COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: **THE CHAIR AND MEMBERS OF THE COUNCIL**

SUBJECT: **JOINT SCRUTINY COMMITTEE (BUDGET MONITORING) – 23rd FEBRUARY, 2021**

REPORT OF: **DEMOCRATIC & COMMITTEE SUPPORT OFFICER**

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook
D. Bevan
M. Cross
P. Baldwin
G.A. Davies
G.L. Davies
M. Day
L. Elias
P. Edwards
K. Hayden
W. Hodgins
J. Hill
J. Holt
L. Parsons
G. Paulsen
C. Meredith
H. McCarthy
J. Millard
M. Moore
J.C. Morgan
K. Rowson
T. Smith
B. Summers
S. Thomas
H. Trollope
B. Willis
L. Winnett
Mr. A. Williams (Co-opted Member)

WITH: Chief Officer Resources

Corporate Director Education
Corporate Director Social Services
Interim Chief Officer Commercial
Head of Community Services
Head of Corporate & Legal Compliance
Communications, Marketing & Customer Access Manager
Team Leader Neighbourhood Services
Scrutiny & Democratic Officer/Advisor

ITEM	SUBJECT	ACTION
No. 1	**SIMULTANEOUS TRANSLATION** It was noted that no requests had been received for the simultaneous translation service.	
No. 2	**APOLOGIES** Apologies for absence were received from Councillor D. Wilkshire, Corporate Director Regeneration & Community Services; and Mr. T. Baxter. It was also pointed out that a number of Members were unable to join the meeting due to technical issues.	
No. 3	**DECLARATIONS OF INTERESTS AND DISPENSATIONS** The following declarations of interest were reported: Councillor B. Summers – Item No. 6 Revenue Budget 2021/2022 (Silent Valley) Councillor J. Hill - Item No. 6 Revenue Budget 2021/2022 (Silent Valley) Councillor M. Cook - Item No. 6 Revenue Budget 2021/2022 (Silent Valley)	
No. 4.	**JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)**	

	The Minutes of the Joint Scrutiny Committee meeting held on 23rd November, 2020 were submitted. The Committee AGREED that the Minutes be accepted as a true record of proceedings.	
No. 5	**<u>ACTION SHEET – 23rd NOVEMBER, 2020</u>** The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 23rd November, 2020 was submitted, whereupon:- ***<u>Item 8 – Capital Budget Monitoring – 2020/21 Quarter 1 – Splash Pad Funding Allocation / Play Equipment</u>*** In response to a question raised, a Member explained that following discussions at the previous meeting it was reported that the decision to reallocate the splash pad funding was taken under delegated powers by CLT in consultation with the Leader of the Council. A Member said he had requested the information on the spend on children's play grounds following issues raised in relation to the splash pad funding, and the fact that some Members felt there was a lack of transparency in the course of actions taken since the splash pad was initially earmarked for Parc Bryn Bach. The Member then referred to the funding breakdown provided (attached to the Action Sheet) and expressed concern regarding the equity of funding across the Borough as the majority of the projects were in the eastern valley. In response the Chief Officer Resources explained that the £185k spend at Parc Bryn Bach was funded through the Welsh Government Valleys Regional Parks initiative, and was included within the briefing note to provide Members with the total spend and investment in play areas across the Borough. A Member sought assurance that the funding for play equipment had been spread equitably across the Borough.	

	In response the Head of Community Services said all the information had been provided in the briefing note attached to the Action Sheet, and confirmed that the funding had been allocated in line with the priorities identified in the Council's agreed play area strategy. Another Member referred to the list of projects and pointed out that the works were undertaken at Duffryn Park and not Central Park as reported. She also expressed concern that local Members were not updated on the works and had not been asked for their input. In terms of the actions taken in relation to the splash pad, a Member said it was his recollection that the Leisure Trust had stated that they were not in a position to deliver the project due to the ongoing running costs required. He said this was reported to Members along with an explanation as to why it was intended to move the project to the Garden Festival site, i.e. in order to spend the funding rather than return it to WG. In response a Member said he could not accept the fact that the Council submitted a bid for funding for a splash park without the knowledge that additional works would be required. He said this was a major disappointment for the residents of Tredegar and felt that the whole situation could have been dealt with more democratically. ***Revenue Budget Monitoring – 2020/21 Quarter 2 (Leisure Trust)*** A Member referred to the spend on books in 2019/20 in the sum of £51,681 and said whilst it was a substantial amount of money, approximately £82k was ring-fenced for the book fund. He asked where the remaining money had been spent, or whether it came back to the Council. In response the Chief Officer Resources said whilst the money was ring-fenced for books, it was paid as part of the Council's management fee to the Leisure Trust and was retained by the Leisure Trust for future expenditure. The Scrutiny Officer confirmed that the WPLS 2019/20 report would be presented to the Education & Learning Scrutiny Committee on the 9th March, 2021. The Leisure Trust had	

	been invited to the meeting and Members would have the opportunity to raise this issue at that meeting. The Corporate Director of Education said the report was based on the WPLS return, and there was still a gap in the spend on books against the book fund. However, there was commitment moving forward for increased spend on books in the region of 20% additional expenditure to cover the funding gap identified. He confirmed that Members would have the opportunity to discuss this with the Leisure Trust at the Scrutiny meeting on the 9th March. A brief discussion ensued when the Corporate Director confirmed that following consideration of the WPLS report by the Education & Learning Scrutiny Committee, a briefing note would be brought back to the Joint Scrutiny Committee outlining the spend against the book fund and proposals moving forward. The Committee AGREED, subject to the foregoing, that the Action Sheet be noted.	
No. 6	**<u>REVENUE BUDGET 2021/2022</u>** Consideration was given to report of the Chief Officer Resources. The Chief Officer Resources presented the report which provided Members with an update on the positive provisional Local Government Settlement for 2021/22, and its impact upon the Council's budget. The report also proposed the detailed revenue budget for 2021/22; and proposed the level of Council Tax increase for the 2021/2022 financial year in line with the Medium Term Financial Strategy assumptions. The Provisional Settlement contained details of the revenue funding that Welsh Authorities could expect to receive in 2021/22 in order to allow them to set their budgets and determine levels of Council Tax for that year. It also provided details of the Capital funding that Authorities could expect to receive to fund their Capital Programmes. Indicative figures for the 2022/23 financial year and beyond have not been provided at this stage. The written statement	

from the Minister for Housing and Local Government is attached as Appendix 1.

The Chief Officer Resources said the positive Provisional Settlement, combined with the opportunities identified in the Bridging the Gap programme meant the Council was able to invest in key priorities, avoid cuts to services and enhance its financial resilience.

The Officer pointed out that with the exception of the NHS and for those on the lowest pay, the UK Government's decision to pause public sector pay increases meant that Welsh Government did not receive additional funding to provide for the wider public sector pay awards. As a consequence, any financial impact arising from pay increases would therefore need to be accommodated within the overall funding settlement.

The Chief Officer then went through the report and highlighted points contained therein. The headline increase for BGCBC after allowing for transfers was 3.6% (£4.2m), compared to the all Wales increase of 3.8%. The positive settlement combined with the opportunities identified in the Bridging the Gap programme meant that, subject to the recommendations in the report being agreed, the Council was able to agree a budget for 2021/2022.

A Member said he could not support the proposed 4% Council Tax increase, and pointed out that during the period of austerity when the Council was facing £12m cuts and £32m cost pressures, the previous administration managed a 2.6%, 3.6% and 3.4% Council Tax increase. He said the covid pandemic had had a devastating impact on the community with many residents furloughed, job losses, and the fact that many businesses would never be able to recover. He said on the basis of such a positive settlement he could not support a 4% increase in Council Tax.

Another Member agreed that a 4% Council Tax increase was unacceptable. She also stated that during the covid pandemic there had been a significant increase in the demand for animal welfare services, and asked how much it would cost the Council to bring the service back in-house, as the current arrangement was insufficient.

	A brief discussion ensued when a Member said this was the only opportunity Members had had to scrutinise the budget and raise issues. Previously, Members would have sight of the 'long list' which was beneficial to Members during the budget setting process and suggested that it be reinstated for future years. The Chief Officer Resources said the costs of bringing the service back in-house would depend on the level of service should the Council make that decision. A number of Members agreed that straying animals was an issue across the Borough, and that any surplus monies should be used to provide extra services for the benefit of residents A Member referred to the previous collaboration of public protection and trading standings with Torfaen CBC that ended last year, and asked what savings had been achieved from bringing the service back in-house, in terms of any honorariums that were being paid to staff. In response the Chief Officer Resources explained that when the collaboration arrangement ended last year, a cost pressure was identified and a review of the service was to be undertaken in order to identify savings to address the cost pressure. Unfortunately, due to the pandemic that work had been delayed, and whilst work had now commenced on the restructure, nothing had been built into the current budget. In response to a question raised by a Member in relation to Cwmcrachen utility costs on Appendix 3, the Chief Officer Resources explained that this related to electricity charges at the site. She said Members would recall that this was previously highlighted as a significant overspend and the Department undertook investigations at the site. The Chief Officer confirmed that individual metres had now been installed, but there was still significant electricity use at the site which was not recoverable from the tenants. In response to a further question regarding potential loss of rental income at the General Offices, the Officer said this was likely based on the proposal to relocate the Democratic hub to the GO from the Civic Centre. If the rooms at the	

	GO were being used for Council meetings there would be periods of time where those rooms would not be available for rental by the general public. She said there would be some savings as a result of not operating the Civic Centre, but the Council's move towards new agile working arrangements would likely incur additional costs. A report on the new operating and working arrangements, including potential costs and savings, would be reported to Council in March 2021. The Interim Chief Officer Commercial said the Commercial Strategy that had been agreed by Council included key aspects of work in terms of looking at potential new income and commercial activity, as well as the Council being prudent in the way we spend and manage our contracts. A Member then referred to the £133k cost pressure within the industrial units portfolio, and requested that an update be provided on the review of the Industrial Units. He also referred to the Growth Strategy highlighted at Appendix 4 and said in his opinion the figure of 500+ new houses to be built over the next 5 years was far too ambitious. He pointed out that new housing developments also resulted in an increase on the school population, and asked whether the additional expenditure required for increased school provision and play grounds etc. had been taken into account, particularly when the Section 106 Agreement was removed from a development in the Northern Corridor. In relation to the industrial units portfolio, the Chief Officer Resources said the original estimate for 2021/22 was revised down to zero in light of the impact of the covid pandemic on businesses in the area. However, she confirmed that the portfolio continued to be under constant review. In terms of the Growth Strategy the Officer agreed that the figure was an ambitious target but the Council needed to be ambitious. The number of properties had increased by over 200 between 2019/20 and 2020/21 and there was also a number of significant housing developments happening in Blaenau Gwent. She understood that the housing market within the Borough was buoyant and would remain that	

	way, but it would be under review for future years. In relation to the Member's comment regarding increased school population and associated costs, the Officer said most of our schools had surplus places so significant increases in costs in relation to increased resident numbers was not anticipated. The Corporate Director of Education said the Council had been successful in achieving funding through Section 106 Agreements recently and a report would be submitted to the Education & Learning Scrutiny Committee on Section 106 Agreements in due course. He said new developments would hopefully mean increased pupil population, and there was still an element of surplus places in excess of 10% which would continue to be monitored. In response to a question raised by a Member regarding third party expenditure, the Chief Officer Resources explained that across all budgets, revenue and capital, the Council spent in the region of £80m on payments to suppliers for goods and services, or payments e.g. Council Tax Reduction Scheme. A lengthy discussion ensued regarding the proposed Council Tax increase. Following a request made by a Member the Chief Officer Resources explained that 1% increase on the current level of Council Tax equated to approximately £370k. She said the report identified that the surplus for 2021/22 would be just over £1.3m should a 4% increase be agreed. However, if a lower Council Tax increase was agreed the surplus would be reduced. The Chief Officer pointed out that the report was proposing a 4% Council Tax increase as part of the assumptions within the MTFS agreed by Members. She pointed out that if Members decided a lower level of Council Tax increase for 2021/22, whilst it was unlikely to impact on the funding levels for 2021/22, it would increase the funding gaps for future years and potentially impact on service delivery. In response a Member said it was his view that the decisions made by the Council would reflect on future funding gaps. He said he could not support a 4% Council	

Tax increase at a time when residents were suffering the impact of the covid pandemic.

The Member thereupon proposed that recommendation 3.1.7 of the report be amended as follows:

'Members recommend to Executive & Council that the proposed Council Tax increase of 4% be substantially reduced to below 2%.'

The proposal was seconded.

A recorded vote was requested.

In Favour of the amendment – Councillors P. Baldwin, D. Bevan, M. Cross, P. Edwards, L. Elias, K. Hayden, H. McCarthy, J. Millard, J. C. Morgan, T. Smith, S. Thomas, H. Trollope, B. Willis, L. Winnett.

Against the amendment – Councillors S. Healy, M. Cook, G. A. Davies, G.L. Davies, M. Day, J. Hill, W. Hodgins, J. Holt, C. Meredith, M. Moore, L. Parsons, G. Paulsen, K. Rowson, B. Summers.

The Chair had the casting vote and the amendment <u>was not carried</u>.

Another Member proposed an alternative amendment to recommendation 3.1.7 as follows:-

'Members recommend to Executive & Council that the proposed Council Tax increase of 4% be reconsidered along with the consequences.'

The proposed alternative amendment was seconded.

A recorded vote was requested.

In Favour of the alternative amendment – Councillors S. Healy, M. Cook, G. A. Davies, G.L. Davies, M. Day, J. Hill, W. Hodgins, J. Holt, C. Meredith, M. Moore, L. Parsons, G. Paulsen, K. Rowson, B. Summers.

Against the alternative amendment – Councillors P. Baldwin, D. Bevan, M. Cross, P. Edwards, L. Elias, K.

Hayden, H. McCarthy, J. Millard, J. C. Morgan, T. Smith, S. Thomas, H. Trollope, B. Willis, L. Winnett.

The Chair had the casting vote and the alternative amendment <u>was carried</u>.

Therefore,

The Committee AGREED, subject to the foregoing, that the report be accepted and Option 1 (preferred Option) be agreed, namely:-

i. Members recommend to Executive & Council the 2021/2022 revenue budget as shown in table 2 in paragraph 5.1.14.

ii. Members note the outcomes within the overall provisional RSG Settlement and the potential for further change in the Final RSG Settlement (paragraphs 2.7 – 2.18).

iii. Members note the outcomes within the BGCBC provisional RSG Settlement and its impact upon the Medium Term Financial Strategy (paragraphs 2.19 – 2.25).

iv. Members recommend to Executive & Council the cost pressures and growth items (£2.074m in total) identified in Appendix 3 (paragraphs 5.1.7 – 5.1.10) for inclusion in the Council's budget.

v. Members recommend to Executive & Council an uplift of £1.472m which equates to a net 3.3% increase to the ISB. This reflects a gross uplift of 3.6% (which incorporates the Teachers pay grant transferring into the settlement of £84,000) adjusted for a £150,000 reduction in demographics (paragraphs 5.1.11 to 5.1.13).

vi. Members recommend to Executive & Council that any achievement of Bridging the Gap proposals which exceeds the in-year budget requirement be transferred into an earmarked reserve to support medium term financial planning, specifically for the

		later years of the Medium Term Financial Strategy (paragraph 5.1.21).	
	vii.	Members recommend to Executive & Council that the Council Tax increase of 4% be reconsidered along with the consequences.	