

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE COUNCIL

**SUBJECT: JOINT SCRUTINY COMMITTEE
(BUDGET MONITORING) – 15TH MARCH, 2021**

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR M. COOK (CHAIR)

Councillors D. Bevan

P. Baldwin

G.A. Davies

G.L. Davies

M. Day

L. Elias

P. Edwards

K. Hayden

J. Hill

J. Holt

L. Parsons

C. Meredith

J. Millard

J.C. Morgan

K. Rowson

T. Smith

B. Summers

S. Thomas

H. Trollope

B. Willis

L. Winnett

Mr. A. Williams (Co-opted Member)

WITH: Chief Officer Resources
Corporate Director Regeneration and Community Services
Corporate Director Education
Head of Community Services
Scrutiny & Democratic Officer/Advisor

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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>The following apologies for absence were received:-</p> <p>Councillor S. Healy Councillor M. Cross Councillor T. Sharrem Councillor G. Collier Councillor G. Paulsen Mr. T. Baxter (Co-opted Member)</p>	
No. 3	<p><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></p> <p>The following declarations of interest and dispensations were raised:-</p> <p>Councillor B. Summers – Item No. 6 - Revenue Budget Monitoring 2020/2021 Forecast Outturn to 31st March 2021 (as at 31st December 2020) (Silent Valley)</p> <p>Councillor M. Cook - Item No. 6 - Revenue Budget Monitoring 2020/2021 Forecast Outturn to 31st March 2021 (as at 31st December 2020) (Silent Valley)</p> <p>Councillor P. Edwards - Item No. 6 - Revenue Budget Monitoring 2020/2021 Forecast Outturn to 31st March 2021 (as at 31st December 2020) (Markets)</p> <p>Councillor J.C. Morgan - Capital Budget Monitoring Forecast for 2020/2021 Financial Year (as at 31st December 2020) (THI Tredegar)</p>	
No. 4.	<u>JOINT SCRUTINY COMMITTEE</u>	

	<p><u>(BUDGET MONITORING)</u></p> <p>The minutes of the Joint Scrutiny Committee meeting held on 23rd February, 2021 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
<p>No. 5</p>	<p><u>ACTION SHEET - 23RD FEBRUARY 2021</u></p> <p>The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 23rd February, 2021; whereupon:-</p> <p><u>Review of the Industrial Units</u></p> <p>A Member raised concerns around the continued deficit reported for this area and that the same issues were continually raised. The Member noted that there was always a ‘proposed’ review to look at leases and encourage occupancy. The Member was of the opinion that the Authority should maintain relationships with occupiers to ensure units are up to standard and ready to be leased. It would also be beneficial if the industrial estates are attractive to potential customers.</p> <p>The Member stated that if employment was to be created and sustained within Blaenau Gwent, the Authority’s industrial units needed investment to ensure they are fit for purpose.</p> <p>The Corporate Director Regeneration and Community Services advised that the Authority had a high occupancy rates of industrial units. The Regeneration Scrutiny Committee had also considered a programme of works which had initially focused on the Roseheyworth Industrial Estate which due to the poor condition of the units had been left unoccupied, however, these units were now fully occupied. Therefore, the Corporate Director felt that where investment work was being undertaken it had shown benefits.</p> <p>The Corporate Director added that over the last year the Authority had looked after existing businesses in Blaenau</p>	

Gwent which was right and proper during the uncertain times of the pandemic.

The Corporate Director further reported that a vacant post had been filled within the Team for an officer to deal with units. There was 180 units across Blaenau Gwent and the Team was working their way through these units as they became vacant or with current leaseholders.

The Corporate Director Regeneration and Community Services confirmed that there had only been one review and an action plan had been developed. The Corporate Director concurred with frustrations that progress had been slow in the past year, however vacancies were low and occupancies were high in units. It was important that Blaenau Gwent's industrial units continue to receive investment in order to attract tenants and all these objectives were included in the action plan.

The Book Fund

A Member reiterated the question raised at the last Joint Scrutiny Committee meeting in relation to the £50,000 spend on books in 2019/20 which had increased this year. There was approximately £82,000 ring-fenced for the book fund and the Member asked where the remaining money had been spent.

The Member noted that a report was to be considered by the Education and Learning Scrutiny Committee prior to a briefing note being provided, however, the Member felt that the report should also be presented to the Joint Scrutiny Committee for information following the request made.

The Corporate Director Education advised that a report had been presented to the Education and Learning Scrutiny Committee in relation to the Welsh Public Library Standard. A briefing note would now be drafted for Joint Scrutiny Members which detailed the historical spend and proposals going forward.

Councillor W. Hodgins joined the meeting at this juncture.

A further discussion ensued around the book fund spend and it was agreed that a briefing note would be presented

	<p>which detailed the level of spend against the book fund and expectations from the Council's perspective.</p> <p>The Member raised concerns around a briefing note being presented to the Joint Scrutiny and felt that this could not be scrutinised in the same way as a report. The Scrutiny Officer confirmed that a briefing note could be considered by the Joint Scrutiny, however a report would need to be presented to the Education and Learning Scrutiny Committee.</p> <p>It was thereupon AGREED that a briefing note be presented to the next Joint Scrutiny Committee.</p> <p>Further concerns were raised around requests for reports to be presented to a Joint Scrutiny Committee if issues were raised by Members as it was advised that not all Members had sight of reports being presented to other Scrutiny Committees and therefore could not challenge or scrutinise the information.</p> <p>The Scrutiny Officer advised that all Members had access to all Scrutiny Committee agendas and their concerns could be taken forward by their colleagues who sit on the respective Committee.</p> <p>The Committee, subject to the foregoing, AGREED that the Action Sheet be noted.</p>	
<p>No. 6</p>	<p><u>REVENUE BUDGET MONITORING 2020/2021</u> <u>FORECAST OUTTURN TO 31ST MARCH 2021</u> <u>(AS AT 31ST DECEMBER 2020)</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources advised that the report outlined the Forecast financial position to the end of March 2021 across all portfolios, forecast outturn for Fees & Charges and Progress on the Bridging the Gap Projects for 2020/2021.</p> <p>The Chief Officer Resources noted that the overall forecast outturn as at December 2020 was an adverse variance of</p>	

£4.719m. However, following the application of Welsh Government Hardship funding the forecast was a favourable variance of £0.552m which was a much improved position compared to the forecast in September 2020 which reported an adverse variance of £0.248m after the hardship funding.

The Chief Officer Resources further spoke to the report and provided a detailed overview of the forecast overall financial position across all portfolios as at 31st December, 2020 and outlined the main adverse variances. The Chief Officer noted that Action Plans to address the cost pressures were detailed in Appendix 4.

At this juncture the Chair invited questions/comments from the Committee.

A Member referred to overspending in certain budget areas which he felt was no fault of the department or staff but was around the decision making of Members. The Member noted the Environment Portfolio position which was in deficit with little or no attempt being made to address the budget pressure. There appeared to be no effort to counteract these cost pressures and the Member was of the opinion that the Authority had a duty of care to ensure budget are kept in a favourable position in light of the hardship monies being received from Welsh Government. The Member felt that the Executive Members responsible for the Environment Portfolio and the Regeneration Portfolio should be tasked to give consideration to these ongoing cost pressures.

The Member further noted the favourable variance being reported for the second HWRC in Roseheyworth and it was confirmed by the Corporate Director Regeneration and Community Services that the favourable variance was due to the delay in opening as well as income being forecasted for diverted black bag waste.

The Member advised that he did not feel that an Authority of this size needed a second HWRC and he had been critical of the decision taken. The Member was of the

opinion that Members expected too much and felt that the report highlighted the amount of work needed to balance the budget. The Member noted that some matters were seasonal, however it was also down to the decision making in these areas and the responsible Executive Members should look how the reductions could be achieved in order to reduce these cost pressures.

The Chair noted that the decision for a second HWRC site in Roseheyworth had been a Council decision and the Chair stated that he welcomed the decision as there was a need for a second HWRC.

Another Member noted the comments made in relation to overspends in portfolios and asked if the relevant amount of monies was being allocated to budgets to prevent overspends.

The Corporate Director Regeneration and Community Services advised that some of the Portfolio spend was demand led, therefore it was hard to align the budget. The Corporate Director added that income for recycling fluctuated and reported that during the pandemic, the prices on plastic reduced which impacted on the budget. A number of issues were also dependant on community behaviour, however the budget was set to the best of our assumptions.

The Corporate Director further noted that the previous year's budget had been close to balancing, however this year had been challenging and a great deal of black bag waste had been collected where costs were incurred for disposal of the waste.

The Chief Officer Resources added that as part of the 2021/22 budget setting process £464,000 additional budget was allocated to address cost pressures in the Environment Portfolio. This would assist in achieving a balanced budget.

In response to a question raised in relation to the decrease in recycle income which had impacted on the budget, the Corporate Director Regeneration and Community Services

confirmed that a slight increase had been reported since September which would reflect on the end of year balance.

A Member referred to the costs incurred for ground works at Festival Park and asked if there continued to be a cost in this area as the company had gone into administration, laid off staff, therefore the Member assumed that the Council should no longer be paying for ground works and asked would there be a refund.

The Corporate Director Regeneration and Community Services advised that the monies paid were part of a reverse lease arrangement between the Council and owners of site. However, the point made was valid and the Council should not be paying for things it had not received and this would be taken up with the current owners.

A Member asked the reason for Breakfast Clubs being reported under Environment Portfolio and not the Education Portfolio. The Corporate Director Regeneration and Community Services advised that this service had been transferred to Catering to ensure focus remained on Education matters by the Department. The Corporate Director Education added that resources received by Welsh Government were provided to the Catering team who carried out this activity on behalf of Education.

In response to monies received for the highway works on the Cwm to Aberbeeg Road, the Corporate Director Regeneration and Community Services confirmed that funding was received via the flood fund. The Chief Officer Resources recalled that Members agreed that capital investment allocated for the Big Arch be used to undertake highways works on Cwm to Aberbeeg Road. These monies had now been reinstated as flood funding which had been received, therefore no impact on the budgets detailed in this report, however it would be apparent in the capital report although monies are now back in place.

A Member asked the impact the pandemic had on Council Tax collections. The Chief Officer Resources advised that it had been anticipated that there would be a significant reduction in collection rates due to the challenges faced by

Covid-19 and collection rates were currently 92-93%. The Chief Officer noted that the estimated collections had been predicted at 95% and the Member felt that this was good news in the current circumstances.

In response to a question raised in relation to the cost of clearing flytipping, the Corporate Director Regeneration and Community Services suggested a briefing note be provided.

It was AGREED that a briefing note be presented to the next Committee for all Members information.

The Member referred to Appendix 3 which identified fixed penalty notices issued and suggested that flytipping notices also be included. The Corporate Director Regeneration and Community Services agreed to look into this information being included and other fixed penalty notices in general.

A Member noted the additional costs of £111,000 in the Environment Portfolio and asked if this would be continued into the next financial year. The Chief Officer Resources confirmed that this was a one off cost pressure in relation to changes in staff pay profiles from 4 weekly to monthly and would not have an impact on next year's budgets.

A Member welcomed the reopening of schools and asked if the hardship grant covered additional home to school transport to ensure the Authority adhered to Covid-19 social distancing restrictions.

The Corporate Director Education advised that the appropriate risk assessments had been carried out and discussions were ongoing in terms of transport provision. The Corporate Director noted that all primary school pupils were back in school and only specific Secondary year group pupils at present.

However, there would be a possible phased to full return for Secondary School pupils after the Easter Holidays and any costs related to the need for increased transport provision would be considered for the Hardship Fund as it would be Covid-19 related.

The Member asked if the Authority had access to additional buses and the Corporate Director reiterated that these discussions are ongoing with Stagecoach if additional buses were required. The Corporate Director Regeneration and Community Services added that the Authority was very conscious to ensure children are safe and advised that Covid-19 Wardens would be placed on buses to ensure everyone was following the guidelines.

A Member referred to a piece of work she had undertaken within her Ward in relation to the costs of wheeled bins and recycling equipment which had been stolen and needed to be replaced. The costs for Blaina Ward was in the region of £25,000 and the Member advised that she had been informed that costs incurred for the Brynmawr and Ebbw Vale North Ward was higher. The Member felt that the reintroduction of rear lane collections would alleviate a great deal of thefts as the bins could be kept safely in resident's gardens.

The Member thereupon asked what are the Council doing to address these thefts to reduce costs incurred. The Corporate Director Regeneration and Community Services concurred that this matter was a great challenge and the Department had tried to understand the need for demand. It was important that the Council work with the Community to identify hot spots to address these issues.

The Member reiterated that she was aware of the challenges and had been part of a multi-agency group within her Ward to address these issues, however the Council had not done any work in an attempt to resolve this matter and the Member requested details on the work being taken forward by the Waste Team to mitigate this situation.

Another Member noted the legal fees incurred in the Social Services Portfolio and asked for an update in terms of SLAs with other authorities.

The Corporate Director Social Services advised that this matter was due to be considered at the next Social Services Scrutiny Committee. The Corporate Director added that it had been difficult to pursue agreements due to the pandemic, however as restrictions eased it was

	<p>hoped that alternatives could be looked at to reduce these costs.</p> <p>A Member proposed that a report be presented to the Community Services Scrutiny Committee which outlined the costs being incurred by the Council to replace refuse and recycling bins which had been stolen. Also, to include costs of the clean up after flytipping. The Member felt it was important that these matters be considered to identify ways to reduce these costs and discuss good practice.</p> <p>This course of action was AGREED.</p> <p>The Committee AGREED, subject to the foregoing that the report and provided the appropriate challenge to the financial outcomes in the report.</p>	
<p>No. 7</p>	<p><u>CAPITAL BUDGET MONITORING</u> <u>FORECAST FOR 2020/2021 FINANCIAL YEAR</u> <u>(AS AT 31ST DECEMBER 2020)</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources spoke to the report which noted the Forecast financial position to 31st March 2021 across all portfolios and gave details of the significant adverse and favourable variances as contained in the report.</p> <p>At this juncture Members raised questions, observations and comments in relation to the report presented.</p> <p>A Member asked if the costs incurred for the New HWRC Site in Roseheyworth were related to Covid-19.</p> <p>The Chief Officer Resources advised that the costs were due to increased costs of the contractor which related to measures put in place due to Covid-19 to ensure work continued during the pandemic.</p> <p>The Corporate Director Regeneration and Community Services added that these costs had been reflected in contracts across the UK during the pandemic. The costs related to workforce having to implement social distancing and the cost of raw materials had risen and there had been</p>	

	<p>delays in sourcing materials outside of the UK. The Corporate Director added that negotiations are ongoing to ensure increased costs are kept to a minimum.</p> <p>A Member asked if the Workplace Transformation costs included the relocation of Democratic Services to the General Office. The Corporate Director Regeneration and Community Services confirmed that these monies were for previous works around the transformation programme. The 2021/2022 budgets would include costs incurred for the Democratic and Community Hubs.</p> <p>In response to a question raised about Ebbw Vale Test Track, it was confirmed that the costs reported in the scrutiny reports regarding Consultancy fees related to costs incurred for 2018/19 & 2019/20. The £50,000 for 2020/2021 reported in the capital report was additional.</p> <p>The Member felt that a report should be presented to the relevant Scrutiny Committee.</p> <p>This course of action was AGREED.</p> <p>The Committee AGREED, subject to the foregoing that the report be accepted and</p> <ul style="list-style-type: none"> (a) appropriate challenge was provided to the financial outcomes in the report; (b) continued support for the appropriate financial control procedures as agreed by Council; and (c) the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding be noted. 	
<p>No. 8</p>	<p><u>USE OF GENERAL AND EARMARKED RESERVES 2020/2021</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p>	

The Chief Officer Resources advised that the report provided the forecast reserves position for 2020/2021 as at Quarter 3 and noted the statutory requirements concerning Local Authority Reserves as detailed in the report.

The Chief Officer Resources referred to Section 6 of the report which detailed the overall summary of the forecast financial position in relation to the balances in general and earmarked reserves at 31st March, 2021. The Chief Officer outlined Table 1 which showed the increased forecast position for the general reserve at year-end 2020/2021. The balance represented 5.28% of net revenue expenditure which was above the 4% target level of £5.414m. This indicated further progress towards strengthening the financial resilience of the Council and provided a buffer to deal with unexpected future issues.

The Chief Officer Resources reported that the forecast increase in general reserves was the result of a number of factors which included a forecast net portfolio underspends of £0.552m and an agreed budget contribution in 2020/21 of £0.200m. This supported medium term financial planning and strengthened the Council's financial resilience. The Chief Officer Resources also noted the forecast level of earmarked reserves as at 31st March 2021 which was anticipated to be £9.189m which was an in year increase of £0.917m and the Chief Officer noted that further details of earmarked reserve movements was outlined in Appendix 1.

The Chief Officer Resources advised that the level and adequacy of reserves are regularly reviewed and monitored through regular outturn/forecast reporting. However, in comparison to other Welsh Authorities, Blaenau Gwent still had one of the lowest levels of general and earmarked reserves. In order to meet the Welsh average, general and earmarked reserves would need to increase significantly to approximately £26.4m. The Chief Officer noted that failure to increase reserves would attract criticism from regulators.

In response to a question raised around the level of reserves, the Chief Officer Resources advised that £1m monies had been planned to put into ear marked reserves

for next year as part of the budget setting process, however this report details the 2020/2021 position.

Another Member raised concerns around the level of monies agreed to be placed into reserves for the next financial year and strongly disagreed to this course of action whilst the residents of Blaenau Gwent have had a great deal of hardship during the previous year.

The Member further referred to the overspends in some Portfolios and asked if monies would be taken from reserves to ensure these budgets are balanced.

The Chief Officer Resources advised that no monies would be taken from reserves as the Council forecast a favourable position, subject to no significant issues. The Chief Officer added that in most instances overspending budgets are offset by underspends in other areas and there would be no need to use reserves to balance an in-year budget.

The Member felt it was important that budgets are realistic to prevent overspends. The Chief Officer Resources added that if budget holders felt that their budget was not realistic they had an opportunity to raise these concerns and Council would give consideration to this request as part of the budget setting process. The Authority's reserves can only be used once.

The Committee AGREED the forecast use of general and earmarked reserves for 2020/2021 and

- (a) the impact of the £0.552m favourable variance for 2020/2021 would have on the budgeted contribution to the General Reserve was considered;

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| <p>(b) the forecast increase of the General Reserve in 2020/2021 to £7.151m, being 5.28% of net revenue expenditure (above the 4% target level) be noted; and</p> <p>(c) the budget overspends continued to be challenged and implement appropriate service Action Plans, where required.</p> | |
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Maintenance of general reserves at an adequate level was crucial to the Council being able to meet future liabilities arising from risks for which specific provision has not been made.