

COUNTY BOROUGH OF BLAENAU GWENT

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

**SUBJECT: JOINT SCRUTINY COMMITTEE (BUDGET
MONITORING) - 27TH SEPTEMBER, 2021**

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook (Vice-Chair)
P. Baldwin
D. Bevan
G. A. Davies
G. L. Davies
P. Edwards
L. Elias
J. Hill
W. Hodgins
J. Holt
H. McCarthy
J. Millard
M. Moore
J. C. Morgan
L. Parsons
G. Paulsen
K. Rowson
T. Sharrem
T. Smith
B. Summers
H. Trollope
B. Willis
L. Winnett

**WITH: Managing Director
Chief Officer Resources
Corporate Director Education
Corporate Director Social Services
Head of Community Services
Chief Officer Commercial & Customer**

Service Manager Neighbourhood 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 reported for Councillors S. Thomas, K. Hayden, C. Meredith, D. Wilkshire and Mr. T. Baxter.</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>The following declarations of interest were reported:-</p> <p><i><u>Item No. 6 - Revenue Budget Monitoring - 2021/2022, Forecast Outturn to 31 March 2022 (As at 30th June 2021)</u></i></p> <p>Councillors B. Summers and M. Cook (Silent Valley Waste Services)</p>	
No. 4	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The minutes of the Joint Scrutiny Committee meeting held on 26th July, 2021 was submitted.</p> <p>It was reported that Councillor W. Hodgins' attendance had been omitted from the front page of the minutes.</p> <p>The Committee AGREED, subject to the foregoing, that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET - 26TH JULY 2021</u></p> <p>The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 26th July, 2021 was submitted whereupon:-</p>	

Festival Park

A Member asked whether the Council's SLA with the new company could potentially impact on the Council's budget in terms of future increase in the management fee.

In response the Corporate Director Regeneration & Community Services explained that the lease arrangement with the new owners was the same as the previous arrangement. The management fee was built into the current long term lease, which protected both parties, and could not be negotiated. He said discussions with the new company had been positive and hopefully the site would be improved in the future.

Update on the Truck Shop, Tredegar

The Corporate Director confirmed that a submission had been made to CADW to undertake works, and a positive outcome was anticipated. The Corporate Director undertook to provide a briefing note to Members.

A brief discussion ensued when a Member requested that Officer responses to issues raised by Members at Committee be reported back to the Committee.

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

No. 6 **REVENUE BUDGET MONITORING - 2021/2022, FORECAST
OUTTURN TO 31 MARCH 2022 (AS AT 30TH JUNE 2021)**

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided the forecast financial position across all portfolios for the current financial year. The overall forecast outturn at June 2021 was a favourable variance of £2.494m, after the application of Welsh Government Hardship Funding.

The table at 5.1.2 of the report highlighted the variances across each portfolio and indicated additional expenditure incurred in relation to the Covid pandemic response and recovery. The forecast included actual and estimated funding from the WG

Hardship Fund to be £1.354. Paragraphs 5.16 and 5.17 detailed the budget virements actioned to realign budgets during the year. There were a number of adverse variances across the portfolios, and the most significant were detailed in table 2 at section 5.1.12.

The Chief Officer confirmed that Action Plans to address cost pressures had been included in the report at Appendix 3, and paragraph 5.1.14 to 5.1.39 provided a narrative for the main variances across each portfolio. Paragraph 5.1.41 provided a summary position with fees and charges for the year, and Appendix 2 provided an analysis of income received for the financial year against individual budgets.

Table 3 of the report summarised the expected year end position for the Council's General Reserves, and based on the current favourable position this was forecast to increase to £10m by the end of this financial year. The Officer said Members would recall that during the July Joint (Budget) Scrutiny the 2021 draft outturn position on earmarked reserves was £20.7m which included school balances. Significant elements of those earmarked reserves related to grant funding held in respect of specific projects or services, and was expected to be utilised in delivering the relevant service outcomes during the current and next financial years.

A Member asked what work was being done to mitigate the significant adverse variance within the Environment portfolio to bring it to a balanced position.

The Chief Officer Resources reported that the adverse variance was due to recycling collection, disposal of waste costs and disposal of recycling.

The Corporate Director Regeneration & Community Services explained that over the last 18 months during the Covid pandemic the Council had collected more residual waste resulting in increased disposal costs. However, he confirmed that the Warden Service, which had been suspended during the Covid pandemic, had now been reintroduced to ensure we get back to pre-pandemic residual waste levels.

He also reported that the level of recycling collected had increased, particularly cardboard, however, the market price for cardboard had dropped significantly which resulted in less income

being received. He confirmed that a review of the Council's contracts for disposal of recyclate materials was being undertaken, looking at shorter term contracts to enable the Council to respond to market prices. He also confirmed that all opportunities to fund the ongoing demand and purchase of recycling receptacles was being explored.

The Corporate Director said there was no budget surplus within the Portfolio, but assured that all aspects were being considered.

The Member said general management of the Environment portfolio budget needed to be considered in terms of the political decision making process.

In response to a question raised by a Member, the Service Manager Neighbourhood Services reported that the costs per property for all recycling receptacles was £64.61. The cost for receptacles for the 387 new builds currently in development within the Borough was approximately £25k.

The Member pointed out that £25k for recycling receptacles for new builds was quite a small portion of the overall adverse variance of £138,485 within the recycling collection budget.

A Member sought an explanation on section 5.1.6 of the report, namely the Learning Disabilities Team restructure.

The Corporate Director Social Services explained that a review of the Learning Disabilities service was undertaken which recommended a 0-25 years, and a 25 and over approach. As a result, the service was restructured and the 0-25 service now sat within Children's Services and the over 25's within Adult Services, and the budgets had been changed to reflect the new arrangement.

Another Member referred to the fluctuation in costs of recyclate materials, particularly cardboard, and asked whether this would have balanced out.

In response the Chief Officer Resources said this depended on the value of cardboard moving forward. She said this was a forecast for the year based on the current price of cardboard. If the price of cardboard increased the forecast for the year would improve.

A Member sought assurance on the figure detailed for the Transformation Fund, and also asked whether the revenue contribution for agile working included any potential increase to the rental of Anvil Court.

In relation to the Transformation Fund, the Officer confirmed that the forecast of £165k was the agreed committed amount, however, she confirmed that any changes would be reported to Members. In relation to agile working, the Officer said this figure did not include any potential rental increase, as the forecast was based on the current lease arrangement. The lease was due for renewal in a few years, so any future rental figure for Anvil Court would not be known until negotiations had concluded.

A Member expressed concern regarding the ongoing demand for new recycling receptacles due to vandalism and theft and asked what was being done to mitigate this moving forward. She also expressed concern regarding the increase in rental for the Council's business units, and also the lack of units available for companies wishing to expand.

In relation to recycling receptacles the Service Manager Neighbourhood Services it was difficult to control people's behaviour and the Council was limited in what action it could take. However, Officers had engaged with the youth service to identify hot spot areas and engaged with young people in the community, and a further engagement exercise was intended this year. He also pointed out that the situation may have been exacerbated last winter as the schools were closed due to Covid.

In relation to the increase in rental of the Council's business units, the Corporate Director Regeneration & Community Services said the Council took a decision to be a more commercially minded organisation, and part of that decision was the introduction of full care and repair leases for our industrial units, and to charge a market relevant rent. He pointed out that whilst office and retail rental had decreased over the last year, industrial rentals were strong and had increased. He assured that the Council was keen to protect businesses and had undertaken a huge effort to move a significant amount of money to help and protect businesses in Blaenau Gwent during the last 18 months. He pointed out that occupancy was up at 90% and business growth was doing well.

A Member referred to the adverse variance in the Council Tax

Reduction Scheme and asked whether this would be off-set by money from Welsh Government.

In response the Chief Officer Resources explained that CTRS additional costs did not form part of the Hardship Fund, however, Welsh Government have indicated that this would be reviewed later in the year.

Another Member expressed concern regarding the lack of detail in the appendices. He also referred to the Council's healthy level of reserves and said some of this money should be used to set more realistic budgets moving forward, particularly within the Environment Portfolio.

In response to a question raised by a Member regarding the contingency – pay award, the Chief Officer Resources reported that a contingency of 2% had been estimated, however, this had not been formally agreed. The latest offer currently being considered by the Unions was 1.75%.

The Member then referred to section 5.1.29 of the report, namely legal fees within Children's Services and the Corporate Director of Social Services reported that a collaborative approach with a neighbouring LA was currently being discussed.

Another Member agreed with previous comments regarding the lack of information, particularly information on the Council's reserves, and asked that the report on the forecast general and earmarked reserves scheduled to be submitted to the Joint Scrutiny Committee in November include information from Quarter 4 of last year.

The Chief Officer Resources confirmed that the normal General Reserves report would be submitted to the next meeting of the Committee and include information from Quarter 2 onwards.

Another Member referred to Appendix 1c and asked whether the £205k paid to Awen Trust meant a reduction in the money paid to Aneurin Leisure Trust.

The Chief Officer Resources confirmed that responsibility for managing the Metropol had transferred to Awen Leisure. As a result, there had been a virement of budget between the Trusts.

A Member requested a breakdown on the income generated from recycle materials, and the Service Manager Neighbourhood Services undertook to provide this information.

The Committee AGREED to recommend that the report be accepted and Members noted the virements detailed in paragraphs 5.1.4 to and 5.1.7.

No. 7 **BRIDGING THE GAP (BTG) PROGRAMME 2021/2022 – PROGRESS UPDATE APRIL TO JUNE 2021**

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided an update on the progress of the Strategic Business Reviews during the period April to June 2021, and the latest assessment of the financial achievement for the current financial year.

The table at section 2.1 detailed the current identified budget gaps for 2022/23 to 2025/26 as per the Council's Medium Term Financial Strategy. Table 2 at section 2.4 and provided the latest estimated achievement of Bridging the Gap over the 5 years to be £4.29m.

Table 3 at section 2.5 of the report provided details of the remaining budget gaps that we are currently assessing for future years. In 2021/22 we are anticipating a surplus budget, and budget gaps in the following years.

The Chief Officer confirmed that the Council's CLT were continuing to identify and develop BtG proposals to close those future years' budget gaps, and was currently reviewing the Council's assumptions in the MTFS to ensure they are appropriate moving forward. Any changes to those assumptions would be reported to Members later in the year along with the MTFS.

The Officer concluded that section 5 of the report provided information on the provisional outturn for 2021/22 and the overall forecast achievement was expected to exceed the original estimated achievement of £0.75k by £0.1m for the current financial year.

In response to a question raised the Officer explained that in relation to fees and charges for those financial years, we have

estimated receiving approximately £40k from the WG Hardship Fund. There was very little allocated from the Hardship Fund to the BtG proposals for this year.

A Member referred to table 4 at section 5.3, namely assets and property and asked if this was in line with the disposal of property policy, and also whether this could be achieved given the limited resources within the Legal Department.

The Chief Officer Resources explained that any disposal of assets would result in capital receipts and be included within the Capital Budget report. In terms of resources, she said this should not have a significant impact, and the estimated achievement of £127k was anticipated.

In response to a further question, the Corporate Director Regeneration & Community Services confirmed that the Silent Valley performance report would be submitted to the next meeting of the Community Services Scrutiny Committee.

A Member expressed concern regarding the Council's disposal of assets which meant that the services were operating from rented properties. He felt that the Council would be too reliant on rented properties moving forward and the risks associated with rising costs etc. He requested information on the costs associated with Anvil Court and the percentage of properties leased by the Council.

The Corporate Director Regeneration & Community Services reported that the lease on Anvil Court was up until 2025 and options for negotiations would be considered over the next few years. He understood the Member's comments but assured that Officers worked to minimise the amount of money spent on properties to ensure more money could be spent on services. He undertook to provide a separate report on this issue.

The Committee AGREED to recommend that the report be accepted; and Members provided appropriate challenge to the Bridging the Gap programme.

No. 8 **CAPITAL BUDGET MONITORING, FORECAST FOR 2021/2022 FINANCIAL YEAR (AS AT 30 JUNE 2021)**

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 2021/2022 financial year, as at 30th June 2021. The Overall financial position indicated an adverse variance of just over £287,017k against a total in-year capital budget of £15.3m.

The report identified significant overspends on two projects which have been reported previously, namely the HWRC (£42,725) related to an increase in costs due to the Covid pandemic and future proofing of the site; and Lime Avenue business park (£234,710k) due to the loss and expenses claim for items in relation to unforeseen issues caused by the Covid pandemic. The Officer confirmed that the Council was currently in discussions with the funding bodies for both schemes, and whilst discussions were positive, the final outcome was not known at this point in time. However, if additional was not forthcoming, the schemes would need to be built into the capital contingency fund unless alternative funding could be identified.

Members raised questions on the following budgets:

328340 LTF Metro Plus £220k

The Corporate Director Regeneration & Community Services reported that this money was drawn down to undertake work on the Abertillery Railway Station and related to land acquisition and consultancy costs.

The Member asked whether the costs for land acquisition were incurred prior to the report received by Members on the loan for the Ebbw Valley Railway.

In response the Corporate Director said the intent to acquire land for the railway had been worked on for a number of years. He understood that completion of the land acquisition was undertaken during the last financial year, but said he would check to see if this was correct.

The Member sought clarification that decision to acquire land was undertaken under delegated powers and not part of Council agreement.

The Corporate Director confirmed that the land acquisition was not reported to Council, and the Member asked that details of the land acquisition be forwarded to all Members.

Another Member questioned the figures for the budget, and the Chief Officer Resources said it was likely that income of £186,209 had been received which had increased to the budget to £406,209, and we are forecasting to spend £220k in the year. The Officer undertook to provide details to Members.

The Member then requested a breakdown of spend on the following budgets:

- 332368 Play Area Schemes Boroughwide
- 327061 CATs
- 327103 Civic Centre Decommissioning
- 327140 Democratic Hub (GO)

327090 Fly Tipping CCTV

In response to a question raised, the Service Manager Neighbourhood Services confirmed that £14k grant funding was secured through Keep Wales Tidy for the purchase of equipment to be used as part of the new Joint Enforcement Service, and Members would see a more proactive approach to fly tipping moving forward.

The Committee AGREED to recommend that the report be accepted, and;

- Provided appropriate challenge to the financial outcomes in the report.
- Continued to support appropriate financial control procedures agreed by Council.
- Noted the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding.