

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE COUNCIL

SUBJECT: JOINT SCRUTINY COMMITTEE (BUDGET MONITORING) – 7TH MARCH, 2022

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

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

WITH: Managing Director
Chief Officer Resources
Corporate Director Education
Corporate Director Social Services
Chief Officer Commercial & Customer
Head of Governance & Partnerships
Head of Regeneration
Service Manager Neighbourhood Services
Team Manager Leisure & Streetscene
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 M. Day, M. Cross, H. Trollope, L. Elias and Mr. T. Baxter (co-opted Member).</p>	
No. 3	<p><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></p> <p>Councillor B. Summers declared an interest in Silent Valley Waste Services Limited where referred to on the agenda.</p>	
No. 4	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The minutes of the meeting held on 15th November, 2021 were submitted.</p> <p>The Committee AGREED that the minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET – 15TH NOVEMBER, 2021</u></p> <p>The Action Sheeting arising from the meeting held on 15th November, 2021 was submitted.</p> <p>The Committee AGREED that the Action Sheet be noted.</p>	
No. 6	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The minutes of the special meeting held on 8th February, 2022 were submitted.</p> <p>The Committee AGREED that the minutes be accepted as a true record of proceedings.</p>	

<p>No. 7</p>	<p><u>REVENUE BUDGET MONITORING -2021/2022, FORECAST OUTTURN TO 31 MARCH 2022 (AS AT 31ST DECEMBER 2021)</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 financial outturn position across all portfolios for the financial year 2021/2022 (as forecast at 31st December 2022); the forecast financial position to the end of March 2022 across all portfolios; and the forecast outturn for Fees & Charges.</p> <p>The overall forecast outturn as at December 2021 was a favourable variance of £4.65m, after the application of Welsh Government Hardship Funding. There had been an increase in the favourable variance of £1.835m since the September 2021 forecast position (£2.814m).</p> <p>The forecast included actual and estimated funding from the Hardship Fund for April to December 2021 of £5.036m. The Officer confirmed that claims had been submitted, in line with the set of principles issues by Welsh Government, for Quarters 1 to 3 loss of income and £130,000 was included in the forecast for Social Services. It had been confirmed that Welsh Government Hardship Funding would continue to March 2022.</p> <p>The Committee AGREED to recommend that the report be accepted and Members note the financial outcomes in the report. (Option 1)</p>	
<p>No. 8</p>	<p><u>CAPITAL BUDGET MONITORING, FORECAST FOR 2021/2022 FINANCIAL YEAR (AS AT 31 DECEMBER 2021)</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report which provided an overview of each Portfolio's actual and forecast capital expenditure against funding approvals for the 2021/2022 financial year, as at 31st December 2021;</p>	

the forecast financial position to 31st March 2021 across all portfolios; and details of significant adverse/favourable variances.

The overall financial position as forecast at 31st December, 2021 indicated an adverse variance of £227,852 against a total in year capital budget of £20.1m. The report identified significant overspends on the following projects:

Household Waste recycling Centre - £42,752

The overspend related to increased costs due to the Covid-19 pandemic and future proofing of the site. Discussions were ongoing with WRAP Cymru and Welsh Government regarding funding the additional expenditure.

Lime Avenue Business Park –£185,096

The latest anticipated final account advises a loss and expenses claim for items in relation to unforeseen issues caused by Covid-19 pandemic of £185,096, a reduction of £49,614 when compared to the Quarter 2 forecast of £234,710. Officers were in dialogue with Welsh Government and WEFO project officials to pursue additional funding to mitigate the overspend.

The Officer confirmed that discussions with funding bodies was currently positive, therefore, it was not proposed that funding for these schemes be built in from the Capital contingency at this stage.

In response to a question raised by a Member, the Officer confirmed that the figures provided was for the existing buildings on Lime Avenue Business Park.

The Member then referred to the planning application for the delivery of 10 units to the south of the site and enquired regarding funding for the development.

The Officer confirmed that planning approval had been granted last week, however, the Council was not involved in delivery of the project. The project was being funded by the applicant with part funding from Welsh Government.

Another Member said he understood that Tech Valleys had pulled out of the project.

In response the Officer explained that Tech Valleys was providing funding for start-up units, however, the applicant had submitted a renewed application with a change to the units being provided at the site. In terms of Tech Valleys funding, the level of funding Welsh Government would be allocating to Tech Valleys for the next few years was awaited, but Welsh Government have indicated that funding would be difficult next year. The Officer said there was funding available for developments, and it was likely that the applicant would enter into discussions with Welsh Government.

A Member asked for the costs incurred for the survey undertaken on the Civic Centre, and the Chief Officer Resources undertook to report back on this matter.

Another Member referred to the discussions on the proposed new development at Lime Avenue, and expressed concern that the potential loss of Tech Valley funding could impact other projects. He said the Executive Member and Corporate Director Regeneration & Community Services both sat on the Tech Valley Board and the Chair undertook to discuss this matter with the Executive Member.

A Member then referred to the Land Release Fund - Pithead Baths and expressed concern regarding the response received from the Executive Member to correspondence on this matter, and pointed out that Officers had still not provided a response to his questions regarding the funding. He thereupon took the opportunity to ask what conditions were attached to the funding of £224,878k and whether there was any contribution from Blaenau Gwent.

In response the Head of Regeneration undertook to report back on the terms and conditions of the funding.

The Committee AGREED to recommend that the report be accepted and Members:

	<ul style="list-style-type: none"> • 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. (Option 1) 	
<p>No. 9</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 3 (31 December 2021). Section 6 of the report provided an overall summary of the forecast financial position in relation to the balances in general and earmarked reserves at 31 March, 2022.</p> <p>The general reserve opening balance of £7.553m represents 5.72% of net revenue expenditure, which was above the 4% target level of £5.284m. Table 1 at Section 6.1.3 showed the forecast position for the general reserve at year end 2021/2022 to be an increase of £4.849m, to £12.402m. This balance represented 9.39% of net revenue expenditure, £7.118m above the 4% target level of £5.284m, indicating further progress towards strengthening the financial resilience of the Council and providing a buffer to deal with unexpected future issues.</p> <p>The Committee AGREED to recommend that the report be accepted and Members:</p> <ul style="list-style-type: none"> • Consider the impact of the £4.649m 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 £12.402m, being 9.39% of net revenue expenditure, above the 4% target level; • Consider the need for ongoing prudent financial management to support the Medium Term Financial Strategy and the financial resilience of the Council; and 	

	<ul style="list-style-type: none"> Continue to challenge budget overspends and implement appropriate service Action Plans, where required. <p>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.</p>	
<p>No. 10</p>	<p><u>BRIDGING THE GAP (BTG) PROGRAMME 2021/2022 – PROGRESS UPDATE OCTOBER TO DECEMBER 2021</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report which provided an update on the progress made with the Strategic Business Reviews during the period October to December 2021, the latest assessment of the financial achievement for the current financial year and the latest estimated achievement between 2022/23 and 2026/27.</p> <p>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. In agreeing the budget for 2021/2022 the estimated achievement of Bridging the Gap (BtG) was £755,000 contributing to a surplus budget of £1.3m.</p> <p>The latest assessment of the potential achievement of the BtG programme (as per the MTFS) was estimated to be £6.7m between 2022/2023 and 2026/2027, and Table 2 provided the annual assessment of achievement.</p> <p>The Officer confirmed that the Council’s Corporate Leadership Team, supported by officers from all services continued to identify / develop additional BtG proposals to close the future years’ budget gaps.</p> <p>The budget gaps identified within the report were based upon the Medium Term Financial Strategy assumptions included within the 2022/2023 Budget Report. These assumptions included:</p>	

- An increase in funding from Welsh Government of 3% for 2022/2023, 2% for 2023/2024 and cash flat thereafter.
- Pay awards and price inflation of 2% per annum.
- Annual cost pressures £2m per annum (from 2023/24).

The Officer pointed out that variations to/from these assumptions would impact the budget gaps.

The Committee AGREED to recommend that the report be accepted and Members note progress of the Bridging the Gap programme. (Option 1)

As this was the last meeting in the cycle prior to the elections, the Chair took the opportunity to thank the Vice-Chair, Members and Officers for their support during the year.