

COUNTY BOROUGH OF BLAENAU GWENT

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

**SUBJECT: JOINT SCRUTINY COMMITTEE (BUDGET
MONITORING) - 23RD NOVEMBER, 2020**

REPORT OF: DEMOCRATIC SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook (Vice-Chair)
G. A. Davies
P. Edwards
L. Elias
K. Hayden
J. Hill
W. Hodgins
M. Holland
J. Holt
J. C. Morgan
G. Paulsen
K. Pritchard
T. Smith
B. Summers
S. Thomas
H. Trollope
B. Willis
L. Winnett

WITH: Managing Director
Chief Officer Resources
Corporate Director Regeneration & Community Services
Corporate Director Education
Chief Officer Commercial
Head of Community Services
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>	
No. 2	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received from Councillors L. Parsons, D. Bevan, T. Sharrem, H. McCarthy, M. Cross, C. Meredith, T. Baxter (co-opted Member) and A. Williams (co-opted Member).</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>The following declarations of interest were reported:</p> <p>Councillors J. Hill & B. Summers - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – <i>(Silent Valley)</i></p> <p>Councillor W. Hodgins - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – <i>(Aneurin Leisure Trust)</i></p> <p>Councillor J.C. Morgan - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – <i>(Tredegar HLF)</i></p> <p>Councillor P. Edwards - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – <i>(Markets)</i></p>	
No. 4	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The Minutes of the Joint Scrutiny Committee meeting held on 28th September, 2020 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET - 28TH SEPTEMBER 2020</u></p>	

The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 28th September, 2020 was submitted, whereupon:-

Capital Budget Monitoring 2020/21 (Splash Pad)

A Member referred to the Officer's response provided, and stated that the previous report submitted to the Committee in March 2020 highlighted two schemes, namely 329097 £107k for play equipment; and 329095 £110k for the splash pad. However, in the report submitted to Committee in September, the only scheme listed was 329097 £44,850k for play equipment. The Member requested a detailed breakdown of the £217k originally allocated for both the splash pad and play equipment and where the money had been allocated.

The Corporate Director Regeneration & Community Service assured that all monies allocated to play equipment had been committed/spent on play equipment, and that no money had been taken out of the budget and allocated elsewhere. In terms of the £110k allocated for the splash pad project, Welsh Government had pushed the Council to spend the money, and CLT made a decision under delegated powers to commit the money to play equipment to ensure the funding was not lost. The Officer undertook to provide a detailed breakdown of the figures to the next meeting.

Another Member said the splash pad project was a very controversial issue for the people of Tredegar. He referred to the decision taken by CLT to reallocate the splash pad funding and asked whether CLT had discussed and agreed that course of action with the Leadership.

In response the Corporate Director confirmed that his discussions were with CLT. All decisions were recorded as part of CLT delegated decision making activity progressed during the Covid pandemic, and the decision was reported retrospectively to Members in September 2020.

The Managing Director explained that delegated decision was taken in consultation with CLT, most notably herself along with the Corporate Director Regeneration & Community Services and the Corporate Director of Social Services being the relevant Lead Officers, to ensure that the funding was not lost. However, the Managing Director confirmed that she did consult with the Leader

and the Executive Member for Social Services on the decision, and undertook to circulate a copy of the recorded actions taken during the decision making process to Members.

A Member asked whether the monies had been put into a 'central plot' and allocated across the Borough to improve play facilities, and also whether it included the improvement works undertaken at Parc Bryn Bach.

In response the Corporate Director explained that the improvements to the play facility at Parc Bryn Bach was funded through the Valleys Regional Park initiative. In terms of the proposals for play facilities across the Borough, monies would be allocated against the priorities set out in the Council's agreed play strategy which was reported to the relevant Scrutiny Committee in September 2020.

Test, Trace, Protect Services

A Member asked that consideration be given to a direct telephone line being established to enable members of the public to report incidents of non-compliance of Covid regulations.

In response the Chief Officer Commercial said the Test, Trace, Protect telephone number did not receive incoming calls. However, she undertook to discuss with the Member the nature of the issues and how these should be directed.

The Committee AGREED, subject to the foregoing, that the Action Sheet be noted.

No. 6 **REVENUE BUDGET MONITORING -2020/2021, FORECAST OUTTURN TO 31 MARCH 2021 (AS AT 30 SEPTEMBER 2020)**

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided the forecast financial outturn position across all Portfolios for 2020/21. The overall forecast outturn was an adverse variance of £3.402m. However, this was before the application of Welsh Government Hardship Funding which reduced the forecast adverse variance to £0.248m which was a much improved position when compared to the forecast at June 2020 which indicated an adverse variance of £1.2m (after the application of Hardship

Funding and Furlough Funding).

Welsh Government's announcement of £260m financial support for LA's to the end of March 2021 meant the Council was able to change some of the assumptions used to forecast the outturn position. As a result, the assumptions in the report changed from the previous quarter, and it was now assumed that where we are in line with Welsh Government guidelines, additional Covid related expenditure and loss of income would be funded by Welsh Government.

The table at section 5.1.2. highlighted the financial position across all portfolios, and identified additional Covid related costs to be £3.2m, however, £3.15m of Harding Funding was estimated to be received. The Council had also claimed Furlough Funding from the National scheme and £183k was built into the forecast. Welsh Government had also considered claims from LA's for loss of income for the first 2 Quarters of the year, and the Council had received £1.1m relating to those claims, of which £744k was been built into the forecast. The Officer said when all this was taken into account the net impact on the Council's revenue budget was a forecast adverse various of £0.248m.

The Chief Officer then went through the Portfolio Analysis highlighted at section 5.1.7. of the report and referred to the fact that Corporate Services was now forecasting a favourable variance of £87k compared to the adverse variance at quarter 1. This was due to WG loss of income funding being received, and the Chief Officer reported that correspondence had recently been received from WG indicating that loss of income funding would be made available to the Council for quarter 2. There had also been an increase in the Corporate Services departmental budget of £53k.

A Member referred to the money spent on consultancy fees across all Portfolios and said this should be detailed within the report. He also requested an update on the position of the grounds maintenance budget within the Environment Portfolio

In response the Chief Officer explained that the expenditure for consultants was reported separately and included within each Portfolio's expenditure throughout the year. An analysis of this expenditure, across the board, had been requested by a Member at the previous Council meeting and this was currently being

generated for circulation to Members.

In relation to grounds maintenance, the Chief Officer said this was detailed at Appendix 2e of the report. The budget for grounds maintenance was £942,857k, and was currently forecasting an adverse variance of £17k which was a much improved position when compared to quarter 1 where it was forecasting an adverse variance of £83k.

A Member commended the report, and said he would like to note his appreciation of the support received from Welsh Government via its Hardship Funding, during the Covid pandemic.

Another Member referred to Adult Services and said it was likely that specialist assistance would be required for our vulnerable adults following the Covid pandemic, and asked whether any additional funding had been considered.

The Chief Officer said no specific funding had been identified. However, whilst some services had been suspended as a result of Covid, many services were continued even though they were delivered differently to ensure our customers have the support they need.

The Managing Director undertook to discuss this matter with the Corporate Director of Social Services. However, if this was an area identified as a cost pressure moving forward it would be considered as part of the budget planning process, and a special Council meeting would be held in due course to consider the revised MTFS.

Another Member referred to Appendix 1, and expressed concern regarding the level of legal costs within Social Services.

In response the Chair of the Social Services Scrutiny Committee confirmed that work was being undertaken that would hopefully involve other LA's to share the costs. It was specialised work, and unfortunately at the moment the Council had to bear these costs.

The Member also referred to Appendix 2a and enquired regarding the increase in the Festival Park budget. The Chief Officer explained that the budget was in relation to the Council's SLA with the current owners of Festival Park to maintain grounds and the woodland areas, and this small adverse variance was expected for

this year.

The Member also expressed concern regarding the impact of the Covid pandemic on NNDR.

In response the Chief Officer explained that the Council was the collection agent for NNDR, so the main impact would be felt by Welsh Government.

The Member then referred to Appendix 3, namely school catering/school cleaning and asked why this was forecasting a favourable variance due to the significant additional cleaning that had been undertaken during the pandemic.

The Chief Officer explained that any additional costs incurred as a result of Covid could be claimed from the Hardship Fund.

Another Member referred to section 5.1.26 of the report and asked whether stopping communal waste collection points would increase recycling rates and reduce fly tipping, and he also questioned the green waste recycling costs.

The Corporate Director Regeneration & Community Services confirmed all the issues would be considered as part of the Council's waste and recycling strategy. In relation to the green waste recycling costs, the Corporate Director explained that the contractor closed for business which meant that a, more costly, contingency arrangement was put in place in the short term, however, a new contract was now in place, and the increased tonnage collected during the first lockdown was partly offset by the WG Hardship Fund.

The Member then referred to Aneurin Leisure Trust and asked whether the funding they received from the Council would be reduced in light of their staff being paid 80% furlough funding, and also if the £42k ring fenced for library books would also be withdrawn as libraries had been closed during the pandemic.

The Chief Officer explained that furlough funding was from National Government, and whilst the Leisure Trust had benefitted from this funding to cover some staffing costs, the Council had also received WG Hardship Funding for quarter 1 for loss of income in relation to the Leisure Trust. However, this did not fully cover the costs, and as a result the Council are continuing to pay

the management fee as agreed. She confirmed that the situation would be monitored to ensure an equitable share of resources between the Council and the Leisure Trust. In terms of the funding for library books this had already been paid to the Leisure Trust as part of the management fee.

The Corporate Director of Education explained that whilst BG Libraries had limited opening over the year due to Covid, Welsh Government would still be assessing our performance against the Welsh Public Library Standards. As a result, that allocation of funding would be used to enable other means of accessing books, i.e. digitally, and had been earmarked for those purposes.

A Member referred to page 37, cross cutting budget, and asked what savings had been made on printing costs during the pandemic, and the Chief Officer Resources undertook to provide an analysis.

Another Member then referred to the adverse variance within the Nursery Units budget, and asked how much of this related to occupancy, and also whether the Council was paying NNDR on those units requiring refurbishment, and whether the bid for capital funding for Roseheyworth Industrial Estate had been submitted.

The Corporate Director Regeneration & Community Services confirmed that the adverse variance was in relation to occupiers and not vacant units. The adverse variance had reduced as a result of WG loss of income funding received in relation to the business rates break offered in April. He confirmed that the majority of occupiers had now entered into repayment plans, and when the Council start to receive this income a more accurate budget figure would be provided.

He said the Covid pandemic had hit businesses extremely hard, but the Council was focussed on securing funding to ensure that those businesses have the support they need. In terms of the number of vacancies, he confirmed that this figure had not varied particularly, and units were still being let. In relation to Roseheyworth Industrial Estate, funding had been secured to bring units back into use and all four units had now been let.

In terms of NNDR he confirmed that work was ongoing as part of 'Bridging the Gap' activity to mitigate NNDR and manage our industrial estates.

The Committee AGEED to recommend that the report be accepted and Members provide appropriate challenge to the financial outcomes in the report. (Option 1)

No. 7

CAPITAL BUDGET MONITORING, FORECAST FOR 2020/2021 FINANCIAL YEAR (AS AT 30 SEPTEMBER 2020)

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided an overview of each Portfolio's actual and forecast capital expenditure against funding approvals for the 2020/2021 financial year, as at 30th September 2020. The overall financial position as forecast at 30th September, 2020 indicated an adverse variance of £24,000 against a total in year capital budget of £23.2m, and the Table highlighted at section 5.1.1 of the report provided an overall position across all Portfolios.

The Chief Officer reported that despite the Covid pandemic, actual expenditure to September 2020 of £7.3m was £836,000 higher, compared to quarter 2 in financial year 2019/2020, and it was expected that Capital Expenditure would largely be unaffected by the lockdowns and was estimated to reach £23.6m by 31st March, 2021.

The Chief Officer concluded that the forecast overspend of £24,000 in relation to Flood Recovery Works was expected to be mitigated following positive news that Welsh Government would provide financial support, and had advised the Council to commence any urgent works. However, whilst formal confirmation of this award was awaited it would be prudent to continue to report the overspend in quarter 2.

A Member referred to page 88 of the report, namely cemeteries investment programme, and asked when Members could expect the monies to be spent.

In response the Corporate Director Regeneration & Community Services confirmed that a report would be submitted to Community Services Scrutiny Committee in December.

Another Member then referred to page 84 of the report and enquired as to the £60k spend on Ebbw Vale Town Centre, and

	<p>the Chief Officer Resources undertook to investigate.</p> <p>The Committee AGREED to recommend that the report be accepted and Members:-</p> <ul style="list-style-type: none"> • Continue to provide appropriate challenge to the financial outcomes in the report; and • Note the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding. (Option 1) 	
No. 8	<p><u>USE OF GENERAL AND EARMARKED RESERVES 2020/2021</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer presented the report which provided the forecast reserves position for 2020/2021 as at Quarter 2 (30 September 2020). Section 6 of the report provided an overall summary of the forecast financial position in relation to the balances in general and earmarked reserves at 31 March, 2021.</p> <p>Table 1 at section 6.1.3 showed the forecast position for the general reserve at year-end 2020/2021 was a decrease of £0.048m, to £6.387m. This balance represented 4.72% of net revenue expenditure, which was £0.973m above the 4% target level of £5.414m. This indicated further progress towards strengthening the financial resilience of the Council and providing a buffer to deal with unexpected future issues.</p> <p>The Chief Officer reported that the forecast decrease in general reserves was a result of current forecast net portfolio overspends of £0.248m offset by an agreed budget contribution in 2020/21 of £0.200m to support medium term financial planning and strengthen the Council's financial resilience.</p> <p>Table 2 at 6.1.7 of the report showed the forecast level of earmarked reserves at 31 March, 2021 was £8.661m, an in-year increase of £0.956m, and further details of earmarked reserve movements was included in Appendix 1.</p> <p>The Committee AGREED to recommend that the report be accepted and Members considered the use of general and earmarked reserves for 2020/21; and</p>	

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| <ul style="list-style-type: none">• Consider the impact of the £0.248m adverse variance for 2020/2021 would have on the budgeted contribution to the General Reserve;• Note the forecast decrease of the General Reserve in 2020/2021 to £6.387m, being 4.72% of net revenue expenditure (above the 4% target level);• Continue to challenge budget overspends and implement appropriate service Action Plans, where required. | |
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Maintenance of general reserves at an adequate level is crucial to the Council being able to meet future liabilities arising from risks for which specific provision has not been made.