

COUNTY BOROUGH OF BLAENAU GWENT

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

**SUBJECT: JOINT SCRUTINY COMMITTEE
(BUDGET MONITORING) – 22ND NOVEMBER, 2021**

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook
D. Bevan
G. Collier
M. Cross
G.A. Davies
G.L. Davies
M. Day
K. Hayden
W. Hodgins
C. Meredith
P. Edwards
J. Hill
J. Holt
G. Paulsen
H. McCarthy
J. Millard
M. Moore
J.P. Morgan
J.C. Morgan
H. McCarthy
G. Paulsen
K. Rowson
T. Smith
B. Summers
S. Thomas
H. Trollope
B. Willis
L. Winnett

**WITH: Chief Officer Resources
Corporate Director Education
Corporate Director Social Services**

Head of Community Services
 Chief Officer Commercial & Customer
 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 L. Parsons, L. Elias, T. Sharrem and Mr. T. Baxter.</p>	
No. 3	<p><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></p> <p>The following declarations of interest were reported:-</p> <p>Councillors B. Summers & M. Cook declared an interest in any reference to Silent Valley Waste Services Limited.</p>	
No. 4.	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The minutes of the Joint Scrutiny Committee meeting held on 27th September, 2021 was submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET – 27TH SEPTEMBER, 2021</u></p> <p>The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 27th September, 2021 was submitted.</p> <p><u><i>Capital Budget Monitoring Forecast (328340 Acquisition of Land Abertillery Spur)</i></u></p>	

A Member referred to discussions at the last meeting regarding the acquisition of land and asked the Corporate Director to confirm whether the decision was taken under delegated powers and if so, who approved this course of action.

The Corporate Director Regeneration & Community Services said he believed that the decision was taken through delegated powers, but undertook to check and report back to Members.

Another Member also requested a breakdown of spend of the £70m loan, and the Corporate Director undertook to provide this information.

Capital Budget Monitoring (332368 Play Area schemes)

A Member referred to the £110k funding originally allocated for the Splashpad project, and expressed concern regarding the amount that had been allocated to Tredegar and Ebbw Vale. He also pointed out that the investment at Parc Bryn Bach was funded through the Valleys Regional Parks Discovery Gateway Project.

In response the Corporate Director Regeneration & Community Services confirmed that all monies had been allocated in accordance with the priorities identified within the Council's Play Strategy approved by Members.

Capital Budget Monitoring (327104 Democratic Hub)

A Member expressed concern regarding the £93k spend on sound installation due to the ongoing issues being experienced.

The Chief Officer Commercial & Customer explained that the budget was for the installation of the hybrid system as a whole, including cameras etc. However, she understood that there were intermittent issues with the sound and assured Members that discussions were ongoing with the company regarding these issues.

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 SEPTEMBER 2021)**

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided the forecast financial outturn position across all portfolios for the financial year 2021/2022 (as forecast at 30th September 2021); budget virements actioned during the period July to September 2021; and the forecast outturn for fees and charges.

Sections 5.1.14 to 5.1.37 of the report provided a narrative on the main variances across all portfolios, and the Officer pointed out that with the exception of the Environment Portfolio, all portfolios were reporting a positive outturn position. Environment was forecasting an adverse variance position, however, this had improved since Quarter 1.

The overall forecast outturn as at September 2021 was a favourable variance of £2.814m, after the application of Welsh Government Hardship Funding. There had been an increase in the favourable variance of £0.319m since the June 2021 forecast position (£2.495m). The Officer reported that it had been confirmed that Welsh Government Hardship funding would continue to March 2022.

Section 5.1.39 provided a summary position with fees and charges and Appendix 2 provided an analysis of income received against individual budgets for the financial year.

A Member said the Welsh Government Hardship Funding had been extremely beneficial for the Council and he hoped it would continue.

The Committee AGREED to recommend that the report be accepted and Members note the financial outcomes in the report and the virements detailed in paragraphs 5.1.4 to 5.1.6.

No. 7

CAPITAL BUDGET MONITORING, FORECAST FOR 2021/2022 FINANCIAL YEAR (AS AT 30 SEPTEMBER 2021)

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided an overview of the forecast financial position to 31st March, 2021 across all portfolios; and details of any significant adverse/favourable variances. The overall financial position forecast at 30th September, 2021 indicated an adverse variance of £283,128 against a total in year capital budget of £17.12m.

The following significant overspends were highlighted at section 5.1.2 of the report, namely:

• **Household Waste recycling Centre - £42,752**

The overspend related to increased costs due to the Covid-19 pandemic and future proofing of the site.

• **Lime Avenue Business Park - £234,710**

The latest anticipated final account advises of a loss and expenses claim for items in relation to unforeseen issues caused by Covid-19 pandemic.

The Officer confirmed that discussions with funding bodies was ongoing to determine whether additional funding was available, and therefore at this stage it was not proposed that funding for these schemes be built in from the Capital contingency. It was anticipated that by Quarter 3 the Council would have an indication of whether additional funding was available. However, if additional funding was not forthcoming, the Council would have to consider how best to fund these overspends.

A Member asked whether the overspends were actual final claims or an estimate.

The Chief Officer Resources said she understood that final claims had been received for each scheme and discussions were ongoing with the Contractors to mitigate some of the costs.

In response to a question raised by a Member regarding the Abertillery Leisure Centre demolition, the Head of Community Services confirmed that the Council was in the final stages of submitting legal claims, and this matter would hopefully move to a conclusion in the next few months.

A Member acknowledged that the Covid pandemic had attributed to the overspending schemes but asked whether the Contractors had approached the Council during construction to negotiate terms in light of the escalating costs.

The Corporate Director Regeneration & Community Services explained that under normal contract arrangements there was a system in place to deal with any changes etc. However, every contract included the 'force majeure' clause which covered Contractors in the event of unforeseen circumstances resulting in a change to the dynamics of a contract, and this was the case with the Covid pandemic. The Contractors had to implement social distancing measures to continue working which slowed down the contract and incurred additional costs.

The Head of Community Services agreed, and said the Council were fortunate that both these major contracts were able to continue throughout the pandemic and that the Contractors stood by their submitted tenders. He said Welsh Government had many funded contracts through LA's and discussions were ongoing with funding agencies regarding potential additional funding to mitigate these costs.

In response to a further question the Officer confirmed a report on Contracts over £500k would be submitted to the next meeting of the Corporate Overview Scrutiny Committee and would provide a narrative on major contracts.

A Member requested that a breakdown of the CAT's budget be actioned, and questioned the figure of £220k related to the LTF Metroplus budget.

The Chief Officer Resources undertook to report back on this matter.

	<p>Another Member requested details of the number of highways that had been resurfaced and the spend per ward.</p> <p>The Head of Community Services undertook to provide details over the last 3 years.</p> <p>The Member also referred to the withdrawal of the Henley's bus service from 31st December, 2021 and asked what action the Council intended taking.</p> <p>The Chair of the Regeneration Scrutiny Committee confirmed that this was being considered by the Transport Task & Finish Group.</p> <p>The Committee AGREED to recommend that the report be accepted and Members continue to support appropriate financial control procedures agreed by Council; and note the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding.</p>	
<p>No. 8</p>	<p><u>USE OF GENERAL AND EARMARKED RESERVES 2021/2022</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report which provided the forecast reserves position for 2021/2022 as at Quarter 2 (30th September, 2021).</p> <p>The level of the Council's general reserve disclosed in the statutory accounts for the financial year ended 31 March 2021 was £7.553m equating to 5.72% of net revenue expenditure (as reported in the 2020/2021 Revenue Outturn forms). The revenue budget forecast year-end position for 2021/2022 at end of Quarter 2 indicated a surplus of £2.814m.</p> <p>The level of earmarked reserves has been determined in accordance with the agreed reserves protocol. The level of earmarked reserves available to the Authority is forecast to increase by £0.132m in 2021/2022.</p>	

The Committee AGREED to recommend that the report be accepted and Members note the forecast use of general and earmarked reserves for 2021/2022 and:

- Note the impact of the £2.814m favourable variance for 2021/2022 would have on the budgeted contribution to the General Reserve;
- Note the forecast increase of the General Reserve in 2021/2022 to £10.567m, being 8.0% of net revenue expenditure, above the 4% target level;
- Consider the need for ongoing prudent financial management given the potential for future public spending restrictions required to fund the impact of Covid-19; and
- Continue to challenge budget overspends and implement appropriate service Action Plans, where required.

Maintenance of general reserves at an adequate level is crucial to the Council being able to meet future liabilities arising from risks for which specific provision has not been made.

No. 9

**BRIDGING THE GAP (BTG) PROGRAMME 2021/2022 –
PROGRESS UPDATE JULY TO SEPTEMBER 2021**

Consideration was given to report of the Chief Officer Resources.

The Chief Officer Resources presented the report which provided an update on progress 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.

The Officer confirmed that Members of the Corporate Overview Scrutiny Committee had received information on the MTFs, and it would be considered by Council later in the week. The report had been updated to reflect the current position of the MTFs. She was pleased to report that for 2021/2022 the estimated achievement of BTG proposals of £755k was exceeded. The forecast indicated

a positive outturn on in-year BTG proposals of £925k, a favourable variance of £197k.

A Member referred to the use of third party suppliers in the commissioning and procurement of contracts and asked what was being done to protect local suppliers in drive to reduce expenditure.

The Chief Officer Commercial & Customer explained that within the Council's procurement strategy there was emphasis on ensuring that where relevant possible, the Council look to support the foundational economy and community wealth locally.

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