

DRAFT AGENDA

ID	1979
Committee	Corporate Overview Scrutiny Committee
Date	19/11/2019
Attendees	<p>Cynghorwyr Stewart Healy (Chair)</p> <p>Cynghorwyr Greg Paulsen (Vice-Chair)</p> <p>Cynghorwyr Peter Baldwin (Committee Member)</p> <p>Cynghorwyr Martin Cook (Committee Member)</p> <p>Cynghorwyr Malcolm Cross (Committee Member)</p> <p>Cynghorwyr Gareth L. Davies (Committee Member)</p> <p>Cynghorwyr Phil Edwards (Committee Member)</p> <p>Cynghorwyr John Hill (Committee Member)</p> <p>Cynghorwyr Hedley McCarthy (Committee Member)</p> <p>Cynghorwyr Clive Meredith (Committee Member)</p> <p>Cynghorwyr Amanda Moore (Committee Member)</p> <p>Cynghorydd John P. Morgan (Committee Member)</p> <p>Cynghorwyr Lee Parsons (Committee Member)</p> <p>Cynghorydd Joanna Wilkins (Committee Member)</p> <p>Cynghorwyr David Wilkshire (Committee Member)</p> <p>Michelle Morris (Officer)</p> <p>Lynette Jones (Officer)</p> <p>Damien McCann (Officer)</p> <p>Richard Crook (Officer)</p> <p>Rhian Hayden (Officer)</p> <p>Anne-Louise Clark (Officer)</p> <p>Clive Rogers (Officer)</p> <p>Bernadette Elias (Officer)</p> <p>Andrew Parker (Officer)</p> <p>Gemma Wasley (Officer)</p> <p>Liz Thomas (Officer)</p> <p>Gwasanaethau Democrataidd (Notify)</p> <p>Leeann Turner (Secretary)</p> <p>Pob Cynghorydd (Notify)</p> <p>Cynghorwyr Nigel Daniels (Guest)</p> <p>Dave Rees (Officer)</p>

Item ID	1717
Item Title	Cyfieithu ar y Pryd
Summary	You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided if requested.

Item ID	1718
Item Title	Ymddiheuriadau
Summary	To receive.

Item ID	1719
Item Title	Declarations of Interests and Dispensations
Summary	To consider any declarations of interests and dispensations made.

Item ID	1720
Item Title	Pwyllgor Craffu Trosolwg Corfforaethol
Summary	To receive the Minutes of the Corporate Overview Scrutiny Committee held on 4 th September, 2019. (Please note that the Minutes are submitted for points of accuracy only)

Item ID	1833
Item Title	Action Sheet - 4th September 2019
Summary	To receive the action sheet.

Item ID	1737
Item Title	Special Corporate Overview Scrutiny Committee
Summary	To receive the Minutes of the Special Corporate Overview Scrutiny Committee held on 26 th September, 2019. (Please note the Minutes are submitted for points of accuracy only)

Item ID	1834
Item Title	Action Sheet - 26th September 2019
Summary	To receive the action sheet.

Item ID	1835
Item Title	Executive Decision Sheet
Summary	To receive the Executive Decision Sheet.

Item ID	1836
---------	------

Item Title	Bridging the Gap - Fees and Charges Strategic Business Review
Summary	To consider the report of the Chief Officer Commercial.

Item ID	1837
Item Title	Bridging the Gap - Income Recovery Strategic Business Review
Summary	To consider the report of the Chief Officer Resources.

Item ID	1838
Item Title	Bridging the Gap - Third Party Expenditure Strategic Business Review
Summary	To consider the report of the Chief Officer Commercial.

Item ID	1839
Item Title	Bridging the Gap - Workplace Transformation Strategic Business Review
Summary	To consider the report of the Chief Officer Commercial.

Item ID	1840
Item Title	Council Tax - Removal of Empty Property Discount Allowance for Prescribed Class C Dwellings
Summary	To consider the report of the Chief Officer Resources.

Item ID	1841
Item Title	Sickness Absence Performance
Summary	To consider the report of the Head of Organisational Development.

Item ID	1842
Item Title	Treasury Management Mid-Year Review Report - 1st April 2019 to 30th September 2019
Summary	To consider the report of the Chief Officer Resources.

Item ID	1843
Item Title	Forward Work Programme - 5th December 2019
Summary	To receive the report.

This page is intentionally left blank

COUNTY BOROUGH OF BLAENAU GWENT

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

SUBJECT: CORPORATE OVERVIEW SCRUTINY COMMITTEE – 4TH SEPTEMBER, 2019

REPORT OF: DEMOCRATIC SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors: G. Paulsen
M. Cook
M. Cross
P. Edwards
H. McCarthy
C. Meredith
L. Parsons
J. Wilkins

Leader of the Council/Executive Member – Corporate Services

Councillor N. Daniels

AND: Corporate Director of Social Services
Corporate Director of Education
Chief Officer – Commercial
Chief Officer - Resources
Head of Community Services
Service Manager Policy & Partnerships
Scrutiny & Democratic Officer / Advisor

WITH: David Wilson, Wales Audit Office
Kath Bevan Seamore)
Mike Doverman) SRS Representatives
Cath Bernard)

ITEM	SUBJECT	ACTION
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 Councillors: G.L. Davies, J. Hill, M. Moore and D. Wilkshire.</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>CORPORATE OVERVIEW SCRUTINY COMMITTEE</u></p> <p>The Minutes of the Corporate Overview Scrutiny Committee Meeting held on 24th June, 2019 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>SPECIAL CORPORATE OVERVIEW SCRUTINY COMMITTEE</u></p> <p>The Minutes of the Special Corporate Overview Scrutiny Committee Meeting held on 10th July, 2019 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 6	<p><u>EXECUTIVE DECISION SHEET</u></p> <p>Consideration was given to the Executive Decision Sheet.</p> <p>The Committee AGREED that the Executive Decision Sheet be accepted.</p>	

No. 7

WALES AUDIT OFFICE REVIEW SERVICE USER PERSPECTIVE: COMMUNITY ENGAGEMENT

Consideration was given to the report of the Head of Governance & Partnerships which presented the findings of the Wales Audit Office (WAO) review Service User Perspective: Community Engagement and the management response to the proposals for improvement.

The representative from the Wales Audit Office spoke to the report and highlighted the main points contained therein.

The Executive Member – Corporate Services commented that the findings of the WAO review were an accurate assessment of where the Council was in relation to community engagement and reflected the commitment to continued development and learning to do things better. The Council would continue to work with the WAO and others to capture their views to help improve community engagement through areas such as street scene.

The WAO representative said that the Council had undertaken a vast amount of consultation but needed to ensure they reached the right people on the right subject. Many staff members worked for the Local Authority and in relation to these the focus needed to be on service change.

A Member pointed out that in relation to engagement between pupils and teachers there was a project currently in place in some schools called Seasaw that addressed this issue. The WAO representative said that this had been included in the presentation as an example as young people had their own views on how to engage with others.

The Executive Member – Corporate Services commented that he and the Executive Member for Education had learned a lot from meetings with schools and the Council would look to broaden how it engaged with young people especially at secondary level in light of discussions on reducing the voting age.

A Member commented that the WAO review had been challenging but fair. Community engagement to offer valid

explanations of why services were changing was challenging and the Council needed to improve on this.

A Member enquired regarding public feedback. The WAO representative said that there had been some negative feedback as local people were not always able to take part in engagement in a way that was effective and impactful. The Service Manager Policy & Partnerships said that the Engagement Strategy was based around 6 key features, one of these features was around gathering public feedback and take users views into account. He advised that if members of the public had difficulty attending daytime meetings such as the Citizen's Panel, they could engage through emails, telephone calls etc.

A Member pointed out that some Members held surgeries in the community and a two way dialogue was already taking place. The WAO representative said that good practice needed to be captured and shared. The Service Manager Policy & Partnerships said that through its Action Plan briefing session had been arranged whereby community groups could identify key individuals that could open doors for the Council to engagement with difficult to reach groups.

A Member commented that communication could take place through a number of avenues e.g. social media; facebook etc.

The Committee AGREED to recommend that the report be accepted and endorse Option 1, namely:

- (i) That the WAO review Service User Perspective: Community Engagement findings and the management response and the report and appendices be accepted as provided prior to it being submitted to the Executive Committee.
- (ii) Following approval by the Executive Committee the report would be presented to Audit Committee for assurance; and
- (iii) Receive a mid-term review of progress on the Corporate Engagement Strategy as part of the Committee's Forward Work Programme.

No. 8

PROGRESS REPORT CONTRACTS OVER £500K

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 Executive Committee approval required under the Contract Procedural Rules to additional expenditure incurred on a particular project.

The Head of Community Services spoke to the report and highlighted the main points contained therein.

A Member enquired about the potential for future Highway Improvement works if any residual funds remained. The Head of Community Services said when outturn costs and current commitment were finalised from this year's programme and with the likelihood of further capital funding from Welsh Government for 20/21 he was optimistic that a further programme of works could be developed for 1920/21.

In relation to the sewer diversion contract, Welsh Government funding had been received and elements of this would be used to backfill and the remainder reallocated accordingly.

A Member commented that in relation to highway resurfacing it would appear that some Wards had a larger proportion of highways than others. The Head of Community Services said that it had been challenging to ensure that all Wards had some works carried out whilst balancing the need to ensure the poorest condition roads were given priority. He also said that nearly all Wards did in fact have resurfacing work undertaken proportionately with the length of highways located within those Wards.

Another Member commented that the highway matrix was fair and worked well.

A Member enquired regarding the additional options to be considered for Tredegar bypass. The Head of Community Services said that only one company dealt with the micro surface asphalt required and it had been prudent to

	<p>continue with the contract and specification, however, the works would not be carried out until next year.</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.</p>	
No. 9	<p><u>TREASURY MANAGEMENT ANNUAL REVIEW REPORT 1ST APRIL 2018 TO 31ST MARCH 2019</u></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 2018/19 financial year.</p> <p>The Chief Officer Resources 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 the treasury management activity undertaken during the 2018/19 financial year be accepted prior to its submission to full Council.</p>	
No. 10	<p><u>SHARED RESOURCE SERVICE PARTNERSHIP WORKING – HALF YEARLY MONITORING</u></p> <p>Consideration was given to the report of the Chief Officer Commercial which was presented for Members to scrutinise the performance of IT services provided to the Council from the Shared Resource Service (SRS), for the period February 2019 to July 2019.</p> <p>The Chief Officer Commercial spoke to the report and highlighted the main points contained therein including that Blaenau Gwent had become the fourth partner to join the collaboration partnership in 2016. A new role of Partner Relationship Manager had been created in SRS to work closely with and across the Council.</p> <p>A Member enquired regarding the Strategic Board and the fee of £2.3m. The Chief Officer Commercial said that the</p>	

<p>Board was made up of elected Members and partner organisations and the £2.3m was the annual fee payable to the SRS for the provision of IT services across the Council.</p> <p>A Member referred to the Memorandum of Understanding which binds the Council to the SRS partnership and raised concern regarding SRS support to Members. The Chief Officer Commercial said that a meeting between Members and SRS colleagues would be arranged to address any issues of support and concerns.</p> <p>The Chair requested that a Members briefing session be arranged with SRS colleagues.</p> <p>The Committee AGREED this course of action.</p> <p>Another Member raised concerns regarding how often passwords needed changing. The Chief Officer Commercial said that this was one of the biggest issues affecting Members and the Assistant Director of Operations would address this issue at the meeting with Members.</p> <p>A Member referred to the contract and enquired if schools had to absorb the costs. The Chief Officer Commercial confirmed that schools did absorb the costs as representatives from SRS provided technical support to schools. IT was a vital part of business and needed continual investment.</p> <p>In relation to access to information the SRS representative said that from April 2020 Office 365 would be rolled out across Blaenau Gwent and would enable Members to have better access to their emails and attachments. A Member enquired why Office 365 was being rolled out in Blaenau Gwent last. The Chief Officer Commercial clarified that conditions had to be created to run Office 365 i.e. some equipment needed to be replaced and Windows 10 operating system needed to be installed. There were a number of older devices that needed to be replaced and a review of equipment would be completed in January 2020. All devices should be operating successfully in the next financial year.</p>	<p>Chief Officer Commercial I</p>
---	---

	<p>A Member commented on the number of requests for password re-setting, the SRS representative said that the self service tool would be looked at as a priority.</p> <p>A Member commented on the mention of low sickness levels within the service. The SRS representative confirmed that sickness absence figures would be provided in future reports.</p> <p>A Member referred to collaboration, the Chief Officer Commercial said that Blaenau Gwent was an equal partner within the SRS service but with different requirements to other local authorities. The SRS managed supplier relationships and identified opportunities to collaborate within the Council and externally for improved resilience across the service.</p> <p>In relation to the new role of Partner Relationship Manager, the Chief Officer Commercial said that the role was created for realignment of resources and to strengthen the position across the core projects and offer increased transparency of work that was being delivered.</p> <p>The Committee FURTHER AGREED to recommend, subject to the foregoing, that the report be accepted and endorse Option 1; namely that comments in respect of the report and appendices be noted.</p>	
<p>No. 11</p>	<p><u>FORWARD WORK PROGRAMME – 16TH OCTOBER, 2019</u></p> <p>Consideration was given to the report of the Chair of the Corporate Overview Scrutiny Committee which presented the Corporate Overview Scrutiny Committee Forward Work Programme for the meeting on 16th October 2019.</p> <p>Members requested a progress report on CCTV be presented to a future meeting.</p> <p>The Committee AGREED, subject to the foregoing, that the report be accepted and endorse Option 2; namely that the Corporate Overview Scrutiny Committee Forward Work Programme for the meeting on 16th October, 2019 be approved.</p>	

Blaenau Gwent County Borough Council

Action Sheet

Corporate Overview Scrutiny Committee – Wednesday 4th September 2019

Item	Action to be Taken	By Whom	Action Taken
10	<p><u>Shared Resource Service Partnership Working – Half Year Monitoring</u></p> <p>Members requested a Member Briefing Session is arranged to provide an overview of the SRS and future developments.</p> <p>A Member referred to the low sickness rate in the SRS service and requested the percentage rate be provided for members' information.</p>	<p>Anne-Louise Clark / SRS Officers</p> <p>Anne-Louise Clark</p>	<p>ALC will pick up directly with concerned Members the difficulties they are experiencing particularly relating to password changes and access to emails. ALC will also discuss the technical requirements of the current system to identify any improvements that can be made. ALC will review the response timescales for Members to ensure issues are resolved as quickly as possible. ALC will liaise with SRS to arrange a member briefing session and approaches for ongoing support.</p> <p>ALC will follow up with SRS to understand their approach to managing sickness and the percentage rate.</p>
11	<p><u>Forward Work Programme</u></p> <p>Members requested a progress report on CCTV be presented to a future meeting.</p>	<p>Bernadette Elias / Andrew Parker</p>	<p>Item scheduled for 8th January 2020.</p>

This page is intentionally left blank

COUNTY BOROUGH OF BLAENAU GWENT

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

SUBJECT: **SPECIAL CORPORATE OVERVIEW SCRUTINY COMMITTEE – 26TH SEPTEMBER, 2019**

REPORT OF: **DEMOCRATIC SUPPORT OFFICER**

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook
P. Edwards
J. Hill
L. Parsons
J. Wilkins

Leader of the Council/Executive Member – Corporate Services
Councillor N. Daniels

AND: Managing Director
Corporate Director of Regeneration & Community Services
Chief Officer – Commercial
Chief Officer - Resources
Head of Education Transformation
Head of Governance & Partnerships
Head of Children’s Services
Team Leader Performance
Organisational Development Manager –
Payroll / Health & Safety
Corporate Health & Safety Advisor
Scrutiny & Democratic Officer / Advisor

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

<p>No. 2</p>	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received from Councillors G. Paulsen and D. Wilkshire.</p>	
<p>No. 3</p>	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>There were no declarations of interest or dispensations reported.</p>	
<p>No. 4</p>	<p><u>CAPITAL PROGRAMME 2018/19</u></p> <p>Consideration was given to the report of the Chief Officer Resources which was presented to give Members the opportunity to consider options to allocate £9.9 million of capital funding to the capital programme for the period to 2025/26 based upon a review of current available capital resources and an assumption of capital funding from the Welsh Government for 2024/25 and 2025/26.</p> <p>The Chief Officer Resources spoke to the report and highlighted the main points contained therein.</p> <p>A Member commented on the Cemeteries Investment Programme and said that some cemeteries, including one in his Ward, was running out of burial space and enquired if this issue could be part of the scheme. The Director of Regeneration & Community Services said that this was a programme of works and whilst financial investment in the infrastructure of the seven cemeteries would increase public satisfaction and improve the visitor experience, the issue of running out of burial space would need to be addressed through a separate piece of work.</p> <p>A Member enquired regarding timelines of the 21st Century Schools Band B Programme – Secondary School Remodelling Projects. The Head of Education Transformation said that secondary schools were a priority for future investment. Due to the complexity of remodelling ‘live’ schools and to minimise disruption to pupils and provide more time to plan and prepare, remodelling would commence from 2022 in the Band B programme.</p> <p>In response to a Member’s enquiry regarding Tredegar</p>	

	<p>Company Shop, the Director of Regeneration & Community Services said that work with CADW had progressed and the funding allocation would help to address issues going forward, however, it was difficult to predict a timescale for the end of the project.</p> <p>The Leader/Executive Member – Corporate Services commented that officers had prepared a fair capital programme with Education and Household Waste receiving political and professional support from across the Council. In relation to maintenance of cemeteries a programme of works to improve the condition of cemeteries had now been agreed. He felt that this was a fundamentally balanced budget and that it would be prudent to retain a substantial contingency for allocation at a future date.</p> <p>The Committee AGREED to recommend, subject to the foregoing, that the report be accepted and endorse Option 3; namely a combination of paring down the schemes in period 1 (19/2020 to 23/2024 which was the most oversubscribed) by 20% to allow the funding to meet the requirements of an optimum number of schemes and allocating to the highest scoring projects in periods 2 and 3, leaving funding remaining in each period for allocation at a future date.</p>	
<p>No. 5</p>	<p><u>ASSESSMENT OF PERFORMANCE 2018/19</u></p> <p>Consideration was given to the report of the Service Manager Performance and Democratic which presented the Council’s Assessment of Performance 2018/19 for Members consideration.</p> <p>The Head of Governance & Partnerships spoke to the report and highlighted the main points contained therein. The document picked up key points such as engagement, etc. and was a mixture of case studies and key activities. For publication the document would be formally formatted to make it more accessible and readable for the public. The info graphic pages would cover the high level performance and engagement with the community. As the Assessment of Performance was subject to external audit by the Wales Audit Office it was important to capture the progress the Council had made against each Well-being</p>	

	<p>Objective in 2018/19 to ensure the Council was compliant.</p> <p>A Member commented that it was an interesting and easy to read document. The Head of Governance and Partnerships said that it demonstrated the Council's commitment to the community.</p> <p>The Committee AGREED to recommend that the report be accepted and endorse Option 1; namely that the Council's Assessment of Performance 2018/19 be recommended for approval at Council and for publication before 31st October, 2019.</p>	
<p>No. 6</p>	<p><u>HEALTH AND SAFETY ANNUAL REPORT 01/04/2018 – 31/03/2019</u></p> <p>Consideration was given to the report of the Head of Organisational Development and the Corporate Health and Safety Advisor which presented details of the annual Authority's Health and Safety and Fire Safety at work performance.</p> <p>The Organisational Development Manager – Payroll / Health & Safety spoke to the report and highlighted the main points contained therein.</p> <p>A Member enquired if there were any recurring accidents/incidents. The Corporate Health & Safety Advisor said that there were some recurring incidents but these were followed up with recommendations for preventing further incidents. There had been a significant increase in employee accidents/incidents in the Education Department in relation to violence and aggression towards school based staff and this would require further analysis.</p> <p>A Member referred to the 112 accidents/incidents investigated and asked if this was an increase on last year. The Corporate Health & Safety Advisor said that 112 accidents/incidents was not the total number as it depended on the nature of the accident how the Health & Safety Advisors responded i.e. telephone, etc.</p> <p>In response to a Member's question regarding listing the different types of attacks on staff, the Corporate Health & Safety Advisor explained that this information was</p>	

	<p>reported to the Health & Safety Executive, however, it was not included in the Annual Report as it would be a more complex and difficult to read document. A staff training matrix had been prepared but further training for school based staff needed to be developed. The Member reiterated that it was important that Members be aware of the different types of attacks on staff. The Corporate Health & Safety Advisor said that the inclusion of a more detailed account of accidents/incidents regarding violence and aggression towards staff would be considered for future Annual Reports.</p> <p>The Chair enquired regarding the reasons for the increase in staff absence. The Corporate Health & Safety Advisor said that a separate piece of work in relation to the attendance policy was being undertaken and his colleagues in Organisational Development would have more detail regarding absence statistics.</p> <p>The Committee AGREED to recommend, subject to the foregoing, that the report be accepted and endorse Option 1; namely that</p> <ul style="list-style-type: none"> • Each Directorate reviews their health & safety management arrangements to ensure they have the capacity to comply with statutory duties; • Any strategic/operational decisions taken by services must be subject to a health & safety risk assessment within the wider impact assessments; and • The Health & Safety Section produces a bi-annual report to the Corporate Leadership Team detailing service areas of non-compliance in relation to fire risk assessments and health & safety inspections with the aim to achieve full compliance. Due to the upward trend within the Education Department it is recommended that a detailed investigation is carried out and a report is produced detailing the findings. 	Health & Safety Advisor
No. 7	<p><u>PREPARATIONS FOR EXITING THE EU</u></p> <p>Consideration was given to the report of the Head of Governance & Partnerships and the Policy Officer which was presented to provide an update on the preparatory work underway at the Council to prepare for the UK's exit from the EU.</p>	

The Head of Governance & Partnerships spoke to the report and highlighted the main points contained therein, which included that there was a level of uncertainty of the full implications of exiting the EU and the situation remained fluid. Members would be aware of the national picture and that the Welsh Government had published its 'no deal' Action Plan which contained 14 strategic risks. The majority of those risks were outlined in the Council's impact assessment document prepared by the Officer Brexit Core Planning Group (BCPG). The Group used a collaborative approach across services to look at specific issues such as Social Care and engaged with local businesses to determine their views, concerns and preparations for Brexit and received advice and guidance from the WLGA and the Welsh Government.

The Council was working actively with regional partners through the Wales and Gwent Local Resilience Forum to facilitate a collective approach to respond to any risks and issues associated with leaving the EU. A business engagement event had been held in March 2019 and a further event was planned for October and would consider risks relating to any recruitment and retention issues. Work was underway to support the EU settlement scheme and EU national members of the public would receive direct support through the Community Cohesion Officers.

There was uncertainty regarding the EU Investment Fund beyond the end of the current EU funding programme (December 2020). Grant funding from the Welsh Government had been secured through the WLGA for Brexit planning preparations facilitated by the Corporate Policy Officer. The Council was doing everything possible to prepare and understand issues facing the Authority and in the event that the UK did not leave the EU on the 31st October, the work already undertaken in relation to understanding supply and supporting local people could be used in other aspects of work for future issues.

The Head of Governance & Partnerships advised that the Members briefing session on exiting the EU would be held on 16th October, 2019 to enable representatives from the WLGA to attend.

<p>The Committee AGREED to recommend that the report be accepted and endorse Option 1; namely that the report be noted and the Members briefing session on exiting the EU for all Council Members be held on 16th October, 2019; and further committee reports as part of the forward work programme be noted.</p>	
---	--

This page is intentionally left blank

Blaenau Gwent County Borough Council

Action Sheet

Special Corporate Overview Scrutiny Committee – Thursday 26th September 2019

Item	Action to be Taken	By Whom	Action Taken
7	<p><u>Health and Safety Annual Report 01/0/2018 – 31/03/2019</u></p> <p>A Member referred to paragraph 2.7 and asked if it would be possible for the number of employee accidents/incidents to be broken down with more detail provided, e.g. violence / aggression toward staff.</p>	<p>Andrea Prosser, Head OD / Steve Martyn, Health and Safety</p>	<p>Currently looking to develop a system to enable this information to be produced.</p>

This page is intentionally left blank

Report to: **Corporate Overview Scrutiny Committee – 19th November 2019**

Subject: **Executive Decision Sheet**

Item	Scrutiny Committee Recommendation	Executive Decision	Recommendation			Executive Member invited to attend if recommendation accepted in part or rejected
			Approved	Accepted in Part	Rejected	
<p>Executive Committee – 26th September 2019</p> <p>WAO Review Service User Perspective: Community Engagement</p>	<p>The Committee recommended Option 1, namely:</p> <p>(i) That the WAO review Service User Perspective: Community Engagement findings and the management response and the report and appendices be accepted as provided prior to it being submitted to the Executive Committee.</p> <p>(ii) Following approval by the Executive Committee the report would be presented to Audit Committee for assurance; and</p> <p>(iii) Receive a mid-term review of progress on the Corporate Engagement Strategy as part of the Committee’s Forward Work Programme.</p>	<p>RESOLVED that the report be accepted and the information contained therein noted.</p>	<p>Scrutiny recommendation accepted.</p>			<p>No further action</p>
<p>Executive Committee – 26th September 2019</p> <p>Capital Programme 2019/2020 – 2025/2026</p>	<p>The Committee recommended Option 3; namely a combination of paring down the schemes in period 1 by 20% to allow the funding to meet the requirements of an optimum number of schemes and allocating to the</p>	<p>RESOLVED, that the report be accepted and Option 3, namely a combination of paring down the schemes in period 1 (19/2020 to 23/2024 which was the most oversubscribed) by 20% to allow</p>	<p>Scrutiny recommendation accepted.</p>			<p>No further action</p>

	highest scoring projects in periods 2 and 3, leaving funding remaining in each period for allocation at a future date.	the funding to meet the requirements of an optimum number of schemes and allocating to the highest scoring projects in periods 2 and 3, leaving funding remaining in each period for allocation at a future date.		
--	--	---	--	--

Agenda Item 9

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: Corporate Overview Scrutiny Committee

Date of meeting: **19th November 2019**

Report Subject: **Bridging the Gap – Fees and Charges Strategic Business Review**

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

Report Submitted by: **A L Clark – Chief Officer Commercial**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	29.10.2019	06.11.19			19.11.2019		12.12.19	

1. Purpose of the Report

- 1.1 To update members on the Strategic Business Review on Fees and Charges. This review was initially part of the WAO Financial Resilience Audit however it is now a Strategic Business Review that is part of the Medium Term Financial Strategy and Bridging the Gap programme.

2. Scope and Background

- 2.1 The Council recognises the challenges that it faces in the short, medium and long terms and has developed a programme of Strategic Business Reviews to deal with potential gaps between anticipated funding and expenditure that aims to build financial resilience.
- 2.2 The Strategic Business Review on Fees and Charges is designed to ensure the Council is maximising its income by ensuring fees and charges are set at a level that covers the costs of delivering the goods and services. There is a strong link between this Strategic Business Review and the Income Recovery Strategic Business Review. This review focusses on checking that all agreed uplifts are applied, that full cost recovery is applied to fees and charges where this is appropriate and that all options for applying fees and charges are explored to provide choice to members.
- 2.3 This Strategic Review has identified the following opportunities and implementation is already underway on:
- A review of the income generation policy was undertaken by an external consultant in 2018. This review confirmed that the policy was robust and relevant to support the financial priorities and strategic priorities for the Council. It covers the key considerations to apply when considering charging or amending charges.

- The development and testing of a full cost recovery model and calculator. This testing confirmed that the model was fit to be rolled out across all fees and charges and other commercial activities to set levels and review overhead costs.
- Prioritisation of review of the over 700 lines of fees and charges is being agreed with Budget Holders and Finance Business Partners. A phased approach will be used to review and apply the full cost recovery calculator.
- The full cost recovery calculator will be used to assess financial opportunities where the Council currently do not use their discretionary powers to charge for goods and services in order to give elected members choices to extend the range of goods and services that are charged for.
- Normalisation of the over achievement on fees and charges in the 2020/21 budget planning with stretch targets being applied.
- Applying a variety of inflationary uplifts where the market would allow - many of the current fees and charges are based on an assessment of economic activity in the community which may have changed.

3. **Options for Recommendation**

3.1 **Option 1**

Corporate Overview Scrutiny Committee considers and scrutinises the proposed approach and appendix 1.

3.2 **Option 2**

Corporate Overview Scrutiny Committee makes any specific comments or recommendations regarding the proposed approach and appendix 1.

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

4.1 This report supports the Council Priority, “Efficient Council”, as it is part of the monitoring arrangements which support the Council’s financial resilience.

5. **Implications Against Each Option**

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

5.1.1. There are direct financial implications arising from this report. The Strategic Business Review on Fees and Charges is part of the Bridging the Gap programme which is linked to the Medium Term Financial Strategy and will be a critical element of creating financial resilience and ensure the Council operates sustainably. At this stage additional income from fees and charges is detailed below:

Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	200	200	100	100	100	100	100	100	100	100

5.2 *Risk including Mitigating Actions*

5.2.1. The risks in terms of achievement of the anticipated increase income include reduced income from other fees and charges or a drop in demand. The application of the full cost recovery calculator across all fees and charges is designed to build resilience and create a fuller picture of where there are opportunities for applying above inflationary uplifts. The Strategic Business Review on Fees and Charges is monitored monthly at CLT as part of the monitoring of the Bridging the Gap Programme. This ensures that any potential risks are identified early and action is taken in a timely manner to keep the review process on track.

5.3 *Legal*

5.3.1 Any legal implications will be addressed as the Strategic Business Review is developed when due diligence will be applied to any service changes or new charging arrangements are put in place.

5.4 *Human Resources*

5.4.1. There are no staffing implications arising from this report.

6. **Supporting Evidence**

6.1 *Bridging the Gap Programme – Scope and details*

6.1.1 The approach has a particular emphasis on:

- Maximising the potential of income generation and taking a clearly commercial approach where it is appropriate to do so;
- Re-procurement and re-negotiation of contracts;
- Exploiting the opportunity that digital transformation can provide;
- Making best use of our assets and property;
- Considering what action we can take to influence and reduce demand;
- Looking for opportunities to support residents to do more for themselves;
- Exploiting the opportunities to strengthen financial resilience by supporting growth in the borough

6.1.2 Bridging the Gap Programme of Strategic Business Reviews cover:

Maximising income

Review of Industrial Units

Review of fees and charges

Commercial Waste

Income Recovery

Commercial activity, investment and new income

Maximising Resources

Review of third party expenditure
Assets and Property
Use of external grants

Managing Demand

Reducing demand by changing behaviours
Prevention and early intervention services

Maximising Enablers

Customer Experience
Work Place Transformation
Using data to deliver better services

Maximising Growth

Growth Strategy
Low Carbon

- 6.2 *Expected outcome for the public*
This report provides information relating to the Medium Term Financial Strategy and the financial resilience of the organisation.
- 6.3 *Involvement (consultation, engagement, participation)*
Ongoing monitoring of the outcomes of the Strategic Business Review will include identification of consultation, engagement and participation opportunities. The whole Bridging the Gap programme will also be part of public consultation that will take place during the Autumn of 2019.
- 6.4 *Thinking for the Long term (forward planning)*
The decisions made as part of the Bridging the Gap programme are designed to support the long term financial resilience of the Council and to influence the design of services for the future.
- 6.5 *Preventative focus*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in preventative services and to identify where we can strengthen our approach.
- 6.6 *Collaboration / partnership working*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in collaboration/partnership working and to identify where we can strengthen our approach across the public sector.
- 6.7 *Integration (across service areas)*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in cross service working and to identify where we can strengthen our approach across the public sector.

- 6.8 *EqIA(screening and identifying if full impact assessment is needed)*
Ongoing monitoring of the outcomes of the Strategic Business Reviews will include screening based on EqIA and identification of any changes where a full assessment is needed.

7. **Monitoring Arrangements**

- 7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Monitoring the financial and non-financial impact of this Strategic Business Review will be done by the Chief Officer Commercial to identify any over or under achievement of expectation. A detailed project plan is in place with key milestones. The Chief Officer Commercial will report into CLT on this Strategic Business Review on a monthly basis. CLT will review highlight reports to check the anticipated savings are being realised. Corporate Overview Scrutiny Committee will regularly receive progress updates and individual scrutiny committees will also review portfolio specific review. Any decisions relating to the Strategic Business Reviews will go through the usual Council decision making processes in line with the Budget setting process.

Background Documents /Electronic Links

- Appendix 1 – Bridging the Gap Proposal – Fees and Charges

This page is intentionally left blank

Bridging the Gap Theme		Maximising Income								
Bridging the Gap Proposal:		Fees and Charges						Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services								
Officer Proposal Sponsor:		Chief Officer Commercial								
Impact on other Portfolios:		All								
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	200	200	100	100	100	100	100	100	100	100
Strategic Business Review:										
<p>This Strategic Business Review has focussed on checking that agreed uplifts in fees and charges have been applied, the fees and charges reflect full cost recovery where this is appropriate and that all options for applying fees and charges are explored to provide choice to members.</p> <p>A full cost recovery calculator has been established and tested against a range of fees and charges.</p>										
Opportunities identified:										
<p>The Strategic Business Review has identified four options for the future:</p> <p>Applying stretch income targets where over achievement is regularly reached;</p> <p>Applying full cost recovery calculator across all fees and charges to identify where the Council is subsidising services;</p> <p>Applying a variety of inflationary uplifts where the market would allow - many of the current fees and charges are based on an assessment of economic activity in the community which has changed;</p> <p>Seek new income for services that are currently provided free but where the Council has the discretion to charge for.</p>										
Challenges and risks										
<p>The fees and charges Strategic Business Review is closely linked to the income recovery Strategic Business Review. Our view of the community's ability to meet increased fees and charges needs to be considered alongside the unintended consequences of applying fees and charges to currently subsidised or free provision. Scenarios need to be presented to members so that they can make choices in line with their strategic objectives and knowledge of the community.</p>										
Invest to save options:										
None identified at this time.										
Actions:										
<p>Review of current fees and charges levels with budget holders and service providers to identify opportunities for stretch targets;</p> <p>Application of the full cost recovery model to understand any levels of subsidy for services;</p> <p>Modelling the application of 1%, 2%, 3% and 4% inflation levels on current fees and charges;</p> <p>Identification of new income from areas where fees and charges are not applied but where services are provided.</p>										
Executive decisions:	MTFS and Bridging the Gap Programme									
Scrutiny Route:	Corporate Overview Scrutiny – Autumn 2019									
Consultation:	Any changes in Fees and Charges would be included in consultation processes with the public as part of consultation in relation to setting the budget									
EqlA:	Screening to be undertaken prior to any variations in setting of fees and charges									

This page is intentionally left blank

Agenda Item 10

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: **Corporate Overview Scrutiny Committee**
Date of meeting: **19 November 2019**
Report Subject: **Bridging the Gap - Income Recovery Strategic Business Review**
Portfolio Holder: **Cllr. N. Daniels
Leader & Executive Member Corporate Services**
Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	29/10/19	06.11.19			19/11/19		12/12/19	

1. Purpose of the Report

To provide Members with an opportunity to scrutinise the work undertaken as part of the Income Recovery Strategic Business Review and consider the options identified.

2. Scope and Background

2.1 The Income Recovery Strategic Business Review is a strand that sits under the Maximising Income theme of the Bridging the Gap programme.

2.2 The scope of the Income Recovery Strategic Business Review is to undertake an internal review of the current income recovery activities to ensure best / efficient practices are in place to allow income due to the Council to be maximised.

The Council Tax element was initially part of the WAO Financial Resilience Review however it has been widened to also incorporate other income recovery areas.

2.3 Objectives of the strategic business review are to ensure:

- Income is maximised
- income recovery policies are appropriate and include early intervention actions
- agreed Fees & Charges are implemented
- payment in advance of service delivery (where appropriate) thereby avoiding administration costs of issuing invoices and subsequent recovery
- customers have easy access to a variety of payment methods
- use of technology is maximised
- reducing the costs of collection

These objectives will be underpinned by a thorough understanding of the data and intelligence around income recovery and the influences that impact upon collection activities.

2.4 The review has to date considered the current levels of debt for Council Tax and Sundry Debtors, historic write off of debts and debtor profiles in an attempt to identify potential supportive measures the Council could implement which could minimise debt within its community.

2.5 The review will also consider the current systems and operating policies and practices in place for income recovery activities to determine their appropriateness and whether changes can be made to improve the efficiency of the activities (including earlier identification and action against those residents who won't pay as opposed to those who can't).

3. **Options for Recommendation**

3.1 The options for recommendation are:

3.2 Option 1 (preferred option) – the Committee scrutinise the findings at this stage of the review, support the proposed actions for implementation (paragraphs 6.8 & 6.12) and recommend to Council that the review progress.

3.2 Option 2 – the Committee scrutinise and provide specific comment on the findings and the proposed actions prior to recommending to Council.

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

4.1 This topic supports the achievement of the Corporate Plan priorities specifically:-

- supporting vulnerable people to ensure their household income is maximised, and to work in partnership to reduce and alleviate the impact of poverty;
- to be an efficient council by providing efficient services, improving online public services and ensure people have access to the appropriate digital technology and to generate income and deliver cost reductions to make local services sustainable.

5. **Implications Against Each Option**

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

5.1.1 The aim of the proposals in paragraph 6.9 will be to prevent or minimise the risk of residents going into debt by maximising their household income enabling them to pay their bills.

If successful, this will increase collection rates and have the effect of reducing the current level of arrears which as a consequence will either lower the level of write off and/or decrease the amount of bad debt provision required (a 1% reduction in bad debt provision could release approximately £40k to the general reserve).

However the Council operates a Council Tax Reduction Scheme (CTRS), maximising household income could potentially result in an increase to the amount the Council spends on this Scheme (the 2019/20 original budget for CTRS is £9m).

- 5.1.2 It is estimated that the proposed actions identified in paragraph 6.10 will generate resource efficiencies of £54,000 (or 2 full time equivalents), implementation costs are unknown at present.

5.2 ***Risk including Mitigating Actions***

- 5.2.1 There is a risk that the early intervention / prevention proposals do not result in reduced level of arrears and that the numbers of residents claiming their entitlement to CTRS will result in a cost pressure for the Council. This will be monitored closely to identify early signs of spend exceeding budget.

- 5.2.2 Changes to income collection activities may not result in anticipated efficiencies, this combined with reduced resources could increase pressure on staff and impact upon service levels (and arrears). Changes will be tested to determine impact, workload may need to be reprioritised and some service standards may be realigned.

5.3 ***Legal*** *n/a*

5.4 ***Human Resources***

- 5.4.1 Implementation of the proposals included in the Strategic Business Review will impact upon staffing levels within the Revenues team.

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

Levels of Debt:

Council Tax:

- 6.2 Since the introduction of Council Tax in 1993, the total amount levied to the 31 March 2019 was £432.6m and arrears stood at £4.47m (approx. 1% of total amount due). As at 31 August 2019, for liability up to 31 March 2019 this reduced to £3.93m, of this £3.37m relates to the period from 1 April 2014 with the remaining £545k for prior periods (Appendix 1 profiles this debt by year).

- 6.3 The Council's in year collection rate is around 94.5% however this rate increases to in excess of 99% after a number of years. As a result of the long term success in collecting these arrears, during the previous 5 years only £62k of debt has been written off.

Sundry Debts:

- 6.4 The Council raises approximately 18,000 invoices per annum for sundry accounts e.g. ground rents, industrial units rents, charges for services generating in the region of £18m per annum.
- 6.5 Appendix 1 profiles this debt over the last 5years, this identifies that there is £840k debt outstanding (0.8%) and £587k has been written off in the same period i.e. less than 0.6%.

Housing Benefit:

- 6.6 As at 31 March 2019, the value of Housing Benefit Overpayments outstanding was £1.68m covering the period from 2007/08 to 2018/19.
- 6.7 Analysis of all debtors against the ACORN consumer classification has been undertaken. The ACORN classification analyses demographic data, social factors, population and consumer behaviour to provide an understanding of different types of people and their circumstances. This analysis has identified that there appears to be a strong correlation between those households with Council debt with those geographical areas classified as having moderate means, striving families & struggling estates (see Appendix 2).
- 6.8 Discussions with Citizen's Advice Bureau and other stakeholders has also highlighted an increased number of Blaenau Gwent residents approaching these organisations for advice around money management and debt. This suggests that some families are struggling to pay their bills (including Council Tax and other Council debt), this corresponds with the experiences of Council staff in dealing with residents.
- 6.9 To support residents it is proposed that working with partners the Council:-
- take a proactive approach to enable Blaenau Gwent residents to maximize their income, by advising them of potential entitlements e.g. Universal Credit, Pension Credit, Council Tax Reduction Scheme
 - encourage struggling individuals to seek advice and support

To identify and test the most suitable method of engagement / support with residents a pilot scheme is to be implemented within the Flying Start Hub in Cefn Golau.

Colleagues within Flying Start, Housing Benefit & Revenues will develop the potential approaches and test their effectiveness prior to roll out further.

Current Recovery Practices:

- 6.10 Visits have been made to a number of other Welsh councils where in year collection rates have been identified as higher, to identify best practice in collection techniques.

6.11 In addition an independent review of Council Tax, by CIPFA, has also been commissioned. The final report is expected early November 2019.

6.12 Some process / procedural differences have been identified which may improve the efficiency of collection activity these include:-

- payment in advance of service delivery (where appropriate) thereby avoiding administration costs of issuing invoices and subsequent recovery

Appendix 1 – the profile of Sundry Accounts identifies that the numbers of invoices being raised is reducing. This in part is a result of some services taking payment upfront prior to delivery of a service (e.g. Waste Service for bulky waste collection), it is proposed that this be introduced for other appropriate services i.e. room hire at the General Offices.

- implementing an online self-serve module for customers.
- encourage greater take up of direct debits or other electronic payment methods.

Of the accounts needing to make a payment for Council Tax, around 63% currently use direct debit as their payment method. Blaenau Gwent also offers payroll deductions for staff and standing order/bank transfers as additional payment methods with approximately 4% of accounts paying by these methods.

- Allocate Council Tax payments to current debt (in the first instance) rather than older debt.

6.13 It is anticipated that the changes identified will enable resource efficiencies to be made.

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

6.2.1 Early intervention / prevention proposals are anticipated to minimise the risk of residents going into debt by maximising their household income enabling them to pay their bills and providing support / advice to help them manage their finances .

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

6.3.1 A cross Council approach has been undertaken for this Strategic Business Review involving colleagues from Social Services, Policy & Performance, Housing Benefit and Revenues.

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

6.4.1 The aim of the Strategic Business Review for Income Recovery is to reduce levels of arrears, support residents to maximise household income. The review is part of the Bridging the Gap programme supporting the Council's financial resilience.

6.5 ***Preventative focus***

6.5.1 Proposals included in the report include early intervention / prevention actions which are intended to reduce the risk of individuals/families being indebted to the Council by maximising household income (signposting to entitlements).

6.6 ***Collaboration / partnership working***

6.6.1 The Strategic Business Review proposals are being developed by a cross council team from a variety of service areas.

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

6.7.1 The Strategic Business Review proposals are being developed by a cross council team from a variety of service areas.

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

6.8.1 n/a

7. **Monitoring Arrangements**

7.1 Outcomes from the review will be monitored through highlight reports on the Bridging the Gap programme.

Background Documents /Electronic Links



Appendix 1 - Profile
of Arrears.xlsx



Appendix 2 - Bridging
the Gap Proposals - II



Council Tax:**Analysis of Outstanding Balances & Current Collection Rates (as at 31 August 2019):**

	<u>Previous Years</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>Total</u>
	£	£	£	£	£	£	£
a In year Debit	295,151,869	24,843,470	26,116,420	27,457,724	28,729,876	30,329,158	432,628,516
b Income Received	294,907,768	24,600,065	25,794,948	27,005,874	28,026,152	28,803,141	429,137,948
c Net Balances (a-b)	244,101	243,405	321,472	451,850	703,724	1,526,017	3,490,569
d Credit Balances	-301,819	-10,255	-18,264	-21,033	-30,207	-59,944	-441,521
e Outstanding Balances (c+d)	545,919	253,659	339,736	472,883	733,931	1,585,961	3,932,089
f Write Offs	2,708,927	20,428	15,514	14,331	6,010	5,718	2,770,928
g Current Collection % in total		99.02%	98.77%	98.35%	97.55%	94.97%	99.19%
h Current Collection % for Outstanding Debts		98.98%	98.70%	98.28%	97.45%	94.77%	99.09%

Sundry Accounts:**Analysis of Outstanding Balances (as at 31 August 2019):**

a Number of Invoices Raised		30,986	29,900	19,007	18,946	17,896	116,735
b Value of Invoices		24,326,052	19,516,858	19,930,355	18,295,521	18,456,196	100,524,982
c Value of Invoices / Debt Outstanding		95,682	59,304	103,804	159,360	419,923	838,072
d Debt o/s as a percentage of invoice value raised (d / a %)		0.39%	0.30%	0.52%	0.87%	2.28%	0.83%
e Amount written off in year		232,192	186,026	25,952	49,407	93,501	587,079

This page is intentionally left blank

Bridging the Gap Theme		Maximising Income								
Bridging the Gap Proposal:		Income Recovery						Ref:		
Executive Portfolio Sponsor:		Councillor Nigel Daniels, Leader of the Council								
Officer Proposal Sponsor:		Rhian Hayden, Chief Officer Resources								
Impact on other Portfolios:		Crosscutting proposals across various income budgets								
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	50	100								
Strategic Business Review:										
<p>The scope of the review is to review current income recovery activities to ensure best / efficient practices are in place to ensure:</p> <ul style="list-style-type: none"> • Income is maximised • Recovery policies are appropriate & include early intervention actions • Customers have easy access to a variety of payment methods including direct debit & other electronic means • Payment in advance of service delivery (where appropriate) to minimise administration costs of issuing invoices and subsequent recovery costs • Use of technology is maximised • Costs of collection is reduced <p>For Council Tax, Housing Benefits & Sundry Accounts current levels of debt, historic write off of debts and debtor profiles have been analysed (against ACORN classifications) to identify potential measures that could be implemented to minimise debt. This analysis has identified a strong correlation between those households with Council debt with those geographical areas classified as having moderate means, striving families & struggling estates.</p> <p>Discussions with external stakeholders has also highlighted an increased number of BG residents approaching them for money management & debt advice – suggesting that some families are struggling to pay their bills.</p> <p>Current systems and operating policies are also being reviewed to measure their appropriateness and what changes can be implemented to improve efficiency of the activity.</p> <p>Visits to other LA's have taken place – by and large collection practices are very similar.</p> <p>Some process / procedural differences have been identified which may improve the efficiency of collection activity.</p>										
<p>Opportunities identified:</p> <p>Potential opportunities identified that give indicative figures referenced above</p>										
<p>To support residents it is proposed that working with partners the Council:-</p> <ul style="list-style-type: none"> • take a proactive approach to enable Blaenau Gwent residents to maximize their income, by advising them of potential entitlements e.g. Universal Credit, Pension Credit, Council Tax Reduction Scheme • encourage struggling individuals to seek advice and support <p>To identify and test the most suitable method of engagement / support with residents a pilot scheme is to be implemented within the Flying Start Hub in Cefn Golau</p> <p>Colleagues within Flying Start, Housing Benefit & Revenues will develop the potential approaches and test their effectiveness prior to roll out further.</p>										
<p>This could increase in year council tax collection rate (potential one year cash flow benefit).</p>										

<p>Develop Corporate Income Recovery Policy Review CTRS policy and backdating arrangements Improve efficiency of collection processes to 1)Reduce levels of write off 2) Reduce administration costs. Areas already identified are:-</p>	
<ul style="list-style-type: none"> • Increasing payment in advance of service delivery (where appropriate) • implementing an online self-serve module for customers • encourage greater take up of direct debits or other electronic payment methods • Allocate Council Tax payments to current debt rather than past debt 	
<p>The above changes should enable resource efficiencies to be made.</p>	
<p>Challenges and risks What needs to happen to realise the opportunities and stretch the impact to deliver phases 5 - 8? Challenges : The Income Recovery Strategic Business Review is closely linked to the Fees & Charges Strategic Business Review. Householders to be supported to help them manage & meet their liabilities – this may involve signposting to other organisations or identifying potential entitlements such as CTRS etc. Review of CTRS policy to ensure backdating arrangements are appropriate. Increased use of digital means to correspond / interact with customers.</p> <p>Risks: Increased entitlement to CTRS may result in a cost pressure for that budget.</p>	
<p>Invest to save options: What additional capacity /investment would further mitigate the risks and maximise the opportunities? How would this investment be set off by additional savings or cost avoidance? None identified currently.</p>	
<p>Actions: What will happen during phases 6 – 8 including, involvement of Executive sponsor. Continued review of Council Tax Collection Activities (with CIPFA) CTRS Policy to reviewed / revised Corporate Income recovery Policy to be developed Resident support pilot to be implemented</p>	
Executive decisions:	Revised / New policies to be introduced
Scrutiny Route:	Corporate Overview Scrutiny – Autumn 2019
Consultation:	Revised / New Policy development
EqIA:	To be undertaken during policy revision / development

Agenda Item 11

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: Corporate Overview Scrutiny Committee

Date of meeting: **19th November 2019**

Report Subject: **Bridging the Gap – Third Party Expenditure Strategic Business Review**

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

Report Submitted by: **A L Clark – Chief Officer Commercial**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	29.10.2019	06.11.19			19.11.2019		12.12.19	

1. Purpose of the Report

- 1.1 To update members on the Strategic Business Review on Third Party Expenditure. This Strategic Business Review is part of the Medium Term Financial Strategy and Bridging the Gap programme.

2. Scope and Background

- 2.1 The Council recognises the challenges that it faces in the short, medium and long terms and has developed a programme of Strategic Business Reviews to deal with potential gaps between anticipated funding and expenditure that aims to build financial resilience.
- 2.2 The Strategic Business Review on Third Party Expenditure is designed to ensure the Council is maximising its resources by ensuring costs are controlled through effective commissioning of goods and services supplied by third party suppliers. It also focusses streamlining the systems we use to monitor and manage contractual arrangements to achieve value for money. A significant element of this review is related to improving supplier relationships.
- 2.3 This Strategic Review has identified the following opportunities and implementation is already underway on:
- Managing cost control through tightening contracting arrangements particularly in relation to terms, conditions and pricing increases.
 - Prioritise supplier negotiations and develop a negotiation strategy for contracts due for renewal in 2020/2021.
 - Where appropriate convert agency staff into permanent or temporary posts to reduce additional costs to services through agency fees.
 - Introduce invoice discounting incentives for early payment.
 - Aligning third party spend to strategic priorities and categorising expenditure against support functions, basic needs, creating independence, delivering community outcomes and choice. This is

designed to support the MTFS planning for future years and identify any duplication of effort to reduce costs.

- Strengthening our strategic commissioning and procurement arrangements to challenge the commerciality of expenditure and create greater visibility of spend against delivery of outcomes.
- Creating opportunities to apply the same methodology to our internal people and asset expenditure.

3. Options for Recommendation

3.1 **Option 1**

Members to accept the report on the Strategic Business Review on Third Party Expenditure and appendix 1 and recommend to Council for approval.

3.2 **Option 2**

Members to consider and make specific comment on the report on the Strategic Business Review on Third Party Expenditure and appendix 1.

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

4.1 This report supports the Council Priority, “Efficient Council”, as it is part of the monitoring arrangements which support the Council’s financial resilience.

5. Implications Against Each Option

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

5.1.1. There are direct financial implications arising from this report. The Strategic Business Review on Third Party Expenditure is part of the Bridging the Gap programme which is linked to the Medium Term Financial Strategy and will be a critical element of creating financial resilience and ensure the Council operates sustainably. To date the Strategic Business Review has identified the following savings

Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	550	1,000	250	550	250	550	250	550	250	550

5.1.2 These figures have the potential to increase as further detail work in applied and re-negotiation of contracts is taken forward in later years.

5.2 *Risk including Mitigating Actions*

5.2.1. The key risks associated with this Strategic Business Review include the quality and availability of data, transparency of our contractual arrangements with some of our suppliers and a shared appreciation of the overall impact of

the expenditure. These will be mitigated by adopting a multi-disciplinary project team approach and drawing in colleagues from Finance, Procurement, Strategic Transformation and service leads to analysis the data. The methodology also brings a commercial challenge to our approach to third party expenditure. This Strategic Business Review is complex and requires drawing down information from a variety of sources. The check and challenge around the data and contract information will be provided through the project team. This Strategic Business Review on Third Party Expenditure is monitored monthly at CLT as part of the monitoring of the Bridging the Gap Programme. This ensures that any potential risks are identified early and action is taken in a timely manner to keep the review process on track.

5.3 *Legal*

5.3.1 Any legal implications will be addressed as the Strategic Business Review is developed when due diligence will be applied to any service changes or new contractual arrangements are put in place.

5.4 *Human Resources*

5.4.1. There are no staffing implications arising from this report.

6. **Supporting Evidence**

6.1 *Bridging the Gap Programme – Scope and details*

6.1.1 The approach has a particular emphasis on:

- Maximising the potential of income generation and taking a clearly commercial approach where it is appropriate to do so;
- Re-procurement and re-negotiation of contracts;
- Exploiting the opportunity that digital transformation can provide;
- Making best use of our assets and property;
- Considering what action we can take to influence and reduce demand;
- Looking for opportunities to support residents to do more for themselves;
- Exploiting the opportunities to strengthen financial resilience by supporting growth in the borough

6.1.2 Bridging the Gap Programme of Strategic Business Reviews cover:

Maximising income

Review of Industrial Units

Review of fees and charges

Commercial Waste

Income Recovery

Commercial activity, investment and new income

Maximising Resources

Review of third party expenditure

Assets and Property
Use of external grants

Managing Demand

Reducing demand by changing behaviours
Prevention and early intervention services

Maximising Enablers

Customer Experience
Work Place Transformation
Using data to deliver better services

Maximising Growth

Growth Strategy
Low Carbon

- 6.2 *Expected outcome for the public*
This report provides information relating to the Medium Term Financial Strategy and the financial resilience of the organisation.
- 6.3 *Involvement (consultation, engagement, participation)*
Ongoing monitoring of the outcomes of the Strategic Business Review will include identification of consultation, engagement and participation opportunities. The whole Bridging the Gap programme will also be part of public consultation that will take place during the Autumn of 2019.
- 6.4 *Thinking for the Long term (forward planning)*
The decisions made as part of the Bridging the Gap programme are designed to support the long term financial resilience of the Council and to influence the design of services for the future.
- 6.5 *Preventative focus*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in preventative services and to identify where we can strengthen our approach.
- 6.6 *Collaboration / partnership working*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in collaboration/partnership working and to identify where we can strengthen our approach across the public sector.
- 6.7 *Integration (across service areas)*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in cross service working and to identify where we can strengthen our approach across the public sector.
- 6.8 *EqIA(screening and identifying if full impact assessment is needed)*
Ongoing monitoring of the outcomes of the Strategic Business Reviews will include screening based on EqIA and identification of any changes where a full assessment is needed.

7. Monitoring Arrangements

7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Monitoring the financial and non-financial impact of this Strategic Business Review will be done by the Chief Officer Commercial to identify any over or under achievement of expectation. A detailed project plan is in place with key milestones. The Chief Officer Commercial will report into CLT on this Strategic Business Review on a monthly basis. CLT will review highlight reports to check the anticipated savings are being realised. Corporate Overview Scrutiny Committee will regularly receive progress updates and individual scrutiny committees will also review portfolio specific review. Any decisions relating to the Strategic Business Reviews will go through the usual Council decision making processes in line with the Budget setting process.

Background Documents /Electronic Links

- Appendix 1 – Bridging the Gap Proposal – Third Party Expenditure

This page is intentionally left blank

Bridging the Gap Theme		Maximising Resources								
Bridging the Gap Proposal:		Third Party Expenditure						Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services								
Officer Proposal Sponsor:		Chief Officer Commercial								
Impact on other Portfolios:		All								
Delivery in:	2020/21		2021/22		550		1,000		2024/25	
Values (low – high)	£'000	£'000	550	1,000	£'000	£'000	£'000	£'000	£'000	£'000
	550	1,000	250	550	250	550	250	550	250	550
Strategic Business Review:										
<p>The focus of this phase was to identify how much, on what and with whom.</p> <ul style="list-style-type: none"> • A full review of all third party expenditure through examining creditors records for 2017/18 and 2018/19, review of the contracts register and examination of contracts held. • Analysis of data and categorisation • Identification of deep dive areas. <p>Key findings:</p> <p>£80m of controllable spend 78,000 separate transactions with 3,320 unique creditors 75% of total Council spend (>£100k) is with less than 4% of suppliers, while payments to 74% of suppliers (<£5k) account for only 2.5% of total expenditure 89% of all payments are below the compulsory procurement threshold for DMT approval (£25,000) and account for 10% of total expenditure 55% of payments are below £1000 in value (each) and 47% below £500 863 creditors are registered as suppliers since 2007 (> 12 years) and 557 new creditors set up in FY18/19 alone</p>										
Opportunities identified:										
<p>Manage cost control through tightening contracting arrangements particularly in relation to terms, conditions and liabilities i.e. inflation up lift.</p> <p>Prioritise supplier negotiations and develop a negotiation strategy for contracts due for renewal in 2020/21.</p> <p>Explore with contractors discounts and rebates for different payment schedules.</p> <p>Where appropriate convert agency staff into permanent or temporary posts to reduce additional cost to service including agency fees.</p> <p>Introduce invoice discounting incentives for early payment</p> <p>Strengthen the alignment of spend to strategic priorities and categorise expenditure against need, identifying, at one end of the spectrum, spend that is based on choice and that we could continue to support, and at the other, spend on activities that we must do to satisfy a basic customer need. This will give rise to options of where and how much to invest in different services, initiatives and activities and give members the evidence to support their decision making.</p>										
Challenges and risks										
<p>The complexity of the data and the visibility of the contractual arrangements that are in place means that this requires a deep analysis of information, match data from different sources and detailed reviews of current contract. Alongside this is the need to establish the commissioning intentions for 2020/21 and beyond with current and future suppliers.</p>										
Invest to save options:										
<p>Our ability to move at pace and to work through the data to reach the opportunities has been achieved through the investment in external expertise. This has been funded through an earmarked Procurement reserve. To maintain this pace and focus further support is required and this would be based on a risk and reward contract with payment on results.</p>										

<p>Actions: Deep dive into the use of agency staff to reduce fees being paid to temporary recruitment agencies; Review of discount incentives to utilise our cash flow to drive cost reductions; Reconciliation of creditors expenditure to known contracts to facilitate negotiation of better payment terms; Review of contracts where there has been higher values paid to facilitate negotiations with suppliers; Implement No Purchase Order No Pay as a means of controlling costs.</p>	
Executive decisions:	MTFS and Bridging the Gap Programme
Scrutiny Route:	Corporate Overview in Autumn 2019
Consultation:	With staff affected by changes in contract arrangements
EqlA:	Screening to be undertaken prior to any contract variations being progressed

Agenda Item 12

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: Corporate Overview Scrutiny Committee

Date of meeting: **19th November 2019**

Report Subject: **Bridging the Gap – Workplace Transformation Strategic Business Review**

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

Report Submitted by: **A L Clark – Chief Officer Commercial**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	29.10.2019	06.11.19			19.11.2019		12.12.19	

1. Purpose of the Report

- 1.1 To update members on the Strategic Business Review on Workplace Transformation. This Strategic Business Review is part of the Medium Term Financial Strategy and Bridging the Gap programme.

2. Scope and Background

- 2.1 The Council recognises the challenges that it faces in the short, medium and long terms and has developed a programme of Strategic Business Reviews to deal with potential gaps between anticipated funding and expenditure that aims to build financial resilience.

- 2.2 The Strategic Business Review on Workplace Transformation is designed to build on the work delivered as part of the previous Workplace Transformation Programme that focussed on rationalising our Council buildings, developing agile working practices and investing in smarter IT tools and technology. This review focusses on maximising the investment the Council makes in technology and updating the tools it provides the workforce to deliver services. It will achieve a rationalisation of IT systems and products, enable more productive ways of working and stretching the opportunities realised as part of the previous workplace transformation project.

- 2.3 This phase of the Strategic Review has identified the following opportunities and implementation is already underway on:

- A refresh of the IT estate with replacement laptops being introduced for IT kit that is at end of life. An earmarked reserve was put in place to fund the inevitable costs of keeping our IT estate operational. Funding from this has been utilised in 2019-20 and is available to ensure a full refresh is achievable over the next three years.
- A detailed logistic plan and workforce engagement plan has been produced to facilitate this work which means we now have an asset register of all kit and software requirements for all staff. This will allow

us to control the IT estate more effectively going forward and will reduce unnecessary expenditure on IT kit.

- An amnesty of IT kit has been put in place so that there is a complete picture of where IT assets are to avoid purchasing kit over and above our need.
- The starters and leavers process is also being reviewed to strengthen our control over the IT assets and to speed up new starter access to kit in a timely manner.
- Simultaneously the operating system is being upgraded to Windows 10 and Office 2016 as preparation for deploying Office 365. Funding has been allocated to this and is part of the current SRS management.
- Office 365 will provide a suite of business tools that will allow the Council to rationalise its IT systems landscape therefore reducing costs.
- In addition it will provide opportunities to modernise our ways of working and will contribute to improved efficiencies and productivity.
- A business case is developing for the replacement of our print and photocopying arrangements to reduce cost and improve efficiency. This will support our ways of working and reduction in paper.
- Contracting arrangements with our IT systems suppliers are being fundamentally reviewed to secure value for money and to reduce costs.
- A full review of our IT systems is also being undertaken to ensure that our systems are being used to their full potential and where there are duplicate systems decisions will be made to consolidate systems. This will also reduce costs.

2.4 This phase of the review will create the conditions to deliver further efficiencies and the deployment of Office 365 will enable us further rationalise our IT landscape.

3. **Options for Recommendation**

3.1 **Option 1**

Corporate Overview Scrutiny Committee considers and scrutinises the proposed approach and appendix 1.

3.2 **Option 2**

Corporate Overview Scrutiny Committee makes any specific comments or recommendations regarding the proposed approach and appendix 1.

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

4.1 This report supports the Council Priority, “Efficient Council”, as it is part of the monitoring arrangements which support the Council’s financial resilience.

5. Implications Against Each Option

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

- 5.1.1. There are direct financial implications arising from this report. The Strategic Business Review on Workplace Transformation is part of the Bridging the Gap programme which is linked to the Medium Term Financial Strategy and will be a critical element of creating financial resilience and ensure the Council operates sustainably. At this time the review has identified the following savings:

Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	50	50	50	50	50	50	50	50	50	50

- 5.1.2 This review also seeks to reduce costs for contracts that are managed through the Shared Resource Service (SRS) on behalf of the Council as part of their management fee.

5.2 *Risk including Mitigating Actions*

- 5.2.1. Managing complex IT supplier contracts is a key risk to the achievement of the savings. Currently our contract landscape with our top five suppliers is fragmented. Re-negotiation of existing arrangements will be the route to realising the benefits of this Strategic Business Review. Controlling our expenditure on kit and systems will require improved starter and leaver processes that impact on both the Council as the client and SRS as the service provider. The Strategic Business Review on Workplace Transformation is monitored monthly at CLT as part of the monitoring of the Bridging the Gap Programme. This ensures that any potential risks are identified early and action is taken in a timely manner to keep the review process on track.

5.3 *Legal*

- 5.3.1 Any legal implications will be addressed as the Strategic Business Review is developed when due diligence will be applied to any service changes or new contractual arrangements that are put in place.

5.4 *Human Resources*

- 5.4.1. There are no staffing implications arising from this report.

6. Supporting Evidence

6.1 *Bridging the Gap Programme – Scope and details*

- 6.1.1 The approach has a particular emphasis on:
- Maximising the potential of income generation and taking a clearly commercial approach where it is appropriate to do so;

- Re-procurement and re-negotiation of contracts;
- Exploiting the opportunity that digital transformation can provide;
- Making best use of our assets and property;
- Considering what action we can take to influence and reduce demand;
- Looking for opportunities to support residents to do more for themselves;
- Exploiting the opportunities to strengthen financial resilience by supporting growth in the borough.

6.1.2 Bridging the Gap Programme of Strategic Business Reviews cover:

Maximising income

Review of Industrial Units

Review of fees and charges

Commercial Waste

Income Recovery

Commercial activity, investment and new income

Maximising Resources

Review of third party expenditure

Assets and Property

Use of external grants

Managing Demand

Reducing demand by changing behaviours

Prevention and early intervention services

Maximising Enablers

Customer Experience

Work Place Transformation

Using data to deliver better services

Maximising Growth

Growth Strategy

Low Carbon

6.2 *Expected outcome for the public*

This report provides information relating to the Medium Term Financial Strategy and the financial resilience of the organisation.

6.3 *Involvement (consultation, engagement, participation)*

Ongoing monitoring of the outcomes of the Strategic Business Review will include identification of consultation, engagement and participation opportunities. The whole Bridging the Gap programme will also be part of public consultation that will take place during the Autumn of 2019.

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

The decisions made as part of the Bridging the Gap programme are designed to support the long term financial resilience of the Council and to influence the design of services for the future.

- 6.5 *Preventative focus*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in preventative services and to identify where we can strengthen our approach.
- 6.6 *Collaboration / partnership working*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in collaboration/partnership working and to identify where we can strengthen our approach across the public sector.
- 6.7 *Integration (across service areas)*
Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in cross service working and to identify where we can strengthen our approach across the public sector.
- 6.8 *EqlA(screening and identifying if full impact assessment is needed)*
Ongoing monitoring of the outcomes of the Strategic Business Reviews will include screening based on EqlA and identification of any changes where a full assessment is needed.

7. **Monitoring Arrangements**

- 7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Monitoring the financial and non-financial impact of this Strategic Business Review will be done by the Chief Officer Commercial to identify any over or under achievement of expectation. A detailed project plan is in place with key milestones. The Chief Officer Commercial will report into CLT on this Strategic Business Review on a monthly basis. CLT will review highlight reports to check the anticipated savings are being realised. Corporate Overview Scrutiny Committee will regularly receive progress updates and individual scrutiny committees will also review portfolio specific reviews. Any decisions relating to the Strategic Business Reviews will go through the usual Council decision making processes in line with the Budget setting process.

Background Documents /Electronic Links

- Appendix 1 – Bridging the Gap Proposal – Workplace transformation

This page is intentionally left blank

Bridging the Gap Theme		Maximising Enablers								
Bridging the Gap Proposal:		Work place transformation						Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services								
Officer Proposal Sponsor:		Chief Officer Commercial								
Impact on other Portfolios:		All								
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	50	50	50	50	50	50	50	50	50	50
Strategic Business Review:										
The focus on this phase has been identifying aspects of work place practice where costs can be reduced, productivity can be enhanced and technology can be maximised. This Strategic Business Review is also concerned with managing the investments needed in our current technology landscape due to changes in licensing arrangements with Microsoft.										
Opportunities identified:										
Managing our IT suppliers and rationalising the number of systems we have currently supporting the business;										
Introduction of paper reducing ways of working through better use of printers, copiers, scanners to control our costs										
Progress with plans to implement Office 365 in 2020/21 to enable the decommissioning of some of the systems we currently have in place.										
Undertaking a review of our telephony to drive down costs and enable improved remote working.										
Challenges and risks										
Our current level of understanding of our technology landscape is fragmented and our relationships with our key suppliers have been in place for many years and in some cases decades. It is likely that in some cases we are not achieving value for money for our products. The complexity and the impact of continuing to support legacy systems means a fundamental review is required whilst simultaneously immediate action is needed to control and reduce our costs.										
Invest to save options:										
Additional capacity is needed bring focus and expertise to the supplier landscape. Experienced IT client support would ensure we seek the savings quickly and in a sustained manner.										
Actions:										
Identification of systems owners across the organisation.										
Identification of account managers in the supplier space.										
Set up initial negotiation meetings with the key suppliers and in particular those where we have long standing relationships. This will include a review of the current products, contractual arrangements and price liabilities.										
Progress with the preparations for implementation of Office 365 to enable disinvestment in certain systems that will be no longer needed.										
Develop the business case for a Hybrid Mail Room produce to manage print, copying and record retention arrangements for the future.										
Executive decisions:	MTFS and Bridging the Gap Programme									
Scrutiny Route:	Corporate Overview Scrutiny – Autumn 2019									
Consultation:	With staff affected by changes in contract arrangements									
EqlA:	Screening to be undertaken prior to any contract variations being progressed									

This page is intentionally left blank

Agenda Item 13

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **19th November 2019**

Report Subject: **Council Tax – Removal of Empty Property Discount allowance for Prescribed Class C dwellings**

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

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

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
		06.11.19			19/11/19		12/12/19	

1. Purpose of the Report

1.1 This report provides details of the current policy with regard to Council Tax discounts and sets out a proposal to use the Authority's discretionary powers to remove the level of discount in respect of dwellings that are classified as long term empty properties (class C dwellings).

2. Scope and Background

2.1 With effect from the 1st April 2004, the Local Government Act 2003 gave councils discretionary powers to reduce or remove the 50% Council Tax discount awarded in respect of long-term empty properties.

2.2 Under the Council Tax (Prescribed Classes of Dwellings) (Wales) Amendment) Regulations 2004, the Council has previously determined that a discount of 0% be granted to Class A & B dwellings and that a discount of 50% be granted in respect of Class C dwellings.

2.3 Class A & B dwellings are properties which can be identified as holiday homes/second home respectively. Class C dwellings can be identified as long term empty properties.

2.4 Empty properties, i.e. properties that are unoccupied and are substantially unfurnished, are initially exempt from Council Tax for up to 6 months. A property is considered to be "long term empty" if it has been unoccupied and unfurnished for more than six months and does not qualify for another class of exemption from Council Tax.

2.5 As at the 30th September 2019, 1037 dwellings in Blaenau Gwent were receiving an empty property discount.

2.6 The Council Tax Base calculation currently takes into account properties that receive a discount as a prescribed class C dwelling, and therefore the base is a reflection of the number of chargeable dwellings included in the funding formula, for distribution of the Local Government Annual Settlement across all 22 Local Authorities in Wales. It is expected that the Welsh Government will amend the funding calculation for 2020/21 onwards so that the Council Tax Base calculation will no longer take into account the discounts for this property class.

2.7 Should this amendment be made, the Council could see a reduction in funding of approximately £480,000.

2.8 Over the last few years, the majority of councils in Wales have used their discretionary powers under the Council Tax(Prescribed Classes of Dwellings)(Wales)(Amendment) Regulations 2004, to remove the discount on Class C properties. For the financial year 2019/20 there are only 4 local authorities still awarding the discount. It is expected that all Councils will review their policies to provide discounts under these classes from 1st April 2020.

3. **Options for Recommendation**

3.1 **Option 1**

That Scrutiny Committee consider and recommend that Council approve to set the current discount for Class A, B & C dwellings at 0% with effect from the 1st April 2020

3.2 **Option 2**

That Scrutiny Committee recommend that Council approve to maintain the existing discount levels for Class A, B & C dwellings with effect from the 1st April 2020.

4. **Evidence of how this topic supports the achievement of the**

Council Priorities

4.1 If Welsh Government implement the proposed changes to the revenue support grant funding formula, the proposal is required to support the Medium Term Financial Strategy of the Council and would additionally support the Council's, '*Economic Development and Regeneration*', priority by supplementing the proposed 'Growth Strategy' by encouraging owners of vacant properties to bring them back into use and generating additional income through Council Tax.

4.2 **Statutory Responsibilities**

The Council must resolve to use its discretion in relation to discounts for Class A, B & C dwellings.

5. **Implications Against Each Option**

5.1 **Financial**

Option 1

The change in policy will allow the Council to levy circa £650,000 council tax against Class C dwellings. However, using the current formula used for distribution of unhypothecated funding, this will be offset by the loss of revenue support grant circa £480,000. Subsequently, the net effect of the policy change is an additional £170,000 income for the council based on a 100% collection rate.

Option 2

If the Welsh Government continues with their proposal to amend the Financial Settlement to Local Government the grant due to this Council would reduce circa £480,000, the Council would continue to award discount to long term empty properties and therefore the reduced funding would result in a significant cost pressure to the Council.

5.2 **Risk**

Option 1

There is potential having to collect the additional Council Tax, may have an adverse effect on collection rate if taxpayers do not pay the additional increase in Council Tax due. Additionally, the Council may experience increased applications for assistance by way of Council Tax Reductions or discounts. The Revenues team will be monitoring these risks.

Option 2

If Welsh Government continues with their proposal the Council will have a funding shortfall of circa £480,000 in 2020/21 that has the potential to increase in subsequent years.

5.3 **Legal**

The Council are required to make a resolution for the award of discounts for class A, B & C dwellings as prescribed by the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004.

5.4 **Human Resources**

There will be additional work to collect the additional Council Tax charged.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

From analysis of existing data, at the 30th September 2019, it is anticipated that 80% of the empty properties will make the required council tax

payment in 2020/21, without further recovery action being required. For the remainder formal recovery action may be required.

6.2 **Involvement**

All current empty property discount recipients will need to be informed of any change in policy as early as possible in order for them to make the necessary budgetary arrangements for 2020/21. Approximately 20% of the current empty housing stocks are owned by social landlords.

6.3 **Thinking for the Long term**

Empty properties can be detrimental to other properties in the vicinity in terms of both market value and quality of life, and can encourage anti-social behaviour such as vandalism, squatting, littering and crime.

There are many positive results in encouraging empty homes back into use:

For the owner:

- If the property is sold, the owner can release equity within the property.
- If the property is rented, the owner receives an income from the property.
- Leaving a property empty could increase insurance premiums.
- Council Tax is paid for by the occupier and not the owner.

For the community:

- The opportunity for fly tipping and anti-social behaviour is reduced
- An empty property can have a negative impact on the neighbourhood, reducing house prices and lowering community pride in an area.
- Provide much needed housing in the borough.

For the local economy:

- Bringing an empty property back into use can contribute to the regeneration of an area, increase spending in the local economy and help to protect the value of surrounding properties.
- Unsightly properties can often deter investment in an area, which can lead to decline.

6.4 **Collaboration / partnership working**

Whilst there is currently no direct collaboration between local authorities in respect of empty properties it is anticipated that all local authorities in Wales

will by April 2020 have used their discretionary powers to reduce the discount allowed in respect of Class C dwellings (empty properties).

7. **Monitoring Arrangements**

- 7.1 The Revenue section will continue monitoring the effects of collection of council tax from empty properties to ensure income maximisation.

This page is intentionally left blank

Agenda Item 14

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: **Corporate Overview Scrutiny Committee**
Date of meeting: **19th November 2019**
Report Subject: **Sickness Absence Performance**
Portfolio Holder: **Councillor Daniels, Leader / Executive Member**
Report Submitted by: **Andrea J Prosser, Head of Organisational Development**

Reporting Pathway								
DMT	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	01.10.19	06.11.19			19.11.19	Info Item		

1. Purpose of the Report

- 1.1 The purpose of this report is to provide Elected Members the opportunity to scrutinise and challenge sickness absence performance 2018/19 and the proposed actions for improvement.

2. Scope and Background

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

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

2.3 Performance Information 2018/2019

- 2.3.1 There have been various initiatives including a fundamental review of policy (Elected Members Task and Finish Group 2018), however, sickness absence rates remain high and above target.

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

- 2.3.3 The total days lost represents a loss in productivity equating to 135 extra employees being available to work for the full year. The calculation applied is based on 220 working days per year per FTE employee.

- 2.3.4 Whilst sickness levels remain high it is important to note that the majority of employees have little or no sickness absence and attend work regularly. The vast majority of Council employees have excellent attendance levels as data indicates that 2463 employees attended work every day during the period from April 2018 to March 2019 with the Council having an attendance level of 94.3%.
- 2.3.5 Prior to 2011/12 the Council's performance of 8.9 days was in the upper quartile performance across Wales. Over the last six years the Council has had sustained absence levels that average 11.8 days with the average days lost per month across the Authority totalling 2479. The table and graph at Appendix 1 set out the trend over the current and previous years.
- 2.3.6 The absence pattern is further illustrated at Appendix 2 (Table 1 and 2) which details the rank order of days lost and the highest three months of absence and the lowest month of absence within the reporting period.
- 2.3.7 It is recognised that typically when comparing different organisations that absence is normally more heavily weighted towards short term with a 70/30 split between short and long term. 62.71% of all absences in the Council are more than 4 weeks and are classed as long term. The Council is almost meeting its total FTE days lost target in long term absence alone. Table 3 at Appendix 2 details the breakdown of short and long term absence by directorate.
- 2.3.8 In managing long term absence the Health and Safety Executive (HSE) report *that 'if you have been off work for six months you have an 80 per cent chance of being off for five years'*. In reviewing all absences opened prior to, or at any point during the year 2018/19 there were 60 employees who had absences that have lasted more than six calendar months in duration. These 60 employees have contributed a total of 8,815 calendar days to the Council's absence performance for the year 2018/2019. Effective management to facilitate a return to work sooner or to expedite a termination where a fair process has been followed and a return to work is not foreseeable – would significantly impact in reducing sickness absence. The breakdown by Directorate of the 60 employees with greater than 6 months absence is set out at Table 4 at Appendix 2.
- 2.3.9 There is no policy right to exhaust the full entitlement to Occupational Sick Pay (OSP) before an ill health termination is considered as a possible option. However the evidence available quantifies that such long term absence dismissals are taking place after entitlement to OSP has firstly been exhausted. 37 of the employees who had an absence of more than six calendar months in duration are now no longer employed by the Council. The typical profile of such a leaver is an employee who had absence duration at the point of termination of 295 days. On reviewing the nature of the specific absences of these 37 leavers the main reasons are 41% Mental Health, 14% Musculoskeletal and 11% Cancer.
- 2.3.10 For those employees who have had an absence of more than 6 calendar months, who remain employed and absent from work, the typical absence duration is 326 days.

- 2.3.11 In line with the Attendance Management Policy where an employee's absence exceeds the absence triggers identified in the policy an Absence Review Meeting is held. These reviews are an essential way of managing sickness absence, maintaining contact and reinforcing the level of expectation in relation to attendance at work. Table 5 at Appendix 2 details the number of formal warnings, dismissals and ill health retirements during 2017/18 and 2018/19.
- 2.3.12 The Office of National Statistics (ONS) latest published data quantifies that more than a quarter (26.2%) of all days lost through sickness absence in the UK were attributed to minor illness such as coughs and colds and as such minor illness remained the predominant reason for all sickness absences. There are more individual classifications of coughs, colds and flu in the Council than any other form of absence but the main cause of **total days lost** in the authority is related to mental health (stress personal, stress at work, anxiety and depression).
- 2.3.13 The table at Appendix 3 sets out the top 20 reasons for sickness absence in the Council during 2018/2019. The table is ranked by calendar days and includes absences that commenced prior to the reporting year that remained open during the year. The table also provides the detail regarding the breakdown of male to female absences represented as a percentage of headcount and the average age of the employees who have been absent with the specific condition. Finally details of the average duration of the absences to date are noted.

2.4 External Benchmarking - latest insights

- 2.4.1 The all Wales comparative data is set out in Appendix 4. The Council reports the highest days lost of all reporting councils moving from the fourth highest reporting in 2017/18 - this is the second largest deterioration.
- 2.4.2 Blaenau Gwent, Wrexham, Cardiff and Caerphilly all report lower quartile results for two consecutive years'. Bridgend and Monmouthshire also report lower quartile results for 2018/19 with Ceredigion and Torfaen moving out of the lower quartile for 2018/19.
- 2.4.3 Denbighshire remains the local Authority with the best reported result year on year and is the only Authority to deliver a result that is less than 8.5 FTE Target.

2.5 Historical Measures to Improve Attendance

- 2.5.1 The Council has, over many years, introduced a range of initiatives to assist in the effective management of attendance. Detailed below, are some of the key aspects of the Council's improvement programme:
- An Attendance Management Policy (reviewed by an Elected Member Task and Finish Group 2018) that defines the expectations for attendance and sets out guidance on the management of sickness absence.

- Guidelines, regular training and briefing sessions for front line managers on the management of attendance.
- A new Occupational Health Service – working in partnership with the Council to better shape the service.
- Change management training for managers and coping with change and resilience training offered to staff.
- A policy and practical toolkit for managers to use in managing stress related issues and an immediate referral to the Occupational Health Service for stress related absences.
- A Corporate Task and Finish Working Group led by the Corporate Director of Education to implement an action plan further to an internal audit of managerial compliance.
- An extensive range of flexible working arrangements which are more than comparable to other Local Authorities in Wales.
- Performance Information provided to senior management and reported into Corporate Overview Scrutiny Committee as part of the performance management framework.
- Regular discussion and learning nationally and regionally in managing sickness absence.

2.6 **Ongoing Measures to support improvements in attendance**

2.6.1 **HR/Payroll system (iTrent)**

Managerial self-service rolled out in April 2018 (Schools December 2018) is an enabler in managing sickness absence, the manager can record and view sickness absence directly in iTrent. Developments are ongoing which will enhance the system to provide detailed sickness performance information removing the reliance on manual recording systems. Furthermore such development will also allow for enhanced analysis of sickness trends and managerial compliance e.g. completion rate of return to work interviews.

2.6.2 **Performance information**

Quarterly sickness absence outturn figures are provided to senior management and reported into Corporate Overview Scrutiny Committee as part of the performance management framework. Workforce profiles providing service workforce data and management information to help managers to plan and lead service performance and improvement are issued to directorates and all Schools. The Corporate Leadership Team considers a corporate workforce profile for the Council and Schools.

Sickness absence targets have been set by the Corporate Leadership Team for the next three years – 11 days for 2019/20, 10.5 days for 2020/21 and 10 days for 2021/22. These targets are set based on an analysis of previous performance and recognising the need for the targets to be realistic but also challenging.

2.6.3 **Corporate Leadership Team Engagement**

Sickness absence information for 2018/19 was reviewed at CLT July 2019 including whole Council and Directorate position statements resulting in the following recommendations:

Managerial actions

- Target setting per service and seasonally
- Hold focussed sessions quarterly to review sickness absence – on agenda for team meetings, etc
- Hold managers to account for managing sickness – end to end
- Objective for managers as part of annual performance coaching and regular 121s
- Ensure managers are using ITrent effectively and timely
- Application of the Managing Attendance Policy ‘to the letter’
- Managers recognising good attendance
- Push ownership to the individual

Organisational Development support

- Simplify layout of policy
- Report to Scrutiny October 2019 – Review of Sickness Absence
- Relaunch management guidance and awareness raising
- Relaunch/communication to employee on the impact of sickness
- OD Senior Business Partners to work with Directorate Management Teams to give targeted action for ‘hotspots’
- Workforce Well-Being to be strategic theme in new OD Strategy
- Mental Health awareness training for staff and managers and consideration of introducing mindfulness
- Case Study targeted training for managers (pilot held September 2019)
- Introduction of organisational mental health first aiders
- Review of policy for schools – workshop planned autumn 2019
- Develop a standard template for return to work interviews

2.6.4 **2018/2019 Top Trigger Case Review**

A review was conducted in June 2019 to consider the cases that are regarded as the top 20 triggers for both the Council and Schools. This review focused on the top 20 triggers (most occasions, longest absences or both) as opposed to the top 20 employees and therefore consists of greater than 20 cases reviewed with the absences of 43 employees considered in total. There are detailed multiple observations from this exercise and a non-exhaustive summary of the findings includes:

- Policy framework fit for purpose – triggers appropriate – potential for policy layout to be simplified.
- Evidence of extreme levels of patterning in the top trigger cases with repeated examples of poor attendance i.e. triggers being met and exceeded and this pattern then being repeated over multiple years.
- Welfare meetings are poorly documented and inconsistently conducted.

- There is an issue evidenced that more action could be taken at stage 2 and stage 3 attendance review meetings i.e. those in which formal disciplinary action could procedurally be the outcome.
- Application of policy poor and inconsistent - no consequence for managers for failing to adhere to Council Policy.
- Risk aversion in decision making.
- Lack of evidence that sickness absence documentation being completed.
- Disciplinary action consideration inconsistent and low for the level of absence.
- Issues with use of ITrent and managers not ending absence and completing working patterns – affecting calculation of data.

2.6.5 **Attendance Management Policy**

The Policy remains a key aspect of the Authority's commitment to improving performance and the policy supports a modernised, strategic approach to the management of attendance. The framework of the Attendance Management policy was considered by the Absence Task and Finish Group, who concluded that in the main the principles on which the 2015 policy had been written are still considered in 2019 to be fit for purpose. Following the recent review of cases it is proposed to simplify the layout of the policy document and make better use of managerial guidance.

Annual focussed sessions are held at each school where analysis and action planning for sickness is discussed. Targeted support is given from OD to schools that have been highlighted as sickness 'hotspots'. A workshop is planned with the Strategic HR Headteachers Group to plan the review of the policy for Schools.

2.6.6 **Training**

In addition to the development of managerial guidance, a reviewed line management training session has been developed utilising case studies. The Corporate Leadership Team has approved that this training becomes mandatory for all managers.

Mental health training will be targeted to different audiences and will be available for managers and staff. There will be differing formats and content to ensure that managers are upskilled in managing mental health issues and that staff also benefit from increased awareness of how we can all work together to support employees with mental health problems to remain in work. The sessions are currently being piloted during September.

A guide signposting managers and employees to sources of practical advice to improve support for staff experiencing stress or dealing with mental health issues has been made available on the intranet.

2.6.7 Wellbeing

The Attendance Task and Finish Group identified the need to take a more strategic and integrated approach to employee wellbeing. The Charter Institute of Personnel and Development (CIPD) defines wellbeing as 'creating an environment to promote a state of contentment, which allows an employee to flourish and achieve their full potential for the benefit of themselves and their organisation' *wellbeing* refers to 'feeling good' and 'functioning well' - both physically and emotionally.

Employee wellbeing is consequently intrinsically linked to levels of attendance. Wellbeing is more than an avoidance of becoming physically sick. It represents a broader concept that includes physical, mental and social health. Employers play a key role in how employees feel at work and this will have a direct correlation on how well the employee performs.

The Wellbeing of Future Generations (Wales) Act of 2015 is about improving the social, economic, environmental and cultural well-being of Wales. Specifically with regard to the wellbeing goal of '*a healthier Wales*' the aim is to have '*a society in which people's physical and mental wellbeing is maximised and in which choices and behaviours that benefit future health are understood.*' Under the requirements of the Act, in June 2018, Blaenau Gwent Public Services Board (PSB) launched its Wellbeing Plan -'*the Blaenau Gwent we want 2018-2023*'.

The reviewed Organisation Development Strategy for 2020 will include a strategic focus on wellbeing. An externally facilitated workshop on developing a 'Healthy Organisation' was held in August 2019 with senior management representation from each directorate. The outcome of this workshop will be reported to the Council in Autumn 2019 and will inform the development of the OD Strategy.

The Employee Assistance Programme (EAP) for employees ceased as part of the financial efficiency programme. Reintroducing an EAP could assist the Council in managing and promoting employee wellbeing. This can contribute to employee wellbeing, help to restore productivity, reduce sickness absence and turnover, including helping individuals with problems to stay in work. It is planned to consider the EAP service as part of a retendering of the Occupational Health Service to commence from 1st April 2020.

Other initiatives implemented to support employee wellbeing include:

- Introduction of an annual leave purchase system (July 2018)
- Further extension of the staff benefit scheme
- Agreement with trade unions to align to the principles of the Dying to Work Charter (TUC) (unable to formally sign up due to the Council not have an Employee Assistance Programme)
- Signposting and encouragement of employees to self-access the flu immunisation
- Bi annual staff survey

2.6.8 **Flexible working and special leave**

The Council continues to offer an extensive range of flexible working and special leave provisions which compare favourably with other Local Authorities. These policies provide a range of support for employees which could support a reduction in sickness absence. Managers play a key role in promoting these policies to employees.

3. **Options for Recommendation**

3.1 **Option 1**

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

3.2 **Option 2**

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

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

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

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

4.2 ***Risk including Mitigating Actions***

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

4.3 ***Legal***

There are no legal implications arising from this report.

4.4 ***Human Resources***

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

5. **Supporting Evidence**

5.1 ***Performance Information and Data***

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

5.2 ***Expected outcome for the public***

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

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

Trade Union Comments

The Trade Unions believe it is everyone's interest to reduce sickness absence levels to an acceptable level and will continue to work positively with the Council to achieve this. High sickness levels have a significant impact on staff who have to undertake a greater compressed workload for absentees resulting in those helpful staff reporting sick themselves with stress and anxiety.

Since 2010 staff have endured continual uncertainty around their future and livelihoods. There have been continual change programmes and staff downsizing as well as changing strategic leadership; the Council will be aware, staff are required to do more with less.

In previous scrutiny meetings The Trade Unions have stated there needs to be a consistency in approach by managers in addressing absenteeism in staff's one to one meetings. Over 95% of the current workforce as a whole do not take sick leave. The Trade Unions call upon the Council to ensure that the current sickness and absenteeism policies and procedures are being followed by all managers, and to address the small percentage of sickness absenteeism.

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

Options detailed in this report contribute directly to enabling the workforce for the future.

5.5 ***Preventative focus***

The review of the Organisational Development Strategy will focus on prevention.

5.6 ***Collaboration / partnership working***

There are regular discussions with the national Human Resources Directors Network and regionally in terms of good practice or emerging practice in reducing sickness absence. There are early discussions with the WLGA to launch a project to learn from England any initiatives in relation to wellbeing.

5.7 ***Integration(across service areas)***

NA

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

The review of sickness absence performance was carried out and included all employees of the Council.

6. Monitoring Arrangements

6.1 Sickness absence statistics are reported to the Corporate Leadership Team (CLT) and Scrutiny Committee on a quarterly basis and an annual performance report is presented to Corporate Overview Scrutiny Committee. Biannual workforce profiles are discussed with Managers and Headteachers.

7. Background Documents /Electronic Links

Council – Sickness Days Lost per Full Time Equivalent Employee

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		
11.47	11.50	11.39	12.49	11.23	12.66		
Directorate - Days Lost per FTE							
Directorate historical name	2013/14	2014/15	2015/16	2016/17	2017/18	Directorate current name	2018/19
Resources	7.63	6.02	4.83	5.46	7.38	Corporate Services	8.29
Corporate Services & Strategy	11.82	8.10	7.07	11.08	6.65		
Education	5.90	9.54	14.94	8.19	6.11	Education	6.94
Education School based (Teachers)			13.65	11.82	9.07	Education School based (Teachers)	12.20
Education School based (excluding Teachers)	11.83	13.59	11.29	9.77	9.71	Education School based (excluding Teachers)	10.64
Environment	11.38	8.74	10.35	18.67	19.19	Regeneration and Community Services	11.21
Social Services	12.86	12.60	12.59	14.45	13.60	Social Services	18.19

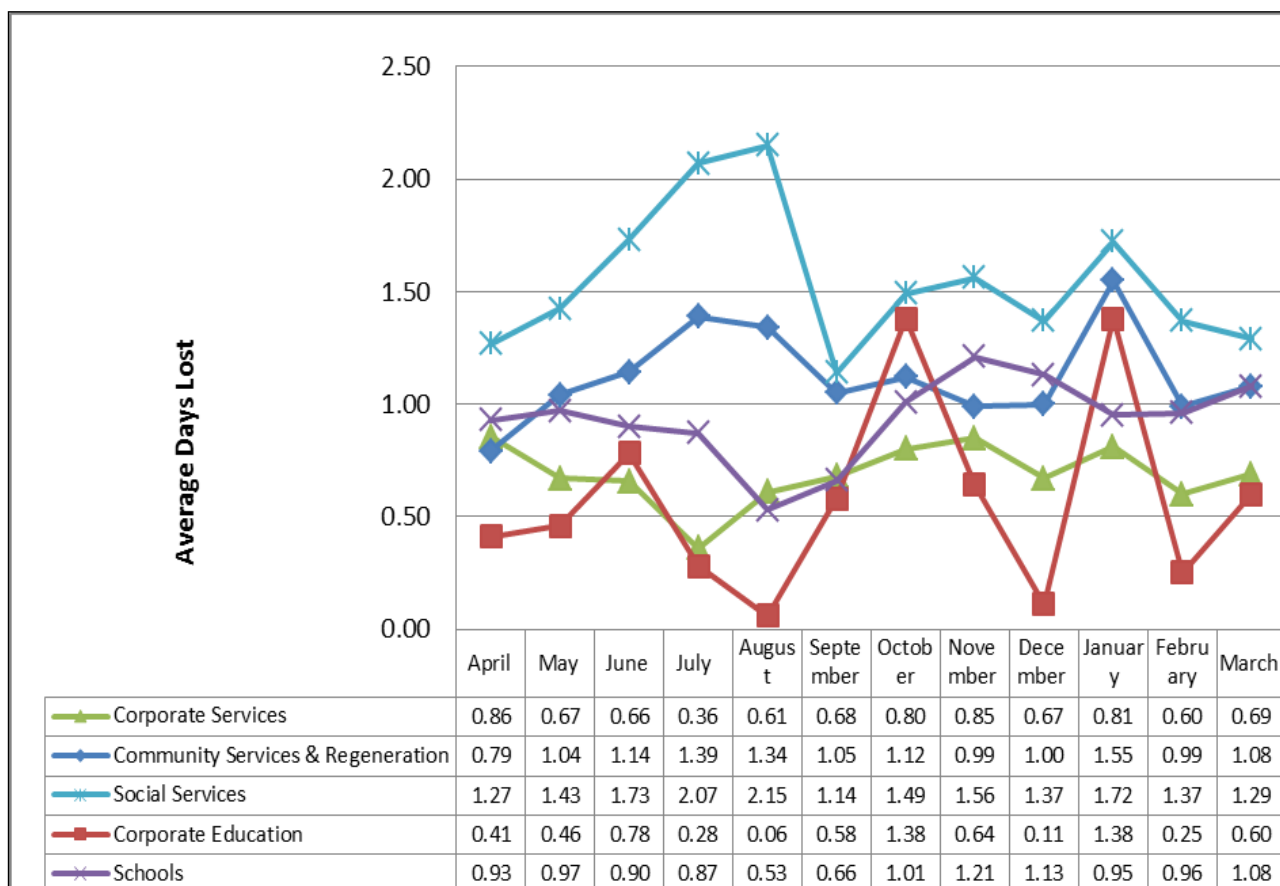


Table 1 - Rank order of days lost per month.

Rank	Month	Total days lost	% of total days lost
12th	Jan	2888	9.7
10th	Nov	2786	9.3
11th	July	2667	8.9
9th	Oct	2660	8.9
8th	June	2535	8.5
7th	Dec	2472	8.3
6th	May	2470	8.3
5th	March	2464	8.2
4th	Aug	2381	8
3rd	April	2261	7.5
2nd	Feb	2247	7.5
1st	Sept	1914	6.4

Table 2

Directorate	Bottom 3 months (i.e. highest absence)			Best month (lowest)
	12th	11th	10th	1st
Corporate Services	April	November	January	July
Regeneration & Community Services	January	July	August	April
Social Services	August	July	June	September
Corporate Education	January	October	June	August
Schools	November	December	March	August

Table 3 - Short and long term sickness absence by directorate.

Directorate	Short Term	Long Term
Corporate Services	38.65%	61.35%
Regeneration & Community Services	34.04%	65.96%
Social Services	38.40%	61.60%
Education including Schools	37.93%	62.07%
Schools Total	36.62%	63.38%
BGCBC	37.29%	62.71%

Table 4 - Breakdown of the 60 employees with greater than 6 months absence

Directorate	%
Education (including Schools)	44%
Regeneration & Community Services	30%
Social Services	19%
Corporate Services	6%

Table 5 - Number of formal warnings, dismissals and ill health retirements

	2017/18	2018/19
Number of formal warnings issued	11	28
Dismissals	17	12
Number of ill health Retirements	7	9

Sickness Absence Reasons

Rank	Reason	Number of absences	Calendar days	% of male headcount 23%	% of female headcount 77%	Average age of employee	Average days of absence
1	Stress – Personal	200	6975	3.9%	7.3%	47	35
2	Stress-Work related	55	2932	1.4%	1.9%	55	53
3	Anxiety	106	2885	3.0%	3.62%	43	27
4	Surgery/Minor Op	78	2816	1.8%	2.7%	50	37
5	Joint Problem/Pain	75	2547	1.7%	2.6%	52	34
6	Cancers (All)	13	1746	0.4%	0.4%	52	134
7	Back pain/injury	117	1656	6.1%	3.1%	47	14
8	Influenza	232	1340	6.5%	7.9%	46	6
9	Sickness & Diarrhoea	358	1218	6.5%	13.3%	44	3
10	Fracture	38	1195	1.3%	1.2%	46	31
11	Chest Infection	126	883	2.6%	4.6%	45	7
12	Myocardial infarction	94	850	0.2%	0.2%	55	94
13	Abdominal Problems	58	723	1.1%	2.1%	40	12
14	Depression	8	680	0.2%	0.2%	40	85
15	Gynaecological	11	670	0	0.4%	43	61
16	Allergies	20	661	0.7%	2.1%	49	33
17	Pregnancy related	48	620	0	2.0%	32	13
18	Ligament/tendon injury/surgery	23	578	0.7%	0.7%	46	25
19	Migraine	133	549	2.3%	4.9%	41	4
20	Faints	12	413	0.1%	0.4%	41	34

All Wales Comparative Data

Local Authority	FY 2018-19	FY 2017-18	Movement Year on Year
Blaenau Gwent	12.7	11.2	1.5 ↑
Bridgend	11.9	10.8	1.1 ↑
Wrexham	11.5	10.9	0.6 ↑
Cardiff	11.5	11.3	0.2 ↓
Monmouthshire	11.5	10.9	0.6 ↑
Caerphilly	11.3	12.3	1.0 ↑
Torfaen	11.2	11.1	0.1 ↓
Swansea	11	10.8	0.2 ↓
Ceredigion	10.9	13.6	2.7 ↓
Flintshire	10.5	8.9	1.6 ↑
Isle of Anglesey	10.3	10	0.3 ↑
Conwy	10.1	9.7	0.4 ↑
Newport	10.1	10.1	→
Carmarthenshire	9.8	10.1	0.3 ↓
Neath Port Talbot	9.8	9.5	0.3 ↑
Gwynedd	9.5	8.7	0.8 ↑
Pembrokeshire	9.3	10.2	0.9 ↓
Powys	9.1	9.7	0.6 ↓
The Vale of Glamorgan	9.1	10.1	1.0 ↓
Merthyr Tydfil	8.7	7.8	0.9 ↑
Denbighshire	8.3	8.4	0.1 ↓

This page is intentionally left blank

Agenda Item 15

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: **Corporate Overview Scrutiny Committee**

Date of meeting: **19th November 2019**

Report Subject: **Treasury Management Mid-Year Review Report - 1st April 2019 to 30th September 2019**

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)
	29.10.19	06.11.19			18.11.19		12.12.19	

1. Purpose of the Report

- 1.1 The purpose of the report is to give Members the opportunity to scrutinise the Treasury Management activities carried out by the Authority during the first half of the 2019/20 financial year.

2. Scope and Background

- 2.1 The report provides a summary of the Treasury Management activities carried out under delegated powers by the Chief Officer Resources in the period 1st April 2019 to 30th September 2019 in accordance with the CIPFA Treasury Management Code of Practice.

- 2.2 Treasury Management can be defined as:

“The management of the local authority’s 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.”

- 2.3 The primary requirements of the CIPFA Code of Practice are currently as follows:

- a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
- b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c. Receipt by the Council of an annual Treasury Management Strategy report (including the annual investment strategy report) for the year ahead, a mid-year review and an annual review report of the previous year.

- d. 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 now the Chief Officer Resources.
 - e. Delegation by the Council of the role of scrutiny of Treasury Management strategy and policies to a specific named body which in this Council is the Corporate Overview Scrutiny Committee.
- 2.4 In accordance with (e) above the Corporate Overview Scrutiny Committee is the committee with delegated responsibility for undertaking the scrutiny of the Treasury Management strategy and related reports.
- 2.5 This report is therefore presented to this scrutiny committee to provide an mid-year review report (attached as Appendix 1) of the Treasury Management activities for the 2019/2020 financial year, in accordance with (c) above, and to enable Members to scrutinise the contents prior to it being presented to full Council.
- 3. Options for Recommendation**
- 3.1 Option 1
Members scrutinise the activity undertaken during the first half of the 2019/2020 financial year and consider any amendments to the Treasury Strategy moving forward prior to its submission to full Council.
- 3.2 Option 2 (preferred option)
Members scrutinise the activity undertaken during the first half of the 2019/2020 financial year and do not consider any amendments to the Treasury Strategy moving forward prior to its submission to full Council.
- 4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
- 4.1 The report is written under legislation the Local Government Act 2003), Welsh Government guidance and CIPFA codes of practice.
- 4.2 This report also supports the Corporate Plan Priority of being an efficient Council.
- 5. Implications Against Each Option**
- Impact on Budget (short and long term impact)*
- 5.1.1 The Authority has complied with the CIPFA Treasury Management in the Public Services: Code of Practice 2017 and in doing so has strived for effective risk management and control, whilst at the same time pursuing best value as far as possible.

- 5.1.2 The Authority has effectively managed credit risk throughout the period, so ensuring that it has not been subjected to any financial loss as a result of the credit crisis.
- 5.1.3 The Authority has maximised investment returns as far as is possible whilst managing the associated risk and minimised borrowing costs throughout the period.
- 5.1.4 Investment returns of £35k have been achieved with an average interest rate of 0.55%. This is slightly below the benchmark rate of 0.57% but reflects the fact that the Authority can no longer invest in previous counterparties that paid higher rates, due to credit rating reductions. However, as the annual estimated investment interest was £11,000, it can be seen that this has been exceeded at the half year position.
- 5.1.5 An average interest rate of 0.85% has been paid on temporary borrowings against a benchmark of 1.00%, amounting to £259,000. The estimate for interest paid on short term borrowing is £428,000 for a full year.
- 5.1.6 A summary of the Treasury Management activities for the period are shown in the table below:

	Value	Interest	Average Interest Rate
	£m	£	%
Short Term Loans raised	118	259,000	0.85%
Short Term Investments made	170	35,000	0.55%
Long Term debt outstanding 30/9/18	108,700		3.89%
Short Term debt outstanding 30/9/18	51,650		0.85%

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 Authorities 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.
- 5.2.2 In addition, on 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 1% on top of the current margin of 1.1% which this authority has paid prior to this date for new borrowing from the PWLB. There was no prior warning that this would happen and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the

Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing.

5.2.3 Whereas this authority has in part previously relied on the PWLB as its source of funding, it now has to fundamentally reconsider alternative sources of borrowing. At the current time, this is a developmental area as this event has also taken the financial services industry by surprise. We are expecting that various financial institutions will enter the market or make products available to local authorities. Members will be updated as this area evolves.

5.2.4 It is also possible that the Municipal Bond Agency will be offering loans to local authorities in the future. This Authority may make use of this new source of borrowing as and when appropriate.

5.3 *Legal*

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 monitor the credit situation on a daily basis, and will notify the Chief Officer Resources accordingly. Any consequential changes required to be made to the borrowings or investment strategy as a result will be reported to the Council.

6. **Supporting Evidence**

6.1 *Performance Information and Data*

6.1.1 During the first half of the 2019/2020 financial year, due to the advantageous interest rates, the Authority entered into long term debt arrangements of £13m with the Public Works Loan Board (PWLB)/from other public authorities. These arrangements were made either to replace maturing loans or to finance capital expenditure.

6.1.2 Despite this financial climate, the Authority has performed well in terms of its Treasury Management activities during the first half of the year, as detailed in the report and summarised below:

- a. Investment returns of £35000 have been achieved with an average interest rate of 0.55%. This is below the benchmark rate of 0.57% but reflects the fact that the Authority cannot invest in counterparties that pay higher rates, due to credit rating reductions. This is however in line with the Authority's risk averse policy whereby the security of the capital sum is the number one priority at the expense of competitive investment returns.
- b. An average interest rate of 0.85% has been paid on temporary borrowings against a benchmark of 1.00%, so minimising as far as possible the interest payable by the Authority and is evidence of good performance.
- c. All of the Treasury limits and Treasury Management prudential indicators set for the financial year have been complied with during the year.

- d. No institutions in which investments were made during the period had any difficulty in repaying investments and interest in full, so the Authority has not been exposed to any financial loss as a result of the difficult economic climate.

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

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

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

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

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

n/a

6.5 ***Preventative focus***

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

6.6 ***Collaboration / partnership working***

n/a

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

n/a

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

n/a

7. **Monitoring Arrangements**

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

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

Background Documents /Electronic Links

- *Appendix 1*
- *Appendix A*
- *Appendix B*

This page is intentionally left blank

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

1. INTRODUCTION AND BACKGROUND

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management 2009 was adopted by this Council in February 2010 and this Council fully complies with its requirements. The Code was revised in 2011 and further revised in 2017.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Council of an annual treasury management strategy report (including the annual investment strategy report) for the year ahead, a mid year review and an annual review report of 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 specified named body which in this Council is the Corporate Overview Scrutiny Committee.

Treasury management in this context is defined as:

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

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid-year review report of treasury management activities, for the financial year 2019/20.

2. THIS TREASURY MANAGEMENT MID YEAR REVIEW REPORT COVERS

- ❖ Economic Background during the period
- ❖ Interest Rate Forecast
- ❖ Treasury Advisors
- ❖ The Council's treasury position as at 30 September 2019;
- ❖ Borrowing and investment rates for the first half of 2019/20;
- ❖ Mid-year review of the borrowing strategy 2019/20;
- ❖ Borrowing outturn for the first half of 2019/20;
- ❖ Debt rescheduling for the first half of 2019/20;

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

- ❖ Compliance with treasury limits and Prudential Indicators for the first half of 2019/20;
- ❖ Mid-year review of the investment strategy for 2019/20;
- ❖ Investment outturn for the first half of 2019/20;
- ❖ Other treasury management issues.

3. ECONOMIC BACKGROUND DURING PERIOD

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The MPC meeting of 19 September reemphasised their concern about the downturn in world growth and also expressed concern that prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

With regard to the **labour market** employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

4. INTEREST RATE FORECASTS

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

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

The above forecasts have been based on an assumption that there is some sort of middle through to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth. The September MPC meeting sounded even more concern about world growth and the effect that prolonged Brexit uncertainty is likely to have on growth.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor, though more recently concerns have arisen over her health.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5. TREASURY ADVISORS

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

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

The Council retendered for the provision of Treasury Management advisory services as a result of the existing contract expiring on 30th April 2017. This resulted in the appointment of Link Asset Services for a period of two years until 20th April 2019, with an option to extend for a further two years, this option has been exercised by the Chief Officer Resources and Link have been appointed to the 30th April 2021.

6. TREASURY POSITION AS AT 30 SEPTEMBER 2019

The Council's debt and investment position at the beginning of the year and the end of the half year was as follows:

This illustrates that the total debt outstanding as at 30 September 2019 was £160.3 million, comprising of long term debt of £108.7 million and short term debt of £51.6 million.

	31March 2019 Principal	Average Rate/ Return	30Sept 2019 Principal	Average Rate/ Return	Increase/ (Decrease) in Borrowing

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

	<u>£000</u>		<u>£000</u>		<u>£000</u>
Fixed Rate Funding:					
- PWLB	72,700	4.64%	82,700	4.72%	10,000
- Market Loans	19,000	2.05%	22,000	0.69%	3,000
Variable Rate Funding:					
- Market (LOBO *)	4,000	4.50%	4,000	4.50%	0
Total Long Term Debt	95,700	4.19%	108,700	3.89%	13,000
Short Term Loans(<365 days)	61,649	0.90%	51,649	0.85%	(10,000)
Total Debt	157,349	2.85%	160,349		3,000
Investments:					
- Short Term	4,000		4,000		
Total Investments	4,000		4,000		

* LOBO – Lenders Option Borrowers Option. This loan has a fixed rate for the first two years of 3.85%. The remaining period of the loan (which we are now in) has a rate of 4.5%, but the lender can increase this rate at six month intervals.

7. BORROWING AND INVESTMENT RATES IN 2019/20

The following table displays a selection of interest rates prevailing as at 1st April 2019 and 30th September 2019.

	1/4/2019	30/09/2019
Bank Base Rate	0.75%	0.75%
7 day LIBID	0.57%	0.57%
PWLB 10 year Maturity	2.05%	1.47% *
PWLB 15 year maturity	2.37%	1.78% *
PWLB 25 year maturity	2.60%	2.03% *

*Please note – HM Treasury on the 9th October added a 1% margin to these rates

8. MID YEAR REVIEW OF THE BORROWING STRATEGY FOR 2019/20

The Treasury Management Strategy Statement for 2019/20 was approved by Council in March 2019. The Borrowing Strategy adopted as part of this was as follows:

To utilise the Authority's overdraft facility:

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

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.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. With short term interest rates generally much lower than long term rates, it can be cost effective in the short term to either use internal resources, or to borrow short term loans instead.

However, due to uncertainty surrounding Brexit and the PWLB rates reducing to record lows, the Authority has been able to borrow in recent months into the longer term at affordable rates. This has allowed the Authority to be able to reduce long term borrowing costs and reduce overall treasury risk. The benefits of short term borrowing will be monitored regularly against the potential for securing advantageous longer term rates when the opportunity arises.

Borrowings undertaken during the period (see section 9 below) have been done so in accordance with this strategy and in the current economic climate it is considered that the approved strategy is still fit for purpose and therefore no revisions are proposed.

9. BORROWING OUTTURN FOR THE FIRST HALF OF 2019/20

Long Term Borrowing

Definition

Long term borrowing relates to debt taken out for a period of greater than one year. It is taken out for periods of 1 year up to 50 years. This borrowing is required to finance capital expenditure undertaken in the year that is funded through:

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

- Borrowing approvals from Welsh Government, known as un-hypothecated supported borrowing (USB), for which revenue support for the borrowing costs is provided through the revenue support grant;
- Prudential borrowing, for which borrowing costs are funded through revenue savings.

Total outstanding as at 30th September 2019

The total long term debt outstanding as at 30th September 2019 was £108.7 million. This is made up of debt taken from the Public Works Loan Board (PWLB), from other local authorities (through the market place), and from the market (LOBO). This debt is due to be repaid within the following years:

Maturing Within	£000s
1YR	11,269
1-2YRS	8,665
2-3YRS	5,697
3-4YRS	7,919
4-5YRS	2,764
5-6YRS	14,051
6-10YRS	17,722
10-15YRS	13,555
15+ YRS	27,054
Total	108,700

New borrowings for the First Half of 2019/20

Due to advantageous interest rates, during the first half of 2019/20, the Authority entered into long term borrowing arrangements of £ 13 million.

Short Term Borrowing

Definition

Short term borrowing relates to debt taken out for a period of less than one year i.e. it will all be fully repaid within a year. These short term loans are taken out to manage the Authority's short term cash flow i.e. to fund deficits in cash flow on a daily basis pending receipt of income from grants or other sources, or pending the taking out of longer term debt to fund capital expenditure whilst we wait for advantageous longer term borrowing opportunities. Current short term borrowing rates are very low and are forecast to stay at these levels for the medium term. The Authority is therefore taking advantage of such rates and is borrowing short term to fund its capital expenditure and maturing debt until such time the market indicates that long term rates are more advantageous.

Total outstanding as at 30th September 2019

The total short term debt outstanding as at 30th September 2019 was £51.6 million. This is made up of debt taken from other local authorities through the market place.

New borrowings for the First Half Year of 2019/20

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

Appendix A lists the short term loan activity during for the first half year and shows that over the period a total of £61.6 million loans were brought forward from the previous year and £56.5 million of new short term loans were raised. A total of £66.5 million of these loans were repaid during the first half year, leaving a balance outstanding as at 30th September of £51.6 million.

The following table gives a summary which shows that the average rate of interest paid was in line with the benchmark.

	Total Value of Loans during the period	Average Loan	Interest paid during the period	Average Interest Rate	Benchmark Interest Rate *
Short Term borrowing	£118M	£2.31M	£259K	0.85%	1.00%

* Benchmark = 1.0% Budgeted interest rate for short term borrowings

7. DEBT RESCHEDULING

No debt rescheduling was undertaken during the period.

8. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operates within the treasury limits and Prudential Indicators set out in the Treasury Strategy Statement 2019/20, approved by Council in March 2019.

Operational Boundary for external debt

The Council resolved that this limit be set at £155 million for 2019/20. The average level of borrowings to the 30th September was £156 million, marginally above the limit set.

The operational boundary can be exceeded on an occasional basis, and this is to be expected due to cash flow fluctuations. Sustained breaches however, would indicate that either the limit has been set too low, or that the Authority is breaching its prudential boundaries and that corrective action needs to be taken.

Monitoring of the operational boundary is undertaken on a daily basis and any such continual breaches would be investigated and a recommended course of action reported to Council.

Authorised Limit for external Debt

The Council resolved that this limit be set at £171 million for 2019/20. The Authorised Limit is set having regard to the operational boundary above.

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

The average level of borrowings for the first half year to the 30th September was £156 million, so well within the limit set.

The Authorised Limit must not be breached.

Maturity Structure of Fixed Rate Borrowing

The Council resolved the following limits for the maturity structure of fixed rate borrowings for 2019/20;

	Upper Limit	Lower Limit	Actual as at 30/09/ 2019
under 12 months	20%	0%	10.37%
12 months and within 24 months	20%	0%	7.97%
24 months and within 5 years	50%	0%	15.07%
5 years and within 10 years	75%	0%	29.23%
10 years and above	95%	25%	37.36%

The actual debt maturity profile at 30th September 2019 is well within the limits set.

Upper Limit on Variable Interest Exposure

Council resolved the upper limit on variable rate exposures for 2019/20 should be set at 30% of outstanding long term debt. This strategy limits the proportion of interest which is subject to variable rate terms and hence protects the Council against increased costs in times of rising interest rates.

The actual level of variable borrowings is £4 million (LOBO) which equates to 3.7% of the outstanding long term debt as at 30th September 2019, so is well within the limit set.

9. MID YEAR REVIEW OF INVESTMENT STRATEGY FOR 2019/20

The Annual Investment Strategy for 2019/20 adopted by Council in March 2019 was to maintain only temporary, short term investments and to make those investments in accordance with anticipated cash flow requirements (including the investing of sums borrowed at prevailing low interest rates in anticipation of capital spending). The Council's investment priorities are:

- a. the security of capital;
- b. The liquidity of its investments.

The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to the security of its investments.

In order to ensure that the Authority's investments are secure and that risk is minimised an investment matrix is used to determine investment counterparties, which factors in Fitch and Moody's credit ratings, credit default swap (CDS) spread data, and credit rating agency comments.

APPENDIX 1

TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2019/20

Currently, the only approved investment counterparties available to the Authority are Barclays, the Authority's bank, the Debt Management Account Deposit Facility (DMADF) and other local Authorities. Whilst interest rates receivable on these counterparties is low security of the capital sum is high.

This strategy has been adhered to in determining the investments for the first half of 2019/20 outlined in section 11 below.

10. INVESTMENT OUTTURN FOR THE FIRST HALF OF 2019/20

Appendix B gives details of the investments made during the first half of the year, and the following table gives a summary, which shows the Authority's average rate of return was below the benchmark.

	Total Value of Investments during period	Average Investment	Investment Returns	Average Rate of Return	Benchmark Return *
Internally Managed	£170M	£2.7M	£35k	0.55%	0.57%

* Benchmark = 7 day LIBID

0.57%

No institutions in which investments were made had any difficulty in repaying investments and interest in full during the year.

11. OTHER TREASURY MANAGEMENT ISSUES

None to report

This page is intentionally left blank

LENDER	NEW LOAN VALUE	RATE %	REPAYMENT DATE	DURATION OF LOAN DAYS	INTEREST DUE TO 30/09/19	PRINCIPAL REPAYED 2019/2020	PRINCIPAL OUTSTANDING AS AT 30/09/2019
BG CARE AND REPAIR	149,000	0.30	CALL		224.11		149,000
CHICHESTER DISTRICT COUNCIL	1,500,000	0.85	14/08/19	363	4715.76	1,500,000	
BROXBOURNE BOROUGH COUNCIL	2,000,000	0.87	04/04/19	188	190.68	2,000,000	
MIDDLESBROUGH B	2,000,000	0.85	18/04/19	182	791.78	2,000,000	
HYNBURN BOROUGH	1,000,000	0.93	22/07/19	273	2853.70	1,000,000	
CAMBRIDGE CITY COUNCIL	3,000,000	0.95	02/07/19	273	7183.56	3,000,000	
SOUTH OXFORDSHIRE DISTRICT COUNCIL	3,000,000	0.95	03/07/19	254	7261.64	3,000,000	
LICHFIELD DISTRICT COUNCIL	2,000,000	0.90	03/04/19	156	98.63	2,000,000	
CITY & COUNTY OF SWANSEA	2,000,000	0.85	26/04/19	182	1164.38	2,000,000	
WYCOMBE DISTRICT COUNCIL	3,000,000	0.95	07/08/19	273	9994.52	3,000,000	
WYCHAVON DISTRICT COUNCIL	3,000,000	0.90	03/06/19	182	4660.27	3,000,000	
CHESTERFIELD BOROUGH COUNCIL	3,000,000	0.90	24/05/19	179	3920.55	3,000,000	
TENDRING DISTRICT COUNCIL	1,000,000	0.87	17/06/19	182	1835.34	1,000,000	
MERSEYSIDE FIRE & RESCUE AUTHORITY	1,000,000	0.90	18/06/19	182	1923.29	1,000,000	
WOKINGHAM BOROUGH COUNCIL	3,000,000	0.90	08/07/19	213	7249.32	3,000,000	
BARNSELY MBC	3,000,000	0.90	10/06/19	173	5178.08	3,000,000	
TENDRING DISTRICT COUNCIL	2,000,000	0.92	03/07/19	182	4688.22	2,000,000	
THURROCK COUNCIL	3,000,000	0.85	21/05/19	120	3493.15	3,000,000	
SOUTH DERBYSHIRE DISTRICT COUNCIL	3,000,000	0.90	11/11/19	273	13536.99		3,000,000
WEALDEN DISTRICT COUNCIL	2,000,000	0.87	31/05/19	120	2860.27	2,000,000	
CALDERDALE MET DISTRICT COUNCIL	1,000,000	0.78	23/05/19	118	1111.23	1,000,000	
CITY & COUNTY OF SWANSEA	3,000,000	0.87	24/04/19	65	1644.66	3,000,000	
TENDRING DISTRICT COUNCIL	2,000,000	0.95	28/08/19	181	7756.16	2,000,000	
TEWKESBURY BOROUGH COUNCIL	1,000,000	0.80	10/04/19	47	197.26	1,000,000	
MERSEYSIDE FIRE & RESCUE AUTHORITY	2,000,000	0.85	23/04/19	60	1024.66	2,000,000	
MIDDLESBROUGH B	3,000,000	1.00	05/09/19	184	12904.11	3,000,000	
DURHAM COUNTY COUNCIL	2,000,000	1.00	18/09/19	184	9315.07	2,000,000	
NORTHERN IRELAND HOUSING EXECUTIVE	2,000,000	0.95	19/06/19	92	4112.33	2,000,000	
PCC FOR GLOUCESTERSHIRE	2,000,000	0.93	21/06/19	105	4127.67	2,000,000	
B/F Raised in previous years still outstanding	61,649,000				126,017.39	58,500,000	3,149,000
VALE OF GLAMORGAN COUNCIL	2,000,000	0.90	22/10/19	181	7,890.41		2,000,000
TEWKESBURY BOROUGH COUNCIL	1,000,000	0.90	24/10/19	183	3,945.21		1,000,000
LONDON BOROUGH OF EALING	2,000,000	0.97	22/04/20	364	8,504.11		2,000,000
THURROCK BOROUGH COUNCIL	3,000,000	0.90	03/02/20	278	11,317.81		3,000,000
WEST OF ENGLAND COMBINED AUTHORITY	5,000,000	0.84	07/10/19	140	15,419.18		5,000,000
EXETER CITY COUNCIL	3,000,000	0.90	13/03/20	294	9,616.44		3,000,000
EAST NORTHAMPTONSHIRE COUNCIL	3,000,000	0.90	28/02/20	276	9,320.55		3,000,000
WEALDEN DC	3,500,000	0.85	29/11/19	182	10,025.34		3,500,000
HYNDBURN BOROUGH COUNCIL	1,000,000	0.95	01/06/20	364	3,123.29		1,000,000
NORTHERN IRELAND HOUSING EXECUTIVE	3,000,000	0.80	10/09/19	92	6,049.32	3,000,000	
NEATH PORT TALBOT CBC	3,000,000	0.80	21/10/19	129	7,167.12		3,000,000
TENDRING DISTRICT COUNCIL - ROLL OVER TL7694	1,000,000	0.82	18/11/19	154	2,381.37		1,000,000
POLICE AND CRIME COMMISSIONER - ROLL OVER TL7694	2,000,000	0.79	20/09/19	91	3,939.18	2,000,000	
NEATH PORT TALBOT CBC	3,000,000	0.80	23/09/19	94	6,180.82	3,000,000	
POL & CRIME COMM.FOR WEST YORKSHIRE	3,000,000	0.84	06/01/20	185	6,075.62		3,000,000
NOTTINGHAMSHIRE PCC	3,000,000	0.95	06/07/20	364	6,636.99		3,000,000
POL & CRIME COMM.FOR WEST YORKSHIRE	3,000,000	0.82	08/01/20	184	5,728.77		3,000,000
HYNDBURN BOROUGH COUNCIL - ROLL OVER TL7684	1,000,000	0.93	20/07/20	364	1,809.04		1,000,000
PCC WEST MIDLANDS	3,000,000	0.82	24/01/20	186	4,785.21		3,000,000
CHESTERFIELD BOROUGH COUNCIL	3,000,000	0.76	23/01/20	153	2,436.16		3,000,000
ESSEX COUNTY COUNCIL	2,000,000	0.74	28/11/19	92	1,378.63		2,000,000
SOUTH LANARKSHIRE COUNCIL	3,000,000	0.70	31/01/20	123	57.53		3,000,000
Total Raised during the Period	56,500,000				133,788.10	8,000,000.00	48,500,000.00

Total Value of Loans

118,149,000259,805.49 66,500,000.00 51,649,000.00

This page is intentionally left blank

04/09/19	DEBT MANAGEMENT OFFICE	4,000,000	0.50	1914	BGCBC	FIXED	DMA888	10/09/2019	6	328.77	4,000,000	
04/09/19	DEBT MANAGEMENT OFFICE	5,000,000	0.50	1915	BGCBC	FIXED	DMA888	20/09/2019	16	1095.89	5,000,000	
09/09/19	DEBT MANAGEMENT OFFICE	2,000,000	0.50	1916	BGCBC	FIXED	DMA888	18/09/2019	9	246.58	2,000,000	
12/09/19	DEBT MANAGEMENT OFFICE	2,000,000	0.50	1917	BGCBC	FIXED	DMA888	24/09/2019	12	328.77	2,000,000	
16/09/19	DEBT MANAGEMENT OFFICE	3,000,000	0.50	1918	BGCBC	FIXED	DMA888	23/09/2019	7	287.67	3,000,000	
20/09/19	PETERBOROUGH CITY COUNCIL	2,000,000	0.60	1919	MARTIN BROKERS	FIXED	E0501	01/10/2019	11	361.64		2,000,000
25/09/19	DEBT MANAGEMENT OFFICE	2,000,000	0.50	1920	BGCBC	FIXED	DMA888	02/10/2019	7	164.38		2,000,000

BARCLAYS BANK SAVINGS ACC (to 30/09/2019)

4,276,610 0.45

9648.76

169,676,610

35,009.43

161,400,000.00 **4,000,000.00**

Average Investments

2,693,280

Interest Received

35,009.43

Average Interest Rate %

0.55

Agenda Item 16

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

Committee: **Corporate Overview Scrutiny Committee**
Date of meeting: **19th November 2019**
Report Subject: **Forward Work Programme – 5th December 2019**
Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member
Corporate Services**
Report Submitted by: **Cllr Stewart Healy, Chair of the Corporate
Overview Scrutiny Committee**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
x	x				19.11.19			

1. Purpose of the Report

- 1.1 To present to Members the Corporate Overview Scrutiny Committee Forward Work Programme for the Meeting on 5th December 2019 for discussion and to update the Committee on any changes.

2. Scope and Background

- 2.1 The Scrutiny Work Programmes are key aspects of the Council's planning and governance arrangements and support the requirements of the Constitution.
- 2.2 The topics set out in the Forward Work Programme link to the strategic work of the Council as identified by the Council's Corporate Plan, corporate documents and supporting business plans. Effective work programmes are essential to ensure that the work of scrutiny makes a positive impact upon the Council's delivery of services.
- 2.3 The Committee's Forward Work Programme was agreed in June / July 2019, recognising the fluidity of the document to enable the Committee to respond to urgent and emerging issues, and included timescales when reports will be considered by the Committee. The work programme is managed and implemented by the Scrutiny and Democratic Officer under the direction of the Chair and Committee.
- 2.4 The forward work programme for the forthcoming meeting will be presented to Committee on a 6 weekly cycle in order that Members can consider the programme of work; request information is included within the reports, as appropriate and / or make amendments to the work programme.

3. Options for Recommendation

- 3.1 **Option 1:** The Scrutiny Committee consider the Forward Work Programme for the meeting on 5th December 2019, and;
- Make any amendments to the topics scheduled for the meetings;
 - Suggest any additional invitees that the committee requires to fully consider the reports; and

- Request any additional information to be included with regards to the topics to be discussed.

3.2 **Option 2:** The Scrutiny Committee agree the Forward Programme for the meeting on 5th December 2019, as presented.

Background Documents /Electronic Links

- Appendix 1 – Forward Work Programme - Meeting on 5th December 2019

Corporate Overview Scrutiny Committee
Forward Work Programme

SPECIAL Scrutiny Meeting Date: Thursday 5th December 2019

Scrutiny Deadline to receive reports: Thursday 21st November 2019

Report Title	Lead Officer	Purpose of Report	Method/ Expert Witness/Exec Member	CLT Sign Off	Executive Meeting Date	Council Meeting Date
Medium Term Financial Strategy / Bridging the Gap Overview	Rhian Hayden / Anne-Louise Clark	Strategy Development To provide Members with an update on the MTFs / Bridging the Gap Programme.	Agenda Item	26.11.19	N/A	12.12.19
Joint Finance and Performance Report – Quarters 1 and 2	Bernadette Elias	Monitoring To provide quarterly monitoring information across all directorates, to include information in relation to Finance, Performance and Risk and key themes and notable activity across the Council.	Agenda Item	26.11.19	18.12.19	N/A
Staff Survey 2019 – Summary Results	Bernadette Elias	Monitoring Members to receive the high level findings of the 2019 Staff Survey for consideration.	Agenda Item	26.11.19	29.01.20	N/A
INFORMATION ITEMS						
Information Management Monitoring Report	Rhian Hayden	Information To provide information of progress against identified action on a half yearly cycle.	Information Item	12.11.19	N/A	N/A
Annual National Performance Information	Corporate Performance Team	Information To provide members with the Council's verified outturn of national performance data.	Agenda Item	01.10.19	Info item – 06.11.19	N/A

This page is intentionally left blank