

Committee: **Joint Budget Scrutiny Committee (Budget Monitoring)**

Date of meeting: **22nd November 2021**

Report Subject: **Bridging The Gap (BTG) Programme 2021/2022 – Progress Update July to September 2021**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / 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)
	4/11/2021	12.11.21			22.11.21	15.12.21		

1. Purpose of the Report

- 1.1 This report is to provide Members with an update on the progress made with the Strategic Business Reviews during the period July to September 2021, and the latest assessment of the financial achievement for the current financial year.

2. Scope and Background

- 2.1 The Council's Medium Term Financial Strategy (MTFS) currently identifies budget gaps for 2022/23 to 2026/27 as:-

Table 1: Budget Gaps (surplus) per Draft MTFS (November 2021)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s	£000s
Prior to BtG Opportunities	(548)	6,693	3,546	3,551	3,555	3,556

- 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 The latest assessment of the potential achievement of the BtG programme (as per the Draft MTFS) is estimated to be £7.5m between 2021/2022 and 2026/2027. Table 2 provides the annual assessment of achievement at that time.

Table 2: Latest Estimated Achievement of BtG

Estimated Achievement:	2021/22	2022/23	2023/24	2024/25	2025/26 & 2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Low	755	2,688	1,180	1,262	846	7,577

- 2.4 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	2026/27
	£000s	£000s	£000s	£000s	£000s	£000s
Remaining Budget Gap	(1,303)	4,005	2,366	2,289	2,709	2,710

- 2.5 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.
- 2.6 The budget gaps identified within the report are based upon the Draft Medium Term Financial Strategy assumptions. These assumptions include a cash flat settlement from Welsh Government, pay awards & price inflation of 2% per annum and annual cost pressures of £4.2m for 2022/23 and £2m thereafter.
- 2.7 Variations to/from these assumptions will impact the budget gaps.

3. **Options for Recommendation**

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

Members of Joint Budget Scrutiny (Budget Monitoring) Committee consider the report and provide appropriate challenge to the Bridging the Gap programme.

3.2 **Option 2**

Members of Joint Budget Scrutiny (Budget Monitoring) 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)

5.1.2 Financial Year 2021/2022 – Forecast Out-turn

- 5.1.3 Table 4 identifies the Strategic Business Reviews, the estimated achievement and the forecast actual achievement to be delivered in 2021/2022.

Table 4: Strategic Business Reviews Forecast Out-turn 2021/2022

Strategic Business Review	Estimated Achievement 2021/2022 £'000	Forecast Achievement 2021/2022 £'000	(Adverse) / Favourable Variance £'000
Industrial Units	0	92	92
Commercial Waste	0	0	0
Income Recovery	0	0	0
Fees & Charges	0	0	0
Commercial Activity	0	0	0
Third Party Spend	490	490	0
Assets & Property	35	140	105
Review of MRP	0	0	0
Future Workplace & Service Delivery	0	0	0
Growth Strategy	230	230	0
Low Carbon	0	0	0
TOTAL	755	952	197

- 5.1.4 Overall, the forecast achievement is expected to exceed the estimated achievement of £0.75m by £0.2m for the current financial year. This is due to:
- the successful outcome of the appeals on the rateable values of the Council's property and assets, with the Council receiving a rates rebate, relating to previous years' charges, totalling £120,000. Further appeals are anticipated during the current financial year
 - Rental income on the Industrial Units portfolio exceeding the income budget by £92,000.
- 5.1.5 A number of Strategic Business Reviews have no financial achievement for 2021/2022, due to the impact the Covid-19 pandemic is having on the Council's ability to progress the Reviews including:

- Fees and Charges due the economic impact of the pandemic on the residents and local businesses
- 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.

5.1.6 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. However, the financial performance of the Industrial Units has improved.

5.1.7 A progress update on the individual business reviews is attached at Appendix 1.

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 ***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 **EqlA**

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 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*