

Committee: **Executive Committee**
 Date of meeting: **26 July 2021**
 Report Subject: **Bridging The Gap (BTG) Programme 2021/2022**
 Portfolio Holder: **Cllr. Nigel Daniels, Leader of the Council/ 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) |
| | | 15.07.21 | | | 26/7/2021 | 26.07.21 | | |

1. Purpose of the Report

- 1.1 This report is to provide Members with an update on the Strategic Business Reviews, including the provisional out-turn for 2020/2021 and latest assessment of the financial achievement for 2021/22 onwards.

2. Scope and Background

- 2.1 The Council's Medium Term Financial Strategy (MTFS) currently identifies budget gaps for 2023/23 to 2025/26 as:-

Table 1: Budget Gaps (surplus) per MTFS (March 2021)

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------|---------|---------|---------|---------|---------|
| | £000s | £000s | £000s | £000s | £000s |
| Prior to BtG Opportunities | (548) | 4,241 | 7,048 | 9,854 | 12,658 |

- 2.2 In recognising the challenges that the Council faces in the short, medium and long term, a programme of Strategic Business Reviews have been developed to deal with the potential funding gaps identified in the MTFS (Table 1) and to improve the financial resilience of the Council.
- 2.3 Based on strategic themes the Bridging the Gap (BtG) programme identifies savings opportunities, potential cost avoidance and new revenue streams. Designed to support a balanced budget, it is also focussed on creating the conditions of a commercially minded council. This includes seeking new revenue streams and ensuring resources are aligned to the strategic priorities of the council. 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 are needed 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

2.4 The March 2021 assessment of the potential achievement of the BtG programme was estimated to be between £4m and £7.3m between 2021/2022 and 2025/2026. Table 2 provides the annual assessment of achievement at that time.

Table 2: Estimated Achievement of BtG (March 2021)

| Estimated Achievement Range: | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Low | 500 | 1,073 | 764 | 846 | 846 | 4,029 |
| High | 1,000 | 2,083 | 1,314 | 1,446 | 1,446 | 7,289 |

2.5 In agreeing the budget for 2021/2022 the estimated achievement of BtG is £755,000 resulting in a surplus budget of £1.3m. For 2022/2023 onwards the forecast budget gaps based upon the estimated achievement above are:-

Table 3: Remaining Budget Gaps following application of BtG Opportunities

| | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
|--|------------------|------------------|------------------|------------------|------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Remaining Budget Gap – at low achievement | (1,303) | 2,413 | 4,456 | 6,416 | 8,374 |
| Remaining Budget Gap – at high achievement | (1,303) | 1,403 | 2,896 | 4,256 | 5,614 |

- 2.6 The Council's Corporate Leadership Team, supported by officers from all services are continuing to identify / develop additional BtG proposals to close the future years' budget gaps.
- 2.7 The budget gaps identified within the report are based upon the Medium Term Financial Strategy assumptions agreed earlier in the year. These assumptions include a cash flat settlement from Welsh Government, pay awards & price inflation of 2% per annum and annual cost pressures of £1m.
- 2.8 Variations to/from these assumptions will impact the budget gaps.

3. Options for Recommendation

3.1 **Option 1 – (Recommended Option)**

Members of Executive Committee consider the report and provide appropriate challenge to the Bridging the Gap programme.

3.2 **Option 2**

Members of Executive Committee Scrutiny Committee do not accept the report.

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

4.1 The Bridging the Gap programme supports the achievement of the Outcome Statement of an ambitious and innovative council delivering the quality services we know matter to our communities, supporting:

- The financial resilience of the Council
- Developing a more commercial organisation to generate income and deliver cost reductions to make local services sustainable and raise money to re-invest in our priorities

5. Implications Against Each Option

5.1 Impact on Budget (short and long term impact)

5.2 **Financial Year 2020/2021 – Provisional Out-turn**

5.3 Table 4 identifies the Strategic Business Reviews, the estimated achievement and the actual achievement delivered in 2020/2021.

Table 4: Strategic Business Reviews Provisional Out-turn 2020/2021

| Strategic Business Review | Estimated Achievement 2020/2021 £'000 | Actual Achievement 2020/2021 £'000 | (Adverse) / Favourable Variance £'000 |
|---------------------------|--|---------------------------------------|--|
| Industrial Units | 100 | 0 | (100) |
| Commercial Waste | 23 | 0 | (23) |
| Income Recovery | 54 | 54 | 0 |
| Fees & Charges | 200 | 68 | (132) |
| Commercial Activity | 0 | 0 | 0 |
| Third Party Spend | 550 | 550 | 0 |
| Assets & Property | 130 | 85 | (45) |
| Customer Experience | 0 | 0 | 0 |
| Work Place Transformation | 50 | 50 | 0 |
| Growth Strategy | 220 | 220 | 0 |
| Low Carbon | 138 | 138 | 0 |
| TOTAL | 1,465 | 1,165 | (300) |

- 5.4 Overall, there is a shortfall in the actual achievement for 2020/2021 against the estimated achievement of £0.3m. The Covid-19 pandemic had a significant impact on the Council's ability to progress a number of the Strategic Business Reviews including:
- Industrial Units service review was delayed due the impact of Covid-19 on the economy.
 - Reduced Fees and Charges as a result of closure of services e.g. Day Care/Respite Services following the national lockdown in March 2020.
 - Commercial Waste, there was a delay in implementing the new service change due to closure of businesses within the borough as a result of the national lockdown in March 2020.
 - Community Asset Transfers
- 5.5 Welsh Government provided funding through the Emergency Hardship fund for loss of income and the Council received £2.2m funding to mitigate the cost pressure as a result of loss of income due to the pandemic and £0.57m un-hypothecated grant for savings not achieved. The funding has offset the shortfall against BtG.
- 5.6 In setting the budget for 2021/2022, cost pressure funding was built into the budget for Industrial Units (£133,000) and Commercial Waste (£23,000) to recognise the medium / long term impact of the pandemic and mitigate the resulting cost pressure for 2021/2022.
- 5.7 **Financial Year 2021/2020 Onwards**
- 5.8 An update on the Strategic Business Reviews were presented to the Strategic Commercial and Commissioning Board in May 2021. The latest review indicates an increase in the estimated achievement for 2022/2023 to between £1.47m and £2.48m with no change to subsequent years.
- 5.9 The increase in estimated financial achievement is due to the Future Place and Service Delivery review, an amalgamation of a number of original cross cutting strategic business reviews, which is estimated to achieve an increase of £0.4m - this includes the implementation of Agile Working and the de-commissioning of the Civic Centre.
- 5.10 The latest assessment and progress update on the individual strategic reviews are attached at Appendix 1. Building these updated assessments into the current budget gaps will have the following impact:-

| | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
|--|------------------|------------------|------------------|------------------|
| | £000s | £000s | £000s | £000s |
| Remaining Budget Gap – at revised low achievement | 2,013 | 4,056 | 6,016 | 7,974 |
| Remaining Budget Gap – at revised high achievement | 1,003 | 2,496 | 3,856 | 5,214 |

5.2 Risk including Mitigating Actions

5.2.1 Current assessment of achievement against the Strategic Business reviews do not identify sufficient financial benefits to Bridge the funding Gap identified in the Medium Term Financial Strategy in the medium to long term. Additional / alternative proposals will therefore be required to ensure that the Council can set a balanced budget.

5.3 Legal

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

5.4 Human Resources

5.4.1 The Strategic Business Review, Future Place and Service Delivery, will have an impact on staff as it will result in a variation to Terms and Conditions.

6. Supporting Evidence

6.1 Performance Information and Data

6.1.1 The scope and outcome, including key activities for each of the Strategic Business Reviews is attached at Appendix 1.

6.2 Expected outcome for the public

6.2.1 The Bridging the Gap Programme 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 Bridging the Gap Strategic Business Reviews.

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

6.4 Thinking for the Long term (forward planning)

6.4.1 The Bridging the Gap programme supports the Council's medium term financial planning in line with the Medium Term Financial Strategy.

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

- 6.8.1 Equality Impact Assessments will be undertaken on the opportunities taken forward as part of the Bridging the Gap proposals.

7. **Monitoring Arrangements**

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

- 7.1.2 Progress against predicted delivery of Bridging the Gap proposals form part of the budget monitoring arrangements and is monitored and reviewed by the Strategic Commercial and Commissioning Board, Scrutiny Committee & Executive.

Background Documents /Electronic Links

- *Appendix 1*