

# DRAFT AGENDA

ID	2392
Committee	Pwyllgor Craffu Trosolwg Corfforaethol
Date	19/11/2021
Attendees	<p>Cynghorwyr Stewart Healy (Cadeirydd)</p> <p>Cynghorwyr Martin Cook (Is-gadeirydd)</p> <p>Cynghorwyr Peter Baldwin (Aelod Pwyllgor)</p> <p>Cynghorwyr Garth Collier (Aelod Pwyllgor)</p> <p>Cynghorwyr Malcolm Cross (Aelod Pwyllgor)</p> <p>Cynghorwyr Gareth A. Davies (Aelod Pwyllgor)</p> <p>Cynghorwyr D. Lyn Elias (Aelod Pwyllgor)</p> <p>Cynghorwyr John Hill (Aelod Pwyllgor)</p> <p>Cynghorwyr Julie Holt (Aelod Pwyllgor)</p> <p>Cynghorwyr Hedley McCarthy (Aelod Pwyllgor)</p> <p>Cynghorwyr Clive Meredith (Aelod Pwyllgor)</p> <p>Cynghorydd John P. Morgan (Aelod Pwyllgor)</p> <p>Cynghorwyr Greg Paulsen (Aelod Pwyllgor)</p> <p>Cynghorwyr Tommy Smith (Aelod Pwyllgor)</p> <p>Cynghorwyr Stephen Thomas (Aelod Pwyllgor)</p> <p>Michelle Morris (Swyddog)</p> <p>Damien McCann (Swyddog)</p> <p>Richard Crook (Swyddog)</p> <p>Rhian Hayden (Swyddog)</p> <p>Lynn Phillips (Swyddog)</p> <p>Clive Rogers (Swyddog)</p> <p>Bernadette Elias (Swyddog)</p> <p>Andrew Parker (Swyddog)</p> <p>Gemma Wasley (Swyddog)</p> <p>Liz Thomas (Swyddog)</p> <p>Gwasanaethau Democraataidd (Monitor)</p> <p>Leeann Turner (Secretary)</p> <p>Pob Cynghorydd (Monitor)</p> <p>Louise Bishop (Notify)</p> <p>Sean Scannell (Notify)</p> <p>Steve Berry (Swyddog)</p> <p>Andrea Jones (Swyddog)</p> <p>Cynghorwyr Keri Rowson (Notify)</p>

Item ID	5606
Item Title	Cyfieithu ar y Pryd
Summary	Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, ond mae angen o leiaf 3 diwrnod gwaith o hysbysiad ymlaen llaw os dymunwch wneud hynny. Darperir gwasanaeth cyfieithu ar y pryd os gwneir cais.

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Item ID	5607
Item Title	Ymddiheuriadau
Summary	Derbyn ymddiheuriadau.

Item ID	5608
Item Title	Datganiadau Buddiant a Goddefebau
Summary	Ystyried unrhyw ddatganiadau buddiant a goddefebau a wnaed.

Item ID	5648
Item Title	Strategaeth Ariannol Tymor Canol 2022/2023 i 2026/2027
Summary	Ystyried adroddiad y Prif Swyddog Adnoddau.

# Agenda Item 4

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Corporate Overview Scrutiny Committee**  
Date of meeting: **19 November 2021**  
Report Subject: **Medium Term Financial Strategy 2022/2023 to 2026/2027**  
Portfolio Holder: **Cllr. Nigel Daniels, Leader of the Council**  
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)
	28/10/21	12.11.21			19/11/21		25/11/2021	

## 1. Purpose of the Report

- 1.1 The purpose of this report is to provide Members with an update on the Medium Term Financial Strategy (MTFS) and the latest assessment of the Council's financial position over the next 5 years.

## 2. Scope and Background

- 2.1 The Medium Term Financial Strategy (MTFS), is a key element within the Council's strategic planning framework. It is this financial framework which will support the Council's financial resilience and ensure it operates sustainably.
- 2.2 The MTFS brings together all known factors affecting the Council's financial position and forms the basis for decision making. The MTFS includes a forward look over the next five years to assess the spending requirements the Council is likely to face to deliver the priorities set out in the Corporate Plan and highlights the level of cuts (reducing or stopping services) that will need to be made to ensure the Council can set a balanced budget each year.
- 2.3 The MTFS proposes the approach that the Council will take to respond to the financial challenges we face over the next five year period. This will be an iterative process and one that will develop and be refined as our funding position from Wales Government becomes clearer and strategic business reviews are further developed and implemented.
- 2.4 On the 27 October 2021 the UK Government concluded its one year spending review, and it is anticipated that Wales Government will announce their budget and the provisional Local Government Settlement on 22 December 2021, with the final settlement due 1 March 2022. Having the provisional settlement so late in the financial year has implications for the budget setting process for 2022/2023 and planning for setting a balanced budget.

### 3. Options for Recommendation

#### 3.1 Option 1 – That Members of Corporate Overview Scrutiny Committee :-

- Consider the MTFS
- Note the forecast funding gap for the period of the MTFS;
- Note the cost pressures identified at Appendix 1 of the MTFS;
- Note the forecast financial achievement for the Strategic Business Reviews attached at Appendix 2 of the MTFS.

**Option 2** – Corporate Overview Scrutiny Committee provide comments and challenge the assumptions in the MTFS and the progress made to the Bridging the Gap Programme.

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

4.1 The Medium Term Financial Strategy (MTFS) is a key element within the Council's strategic planning framework and supports the delivery of the priorities set out in the Corporate Plan.

#### 5. Implications Against Each Option

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

5.1.1 Based upon the assumptions in the MTFS and the cost pressures identified in Appendix 2, a budget gap of £21m over the next 5 years is forecast as follows:

Table 1: MTFS Budget Gap

2022/2023 £m	2023/2024 £m	2024/2025 £m	2025/2026 £m	2026/2027 £m	Total £m
6.7	3.5	3.5	3.5	3.5	20.7

5.1.2 The Council's ability to progress a number of the Strategic Business Reviews have been impacted by the Covid-19 pandemic. An update on the overall current financial assessment towards the budget gap is currently assessed as £6.8m over the period of the MTFS as follows:

Table 2: Estimated Financial Achievement of the Strategic Business Reviews

	Estimated Achievement			
	2022/2023 £m	2023/2024 £m	2024/2025 £m	2025/2026 & 2026/2027 £m
<b>Strategic Business Reviews</b>	2.69	1.18	1.26	0.8

5.1.3 Based on the current estimated achievement from the Strategic Business Reviews compared to the budget gap identified in the MTFS, there is a residual budget gap as follows:

Table 3: Residual Budget Gap

	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026 &amp; 2026/2027</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Residual Budget Gap</b>	4.00	2.36	2.29	2.7

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

**5.2 Risk including Mitigating Actions**

5.2.1 The assumptions built into the MTFS may change over time e.g. pay & inflation rates, service demand, Revenue Support grant and Council Tax levels.

5.2.2 The Council’s current MTFS contains a number of assumptions which impact on the level of its income and expenditure. Changes in these assumptions can have a fundamental effect on the budget gap over the next 5 years. The impact of a 1% change on our main assumptions has been calculated and can be seen in the following table:-

Table 4 – Sensitivity Analysis

<b>Assumptions within the MTFS</b>	<b>+/- 1% £'000</b>
ISB – Cash flat	466
AEF – Cash flat	1,204
Council Tax	368
Non-Employee Inflation	621
Pay	472

5.2.3 There is a risk that the current Strategic Business reviews do not identify sufficient financial benefits to Bridge the Gap in the medium to long term. Additional / alternative proposals will therefore be required.

5.2.4 Progress against predicted delivery of Bridging the Gap proposals form part of the budget monitoring arrangements.

5.2.5 These risks are also mitigated by regularly reviewing the assumptions and revising the MTFS to reflect updated information. MTFS will be updated following announcement of the local government settlement.

### 5.3 ***Legal***

5.3.1 The Council must set a balanced budget on an annual basis. The MTFS & Bridging the Gap proposals will support this requirement.

### 5.4 ***Human Resources***

5.4.1 Not applicable for this report.

## 6. **Supporting Evidence**

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

6.1.1 The attached Medium Term Financial Strategy & Bridging the Gap provides information for Members consideration.

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

6.2.1 The MTFS will support the Council in the development of its annual budgets which in turn will allow the Council to deliver services to the public.

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

6.3.1 Officers & Members of the Council are involved in the development of the MTFS & Bridging the Gap Strategic Business Reviews.

6.3.2 The proposals have/will be considered by the appropriate Scrutiny Committee.

6.3.3 Public engagement will be undertaken as part of the budget setting process.

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

6.4.1 The MTFS forecasts the financial position of the Council for a 5 year period and provides information upon which the Council can plan for the future.

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

6.5.1 Included within the Bridging the Gap programme is a proposal focussing on an evaluation of the long term impact of prevention and early intervention on reducing the requirement for high cost services and better outcomes for our most vulnerable residents.

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

6.6.1 Achievement of the Bridging the Gap proposals will require cross Council working and collaboration / partnerships with other stakeholders.

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

6.7.1 Bridging the Gap proposals have been developed across the Council and are crosscutting in nature.

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

6.8.1 The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030 and the Bridging the Gap programme includes the strategic business review, Low Carbon

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

N/A

6.9b ***EqIA***

6.9b.1 Equality Impact Assessments will be undertaken on the opportunities taken forward as part of the Bridging the Gap proposals.

7. ***Monitoring Arrangements***

7.1 The MTFS & Bridging the Gap will be considered by Scrutiny and Council as part of the Council's financial planning arrangements.

**Background Documents /Electronic Links**

- *Appendix 1 – Cost Pressures*
- *Appendix 2 – Bridging the Gap*
- *Appendix 3 – Capital Programme*

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**Medium Term Financial Strategy 2022/23 to 2026/27****COST PRESSURES & GROWTH (Assessment as at October 2021)**

Portfolio	Service	Description	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
<b><u>Covid -19</u></b>							
Environment	Homelessness	Temp B&B	200	0	0	0	0
		Security	240	0	0	0	0
Education	ICT	Digitally Excluded Pupils	50	0	0	0	0
<b>Sub Total - COVID-19</b>			<b>490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>2021/2022 Cost pressures</u></b>							
Environment	Waste		445	0	0	0	0
Education	Independent School Fees		0	150	0	0	0
<b>Sub Total - 2021/22 Cost Pressures</b>			<b>445</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Service Demand</u></b>							
Education	ISB	Increase/(Decrease) in Pupil Population	545	-83	507	-138	-53
		Increase in SEN Categories - PenyCwm Growth	95	93	93	93	0
<b>Sub Total - Service Demands</b>			<b>640</b>	<b>10</b>	<b>600</b>	<b>-45</b>	<b>-53</b>
<b><u>Changes in Policy / Legislation</u></b>							
Cross cutting	Increase in NI contributions	Council Staff	600	0	0	0	0
Social Services	Community Care Uplift	Social Care	1,700	0	0	0	0
<b>Sub Total - Policy/Legislation</b>			<b>2,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Other</u></b>							
	Crematoria Income	Impact of new cremetoriums on Income	0	70	0	0	0
Cross Cutting	Energy	Corporate Landlord / Streetlighting & MSCPs	265	0	0	0	0
Leisure	Management Fees	Increase by CPI (3.1%)	30	0	0	0	0
Planning	Review of LDP		65	0	0	0	0
<b>Sub Total - Other</b>			<b>360</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>			<b>4,235</b>	<b>230</b>	<b>600</b>	<b>45</b>	<b>53</b>
<b>Included in The MTFS Funding Gap</b>			<b>4,235</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

**Cost Pressures & Growth - Schools**

Cleaning	Additional Cleaning in Schools	470	0	0	0	0
Increase in NI contributions		380	0	0	0	0
Energy		320	0	0	0	0
<b>TOTAL - SCHOOLS</b>		<b>1,170</b>	-	-	-	-
		<b>5,405</b>	<b>230</b>	<b>600 -</b>	<b>45 -</b>	<b>53</b>

Bridging The Gap - Current Programme

Portfolio	Strategic Business Review	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Economy	Industrial Units	100	-	50	50
Environment	Trade Waste	-	64	96	96
	Assets & Property	50	-	-	-
	Growth Strategy	300	100	100	100
	Commercial Activity & Investment	-	50	50	50
Financial Management	Income Recovery	-	-	-	-
	Review of MRP	1,335	-	-	-
Social Services	Prevention & Early Intervention	153	416	416	-
Cross Cutting	Fees & Charges	100	100	100	100
	Third Party Spend	250	250	250	250
	Low Carbon	-	200	200	200
	Future Place & Service Delivery	400	-	-	-
	<b>TOTAL</b>	<b>2,688</b>	<b>1,180</b>	<b>1,262</b>	<b>846</b>

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	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
<b>Social Services</b>						
Community Equipment & Adaptations	279,000	279,000	285,000	285,000	285,000	285,000
Minor Works/Health & Safety						
	<b>279,000</b>	<b>279,000</b>	<b>285,000</b>	<b>285,000</b>	<b>285,000</b>	<b>285,000</b>
<b>Environment</b>						
Disabled Facilities Grants & Living Independently HRG	420,000	469,000	200,000	200,000	200,000	200,000
Corporate Landlord/ Minor Works /DDA	320,000	320,000	280,000	280,000	300,000	300,000
Data Centre Move	152,000					
Constrained Units/ Industrial Units Improvement Programme	0	0			300,000	300,000
Big Arch	640,000					
Cemeteries	250,000	250,000	300,000	0		
	<b>1,782,000</b>	<b>1,039,000</b>	<b>780,000</b>	<b>480,000</b>	<b>800,000</b>	<b>800,000</b>
<b>Education</b>						
Band B Welsh Medium Remodelling						
Band B Secondary School Remodelling		70,000	280,000	1,510,000	750,000	750,000
New 420 place primary in Ebbw Fawr valley	2,100,000	945,000	105,000	0		
Band B Welsh Medium Seedling Provision	350,000	0	0	0		
<b>Total 21st Century Schools</b>	<b>2,450,000</b>	<b>1,015,000</b>	<b>385,000</b>	<b>1,510,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Other</b>						
Equipment Replacement		0	61,000	61,000	61,000	61,000
Civic Centre Demolition	650,000				0	0
General Offices and Community Hubs	180,000					
ICT Investment		161,000	161,000	161,000	161,000	161,000
Highways Investment		912,000	0	0		
City Deal Commitments	194,000	1,220,900	2,441,800	0	0	0
Staff Support Recharges	524,000	524,000	524,000	474,000	400,000	400,000

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
-						
<b>TOTAL</b>	<b>6,059,000</b>	<b>5,150,900</b>	<b>4,637,800</b>	<b>2,971,000</b>	<b>2,457,000</b>	<b>2,457,000</b>
<b>FUNDING</b>						
<b>Capital Programme Funding</b>						
USB	-1,932,000	-1,905,000	-1,905,000	-1,905,000	-1,905,000	-1,905,000
General Capital Grant	-1,938,000	-1,911,000	-1,201,000	-1,201,000	-1,200,000	-1,200,000
Digital Transformation Funding		-161,000	-161,000	-161,000	-84,452	0
Highways Capital & Revenue Maintenance Funding		-603,000				
<b>Useable Capital Receipts Capital Programme</b>	<b>-650,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-327,000</b>	<b>-327,000</b>
<b>Useable Capital Receipts - Separate Projects</b>						
<b>Total Funding</b>	<b>-4,520,000</b>	<b>-4,580,000</b>	<b>-3,267,000</b>	<b>-3,267,000</b>	<b>-3,516,452</b>	<b>-3,432,000</b>
Excess expenditure / (Surplus funding) in year	1,539,000	570,900	1,370,800	-296,000	-1,059,452	-975,000
Excess expenditure / (Surplus funding) including brought fwd	-557,767	13,133	1,383,933	1,087,933	28,481	-946,519