services & Financial Management & Strategy	18.425	17.171	1.254
Education & Leisure	63.863	63.693	0.170
Social Services	46.329	44.825	1.504
Planning	1.274	1.274	0.000
Licensing	0.106	0.106	0.000
<b>Sub Total (1)</b>	<b>129.997</b>	<b>127.069</b>	<b>2.928</b>
<b>Overspending Portfolios</b>			
Economy	1.551	1.568	(0.017)
Environment	26.484	26.581	(0.097)
<b>Sub Total (2)</b>	<b>28.035</b>	<b>28.149</b>	<b>(0.114)</b>
<b>Total</b>	<b><u>158.032</u></b>	<b><u>155.218</u></b>	<b><u>2.814</u></b>
Covid-19 Costs Social Services		1.487	(1.487)
Covid-19 Costs Education		0.277	(0.277)
Covid-19 Costs Environment		1.791	(1.791)
<b>Sub Total – Covid19 spend</b>		<b><u>3.555</u></b>	<b><u>(3.555)</u></b>
<b>WG Hardship funding</b>			<b><u>2.068</u></b>
<b>WG SS Hardship funding</b>			<b><u>1.487</u></b>
<b>Revised Total</b>			<b><u>2.814</u></b>



# Regulatory Monitoring

*The Council is subject to numerous internal and external audits and regulatory reviews each year which ensures local authorities provide value for money when delivering services, services are being run efficiently and effectively, and identifies local authorities approach in planning and delivering improved services in the future. This section aims to capture the progress being made against these proposals.*

## Reports and Proposals

At 30<sup>th</sup> September 2021 there were 10 open audits, 7 of which are 'active' audit reports.

### **Active Reports:**

- Springing Forward – workshop undertaken on 25th November 2021. Information from this session will inform the future direction of this review.
- Building Social Resilience – CLT lead identified and interview scheduled for early 2022.
- Social Enterprises – CLT lead identified and interview scheduled for early 2022.
- Poverty in Wales – CLT lead identified and interview scheduled for early 2022.
- Nation Auditor Generals Equality Review – documentation provided and interview to take place December 2021.
- Public Service Ombudsman Review on Homelessness – Council considering the national proposals received.
- Decarbonisation baseline review – Council in the process of pulling information together for this review.

### **Open Reports:**

- SRS Follow Up – awaiting final report from Audit Wales
- Data Driven Decision making – part one report received, awaiting part two to take place in 2022
- Value for Money of Direct Payments - awaiting final report from Audit Wales

# Corporate Risk Register

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR14	Failure to improve staff attendance rates within the Council will lead to an unacceptable impact on the ability of the Council to deliver services effectively and financially support the cost of sickness absence.	<b>3 x 4 Critical</b>	<p>The inherent risk score has moved from High to Critical. The impact score was amended from a 3 to a 4 to reflect the consequences more adequately owing to an increase in sickness absence being reported.</p> <p>Unpublished data is indicating that Blaenau Gwent has the worst performance in Wales on sickness. Critical levels of sickness being experienced in Provider Services, with 39.25 days per employee which is pushing the Council's total average sickness up – capacity in this service also has a direct impact on the risk score. Covid and long Covid will continue to impact negatively on sickness absence as well as the waiting times for NHS treatment and seasonal illnesses. All this will impact on the capacity of the workforce alongside any recruitment and retention issues. Other Councils are also suggesting they have significant increases in sickness absence.</p> <p>Sickness reporting has been taken to CLT and Corporate Overview Scrutiny Committee. Some activity to reduce sickness absence includes: reviewing the top 20 cases in each directorate; Workforce Wellbeing bulletin published weekly; Agile Working policy agreed by Council March 2021.</p>	<b>2 x 4 High</b>
106RR	If the Council does not manage its information assets in accordance with requirements set down within legislation then it may be faced with financial penalties and possible sanctions that hinder service delivery.	<b>3 x 4 Critical</b>	<p>The inherent risk score has moved from High to Critical. The impact score was amended from a 3 to a 4 to reflect the consequences more adequately.</p> <p>The Information Security Policy and Acceptable Use Policy have been reviewed and progress is being made with the review of the Records Management, Social Media and Password Policy and the Record of Processing Activities (ROPA).</p> <p>Increased data breach numbers seen in Q3 2020/21 but returned to more normal levels in Q4 and have continued this trend in 2021/22 with a total of 6 by quarter 2 with limited severity. The risk of cyber-attacks is increasing with a number of high profile attacks against Councils being reported in recent years. Consideration is being given to enhancing the protection in place on the Council's IT network by implementing a SOC / SIEM solution which will monitor and warn of potential threats.</p>	<b>2 x 4 High</b>

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR24	There is a risk that exiting the EU will have an adverse impact at a national and local level which could impact on the community and on the Council and its ability to deliver public services.	<b>3 x 4</b> <b>Critical</b>	<p>*** Draft target score has been added for discussion by CLT ****</p> <ul style="list-style-type: none"> <li>The EU Settlement Scheme closed in July 2021. 1,490 EU citizens registered to addresses in BG have now applied for settled or pre-settled status.</li> <li>OD pre-employment checks and offer letters to new staff revised to ensure the new right to work requirements are outlined and captured. Impact not yet known as Covid travel restrictions during first half of 2021 resulted in an additional reduction of EU citizens entering the UK for work.</li> <li>Ongoing monitoring of labour and supply shortages associated with EU exit i.e. HGV driver shortages due to visa blockages and its impact on public service delivery through ERT &amp; LRF. Currently low impact but keep monitoring as winter pressures grow.</li> </ul>	<b>3 X 4</b> <b>Critical</b>
CRR26	Business Continuity. The on-going COVID 19 pandemic presents a continued risk to service delivery.	<b>3 x 4</b> <b>Critical</b>	<p>Gwent SCG and BG GOLD reconvened in August to respond to issues in health and social care in Gwent.</p> <p>SRG continue to meet with a focus on Recovery across were in place the following themes: Community, Social Services, Learners, Workforce and Economy.</p>	<b>1 x 4</b> <b>Medium</b>
CRR1	Failure to deliver and sustain the changes required to ensure that vital services are prioritised within the financial constraints faced by the Council	<b>2 X 4</b> <b>High</b>	<p>Council agreed the new operating model in March 2021. The Programme Board, chaired by the Managing Director, which includes CLT and all Workstream Leads oversees the delivery of the new operating model; work to decommission the Civic Centre remains on target; Democratic Hub at the General Offices is now operational; designs have been agreed for the refurbishment of Anvil Court to an agile workspace; staff were issued with an amendment to their contracts to reflect a move to agile working. Six new Community Hubs have opened across the Borough. The Workforce Strategy 2021 – 2026 was approved by Council July 2021.</p>	<b>1 X 4</b> <b>Medium</b>

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR4	Safeguarding - Failure to ensure adequate safeguarding arrangements are in place for vulnerable people in Blaenau Gwent	<b>2 x 4</b> <b>High</b>	<p>*** Draft target score has been added for discussion by CLT ****</p> <p><b>Social Services</b> Referrals have increased with the easing of lockdown but it remains to be seen whether these will materialise into cases where further action is needed. A programme has been put together for Safeguarding training which was to be implemented in Q2, this is delayed as queries have been raised by CLT around delivery and cost. Safeguarding Policy has been updated but as linked to the training programme has not been progressed via the political process to date. Q2 has seen increased pressures within health and social services relating to employees taking annual leave after a difficult period during the pandemic, increase in numbers of staff self-isolating, staff off sick and difficulties recruiting and retaining staff, particularly in the domiciliary care and residential sector. This will be the subject of a separate risk on the Corporate Risk Register but it is highly likely that these pressures could have a direct effect on safeguarding arrangements and this risk will need to be kept under close review as we move into Q3.</p> <p><b>Education</b> Education, including the Youth Service, provided partial performance information for the Joint Scrutiny/Executive performance report in Q4. Due to periods of school/pupil disruption. However, full data for Q1 in 2021-22 are being collated following a full return to face to face learning in schools during the Spring/Summer terms of 2021.</p> <p>The Local Government Education Services Safeguarding Policy has been updated and discussed at Joint Scrutiny Committee and was subsequently agreed by the Executive Committee in July 2021. The policy is now in line with the latest Keeping Learners Safe Guidance.</p>	<b>1 X 4</b> <b>Medium</b>

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR20	There is a risk that increasingly complex needs and demand for services provided by Social Services and Education, in particular for Looked After Children, will put further significant pressure on the Council's budget.	<b>2 X 4</b> <b>High</b>	<p>Number of children looked after continues to reduce (187 as at 21/09/21) however there is a risk that the rise in referrals may result in more children coming into care. We have started to implement the revised Safe Reduction of Children Looked After Strategy 2020 to 2025 following its agreement by Executive. We are also working with Education to implement the new ALN reforms. This remains a high risk given the gradual reduction of COVID-19 restrictions and the possibility of more children at risk coming to light over the coming months.</p> <p>In adult services, cases are more complex and needs of the older population are at a higher level than anticipated as early intervention and preventative work has not been possible due to the pandemic. Discussions are ongoing in respect of a future collaboration with Caerphilly for the provision of legal services in respect of children's services in particular. It is anticipated that this will reduce the budget for legal services which is high in particular in respect of children's services due to currently being outsourced due to a lack of capacity within the Council's legal services.</p>	<b>1 X 4</b> <b>Medium</b>
CRR21	The Financial resilience of the Council could be at risk if the Council does not ensure that financial planning and management decisions support long term stability and sustainability.	<b>2 X 4</b> <b>High</b>	<p>Target risk score has been set as High as it is doubtful that the likelihood will reduce given the annual funding settlements, changing political priorities and economic environment of BG which is likely to remain reliant on WG funding and grants as opposed to Council Tax and Fees and charges.</p> <p>Whilst good progress is being made in reviewing the MTFs, significant cost pressures are emerging for 2022/23 onwards not least the announcement by the UK Government of a 1.25% increase in National Insurance contributions, the predicted increase in gas prices (40%) and the potential for additional costs connected to the Council's response to and recovery from the Covid 19 pandemic to continue into 2022/23 and onwards.</p> <p>BtG estimated achievement has increased for future years with the review of the MRP policy and the Prevention &amp; early intervention work throughout the Council however these are not at the level to fully offset the budget gaps currently being forecast. WG annual settlement announcements are not being made until December and there remains a high level of uncertainty around the level of the Council's funding for future years.</p>	<b>2 X 4</b> <b>High</b>

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR25	The 2 schools currently in receipt of Council Intervention fail to make appropriate progress against the Statutory Warning Notice to Improve and their Post Inspection Action Plans	<b>3 X 3</b> <b>High</b>	<p>The overall position against this risk remains, however, the Education Directorate and EAS are increasingly confident in the progress that both settings are making. Progress includes:</p> <p><b>Abertillery 3-16 Learning Community</b></p> <ul style="list-style-type: none"> <li>• Governance has improved significantly.</li> <li>• The impact of leadership consolidation can now be seen in more consistent provision and practice across the community, with standards in books overall broadly in line with age and stage.</li> <li>• The school is engaging well with Tonyrefail School as its Learning Network School.</li> <li>• In addition to Learning Network School support, the school has engaged in a range of helpful programmes to support improvements in teaching and learning, developing middle leadership, preparing for curriculum reform, supporting wellbeing of learners and improving outcomes for disadvantaged learners.</li> <li>• The May verification visit showed that the school has made satisfactory progress overall with some aspects identified as strong (e.g. leadership development).</li> </ul> <p><b>Brynmawr Foundation School</b></p> <ul style="list-style-type: none"> <li>• Governance has significantly improved.</li> <li>• The school has had several beneficial changes in senior leadership since the core inspection.</li> <li>• A strong support plan is currently in implementation as part of the EAS Learning Network School model, working closely with Cardiff High School.</li> <li>• The school is part of the national pilot for multi-agency support for schools in special measures national initiative.</li> <li>• From on-site visits during Summer 2021, there is still work to be done, but the school is making progress against its recommendations with good progress made in strengthening leadership. This assessment will be verified during the Estyn monitoring visit in October.</li> <li>• Both schools engaged positively with the Celebrate, Share, Support and Refine initiative, which demonstrated that it had in place strong practice during the time of school closure in providing online learning for pupils, and good support for families within the community.</li> </ul>	<b>2 X 3</b> <b>Medium</b>

Ref:	Risk Description	Residual Score	Progress against further controls	Target Score
CRR22	Failure to deliver the Council's priorities within the agreed annual budget resulting in the increased use of emergency finance measures and the drawdown of reserves.	<b>1 X 4</b>  <b>Medium</b>	<i>It is recommended that the risk score be amended to medium.</i>  2021/22 budget agreed March 2021. During Q2, the Council agreed a supplementary budget to undertake additional Highways maintenance works funded by general reserves. Despite this, the forecast outturn for 2021/22 continues to be favourable which will result in the general reserves increasing further by the year end with no unplanned draw from the general or earmarked reserves. Delivery of the 2021/22 BtG proposals are on track and estimated to be achieved	<b>1 X 4</b>  <b>Medium</b>

# Contact Details

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Cyngor Bwrdeistref Sirol

# Blaenau Gwent

County Borough Council



# 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: **23 February 2022**  
Report Subject: **Treasury Management – Treasury Strategy Statement, Investment Strategy & MRP Policy Statement 2022/2023 (including Prudential Indicators)**  
Portfolio Holder: **Leader, 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)
		15/02/22			23/02/22		03/03/22	

## 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 2022/2023 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 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.
- 2.3 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 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 2022/23 is therefore also included as part of the Treasury Strategy Statement (last page of Appendix A).
- 2.5 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

The Capital Strategy for Blaenau Gwent CBC is updated annually and is subject to a separate report on today's agenda.

### 3. **Options for Recommendation**

#### 3.1 Option 1

Members consider the Annual Treasury Strategy Statement & Annual Investment Strategy & MRP Policy Statement for the 2022/2023 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 2022/2023 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 ambitious and innovative council delivering the quality services we know matter to our communities by ensuring effective forward financial planning arrangements are in place to support the Council's financial resilience'.*

### 5. **Implications Against Each Option**

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

5.1.1 The Authority will comply with the CIPFA Treasury Management in the Public Services: Code of Practice 2021 and in doing so will strive for effective risk management and control, whilst at the same time pursuing best value.

5.1.2 The Treasury Strategy Statement & Annual Investment Strategy and MRP Policy Statement for 2022/2023 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 annual investment strategy has been developed to provide additional opportunities for the higher levels of investments currently forecast into the medium term.

5.1.3 The revenue cost of debt arises through the Minimum Revenue Provision (or MRP) set aside for debt repayment. The revised MRP Policy was agreed by Council in December 2021 and will be applied from 2021/22 and beyond. Budget forecasts for

MRP from 2022/2023 have been 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 2022/2023 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 established & monitored 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)***

The revised MRP Policy was agreed by Council in December 2021 and will be applied from 2021/22. Budget forecasts for MRP from 2022/2023 have been factored into the Council's Medium Term Financial Strategy and longer term financial planning

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 ***Decarbonisation and Reducing Carbon Emissions***

The Authority will consider Environmental, Social and Corporate Governance (ESG) factors when setting up any investment arrangements. For example, we would avoid investing in companies linked with fossil fuels.

6.9a ***Socio Economic Duty Impact Assessment***

See above

6.9b ***Equality Impact Assessment***

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

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2022/23

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## **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, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and / or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the Council's General Fund Balance.

CIPFA defines Treasury Management 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.”*

To date 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 (2022/23). 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.

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 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. A revised MRP policy was agreed by Council in 2021, the updated Annual MRP Policy Statement is therefore included at section 5.

## 1.3 CIPFA requirements

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy, which will 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

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

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:

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

- a. **The Treasury Strategy Statement** (this report) - The first, and most important report covers:
  - The capital plans (including prudential indicators)
  - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - 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).
- b. **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.

- c. An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

**Scrutiny**

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

The table below sets out the frequency of the reporting requirements:

<b>Area of Responsibility</b>	<b>Frequency</b>
Treasury Management Strategy / Investment Strategy / MRP policy	Annually before the start of the financial year
Treasury Management Strategy / Investment Strategy / MRP policy – midyear outturn report	Mid-year
Treasury Management Strategy / Investment Strategy / MRP policy – updates or revisions at other times	Ad hoc
Annual Treasury Outturn Report	Annually by 30 September after the year end.

**1.5 Treasury Management Strategy for 2022/23**

The strategy for 2022/23 covers two main areas:

**Capital issues**

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

**Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;

- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements incorporate the requirements of the Local Government Act 2003, Welsh Government Investment Guidance and MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

## 1.6 Treasury Consultants

The Council uses external treasury management advisors to support its Treasury Management function however the Council recognizes that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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 Council's current advisors are Link Assets Services; a contract tender process is currently underway to appoint advisors from April 2022.

## 1.7 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 the 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 2022/2023 – 2024/2025**

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

**2.1 Capital expenditure and financing**

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 2020/2021 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

<b>Capital Expenditure £000's</b>					
	<b>2020/21 Actual</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
Total	17,604	14,230	73,260	44,881	25,060

*Note*

*Actual figures for 2020/21 & estimated figures for 2021/2022 represent total gross capital expenditure (I.e. include all expenditure including that financed from grant).*

*Estimated figures for 2022/23, 2023/24 & 2024/25 are based on the Authority's approved capital programme plus external funding approvals received at this stage and estimated spend  
The increases for 2022/23 onwards relate mainly to the railway works and the 0% loan from WG*

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Capital Expenditure £000's</b>	<b>2020/21 Actual</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
Total	17,604	14,230	73,260	44,881	25,060
<b>Financed by:</b>					
Grants, Capital Receipts, revenue and other sources	14,284	11,375	32,655	16,976	12,755
<b>Net financing need for the year from USB** and PB***, &amp; Other Borrowing</b>	<b>3,320</b>	<b>2,855</b>	<b>40,605</b>	<b>27,905</b>	<b>12,305</b>

\*\* USB – Unhypothesized 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 indebtedness in line with each asset’s life, and so charges the economic consumption of capital assets as they are used.

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 £0.161m of such schemes within the CFR.

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

Capital Financing Requirement					
	<u>2020/21</u> <u>Actual</u> <u>£000</u>	<u>2021/22</u> <u>Estimate</u> <u>£000</u>	<u>2022/23</u> <u>Estimate</u> <u>£000</u>	<u>2023/24</u> <u>Estimate</u> <u>£000</u>	<u>2024/25</u> <u>Estimate</u> <u>£001</u>
CFR at start of financial year	166,406	169,049	171,379	210,740	237,308
CFR at end of financial year	169,049	171,379	210,740	237,308	248,180
<b>Movement in CFR</b>	2,643	2,330	39,361	26,568	10,872
<b><u>Movement in CFR represented by:</u></b>					
Net Financing need for the year (above)	3,318	2,855	40,605	27,905	12,305
New Finance Leases	5	500	500	500	500
less MRP	-680	-1,025	-1,744	-1,837	-1,933
	2,643	2,330	39,361	26,568	10,872

### 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					
	<u>2020/21</u> <u>Actual</u> <u>%</u>	<u>2021/22</u> <u>Estimate</u> <u>%</u>	<u>2022/23</u> <u>Estimate</u> <u>%</u>	<u>2023/24</u> <u>Estimate</u> <u>%</u>	<u>2024/25</u> <u>Estimate</u> <u>%</u>
General Fund	2.74%	3.25%	3.42%	3.47%	3.50%

*Note:*

*The estimates of financing costs for 2021/2022 include current commitments and the proposals in the budget report to be presented to Council in February/March*

*The net revenue stream for 2022/2023 & 2023/2024 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 2022/2023 & 2023/2024*
- *Council Tax -assumes 1% increase for 2022/23 and 4% for 2023/24.*
- *Council Tax Base – remains at 2021/2022 level*



### **3.0 Treasury Management Strategy for 2022/2023**

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 and the Council's Capital Strategy. 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 2022/2023 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 2022/2023 to 2024/2025*
- 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 2021, 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.

<b>Treasury Portfolio Position</b>					
	<b>2020/21 actual £000</b>	<b>2021/22 estimate £000</b>	<b>2022/23 estimate £000</b>	<b>2023/24 estimate £000</b>	<b>2024/25 estimate £000</b>
<i>External Debt:</i>					
Debt	235,649	229,636	229,491	229,553	229,517
Other Long Term Liabilities	54	637	901	1,148	1,115
Gross Debt as at 31 March	235,703	230,273	230,392	230,701	230,632
The Capital Financing Requirement	169,049	171,379	210,740	237,308	248,180
Under / (Over) Borrowing	(66,654)	(58,894)	(19,652)	6,607	17,548

The Council is currently in an over borrowed position. This means its actual debt is higher than its capital financing requirement in the current year, this is as a result of Welsh Government providing the Authority with a specific loan in relation to the Rail Track in March 2021. However, the table indicates that as expenditure is incurred in relation to this capital scheme, the Authority will revert to its under borrowed position

Within the range of 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 2022/23 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 or speculative 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 2022/23 – 2024/25**

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 2021, CIPFA issued a revised CIPFA Code of Practice for Treasury Management in the Public Services, the Council will continue to comply with this.

#### **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 2022/2023, 2023/2024 & 2024/2025 should be set at 100% of its net outstanding sums.

- **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 2022/2023, 2023/2024 & 2024/2025 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.

	<b>Upper Limit</b>	<b>Lower Limit</b>
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 for External Debt**

This is a key Prudential Indicator that represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It 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				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Borrowing	261,216	260,052	259,948	265,726
Other long term liabilities	61	701	991	1,263
<b>Total</b>	<b>261,276</b>	<b>260,753</b>	<b>260,939</b>	<b>266,989</b>

### 3.2.4 Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

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				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Borrowing	237,469	236,411	236,316	241,569
Other long term liabilities	55	637	901	1,148
<b>Total</b>	<b>237,524</b>	<b>237,048</b>	<b>237,217</b>	<b>242,717</b>

### 3.2.5 Actual External Debt

The Council's actual external debt as at 31 March 2021 was £235.6 million (including temporary borrowing), comprising 99.9% borrowing and 0.1% 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 2021/2022, Link Asset Services assist the Council to formulate a view on interest rates. The following table illustrates this:

Link Group Interest Rate View 7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Additional notes by Link on this forecast table: -

- LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- Forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 and to 0.5% in February 2022.

**Forecasts for Bank Rate**

- As shown in the forecast table above, the forecast for Bank Rate now includes a much faster pace of increases. The forecast now expects the Monetary Policy Committee (MPC) to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to combat inflation. The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November.

However, the following could have an impact on these forecasts:

- The MPC shifted up a gear in February 2022 in raising Bank Rate by another 0.25% and narrowly avoiding making it a 0.50% increase by a 5-4 voting margin.
- The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.

- Rising gas and electricity prices in October 2021 and April 2022 combined with increases in other prices caused by supply shortages and increases in taxation expected in April 2022, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It looks as if the economy coped well with the end of furlough on 30th September 2021. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services - the MPC may feel it needs to take more action.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

### **Gilt yields / PWLB rates**

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

### **Investment and borrowing rates**

**Investment returns** are expected to improve in 2022/23. However, while markets are pricing in response to the series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

**Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps

in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

**Borrowing for capital expenditure.** The long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some ‘cheap’ alternative sources of long-term borrowing if an authority is seeking to avoid a “cost of carry” but also wishes to mitigate future re-financing risk.

While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt the cost of carry will be minimized , (the difference between higher borrowing costs and lower investment returns).

### 3.4 The Borrowing Strategy

The Council is currently in an over borrowed. This means its actual debt is higher than its capital financing requirement in the current year, this is as a result of Welsh Government providing the Authority with a specific interest free loan in relation to the Rail Track project. However, as expenditure is incurred in relation to the scheme, the Authority will revert to its under borrowed position

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. This results in the Council having a low liquidity ratio, however the risk associated with this is minimal and is continually monitored. 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. The Council’s Treasury Advisors will assist the Authority with this cost of carry and breakeven analysis.

The Authority may also consider arranging forward starting loans during 2022/2023, 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*



an acceleration in the rate of increase in central rates in the USA and UK, an 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 are lower than they are projected to be in the next few years.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Chief Officer Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

### **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.

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 cash flow 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 Annual Investment Strategy**

### **4.1 Background**

The Welsh Government and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (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 regard to the following: -

- Part 1 of the Local Government Act 2003
- The Welsh Government's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- 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 (**Yield**) – once security and liquidity have been satisfied in line with the Council's risk appetite, 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.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The Council mainly maintains temporary, short term investments (i.e. for periods of less than a year) 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. More recently, due to the receipt of cash in relation to specific capital schemes (Rail Track project) where spend is likely to be incurred over a 5 year period, this has identified cash that could be invested for longer periods, this annual investment strategy has been amended to reflect this

#### **Investment returns expectations.**

The current forecast shown in paragraph 3.3, includes a forecast for the next increase in Bank Rate in May 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 1 of 2022) are as follows:

Average earnings in each year	
2022/23	1.00%
2023/24	1.25%
2024/25	1.25%
2025/26	1.25%
Long term later years	2.00%

For its cash flow generated balances, the Council will seek to utilise the Local Authority lending market, notice accounts, money market funds and short-dated deposits, in order to benefit from the compounding of interest.

As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

#### **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 4.3

##### **Non-specified Investments:**

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

As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Welsh Government has passed a statutory override to allow Welsh local authorities time to adjust their

portfolio of all pooled investments by delaying implementation of IFRS 9 for five years until 31 March 2023.

#### **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 the creditworthiness service provided by its Treasury Advisors. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries

***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:**

	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
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-1. A-1 means that S&P consider Barclays capacity to meet its financial commitment on its obligations as strong. Fitch and Moody's both consider this to be strong. The minimum credit rating for Barclays will therefore be A-1 (S&P) with F1 for Fitch and P-1 for Moody's. Whilst this will mean that Barclay's S&P credit ratings could be 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 £10 million.

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

**Table 2:**

	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
Long Term	A+	A1	A
Short Term	F1	P-1	A-1

- **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.
- **Corporate Bonds, Ultra short and short duration bonds** - The council will invest in corporate bonds in line with the criteria below

### ***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:

#### **Credit default swaps (CDS)**

The Council will engage with its Treasury advisors 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, the Authority uses 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.





**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:

- Nominated Members: Leader of the Council, Deputy Leader of the Council, Chair of Corporate Overview Scrutiny.
- 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**

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.

- 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**

The maximum period for which funds may be committed will depend upon future cash flow requirements and will comply with the maximum period permitted (as specified in the table above).

Specified investments may comprise up to 100% of the Council's total investments

The Authority will commence investing in long-term investments in order to manage the cash profile associated with the specific rail project. Excluding the UK Government, it is suggested that no more than £15m be placed with any one institution with duration as set out in the table above. The Authority will not have more than £50m deposited in long-term investments (the Upper Limit).

#### **4.7 Ethical investing**

Investment guidance, both statutory and from CIPFA, makes clear that the SLY principles i.e. security, liquidity and yield must remain fundamental to Local Authority investing: however ethical issues may play a subordinate role to this. It should be noted, that local authority investing, incorporates Environmental, Social and Corporate Governance (ESG) metrics into credit rating agency assessments and a growing number of financial institutions and fund managers/money market funds promote ESG products. Therefore, where appropriate the Authority will consider ESG factors when setting up any investment arrangements. For example, we would avoid investing in companies linked with fossil fuels.

#### **4.8 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 22 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 2021, Council approved an amended MRP policy to be applied from 2021/22 and beyond, as follows:

**MRP on Supported Borrowing** – this element of the CFR will be calculated on an annuity basis over 50 years.

**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. The calculation looks at the average asset life for all unsupported borrowing in each year and applies the annuity calculation to the total unsupported borrowing capital expenditure for that year. 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 weighted average PWLB annuity rate. 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.

In addition, the guidance allows for MRP to be deferred for assets under construction and this part of the guidance is adopted because the asset is not

used by the authority until it is operational and therefore the MRP will match the life of the asset.

**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 for capital receipts.

**Capital Receipts** – In circumstances where it is prudent to do so and to protect Council Tax payers from unnecessary MRP charges, capital receipts received will be used to reduce the Council's overall borrowing requirement, rather than making a conventional MRP charge to revenue.

**Loans to third parties** – where loans are made to other bodies for their capital expenditure, then the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead of charging MRP. However, if there is a risk during the term of the loan that collateral held as security is not sufficient to meet its obligations or there is a likelihood of default, a prudent MRP will commence as a charge to the Authority's revenue account.

**Voluntary repayment of debt** - the Authority may make additional voluntary debt repayment provision from revenue or capital resources. If it does so, this will be disclosed in the Authority's Statement of Accounts. The Section 151 officer can then choose to offset previous years disclosed overpayments against the current year's prudent provision providing the amount charged is not less than zero.

**Application of retrospective sum** – The remaining £3.2m retrospective adjustment balance from the previous MRP Policy review in 2017/18, has been re-profiled over the period 2021/22 to 2025/26. However, it is important to note that all figures have been calculated prospectively and do not amend any previous years calculations, in line with the Welsh Government Guidance which applied from April 2019.

## 6 Future Developments

### **2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework**

CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS),

and also related reports during the financial year, which are taken to Full Council for approval.

The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes: -

### **Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk

management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

**Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

**Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return. As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

**JW 14/01/2022**

## 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 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: **23<sup>rd</sup> February 2022**  
Report Subject: **Capital Strategy 2022/2023**  
Portfolio Holder: **Cllr 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)
		15/02/22			23/02/22		03/03/22	

## 1. **Purpose of the Report**

- 1.1 The purpose of this report is to give members the opportunity to consider the Capital Strategy (attached at Appendix 1) following the annual review, to be adopted for the financial year 2022/2023.

## 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**

### 3.1 **Option 1 (Preferred Option)**

Members consider the Capital Strategy for the 2022/23 financial year (attached as appendix 1) and do not consider any amendments, prior to submission to Council for formal approval

### 3.2 **Option 2**

Members consider the Capital Strategy for the 2022/23 financial year (attached as appendix 1) and 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 Capital Strategy is aligned 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 ***Decarbonisation and Reducing Carbon Emissions***  
The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030. The Capital Programme currently contains schemes which promote the reduction of carbon emissions such as ReFIT, Electric Vehicle Charge Points and the purchase of Ultra Low Emission Vehicles. New Council buildings should be designed to the latest energy efficiency standards.  
The Authority also considers Environmental, Social and Corporate Governance (ESG) factors when setting up any investment arrangements. For example, we would avoid investing in companies linked with fossil fuels.
- 6.9a ***Socio Economic Duty Impact Assessment***  
See above
- 6.9b ***Equality Impact Assessment***  
N/A
- 6.8 ***EqIA***  
**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*

*Treasury Management Strategy*

<..\..\Treasury Management\Treasury Management Reports\Treasury Policy Statements\2022-23\Treasury Strategy Statement 2022-23 - Appendix A.doc>

Capital Programme

<http://democracy.blaenau-gwent.gov.uk/documents/s9483/CO2103D12%20Capital%20Programme%20-%20March%202021.pdf?LLL=0>

*2020/21 Statement of Accounts*  
*Strategic Asset Management Plan*  
*Constitution*  
*Local Well-being Plan 2018-2023*

# **BLAENAU GWENT COUNTY BOROUGH COUNCIL**

## **CAPITAL STRATEGY**

### **1 INTRODUCTION**

- 1.1 The concept of a Capital Strategy was first highlighted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities in 2017 with a requirement that they be introduced from April 2019.
- 1.2 The Strategy defines at the highest level how the capital programme decision making identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed. In addition, the Capital Strategy should comply with the Prudential Code for local authority capital investment introduced through the Local Government Act 2003. The key objectives of the Code are to ensure that capital investment plans are affordable, prudent and sustainable.
- 1.3 Part 1, Section 3 of the Local Government Finance Act 2003 (the Act) 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).

### **2. DETERMINING A CAPITAL STRATEGY**

- 2.1 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 demonstrates 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

It will also 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 plans / strategies:

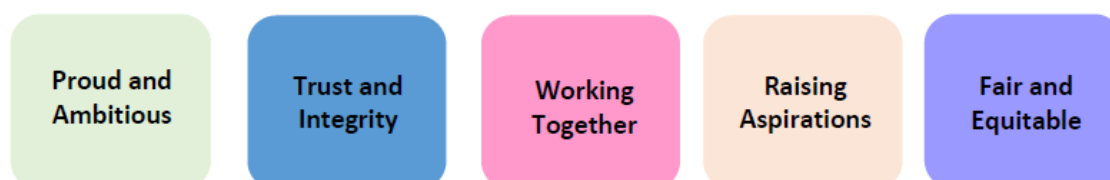
**a) The Council's Corporate Plan 2020/2022**

The Corporate Plan is the prime document which outlines what the Council aims to achieve. The current plan covers the period 2020 - 2022. The core vision, core values and priorities in the Council Plan are: -

# Proud Heritage Strong Communities Brighter Future

Members wanted a vision that reflects both the rich heritage and past industry of the area, of which our communities are fiercely proud, but which also shows our commitment to moving forward by embracing new and emerging technologies that will better equip our communities and in turn lead to a more prosperous future for Blaenau Gwent.

The Council's Core Values:



Corporate Plan 2020/22 Outcome Statements:

- Protect and enhance our environment and infrastructure to benefit our communities
- Support a fairer sustainable economy and community
- To enable people to maximise their independence, develop solutions and take an active role in their communities
- An ambitious and innovative council delivering the quality services we know matter to our communities

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 outcome statements 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 strategies / documents which align with the Council's Corporate 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 incorporates the requirements of the Prudential Code and includes the 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 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 STRATEGY**

The Capital Strategy outlines the principles and framework at the very high level that shape the Authority's capital investment proposals. The principal aim is to deliver an affordable programme of capital consistent with the medium term financial strategy that contributes to the achievement of the Council's priorities and objectives as set out in the Authority's Corporate Plan, considers associated risks particularly with commercial opportunities, recognises financial constraints over the longer term and represents value for money.

### **4.1 CAPITAL EXPENDITURE**

- 4.1.1 Capital expenditure is defined as costs incurred by the Council in acquiring new property, plant and equipment (PPE); or costs incurred by enhancing the 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.



4.1.2 In accordance with 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.

4.1.3 The Council's current asset base can 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

4.1.4 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 during 2022/23

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 within the year.

4.1.5 The Authority's core capital programme is considered by Council 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.

4.1.6 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

4.1.7 The Authority's forecast of capital expenditure for the next three financial years, in line with the prudential indicators and as laid out in the 2022/2023 Treasury Management Strategy is as follows: -

Capital Expenditure £000's						
	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26
Total	17,604	14,230	73,260	44,881	25,060	8,040

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 21<sup>st</sup> Century Schools Programme

4.1.8 Governance arrangements are as follows: -

The capital programme is considered annually by full Council

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 Governance & Audit Committee and subject to external audit.

4.1.9 If additional resources are identified, a revised capital programme will be presented to full Council for consideration. If the value of competing bids exceeds 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

## 4.2 **CAPITAL EXPENDITURE FINANCING**

4.2.1 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).

4.2.2 A detailed explanation of each of the main sources of funding is provided 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 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.

4.2.3 The financing of the forecast capital expenditure shown in paragraph 4.1.7 above, is detailed below:

Capital Expenditure £000's	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Total	17,604	14,230	73,260	44,881	25,060	8,040
<b>Financed by:</b>						
Grants, Capital Receipts, revenue and other sources	14,284	11,375	32,655	16,976	12,755	6,135
<b>Net financing need for the year from USB and PB</b>	<b>3,320</b>	<b>2,855</b>	<b>40,605</b>	<b>27,905</b>	<b>12,305</b>	<b>1,905</b>

4.2.4 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.

4.2.5 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.

<b>Capital Financing Requirement</b>					
	<u>2020/21 Actual</u> £000	<u>2021/22 Estimate</u> £000	<u>2022/23 Estimate</u> £000	<u>2023/24 Estimate</u> £000	<u>2024/25 Estimate</u> £001
CFR at start of financial year	166,406	169,049	171,379	210,740	237,308
CFR at end of financial year	169,049	171,379	210,740	237,308	248,180
<b>Movement in CFR</b>	2,643	2,330	39,361	26,568	10,872
<b><i>Movement in CFR represented by:</i></b>					
Net Financing need for the year (above)	3,318	2,855	40,605	27,905	12,305
New Finance Leases	5	500	500	500	500
less MRP	-680	-1,025	-1,744	-1,837	-1,933
	2,643	2,330	39,361	26,568	10,872

### 4.3 **TREASURY MANAGEMENT**

- 4.1 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”.
- 4.3.2 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.
- 4.3.3 Due to decisions taken in the past, the Council currently has £235.7m debt outstanding as at 31 March 2021, at an average interest rate of 2.56%. In addition, £7,840 was earned on investments during 2020/21 at an average rate of 0.04%.
- 4.3.4 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.
- 4.3.5 In addition to the Capital Strategy, 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.

#### **4.4 COMMERCIAL ACTIVITIES**

- 4.4.1 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.
- 4.4.2 At present the Council has no investments in commercial property either directly (through property acquisitions) or indirectly (through a fund manager). However, the Council is continually developing an investment strategy in line with a more commercial approach and so this type of investment will be considered in the future.
- 4.4.3 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.
- 4.4.4 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.

#### **4.5 POTENTIAL OPPORTUNITIES AND RISKS ARISING FROM THE CAPITAL STRATEGY**

- 4.5.1. 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.
- 4.5.2. By adopting a more commercial approach, the Council will be able to secure additional revenue streams to mitigate future enforced budget reductions.
- 4.5.3 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.

- 4.5.4. 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, there is a risk that this assumed level of grant funding may not be received or more recently further funding given to local authorities. This risk can be mitigated through regular reviews of the current capital programme.
- 4.5.5. 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.
- 4.5.6. 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.
- 4.5.7. External borrowing results in a significant interest cost each year. 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.

#### 4.6. **KNOWLEDGE AND SKILLS**

- 4.6.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 4.6.2 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.
- 4.6.3 To ensure knowledge & skills are maintained and appropriate 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.

#### **4.7 FUTURE DEVELOPMENTS**

Recent Developments to the CIPFA Treasury Management Code and Prudential Code during 2021 will result in changes which will impact on future capital strategy reports. CIPFA published the revised codes on 20th December 2021, formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the capital strategy

The revised codes will have the following implications:

- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate. A new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).
- In addition, all investments and investment income must be attributed to one of the following three purposes: -

##### **Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

##### **Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

##### **Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.



Members will be updated on how all these changes will impact our current approach and will be required to formally adopt these changes within the 2023/24 capital strategy.

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