

COUNTY BOROUGH OF BLAENAU GWENT

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

**SUBJECT: JOINT SCRUTINY COMMITTEE
(BUDGET MONITORING) –
28TH SEPTEMBER, 2020**

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook
D. Bevan
G.A. Davies
L. Elias
M. Day
P. Edwards
K. Hayden
W. Hodgins
J. Hill
M. Moore
J.C. Morgan
J. Millard
L. Parsons
K. Pritchard
T. Smith
B. Summers
S. Thomas
H. Trollope
B. Willis
L. Winnett

**WITH: Chief Officer Resources
Corporate Director Regeneration & Community
Services
Corporate Director Social Services
Corporate Director Education (Interim)
Chief Officer Commercial
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 received from Councillors T. Sharrem, P. Baldwin, D. Wilkshire, G. Paulsen and the Managing Director who was attending a G10 Meeting.</p>	
No. 3	<p><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></p> <p>The following declarations of interest were reported:</p> <p><i><u>Item No. 7 Revenue Budget Monitoring 2020/21, Forecast Outturn to 31st March, 2021</u></i></p> <p>Councillors J.C. Morgan (Appendix 3 - Tredegar HLF) Councillor W. Hodgins (Appendix 3 - Aneurin Leisure Trust) Councillor L. Parsons (Appendix 3 - Aneurin Leisure Trust) Councillor P. Edwards (Appendix 3 – Markets)</p> <p><i><u>Item No. 8 Capital Monitoring, Forecast for 2020/21 Financial Year (as at 30 June 2020)</u></i></p> <p>Councillor W. Hodgins (Appendix 1 & 2 - Aneurin Leisure Trust) Councillor L. Parsons (Appendix 1 & 2 - Aneurin Leisure Trust)</p>	
No. 4	<p><u>TIME OF FUTURE MEETINGS</u></p> <p>The Committee AGREED that future meetings would be held at 10.00 a.m.</p>	
No. 5.	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The Minutes of the Joint Scrutiny Committee meeting held on 9th March, 2020 were submitted.</p>	

	<p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	
No. 6	<p><u>ACTION SHEET – 9th MARCH, 2020</u></p> <p>The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 9th March, 2020 was submitted, whereupon:-</p> <p><i><u>Civil Parking Enforcement</u></i></p> <p>A Member said he had requested information on the number of fixed penalty notices that had been issued, and the Corporate Director Regeneration & Community Services confirmed that this information would be included in the Members Briefing Session.</p> <p>A discussion ensued when a Member said he understood the Council had agreed to prioritise the scope of enforcement activity to town centres and outside schools, and expressed concern that fines were being issued within residential areas.</p> <p>Another Member said following the lockdown period there seemed to be a lack of presence of traffic wardens within town centres.</p> <p>In response the Corporate Director Regeneration & Community Services explained that Civil Parking Enforcement activity should be visible across the Borough following lockdown. In terms of the areas covered, whilst it had been agreed to focus activity in town centres and outside schools, it was agreed that parking issues elsewhere would also be reported.</p> <p>A Member said in his opinion patrols of the Borough's town centres and schools should be ample activity for the enforcement officers without undertaking patrols of residential areas.</p> <p>Another Member said due to the narrow residential streets within the Borough there were many areas where parking was causing problems, particularly access for the Waste & Recycling crews.</p>	

	<p>A Member referred to previous discussions regarding a review of traffic orders across the Borough and sought an update on when this could be expected.</p> <p>The Chair confirmed that this would be subject to a report to the relevant Scrutiny Committee in due course</p> <p>A Member requested that a Members Briefing Session be convened at an appropriate juncture to provide an update to all Members.</p> <p>The Committee AGREED, subject to the foregoing, that the Action Sheet be noted.</p>	<p>Head of Community Services</p>
<p>No. 7</p>	<p><u>REVENUE BUDGET MONITORING -2020/2021, FORECAST OUTTURN TO 31 MARCH 2021 (AS AT 30 JUNE 2020)</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report which detailed the forecast financial outturn position across all portfolios for the financial year 2020/2021 (as at 30th June 2020); the forecast outturn for Fees & Charges; and progress on the achievement of the Bridging the Gap Projects for 2020/2021.</p> <p>The Officer said the overall forecast outturn as at June 2020 was an adverse variance of £3.185m, before the application of Welsh Government Hardship and Furlough funding forecast at £1.98m, which reduced the forecast adverse variance to £1.2m. The table at section 5.1.2 of the report detailed the forecast overall financial position across all portfolios at 30th June 2020, and before the inclusion of Covid-19 related expenditure.</p> <p>Following the submission of the WLGA Survey on Loss of Income, four areas have been identified where there was a consistent loss of income across all Welsh Authorities. These included parking, waste, school catering and cleaning and cultural services. The Chief Officer confirmed that Welsh Government had considered claims from LA's for loss of income for Quarter 1 relating to tranche 1, i.e. civil parking enforcement, grounds maintenance, school</p>	

catering, waste disposal and cultural services) and the Council had received a total sum of £973,000. As a result, £613,000 of lost income had been re-instated in the portfolio forecasts.

The Officer reported that in recent days, an additional £151k had been received from Welsh Government as part of tranche 2 of the Quarter 1 income loss claim. Taking into account the Hardship Funding, Furlough income and the initial claim for lost income, the net impact on the Council's Revenue Budget was a forecast adverse variance of £1.2m. The Officer reported that 50% of the forecast adverse variance related to the increased caseload around the Council Tax Reduction Scheme which was currently forecasting an adverse variance of £0.6m. Welsh Government were also considering the financial impact of this across Wales.

The Officer concluded that action plans to address cost pressures were attached at Appendix 4. However, she pointed out that many of the cost pressures would reduce with the application of further tranches of funding for loss of income (from chargeable services) and potential WG Hardship funding for Council Tax Reduction Support.

A Member referred to the Transformation Fund and asked how much money had been committed to the Festival Park project.

In response the Officer confirmed that £30k had been agreed.

The Member said given the fact that Welsh Government had provided a Hardship Fund, he expressed concern that as a grant funded organisation, the Council had received Furlough Funding when there were small businesses struggling in the Borough and people losing their jobs.

He also said the £460k uncommitted Transformation Fund should be used to address any cost pressures resulting from the pandemic, and whilst the Council pays for the Festival Park Business Case, he was disappointed that earmarked reserves had been utilised for some consultancy fees. However, he said the fact that the Council's reserves had increased above its 4% target level meant there was possibly

£900k in reserves, and in these very difficult times the Member proposed that a recommendation be made to the Executive that the uncommitted Transformation Fund be used to address costs pressures arising as a result of the pandemic.

In response the Chief Officer Resources confirmed that Welsh Government had advised the Council to Furlough staff where appropriate. However, she assured there was no duplication of funding from the National Furlough funding and the Welsh Government Hardship Fund.

In relation to the Transformation Fund, the Officer assumed this was fully committed, however, there had been no significant request for funding for that scheme to date. The Council was faced with financial challenges this year due to the pandemic and potentially next year, and some of the Transformation Fund may need to be utilised to provide support to progress current and future Bridging the Gap proposals. However, that budget was there to help us address any other cost pressures that the Council may face moving forward.

The Member said these were un-precedent times and felt that the Bridging the Gap proposals should come secondary to resolving issues within our community.

In relation to Furlough funding the Corporate Director Regeneration & Community Services said Welsh Government encouraged the Council to utilise the national Furlough scheme, and by utilising national funding, Welsh Government were able to draw more money into Wales to provide support elsewhere. He also pointed out that no member of staff had been at detriment during the pandemic and this was due to the Furlough scheme.

A Member said it was highly likely that sports clubs would need support following the pandemic and he hoped that money would be set aside for this purpose. He also referred to the redeployment of staff to Test, Trace, Protect and asked how much this was costing the Authority, and also what measures were in place to ensure the wellbeing of those staff.

The Chief Officer Commercial assured that staff were being supported, and that daily briefing meetings were held with line managers. The process of scoping out recruitment to those teams was still ongoing, with the first tranche of permanent staff joining the Team this morning. The Team was currently at about 75% capacity, and would hopefully be 100% by next week. The Council was also drawing in mutual aid from the other 5 LA's and workloads were being monitored to ensure a Gwent wide service.

The Corporate Director Regeneration & Community Services said staff within Public Protection and Test, Trace, Protect were working as one Team. In terms of capacity he confirmed that staff from other sections had been transferred to provide additional support, and also additional agency staff with expertise in infectious disease control. The Council had also been working closely with other LA's across the region, and working actively to safeguard staff.

In relation to costs for Test, Trace, Protect the Chief Officer Resources undertook to provide that information, but confirmed that costs for the service are reimbursed by Public Health Wales who had been provided funding from Welsh Government to provide the service.

In response to the Member's comments regarding funding for sports clubs, the Corporate Director said the Council would continue to support any clubs wishing to go through the CAT process and deal with each club on its merits. Assumptions had been made within the budget around the loss of income on grounds activity, however, there was no resources package available for sports clubs.

In response to a question raised by a Member regarding the 6 month rent holiday on Industrial Units during the pandemic, the Chief Officer Resources reported that this would be 100% funded by Welsh Government.

A Member sought clarification on the adverse variance in relation to SLA's with schools, as he understood some schools still had cleaners working through April to July.

The Chief Officer Resources explained that the Council was predicting an adverse variance on building cleaning on the assumption that schools would not pay their SLAs as the vast

majority were closed during the initial period of the pandemic. However, some schools were repurposed to provide childcare facilities for key workers. The Officer confirmed that discussions were ongoing with schools regarding the adverse variance. Moving forward additional cleaning would be required to ensure the safety of staff and pupils and she understood that funding was available from Welsh Government to support that additional expenditure.

A Member said the report highlighted the amount of work undertaken during the pandemic and commended Officers. He then referred to section 5.1.3 of the report which highlighted the savings made on travel and energy, and said this somewhat supported closure of the Civic Centre and the Council moving towards a more virtual and flexible services. However, he then referred to section 5.1.14 of the report which highlighted the drop in Council Tax payments, and urged the opening of the cash desk at the Civic Centre, with proper COVID-safe measures in place, or the provision of a cash desk in town centres, as many residents still liked to pay their bills in cash.

In response the Chief Officer Resources advised Members that residents wishing to pay by cash or cheque were able to pay bills at Post Office counters and Paypoint locations in the community.

Another Member referred to section 5.1.4 of the report and asked whether the Welsh Government funding for loss of income in relation to school catering would be transferred back to schools.

The Chief Officer explained that discussions were ongoing with schools to ensure that any funding owed to them would be reimbursed.

Councillor W. Hodgins left the meeting at this juncture.

A Member referred to the number of job vacancies highlighted in section 5.1.10 of the report and asked whether these related to vacant Social Worker posts. He also referred to the Corporate Director of Social Services' comments at the last Social Services Scrutiny Committee regarding funding, and asked whether this had now been received.

The Member also referred to section 5.1.27 of the report and sought clarity on the position of the grounds maintenance budget, in light of the fact that the majority of within the Borough had gone through the CAT process.

The Corporate Director of Social Services explained that the job vacancies highlighted in the report did not relate to Social Services. There were a number of vacant Social Worker posts at the beginning of the year, however, a number of internal staff had undertaken training and 5 staff had now qualified and taken up vacant positions. In relation to the Hardship Fund, the Corporate Director confirmed that the vast majority of funding had been received, and whilst a small number of elements were challenged by Welsh Government this was not significant at this point in time.

In relation to the grounds maintenance budget the Chief Officer Resources confirmed that an adverse variance of £83k was predicted. Whilst a number of clubs had gone through the CAT process, a number of those clubs still had SLAs with the Council to provide grounds maintenance, and as a result of the impact of COVID the Council have been unable to undertake grounds maintenance and are therefore unlikely to receive that income.

A Member said he was aware that the Council had received additional funding for education, for the employment of extra teaching staff, and sought assurance that this was money was ring-fenced for this purposes.

The Chief Officer Resources assured that where the Council was incurring additional costs, any additional funding received would be used to offset those costs and would not be allocated elsewhere.

In response the Interim Corporate Director of Education said the Member was referring to the Accelerated Learning Programme. He confirmed that the funding went directly into education and was pass-ported to schools to support extra teaching and learning capacity, particularly to address the response to COVID.

A Member referred to the number of grants that the Council had received and asked what impact these would have on the forecast £1.2m adverse variance.

In response the Chief Officer Resources said it had reduced slightly, but the forecast adverse variance was still significant at this point in time. It was likely that the Council would receive 50% of its lost income, but this would be delayed. There were also still cost pressures in relation to the Council Tax Reduction Scheme and cost of collection, and Welsh Government have indicated that this would be reviewed early next year.

Another Member expressed concern regarding the impact of the pandemic on the Borough's markets, and asked whether provision had been made for the loss of income in this area. He also sought an update on cemeteries, as he understood that money received from Gwent Crematoria would be utilised to tidy-up the Borough's cemeteries. The Member also referred to the Council's nursery units, he said the budget had been showing an adverse variance for some time, and asked how many units were currently unoccupied and requiring repair, and also how much interest was being shown from companies, and also how many tenants had been lost during the pandemic.

In relation to the Borough's Markets, the Chief Officer Resources said no specific provision had been made, but the Council have made a claim to the Welsh Government Hardship Fund for loss of income being incurred as a result of the pandemic.

In terms of the Borough's cemeteries, the Chief Officer said a report was previously considered by Council which recommended, and was agreed, that any surplus money from Gwent Crematoria would go directly into reserves rather than be utilised to fund works to the cemeteries. However, as part of the Capital Programme funding had been allocated to undertake improvements to the Borough's cemeteries.

In response to the Member's question regarding the nursery units, the Corporate Director Regeneration & Community Services said this came under the remit of the Regeneration Scrutiny Committee, however, he would be happy to share this information with Members.

	<p>In response to the Member’s question regarding nursery units, the Chair of the Regeneration Scrutiny Committee confirmed that the Council’s Industrial Units Portfolio formed part of the Scrutiny Committee’s Forward Work Programme. A report was due to be submitted in December and he assured that it would cover the points raised by the Member.</p> <p>Another Member expressed concern regarding a delay in the collection of bulky items following payment, and the Corporate Director Regeneration & Community Services said he was not aware of any issues but would raise it with the service area.</p> <p>A Member proposed that Option 1 be supported with the addition that in the present crisis, and as the report designated that the £462k remaining in the Transformation Fund was still uncommitted; that this money be transferred to the COVID fund.</p> <p>The proposal was seconded.</p> <p>Another Member proposed that Option 1 be supported as outlined in the report.</p> <p>The proposal was seconded.</p> <p>Upon a vote being taken,</p> <p>8 Members supported the amendment to Option 1; and 9 Members supported Option 1 as outlined in the report.</p> <p>The Committee AGEED to recommend that the report be accepted and Members support the action plans attached at Appendix 4, developed to address the forecast adverse variances at the end of June 2020 (Option 1).</p>	
<p>No. 8</p>	<p><u>CAPITAL BUDGET MONITORING, FORECAST FOR 2020/2021 FINANCIAL YEAR (AS AT 30 JUNE 2020)</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</p>	

capital expenditure against funding approvals for the 2020/2021 financial year, as at 30th June 2020, and details of any significant adverse and/or favourable variances.

The overall financial position forecast at 30th June 2020 indicated an adverse variance of £24,000 against a total in year capital budget of £20m. Despite the Covid-19 Pandemic actual expenditure to June 2020 of £2m was £300,000 higher compared to Quarter 1 in financial year 2019/2020. However, should the pandemic situation continue to improve it was expected that Capital Expenditure would reach £20m by 31st March 2021.

The Officer said the forecast over-spend of £24,000 related to the essential capital works following adverse weather and the resulting flood damage in the early part of 2020. A Funding request had been submitted to Welsh Government, however, the Council had yet to receive confirmation of grant funding to cover the costs. Where overall funding approvals were likely to be exceeded, and additional compensatory funding sources not be identified, budget holders would initially report the consequences to the Corporate Leadership Team, including proposals to defer/delete other approved schemes.

P. 88 Flood Damage Emergency Repairs

A Member referred to comments made at the previous meeting seeking a more prudent budget in relation to flooding, and said serious consideration should now be given to this in light of the number of flooding incidents across the Borough.

P. 85 Play Equipment

A Member sought clarification on the Welsh Government funding previously obtained for development of a 'splash park' in the Borough, and asked whether the funding had been returned to Welsh Government, or spent elsewhere.

In response the Chief Officer Resources explained that the 'splash park' proposal was no longer being progressed, however, following discussions with Welsh Government they agreed that the funding could be utilised for the provision of other play equipment in the Borough.

In response to a further question the Corporate Director Regeneration & Community Services said this came under the remit of the Community Services Scrutiny Committee. He confirmed that a report on play equipment had been considered, and recommended for approval, at the last meeting of the Scrutiny Committee, and part of the report gave consideration to the Welsh Government funding being utilised for play equipment, in line with the Council's Play Strategy previously agreed.

The Chair was experiencing technical difficulties, and the Vice-Chair took the Chair at this juncture.

A Member asked whether the Council's Play Strategy could now be reviewed in light of the additional Welsh Government funding.

In response the Corporate Director Regeneration & Community Services said there was no intention to review the Play Strategy, but the additional funding would allow us to go further down the priority list of the Strategy. The report also outlined the commitment to engage with all Ward Members to discuss sites identified for removal or otherwise.

A Member asked for a breakdown of the Welsh Government funding and play equipment budget.

P.84 Class Size Willowtown

In response to a question raised, the Interim Corporate Director of Education explained that this was Welsh Government funding to support class size grant developments in relation to capacity within schools, and in this instance was for external adaptations at the School.

P.84 21st Century School Schools Six Bells Project

The Interim Corporate Director of Education confirmed that this related to additional Welsh Government funding for car parking, however, this initiative had been delayed as a result of the Covid response.

Chief
Officer
Resource
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	<p>The Committee AGREED to recommend that the report be accepted and Members:-</p> <ul style="list-style-type: none"> • Continue to support appropriate financial control procedures agreed by Council; and • To 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 2019/2020</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 Reserves outturn position for 2019/2020 as at Quarter 4 (31st March 2020). Section 6 of the report provided an overall summary of the financial position in relation to the remaining balances in general and earmarked reserves at 31st March, 2020.</p> <p>The Officer then referred Members to table 1 at Section 6.1.3 which showed the outturn position for the general reserve at year-end 2019/2020 to be an increase of £0.454m, to £6.348m. This balance represented 4.69% of net revenue expenditure, £0.934m above the 4% target level of £5.414m. As a result of the positive provisional settlement, the Council approved an increase to Reserves in excess of £1.5m for 2020/2021 when setting the 2020/2021 Budget, to support medium term financial planning and strengthen the Council's financial resilience</p> <p>The Officer concluded that in in comparison to all other Welsh Authorities, at 31st March, 2018 Blaenau Gwent had the lowest level of general and earmarked reserves expressed as a percentage of Gross Revenue Expenditure. Comparative information drawn from audited statutory accounts indicated that this position had improved to the end of 2018/2019. However, in order to meet the Welsh average, general and earmarked reserves would need to be increased significantly.</p> <p><i><u>Appendix 2 Strategic Business Reviews</u></i></p>	

A Member asked why the procurement of specialist consultancy fees to support the Strategic Business Review had come out of earmarked reserves and not the Transformation Budget.

In response the Chief Officer Resources explained that the Transformation Budget was not established until the 2020/21 financial year, and these costs were incurred during the 2019/20 financial year.

The Committee AGREED to recommend that the report be accepted and Members considered the use of general and earmarked reserves for 2019/20; and

- Noted the draft increase of the General Reserve in 2019/2020 to £6.348m, being 4.69% of net revenue expenditure (above the 4% target level);
- Considered the impact the £0.454m favourable variance for 2019/2020 would have on the General Reserve target; and
- Continue to challenge budget overspends and implement appropriate service Action Plans, where required. (Option1).

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.