

COUNTY BOROUGH OF BLAENAU GWENT

**REPORT TO: THE CHAIR AND MEMBERS OF THE JOINT
SCRUTINY COMMITTEE (BUDGET MONITORING)**

**SUBJECT: JOINT SCRUTINY COMMITTEE (BUDGET
MONITORING) – 11TH FEBRUARY, 2019**

REPORT OF: DEMOCRATIC SERVICES OFFICER

PRESENT: COUNCILLOR J. COLLINS (CHAIR)

Councillors D. Bevan
M. Cook
M. Cross
G. L. Davies
M. Day
P. Edwards
L. Elias
D. Hancock
K. Hayden
J. Hill
W. Hodgins
J. Holt
J. Millard
M. Moore
J. C. Morgan
L. Parsons
G. Paulsen
K. Pritchard
K. Rowson
T. Smith
B. Summers
S. Thomas
H. Trollope
J. Wilkins
D. Wilkshire

Co-opted Members:

Mr A. Williams

**WITH: Managing Director
Corporate Director of Education
Corporate Director of Regeneration & Community Services**

Corporate Director of Social Services
 Chief Officer Resources
 Head of Governance & Partnerships
 Head of Community Services
 Corporate Performance Manager / Advisor

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received from: -</p> <p>Councillors S. Healy, M. Holland, H. McCarthy, and T. Sharrem.</p> <p><u>Co-opted Member</u> Mr T. Baxter.</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>There were no declarations of interest or dispensations reported.</p>	
No. 4	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The Minutes of the Joint Scrutiny Committee meeting held on 12th November, 2018 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET</u></p> <p>The action sheet arising from the meeting of the Joint Scrutiny Committee (Budget Monitoring) held on 12th November, 2018 was considered, whereupon:-</p>	

	<p>Councillors G.L. Davies and J. Hill thanked the Committee for their letter of well wishes sent to them during a recent period of ill health.</p> <p><u>Revenue Budget Monitoring 2018/19</u></p> <p><u>Appendix 4d</u></p> <p>A Member raised concern in relation to the CAT budget and the issues facing some clubs regarding shared facilities, utility bills, ongoing costs etc. The Corporate Director Regeneration & Community Services said that works had been agreed with a number of local sports organisations, however, no firm costings had been identified as yet. A Member requested that all costings be presented to the Environment, Regeneration & Economic Development Scrutiny Committee on 21st February, 2019.</p> <p>The Committee AGREED this course of action.</p> <p><u>Capital Budget Monitoring 2018/19</u></p> <p>The Chief Officer Resources referred to 329090 – Nantyglo Leisure Centre – Demolition and clarified that the miscoding related to work undertaken at Abertillery Leisure Centre and not Nantyglo Leisure Centre.</p> <p><u>Company Shop</u></p> <p>A Member enquired regarding legal costs in relation to the Company Shop. The Corporate Director Regeneration & Community Services said that negotiations were taking place but it was likely that the Council would need to pay some legal fees but these would be capped at £2,500.</p> <p>The Committee AGREED, subject to the foregoing, that the action sheet be noted.</p>	<p>Corporate Director Regeneration & Community Services</p>
<p>No. 6</p>	<p><u>REVENUE BUDGET MONITORING – 2018/2019 FORECAST TO 31ST MARCH, 2019 (AS AT 31ST DECEMBER, 2018)</u></p> <p>Consideration was given to the report of the Chief Officer</p>	

Resources which provided the forecast financial year position across all portfolios for the financial year 2018/19 (as forecast at 31st December, 2018) and to review the actions taken forward to move towards a balanced outturn position.

The Chief Officer Resources spoke to the report and highlighted the main points contained therein. The report showed three portfolio's reported adverse variances:-

- Social Services - £0.22m
- Environment - £0.32m
- Education - £0.40m

The Chief Officer Resources clarified points raised in relation to premature redundancy. She advised that a business case would need to be approved for staff requesting premature redundancy. The adverse variance was due to redundancy costs which had resulted from staff downsizing within schools.

In response to a Member's question regarding the delay in the Aneurin Leisure Trust restructure, the Chief Officer Resources explained that the FEP's had been agreed with ALT in 2018/19 to deliver a saving of £150,000. However, the staff restructure was not implemented until 1st July, 2018 so the full savings could not be achieved. The Council had originally agreed to fund redundancy costs for an initial period at the establishment of the Leisure Trust, that period had now ended, however, there was a possibility that some additional financial support may be needed to enable the Trust to reduce its operating costs through staff reductions.

A Member enquired regarding the £60,000 adverse variance for markets and whether the figures for Cwmdraw Industrial Estate were included in the report. The Corporate Director Regeneration & Community Services said that the Council was not subsidising markets, there was an £84,000 income target which had been established when the markets were vibrant and much larger. The income from markets was now a minimum of £24,000 which resulted in a gap in the income stream of £60,000. The Director confirmed that the figures in relation to Cwmdraw Industrial Estate were

not included in the report.

In response to a Member's question regarding the take up of school meals following a price increase, the Head of Community Services said that the budget for school meals had been transferred to Property Services. A full review had been undertaken in relation to Cleaning and Catering services to balance both budgets. A review of the SLA to look at service delivery and the charging model would be undertaken and school meals were tied into this. The Officer undertook to provide a breakdown of figures at a future meeting.

A Member enquired regarding outstanding Community Asset Transfers. The Corporate Director Regeneration & Community Services said that details of the CAT's would be included in the report being presented to the Environment, Regeneration & Economic Development Scrutiny Committee on 21st February, 2019.

A Member requested clarity on the cost pressure associated with Festival Park, Victoria. The Corporate Director Regeneration & Community Services advised that Festival Park sat outside the Corporate Landlord budget. There had been an historic arrangement with the previous operator which was indexed linked and had become a cost pressure. Negotiations with the new operators were taking place with a view to moving forward but discussions were in the early stages and reports would be presented to the Scrutiny Committee for consideration in due course.

In relation to high legal cost within Social Services, the Corporate Director of Social Services said that discussions had taken place for a joint approach with other local authorities but progress had been slow. It had proved challenging to encourage legal professionals to the area and consideration should be given to advertise jobs at a market supplement or whether it was more cost effective to use a private company.

A Member requested clarity on School Cleaning. The Head of Community Services said this related to historical budgets and how they were previously managed. The Council were looking at full cost

Head of
Community
Services

recovery. When schools signed up to the new SLA this would fully reflect cost and reduce risk in the new SLA.

In response to a Member's question on Income Generation, the Head of Community Services said that the adverse variance related to a Financial Efficiency project for income generation opportunities which had not yet been progressed. An internal virement had been provided to this area.

A Member enquired regarding Children's Services residential placements and recoupment. The Corporate Director of Education stated that the cost pressure was due to the increase in the number of residential placements and the cost of the education element of the residential placements. The recoupment related to one placement outside the Authority from September 2017 which was funded by the Authority.

Another Member referred to a Members Briefing session held in October 2018 regarding increased energy costs for street lighting and a potential rebate. The Corporate Director Regeneration & Community Services said he would undertake to investigate the matter and report back to Members in due course.

An additional recommendation was proposed that the remainder of the reports be noted as discussions would take place at the Special Council meeting being held on 15th February, 2019 regarding budgets. This recommendation was seconded.

Following discussion and upon a vote being taken;

the Committee AGREED to recommend that the report be accepted and endorsed Option 2, namely:

- i. that the Revenue Budget Monitoring report for 2018/2019, as at 31st December, 2018; be approved;
- ii. the action plans attached at Appendix 4 developed to address the forecast adverse variances at the end of December, 2018 be acknowledged; and

Corporate
Director
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	<p>iii. the urgent measures introduced with the aim of achieving a balanced budget by 31st March, 2019 be endorsed.</p>	
<p>No. 7</p>	<p><u>CAPITAL BUDGET MONITORING 2018/2019, FORECAST TO 31ST MARCH, 2019 (AS AT 30TH SEPTEMBER, 2018)</u></p> <p>Consideration was given to the report of the Chief Officer Resources which provided an overview of each Portfolio's forecast capital expenditure against funding approvals for the 2018/19 financial year, as at 31st December, 2018.</p> <p>The Chief Officer Resources spoke to the report and highlighted the main points contained therein. Section 5 of the report detailed the implications against each option, all were on track except one which related to the Company Shop.</p> <p>In response to a Member's question regarding the demolition of Abertillery Leisure Centre, the Head of Community Services confirmed that the asbestos had been removed and completion was anticipated by the end of May 2019.</p> <p>A Member enquired regarding progress of the Splash Park. The Corporate Director of Social Services said that funding had been received from the Welsh Government and discussions were taking place with the new owners of Festival Park for a possible attraction and plans were awaited.</p> <p>Another Member commented that Bryn Bach Park had been the original destination for the Splash Park and some initial work had already been undertaken. The Corporate Director Regeneration & Community Services explained there had been technical issues with siting the Splash Park at Bryn Bach Park such as recycling the water and it had proved to be a challenging project. There was a possibility that the owners of Festival Park may make a contribution to the management of the Splash Park.</p> <p>Members strongly felt that Bryn Bach Park as a tourist</p>	

	<p>destination needed investment and further income generation streams should be explored and requested that a report be prepared to include any costings for Members consideration and setting out the options for the location of the Splash Park.</p> <p>This proposal was seconded.</p> <p>The Corporate Director Regeneration & Community Services said that a report would be prepared and presented to a Joint Environment, Regeneration & Economic Development Scrutiny Committee and Social Services Scrutiny Committee in due course.</p> <p>The Committee AGREED this course of action.</p> <p>A Member referred to the Capital funding stream for the CCTV upgrade. The Managing Director said that the Police & Crime Commissioner's office had requested further information and a decision regarding funding was awaited.</p> <p>The Committee AGREED to recommend that the report be accepted and endorsed Option 1, namely:</p> <ul style="list-style-type: none"> i. Continue to support appropriate financial control procedures agreed by Council; and ii. Note the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding; and iii. Recommend that the Executive approve the virement of funding from the generic European Structural Capital Match Fund to the European Match funded projects. 	<p>Corporate Director Regeneration & Community Services</p>
<p>No. 8</p>	<p><u>USE OF GENERAL AND EARMARKED RESERVES 2018/2019</u></p> <p>Consideration was given to report of the Chief Officer Resources which provided with forecast Reserves position for 2018/2019 as at Quarter 3 (31st December, 2018).</p>	

The Chief Officer Resources spoke to the report and highlighted the key points contained therein which included that maintenance of general reserves at an adequate level was crucial to the Council being able to meet future liabilities arising from risks for which specific provision had not been made.

A Member commented that it was critical to have adequate reserves but the Annual Audit Letter only recommended that in order to meet the Welsh average, general and earmarked reserves would need to be increased significantly. The actual percentage would be set by the Council. The Member requested that the Annual Audit Letter be made available to Members before the Council meeting on the 15th February, 2019.

Another Member enquired if the WAO had signed off the Council's accounts. The Chief Officer Resources said that the 2016/17 and 2017/18 accounts were still outstanding as an investigation was ongoing.

In response to a Member's question regarding income into general reserves, the Chief Officer Resources said that any future windfall income would be directed to general reserves.

With regard to the sale of Council owned assets the Chief Officer Resources clarified that money from the sale of assets was classified as Capital receipts and not revenue.

The Committee AGREED to recommend that the report be accepted and:-

- i. Note the planning maintenance of the General Reserve at the 4% target level for 2018/2019 and future years;
- ii. Note the impact the £0.810m forecast adverse variance for 2018/2019 would have on the General Reserve target; and
- iii. Continue to challenge budget overspends and implement appropriate service Action Plans, where required.

Chief
Officer
Resources